

PNB

Stewardship Report For The Year 2024



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Foreword

At Permodalan Nasional Berhad (PNB), our stewardship philosophy is rooted in the highest standards of corporate governance, transparency, and sustainability. As one of Malaysia's leading fund managers, we recognise our responsibility not only to safeguard the interests of our unit holders, but, also to drive sustainable long-term value across our investments. PNB's commitment to investment stewardship is reflected in us having one of the most comprehensive stewardship functions in Asia (ex-Japan). This resourcing is required given the extent to which we monitor the actions and performance of our investee companies.

The evolving global landscape presents both challenges and opportunities, demanding a forward-looking approach to investment stewardship. We continue to refine our strategies, and enhance our engagement efforts guided by PNB's Stewardship Framework, to ensure that our investee companies align with best practices in corporate governance, environmental sustainability, and social responsibility.

Our stewardship objectives extend far beyond financial returns. We see ourselves as catalysts for meaningful change, advocating for board diversity, corporate accountability, ethical business conduct and measurable ESG outcomes. By integrating these principles into our decision-making we aim to accelerate Malaysia's transition toward a more resilient, inclusive and low-carbon economy.

As we navigate this dynamic investment environment, collaboration remains key. We value the partnerships we have built with our stakeholders, including regulatory bodies, industry peers, and investee companies. Through meaningful dialogue and collective action, we seek to drive positive change and uphold the trust placed in us by our unit holders.

We remain steadfast in our mission to create sustainable wealth for our investors and future generations. With a firm commitment to good governance and responsible investment, we are confident in our ability to deliver long-term value while setting new benchmarks for responsible investing in Malaysia and beyond.

The journey ahead demands bold action. We invite our stakeholders to join us in redefining what stewardship means in a rapidly evolving world. Together we will prove that capital, when responsibly deployed, can be a powerful force for both prosperity and progress.

Dato' Abdul Rahman Ahmad
President & Group Chief Executive



Scope and Overview

This report outlines Permodalan Nasional Berhad's (PNB) stewardship activities for the period from 1 January to 31 December 2024, highlighting how we have exercised our responsibility as long-term investors to promote good governance, corporate accountability, and sustainable value creation. It highlights outcomes from our engagements, voting decisions, and collaborations, as well as lessons learned and future priorities.

Stewardship efforts at PNB are anchored in our Sustainability and Engagement Frameworks, which guides engagement, voting on shareholder resolutions, and collaboration with peers and policymakers. Our approach is constructive and forward-looking, supporting companies in building resilience, enhancing transparency, and ESG considerations into strategy.

In 2024, we engaged with 60 domestic investee companies (\approx approximately 80% of our domestic listed equity assets under management (AUM)) through 522 interactions and voted on 1,635 resolutions across our domestic and selected international equity

holdings in pursuit of our objective to influence positive change, contributing to stronger disclosure, ESG commitments, and stronger governance outcomes.

PNB also actively collaborated with 29 institutions, including regulators, peer investors, and global stewardship organisations, contributing to to allow us to contribute to policy dialogues, sharing insights, and advocating for higher standards of governance and ESG integration, both in Malaysia and globally. Our affiliations with the Malaysian Code for Institutional Investors (MCII), the Principles for Responsible Investment (PRI), and the International Corporate Governance Network (ICGN) demonstrate our commitment to uphold and promote responsible investment principles.

This report aims to provide stakeholders, including beneficiaries, policymakers, and investee companies with insight into how PNB's stewardship practices protect and grow long-term value, and our role as a catalyst for positive change in corporate responsibility and investment stewardship.





About PNB

About PNB

PNB

PNB was established on 17 March 1978 as one of the instruments of the government's New Economic Policy (NEP). Over the last four decades, PNB has grown to become one of the largest fund management companies in Malaysia.

Our Purpose

To uplift the financial lives of Malaysians across generations

Our Manifesto

At PNB, we exist to uplift the financial lives of Malaysians across generations. We are the bridge between where they are today and their hopes and dreams for tomorrow.

We are the connective thread that ties every Malaysian together, guiding us all in our collective journey towards greater financial health, wealth and wisdom.

Our Values

We are **B.R.A.V.E**

B	R	A	V	E
Bold We are pioneering and innovative in how we think and work, striving to continuously raise the bar.	Responsible We are a trustworthy pillar of support for all Malaysians, one that they can count on always.	Agile We are adaptable and dynamic in the face of a fast-paced, fluid environment.	Visionary We bring foresight and expertise to set an inspiring shared vision.	Empowering We collaborate and support each other to achieve our shared goal of guiding all Malaysians in their journey to achieve their full financial potential.

Take Charge I see it, own it, solve it, do it. 	Move Faster I do my job better and efficiently every day. 	Speak Up I voice my views and embrace feedback constructively. 	Deliver Excellence I go beyond for customers and colleagues. 
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Managing 17 Funds, with clear and well-defined investment objectives

Fixed Price Unit Trust Funds



ASB



ASB 2



ASB 3 Didik



ASM



ASM 2 Wawasan



ASM 3

6 FIXED PRICE Funds

Generate sustainable returns and preserve Unit Holders' investment capital

Variable Price Unit Trust Funds



ASN



ASN Equity 2



ASN Equity 3



ASN Equity 5



ASN Equity Global



ASN Equity Malaysia



ASN Imbang 1



ASN Imbang 2



ASN Imbang 3 Global



ASN Sara 1



ASN Sara 2



ASN Sukuk

Ensure top performance and industry leadership

Financial Highlights



Assets Under
Management

RM 348.3 billion



Income
Distributed

RM 263.7 billion
since inception



Total
Unitholders

13.0 million



Total No. of
Accounts

16.2 million



About PNB Investment Stewardship

- Definition and Importance of Stewardship
- PNB's Role in Driving Stewardship as an Institutional
- Organisational Structure for Stewardship
- Integration of Stewardship in Decision-Making
- Stewardship Policies and Engagement Approach

About PNB Investment Stewardship

Definition and Importance of Stewardship

Stewardship refers to the responsible management and oversight of investments to protect and enhance value for shareholders and stakeholders. From PNB's perspective, it is a core responsibility as a long-term asset owner and fiduciary manager of unit trust funds (UTFs), entrusted with safeguarding the interests of millions of Malaysian investors. This responsibility goes beyond delivering financial returns, it includes promoting sound corporate governance, sustainability, and ethical business conduct across investee companies. Effective stewardship ensures that companies operate with integrity, accountability, and

long-term resilience. PNB's stewardship objectives include:

1. Promoting responsible corporate governance.
2. Encouraging sustainable business practices.
3. Strengthening transparency and accountability in investee companies.
4. Aligning investment decisions with long-term value creation.

PNB's Role in Driving Stewardship as an Institutional

As one of Malaysia's largest institutional investors, PNB promotes responsible investment by ensuring sustainable practices, transparency, and strong governance across

investee companies, while supporting the transition to a more inclusive, resilient, and low-carbon economy.

Organisational Structure for Stewardship

PNB's stewardship function covers the following:

- **Shareholder Engagement:** Advocacy and Engagement strategies, voting policies, and governance advocacy.
- **ESG Investments:** Sustainability-related risks and opportunities and integrating ESG considerations into investment decision-making and active engagements with key investee companies, regulators and other stakeholders to drive the responsible investment agenda.
- **Institutional Governance:** Ensuring effective Boards and Management of PNB's investee companies.

Integration of Stewardship in Decision-Making

PNB embeds stewardship principles within its investment decision-making processes to enhance governance and sustainability considerations. This includes:

- Conducting governance and sustainability assessments of investee companies.
- Reviewing executive remuneration, board composition, and shareholder rights.
- Aligning investment decisions with responsible business practices.
- Exercising voting rights based on established governance and sustainability principles.

PNB's stewardship approach is supported by collaboration across investment, risk, compliance, and sustainability teams, ensuring stewardship priorities are embedded across functions and aligned with long-term value creation. Over governance structure embeds the following reporting lines:

- Management Investment Committee (MIC), and Management Sustainability Committee (MSC): Oversee governance and strategic alignment of stewardship activities.
- PNB Board of Directors and Board Nomination and Remuneration Committee: Acts as the ultimate governing entity for PNB's stewardship efforts.

Stewardship Policies and Engagement Approach



PNB's stewardship activities are guided by structured policies and engagement frameworks, including:





Stewardship Initiatives and Accomplishments

- Net Zero Portfolio by 2050
- Our Approach
- Our Progress
- Emissions Boundary and Reporting Approach
- Voting Guidelines of PNB
- Recognitions

Stewardship Initiatives and Accomplishments

Net Zero Portfolio by 2050

As one of Malaysia's largest fund management institutions, PNB is deeply aware of the pivotal role we play in advancing the climate and energy transition agenda. Our stewardship efforts play a pivotal role in advancing PNB's commitment to achieving Net Zero Portfolio by 2050.

We view the emission intensity of our investments as a key proxy to climate transition risks. To this end, we systematically integrate emissions assessments across our investment decision-making processes and to shape our stewardship priorities and engagements. This approach is vital to enable PNB to manage long-term climate risks and enhance portfolio resilience as we transition towards a low carbon economy.

Therefore, accurate and reliable portfolio emissions data are crucial in guiding our investment decisions and engagement priorities with high-emitting sectors and companies. Our ability to measure and manage portfolio emissions is also dependent on publicly available climate and financial performance data of our investee companies. We remain committed to disclose the progress of our portfolio decarbonisation towards our 2030 climate goal – to reduce investment emissions intensity by 30% against a 2022 baseline year. Transparency in disclosing this progress underpins our accountability to our stakeholders and reinforces our commitment towards credible net zero target setting.



Our Approach

Our portfolio emissions measurement approach is guided by the standards and methodologies developed by the Partnership for Carbon Accounting Financials (PCAF), of which PNB is a signatory. This year, we made the following enhancements to our portfolio emissions measurement processes:

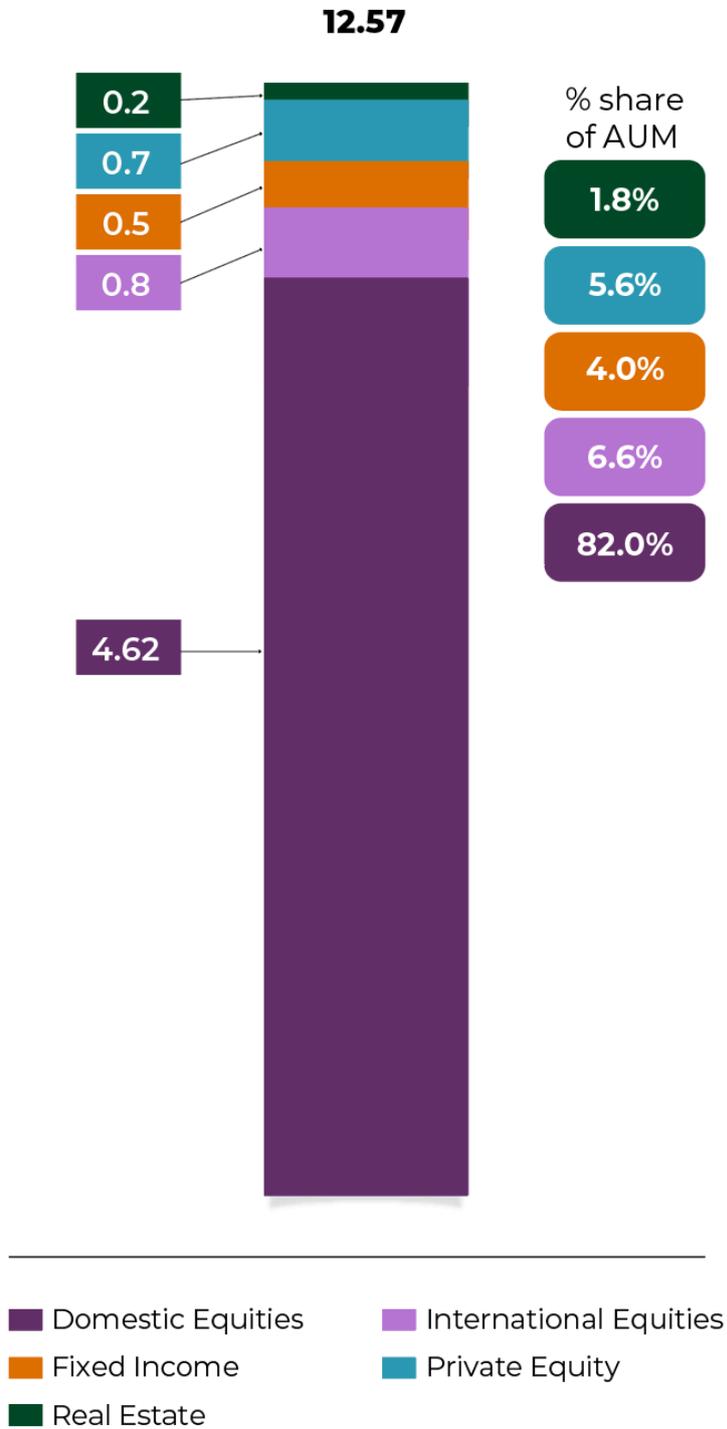
- We automated our financed emissions management, marking a significant milestone in our sustainability journey. This has led to improved accuracy and consistency in data collection, classification and calculations. Further, this also enabled efficient tracking of emissions across a growing number of investments, funds and asset classes that PNB invest in. Automating the emission measurement process also allows us to track portfolio emissions in a more dynamic manner and support portfolio tilt towards lower-emissions investments that are aligned with our risk-return expectations.
- We streamlined the use of proxy emissions factors across 2022, 2023 and 2024 reporting years, by aligning with emissions factor library provided by PCAF. Previously, we relied on proprietary emissions factors sourced from a third-party provider. This exercise is crucial to ensure that tracking of both past and future emissions is based on a consistent and comparable methodology.

Our Progress

The above enhancements have collectively resulted in a significant restatement of our portfolio emissions for the reporting years 2022, 2023 and 2024. This restatement reflects our commitment to continuous improvement in climate data management and transparency. PNB's overall financed emissions in 2024 achieved a PCAF score of 1.79 with 85.6% of AUM baselined.

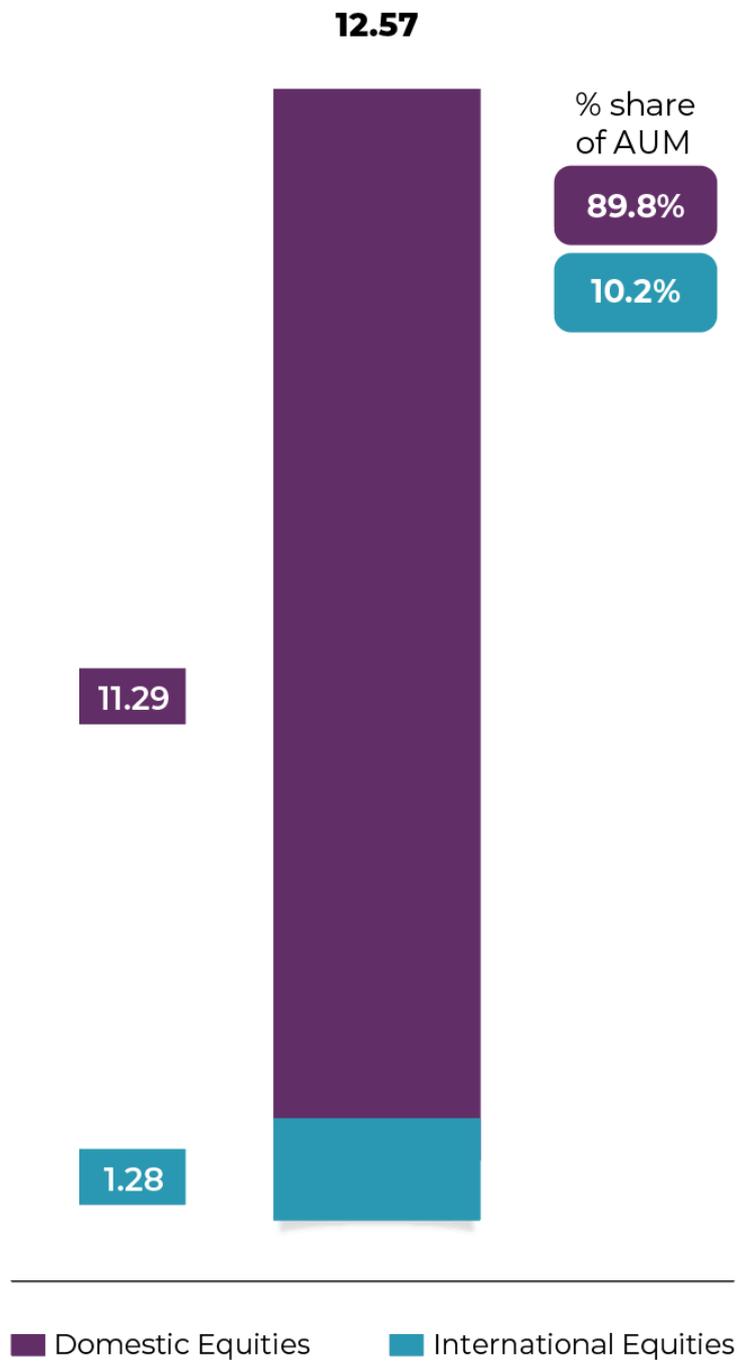
Total 2024 Financed Emission	12.57 million tCO ₂ e
AUM Covered	85.6%
PCAF Score	1.79
Emissions breakdown by asset class	82% of emissions are from strategic, trading and core holdings
Emissions breakdown by geography	90% of emissions are from domestic investments
Emissions breakdown by sector	71% of emissions from Plantation and Power

Emissions breakdown by asset class Mil tCO₂e



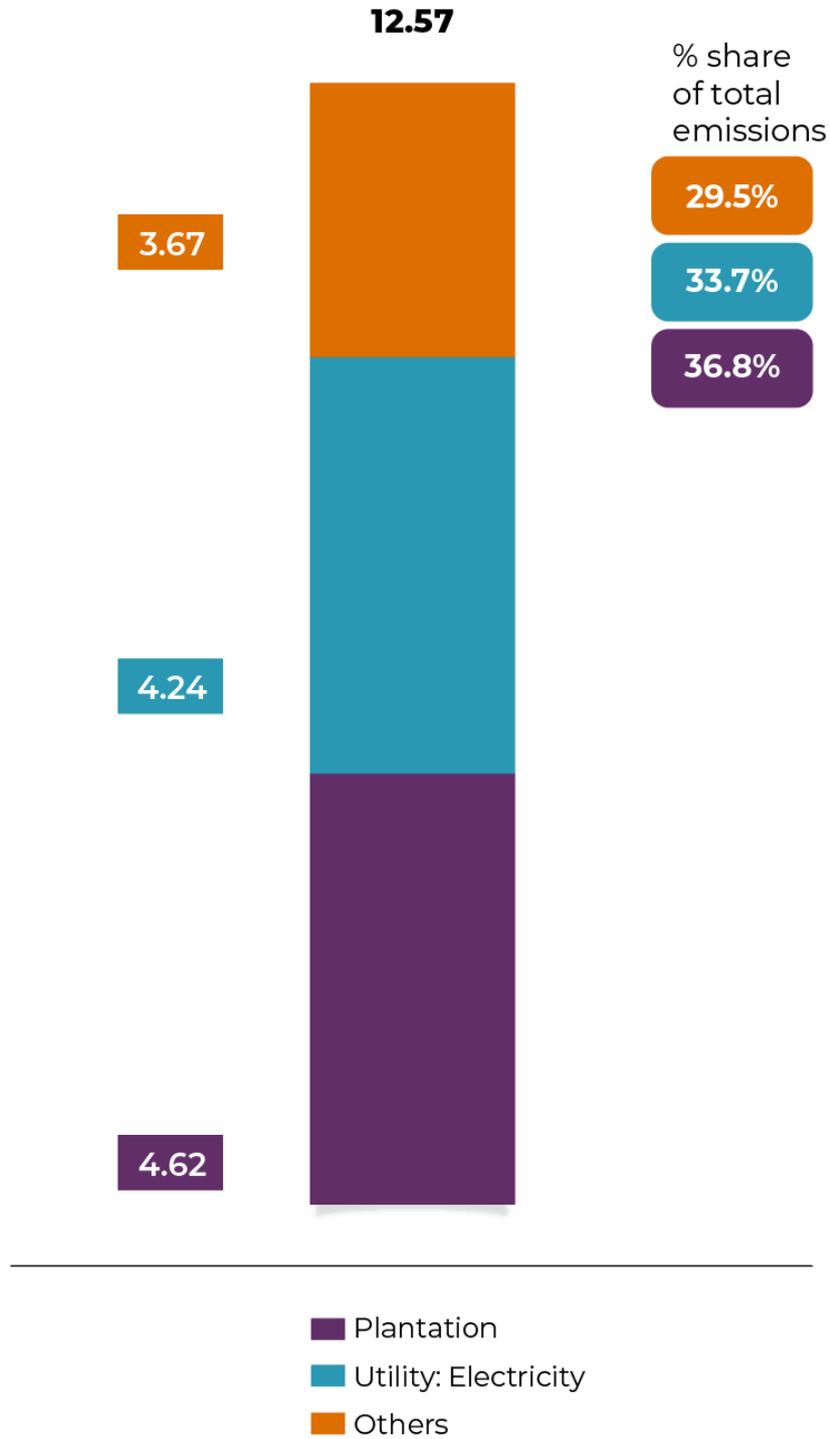
Holding type: 82% of emissions are from domestic equities

Emissions breakdown by geography Mil tCO₂e



Geography: Close to 90% of emissions are from domestic investments

Emissions breakdown by Sector Mil tCO2e



Sector: 71% of emissions from Plantation and Power

Following the restatement of our financed emissions, our total absolute financed emissions for 2022 and 2023 reporting years have been revised upward. Consequently, our investment emissions intensity also increased. The upward revision reflects the application of economic emissions factors from PCAF library, which are calibrated to more conservative

assumptions and grounded in regional and global sectoral averages. These factors tend to yield higher proxy emissions compared to our earlier approach, which applied broader sector classifications. The impact is further accentuated by the scale and diversification of our portfolio, spanning both domestic and international assets.

Year	Financed Emissions (Pre-Restatement, tCO2e)	Financed Emissions (Post-Restatement, tCO2e)	% Change y-o-y	Emission Intensity (Post-Restatement, tCO2e/RM mil)	% Change y-o-y
2022	11,852,620	14,357,295	N/A	61.1	N/A
2023	11,790,522	13,358,716	-7.0%	51.7	-15.3%
2024	11,966,142	12,565,932	-5.9%	47.5	-8.2%

PNB's investments emission intensity for FY2024 stand at 47.5 tCO2e/RM mil, a reduction of 22.4 % since FY2022 baseline year, putting PNB on a strong trajectory towards meeting our 30% emissions intensity reduction goal by 2030. The reduction in our investments emissions intensity across 2022 to 2024 reporting years can be attributed to several key factors:

- Availability of more accurate and complete emissions data from investee companies over time, which replaced previously estimated or proxy values.
- Improved emissions performance by investee companies.
- Growth of our assets under management (AUM) – particularly by shifting capital towards lower-emitting assets – helped to moderate our overall emissions intensity trajectory.

As we advance, we remain committed to continuously enhance our key levers of decarbonisation strategy:

- Enhance dynamic tracking of portfolio emissions to support investment decision-making.
- Deepen climate engagements with high priority emitters to accelerate real-economy decarbonisation.
- Strengthen climate considerations in proxy voting decisions to shift corporate behaviour towards credible net zero ambition and strategy.
- Facilitate capital flow aligned with our emissions pathways.
- Actively reviewing our short-term climate targets to ensure they remain ambitious, data-driven and responsive to emerging climate trends.

Together, these efforts support our long-term objective of aligning our investment portfolio with PNB's 2050 net zero goal while fulfilling our fiduciary duty to deliver sustainable and climate-resilient returns.

Emissions Boundary and Reporting Approach

We currently disclose portfolio Scope 3 Category 15 emissions (financed emissions) as defined for asset managers, namely the Scope 1 and Scope 2 emissions of the companies in which we invest. We do not yet include the Scope 3 emissions of those investees (“Scope 3 of Scope 3”) because reliable, comparable data are not available across our coverage universe.

We acknowledge that value-chain emissions can materially affect both company performance and portfolio-level climate risk. As underlying data and methodologies mature, we will reassess our boundary with the aim of expanding disclosure to capture these indirect emissions in a manner that is transparent, decision-useful, and consistent with emerging best practice.



Voting Guidelines of PNB

PNB aspires to continue enacting proper, effective engagement and interaction between management, boards and shareholders, and will contribute by making transparent both its voting policy and actual votes at company general meetings, via a searchable website.

PNB updated its Domestic Voting Guidelines, effective 1st January 2025, to reflect its strengthened commitment to corporate governance, sustainability, and shareholder value creation. The Voting Guidelines of PNB shapes the organization's voting decisions at the General Meetings of its investee companies and is made available online on our website [here](#).

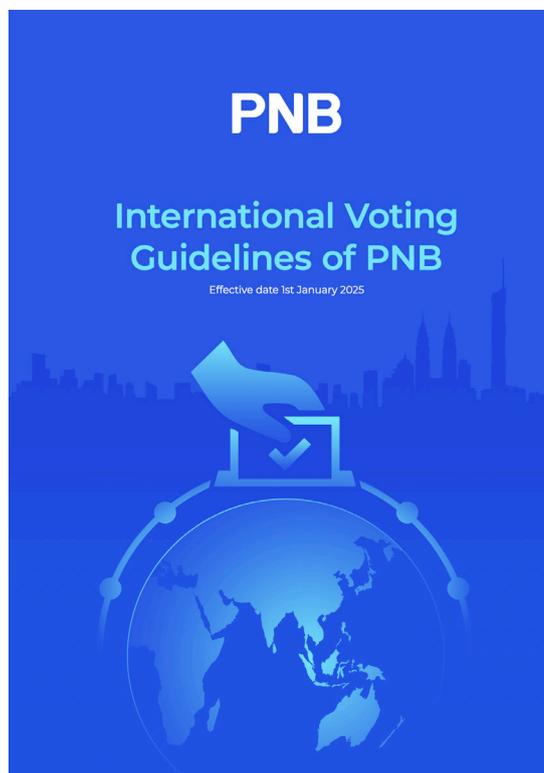
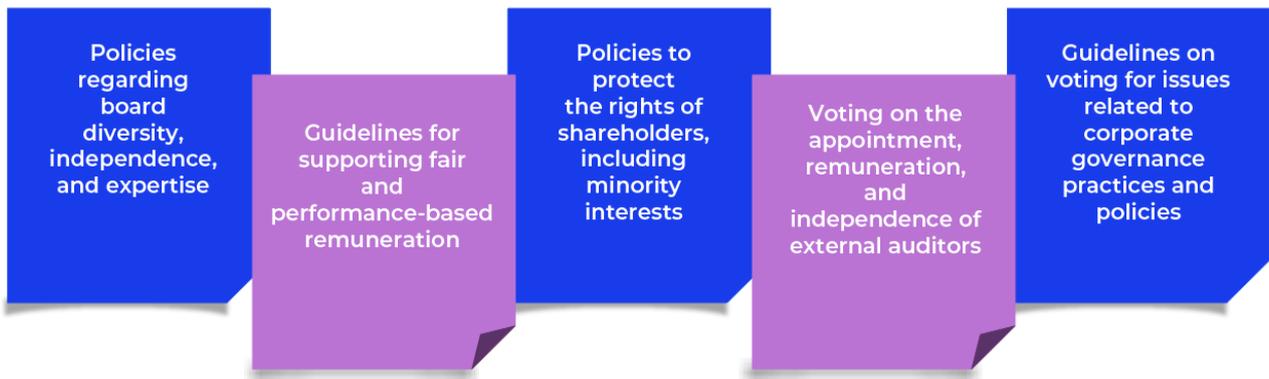


PNB's first International Voting Guidelines, effective 1st January 2025, are anchored in global best practices, including ICGN principles. These guidelines embody responsible management of overseas investments, focusing on governance, sustainability, and shareholder value, while aligning with local and global voting practices.

Encompassing comprehensive principles, these guidelines address critical areas such as

board composition, executive compensation, shareholder rights and corporate governance structures. This ensures a holistic and strategic approach to safeguarding the interests of stakeholders while promoting sustainable value creation.

The Voting Guidelines of PNB shapes the organization's voting decisions at the General Meetings of its investee companies and is made available online on our website [here](#).



Recognitions

PNB is honoured to receive the recognition at the UNGCMYB Forward Faster Sustainability Awards 2024 ceremony held on 29 November 2024, in three categories:

1. Climate Action (Large Company - Investment & Financial Institution) Award
2. Gender Equality (Large Company) Award
3. Sustainability Awareness and Employee Engagement Recognition

These accolades underscore our responsibility to drive meaningful change and our agility in addressing global challenges. Through our efforts in advancing sustainability, championing equality, and fostering a workplace culture built on impactful engagement, we remain committed to do our part for our people, communities, and the environment.



PNB has gained international recognition by receiving a Commendation for the ICGN Global Stewardship Disclosure Award (Asset Owners under £60 AUM) at the prestigious ICGN Awards Ceremony held in London on 26th September 2024. This honour celebrates our exceptional investment stewardship efforts, and uncompromising commitment to transparency and global best practices.

Notably, this achievement is particularly significant as PNB joined the ICGN only recently, making this recognition by a globally renowned organization an extraordinary milestone for us. The award was accepted on behalf of PNB by Nurul Husna binti Safiee, Principal Officer of PNB (UK) Limited.





Proxy Voting

- 2024 Proxy Voting Overview
- Board-related
- Compensation

Proxy Voting

In this section, we present an overview of PNB’s approach to general meetings in 2024, reflecting our fiduciary duty to unitholders and guided by our Sustainability Framework, built on three strategic pillars and 10 ESG commitments to create positive impacts and sustainable returns for our stakeholders.



This includes Commitment #9: Transparency in Voting, demonstrated by publishing our voting policies and decisions online, including details up to five days before each meeting. This fosters trust, accountability, and sets a strong governance benchmark in Malaysia.

To demonstrate PNB’s commitment to efficiency and accuracy, PNB has retained Glass Lewis as a third-party service provider to support proxy voting through the Viewpoint platform. While Glass Lewis provides research and recommendations, PNB conducts its own independent evaluations and bases decisions on proprietary voting guidelines, ensuring accountability and efficiency.

In line with our principles of good governance PNB applies its Stewardship Framework

and Voting Guidelines to align investments with governance, sustainability, and risk management objectives. In 2023, these were refined to include Sustainability and Climate-Related Matters.

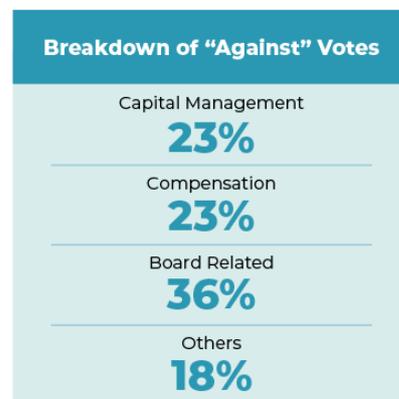
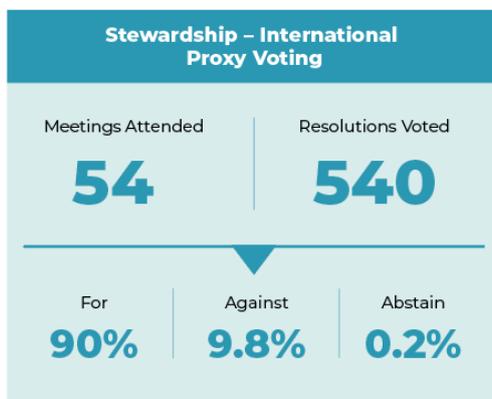
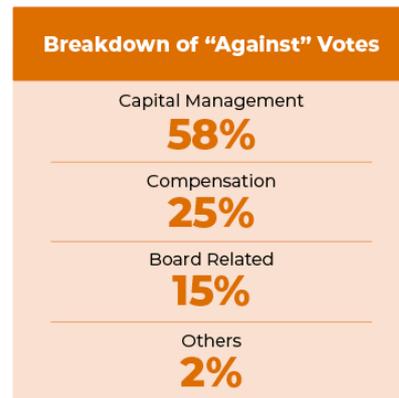
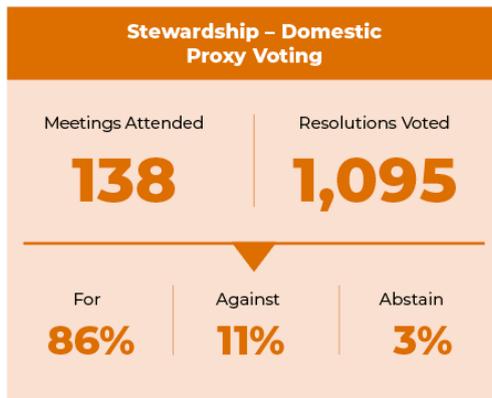
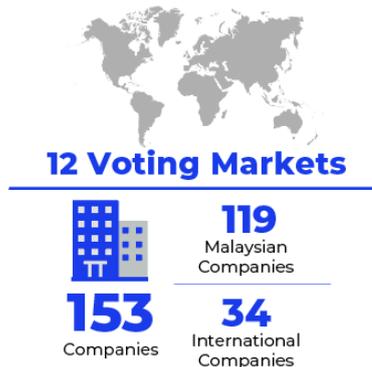
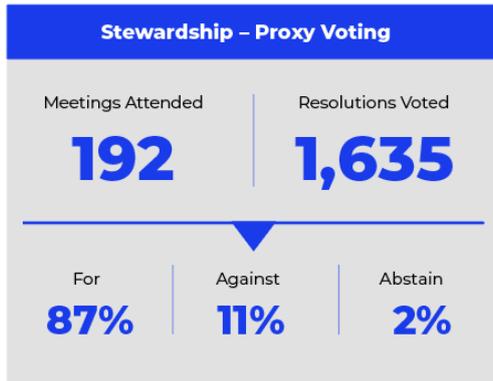
With an expanding portfolio, PNB expanded its voting coverage in December 2023 to key international markets including the US, UK, Japan, China, and Asia Pacific.

To support this, PNB established the International Voting Guidelines based on global best practices, balancing consistent principles with local market nuances. They address board composition, executive pay, shareholder rights, and governance structures to support sustainable value creation.

2024 Proxy Voting Overview

In 2024, PNB voted on over 1,600 proposals globally —1,095 proposals from Malaysian listed companies, and 540 proposals from selected international companies. We attended 192 general meetings across 12 markets and published voting decisions ahead of AGMs

to foster transparency and dialogue. Guided by our voting guidelines, PNB supported approximately ~87% of proposals, reflecting alignment with sound corporate governance, responsible investment commitments and sustainable returns.



Board-related

Typically, majority of proposals voted on in general meetings are board-related proposals. Generally, board-related proposals include director re-elections and retentions. In 2024, PNB voted on a total of 745 board-related proposals, supporting approximately 91% of the proposals. PNB believes an effective Board is essential for every company to exercise objective judgement on all corporate matters. Directors must contribute effectively and be collectively accountable for the company's decisions. Any circumstances that may impair a director's objective judgement and effective contribution should be a cause for concern among shareholders. Based on our Voting Guidelines, PNB analyses board-related proposals based on but not limited to:-

1. Board composition
2. Board size
3. Board independence
4. Board commitment and capacity

Generally, PNB supports Board-related proposals, if directors meet our guidelines and

governance expectations. When PNB votes against a board-related proposal, the decision is typically driven by tenure concerns (e.g., tenure >9 years for independent directors), inadequate board diversity (especially underrepresentation of women), or director overcommitment (too many external directorships), which signal governance shortcomings.

PNB encourages investee companies to promote diversity across experience, gender, social and academic backgrounds, aligned with Board's specific needs. However, above all else, appointments to the Board should be based on merit and objective criteria. Board composition—particularly gender diversity gaps in Malaysia—was a key reason for votes against certain nominations. When dealing with boards that have less than 30% women representation, PNB engages the chair or Nomination Committee to disclose actions and timelines to reach at least 30% representation.





Case Study: Advancing Gender Diversity Through Proxy Voting and Active Engagement

Context

- Ahead of a Malaysian company's AGM, a resolution sought the re-election of the Board Chairman, who also chaired the Nomination & Remuneration Committee (NRC).
- The board had <30% women, below PNB's voting guidelines.
- PNB Voting Guidelines: absent $\geq 30\%$ female representation (or a credible justification/plan), PNB may vote against the Chair and/or NRC Chair.

Action taken

- Engaged the company for a policy/plan and timeline to reach 30% women.
- Company cited compliance with the listing rule (at least one woman) but offered no measurable commitment.
- After engagement, the Chairman stepped down as NRC Chair; PNB still intended to vote against his re-election and communicated the rationale to reinforce accountability and transparency.

Outcome

- The company issued a written commitment to achieve 30% female board representation within two years.
- In light of this strengthened commitment, PNB revised its vote to support the Chairman's re-election and will monitor delivery against the stated timeline.
- The case shows policy-driven stewardship prompting a material governance shift.

Compensation

In 2024, PNB voted on a total of 335 board-related proposals approving approximately 85% of the proposals. In deciding the approval of compensation packages, PNB will take into account past decisions of the Board and their impact on the company's performance. We encourage companies to provide full and detailed disclosures of remuneration paid to all executive and non-executive directors, on an individual and itemised basis.

PNB is generally concerned with compensation increments that are excessive or unreasonable relative to

market benchmarks, or in cases where the Board has been ineffective in discharging their duties and responsibilities. We observed that companies particularly in Malaysia are willing to disclose their rationale, operating procedure, and due diligence regarding proposed increase in compensation packages mainly in response to engagement. While PNB welcomes such cooperation, companies should proactively enhance their public disclosures, rather than doing so only in response to engagement.





Engagement

- Institutional Governance
- Capital Allocation
- ESG Advocacy and Development
- Collaborative Engagements

Engagement

At PNB, engagement is a cornerstone of our stewardship efforts, allowing us to drive meaningful change and enhance long-term shareholder value. We uphold high governance standards and actively involve our investee companies and key stakeholders in the pursuit of sustainable, long-term value creation.

PNB treats engagements as reciprocal dialogue, that exchanges perspectives and recommendations to enhance corporate performance and safeguard investment integrity. This collaborative approach enables constructive feedback and action, aligned with our principles of responsible investing.

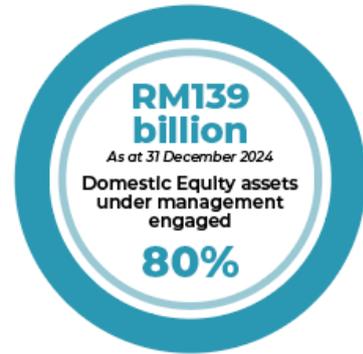
Our engagement practices are guided by PNB's Sustainability Framework, Stewardship Framework, Engagement Framework, Voting Guidelines and relevant policies. Together, these ensure focused, consistent, and outcome oriented through respectful, facts-based dialogue that fosters mutual understanding and long-term value creation.

Engagements are triaged based on a combination of factors:

1. Ownership stake – where PNB has substantial holdings and influence;
2. ESG risk exposure – particularly for companies lagging on material environmental, social, or governance factors;
3. Market influence – entities with the ability to set industry benchmarks or catalyse systemic change.

We pursue a tiered engagement strategy, guided by our Engagement Framework. Engagements typically begin with direct dialogue (meetings or letters). If issues persist, we may escalate by exercising our voting rights, engaging with board members, or collaborating with other institutional investors. This escalation pathway reflects our commitment to active and responsible stewardship.





Key Engagement Topics



In 2024, we held 522 engagements with 60 domestic investee companies (~80% of domestic listed equity AUM). Interactions focused on corporate governance, ESG advocacy and development, and capital

allocation. Our approach remained forward-looking: we monitor progress, address event-driven issues ahead of general meetings, and integrate insights into investment and voting decisions.

Institutional Governance

In 2024, more than 50% of our engagements focused on enhancing board effectiveness, independence, accountability and diversity, reflecting our belief that strong governance frameworks are essential for long term value creation.

At PNB, governance goes beyond and serves as a platform for effective engagement with investee Companies. Our efforts support resilient leadership, transparent oversight, and sound decision making across the companies we invest in.

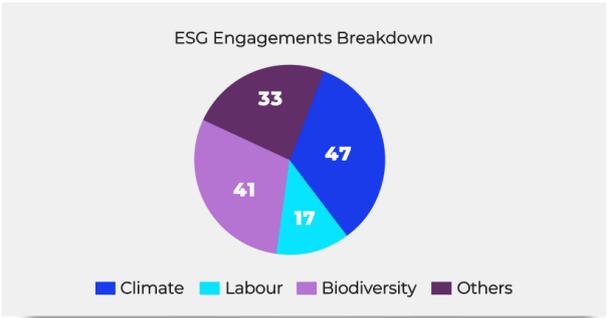
Key governance topics addressed included:

- **Board composition and independence:** Regular board refreshment, to balance experience and fresh perspectives, and adequate levels of independence, particularly in key board committees such as Audit, Risk, and Nomination.
- **Board diversity:** PNB encourages a minimum of 30% women representation on their boards. We also encouraged broader diversity beyond gender, including professional background, ethnicity, and age.

- **Director accountability:** Addressing overboarding, extended tenure impacting independence, and the need for regular board evaluations to ensure directors remain effective and fit for purpose.
- **Executive remuneration:** PNB sought increased transparency and alignment between executive compensation and long-term company performance. We raised concerns to companies on pay structures that lacked sufficient linkage to long-term strategic outcomes.

In particular, PNB intensified its engagements with companies where director re-election proposals raised concerns related to prolonged tenure, lack of independence, and insufficient succession planning. These discussions aimed to promote board renewal and strengthen overall governance effectiveness. We also reiterated our call for greater transparency in directors' remuneration, specifically advocating for the itemised disclosure for director compensation. This level of disclosure enables shareholders to exercise more informed oversight and reinforces board accountability.

138
Total ESG Advocacy and Development Engagements



In 2024, our approach to ESG advocacy focused on influencing both company specific practices and broader ecosystem to accelerate sustainability outcomes. During the year under review, we conducted a total of 138 ESG-related engagement, comprising 47

engagements on climate, 41 on biodiversity, 17 on labour, and 33 on other general ESG matters. They reflect our conviction that ESG adoption should balance environmental and social priorities, underpinned by strong governance.

46
Total number of engagements with investee companies on ESG topics

26
Total number of companies engaged

A significant portion of our advocacy was conducted through direct dialogues at the company-level. Of our total ESG engagements, 46 were held with 26 unique investee companies on a range of ESG-related topics. We believe that achieving meaningful sustainability outcomes requires mobilisation across all levels of an organisation. Accordingly, our engagements span multiple layers — from presentations to boards of directors and discussions with senior management, to knowledge-sharing sessions at the working level.

A key focus of our climate-related engagements in 2024 was advocating for credible decarbonisation pathways and a just, orderly transition towards net-zero emissions

by 2050. We leveraged our internal Net Zero Credibility Assessment framework to guide these discussions with investee companies, assessing progress, sharing best practices, and identifying areas for improvement. We persistently encourage our investee companies to adopt a Net Zero by 2050 ambition, underpinned by interim targets; to develop decarbonisation strategies aligned with credible transition pathways; and to integrate climate-related risks into capital allocation decisions and scenario planning.

On labour issues, we engaged companies on labour right, living wage, diversity and inclusion, and occupational safety particularly in sectors with large workforces or extensive

supply chains. We pressed for improved disclosure and governance mechanisms to manage labour risks and uphold ethical employment practices.

In the area of biodiversity, we encouraged companies to assess and mitigate their impact on ecosystems, particularly in high-impact industries such as plantations, construction, and manufacturing. We supported the integration of biodiversity considerations into environmental impact assessments and land use planning, in anticipation of emerging regulatory and stakeholder expectations in this area. PNB also recently published our Nature & Biodiversity Policy to outline key expectations on management of nature-related risks and opportunities for companies that have clear dependencies and impact on biodiversity and ecosystem services.

Across all engagement themes, we consistently pushed for stronger board oversight of ESG matters, clearer lines of accountability, and the alignment of executive compensation structures with ESG performance. We also promoted the adoption of global disclosure standards, including alignment to the National Sustainability Reporting Framework (NSRF) which is anchored on the International Sustainability Standards Board (ISSB) reporting standards to improve consistency and transparency.

Our engagements were not merely reactive but proactive in nature, focused on shaping long-term ESG strategy and fostering forward-looking behaviours among our investee companies. Our aim is to ensure that ESG considerations are not treated as peripheral, but rather embedded into core business decisions and value creation strategies.

Beyond company-level advocacy, PNB play an active role in strengthening the ESG ecosystem in Malaysia.

In 2024, we contributed to various public consultations and policy forums aimed at shaping the national sustainability agenda. This included active involvement in initiatives such as the Joint Committee on Climate Change (JC3), Institutional Investors Council Malaysia, and the Malaysian Sustainable Finance Initiative (MSFI), where we offered investor perspectives on the feasibility and materiality of emerging disclosure requirements.

PNB also advocated for the harmonisation of Malaysia's ESG reporting frameworks with international standards, particularly the ISSB which emphasises practical, phased implementation that reflects the diverse ESG readiness levels of local issuers. Additionally, PNB shared thought leadership through sustainability panels, investor roundtables, and educational workshops aimed at raising awareness on climate risk, ESG metrics, and sustainable investing trends. These outreach efforts were aimed not only at companies but also at fellow investors, analysts, and intermediaries, to collectively improve market understanding and expectations on ESG matters.

As ESG issues grow in complexity and urgency, we remain committed to strengthening our advocacy efforts across corporate and policy domains. By combining focused investee engagement with systemic ecosystem- development, PNB aims to drive meaningful ESG progress and long-term value creation for our stakeholders and the broader market.

Capital Allocation

Effective capital allocation is essential for fostering long-term value creation and equitable treatment of all shareholders. It requires transparency in financial decisions, adherence to sound governance practices, and actions that are proportionate, justified, and aligned with shareholder interests. In 2024, PNB focused on aligning corporate financing decisions with long-term shareholder interests, using engagement and proxy voting to improve capital management. Capital allocation was among the main topics of discussion, with 117 engagements held on value-creation plans (transactional, operational, organisational) to strengthen performance and sustain returns. The engagements centred on capital allocation planning, dividend policies, debt management, and strategic investment in areas such as innovation and sustainability. We assessed the alignment between capital allocation choices and corporate strategy and advocated for improved transparency in financial planning and risk-return trade-offs. For companies undergoing restructuring or facing market headwinds, we sought clearer articulation of strategic direction, financial resilience, and efforts to protect long-term shareholder value.

Our discussions on capital allocation covered several critical areas:

- Capital raising activities: We pushed for greater transparency and justification for proposals to issue new shares, particularly where pre-emptive rights are waived. We also challenged companies proposing blanket share issuance mandates without clear strategic rationale.
- Dividend policies: PNB engaged companies to ensure that dividend strategies were prudent, aligned with the company's financial health and reinvestment needs, and reflective of shareholder value considerations.
- Use of proceeds: We urged companies to provide detailed disclosures on how raised funds would be utilised, whether for capital expenditure, debt repayment, acquisitions, or sustainability initiatives.

In several cases, PNB's engagement resulted in enhanced disclosures and better alignment of capital allocation practices with shareholder expectations. Where disclosure gaps persisted or concerns were not addressed, PNB exercised its voting rights to protect unitholder value.

In line with this, PNB voted on 132 capital management proposals in Malaysia in 2024 and opposed ~ 54%. A majority related to share issuances without pre-emptive rights in Malaysia (~58% of opposing votes).. Under the Malaysian Companies Act 2016, companies are permitted to submit proposals requesting general authority to issue shares without pre-emptive rights. However, PNB strongly discourages blanket approvals for the allotment and issuance of new shares, given the uncertain impact on shareholders' investments.

As a best practice, shareholders should be clearly informed about both the intended use of the proceeds and the method by which funds will be raised (e.g., private placement, rights issue, etc.). In addition to insufficient disclosure regarding the utilisation of proceeds, PNB may vote against a proposal if it determines that the planned use of proceeds could adversely impact climate, biodiversity, or labour rights; if the proposed issuance of new shares or other financial instruments is potentially detrimental to the company and contrary to shareholders' interests; or if the proposal includes a waiver of pre-emptive rights without a clearly disclosed rationale and specific purpose.

Collaborative Engagements

To amplify impact and harmonise standards, we worked with 29 groups, including domestic and global investors, regulators, and stewardship bodies. By working collaboratively with these partners, PNB continues to champion positive transformation in corporate governance and sustainability. Activities included

policy consultations, multi-stakeholder forums, and targeted initiatives to advance governance, disclosure, and ESG integration. We also contributed perspectives at flagship platforms (e.g., PRI in Person, Bloomberg ESG, ICGN). In 2024, we have conducted various collaborative engagements, several of which are illustrated below: -





1. *Nurul Husna binti Safiee, Vice President, represented PNB at the ICGN Global Stewardship Disclosure Awards Night 2024 in London, receiving the Commendation for the ICGN Global Stewardship Disclosure Award (Asset Owners under £60bn AUM) on behalf of PNB in September 2024.*
2. *Dinakaran Chandra, Head of ESG Investments contributed PNB's perspectives on voluntary carbon market during KWAP's Inspire 2024 Conference.*
3. *Muazzam Mohamad, Head Of Investment Stewardship, sharing his perspectives during a distinguished forum on the Role Of Institutional Investors In Promoting Sustainability And Performance Through Good Corporate Governance at the IIC Corporate Governance Conference 2024.*
4. *Muazzam Mohamad, Senior Vice President, Head of Investment Stewardship at Permodalan Nasional Berhad, shared his insights on connecting investor engagement with energy transition at the PRI in Person 2024 side held in Toronto on 7 October 2024.*
5. *Muazzam Mohamad, Head of Investment Stewardship, joined an expert panel to share strategic insights on the energy transition at the Bloomberg ESG Event.*
6. *The PNB ESG Investments Team engaged with the LTAT Investments Team to share PNB's ESG investment practices, fostering knowledge exchange and strengthening collaboration on advancing responsible investment strategies.*

Beyond the collaborations shown, PNB has actively engaged with a broad range of organisations both domestically and internationally, reinforcing our commitment to advancing stewardship, sustainability, and responsible investment practices

across markets. Through these collaborative engagements, we have also fostered meaningful relationships with like-minded partners who share our commitment to advancing responsible investment and sustainable market practices.



Looking Ahead... PNB's Stewardship Journey in 2025

- 2025: A Defining Year for ESG Progress
- Our Vision for 2025

As PNB enters the third year of our 10 ESG commitments, our stewardship journey continues to evolve with greater ambition, sharper focus, and deeper integration across our investment practices.

10 ESG Commitments			
1	▶ Net Zero Enterprise by 2025		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
2	▶ Net Zero Portfolio by 2050		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
3	▶ RM10 billion in New Green and Transition Assets by 2030	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRIAL INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
4	▶ Living Wage in PNB		8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
5	▶ Labour Rights Policy		5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
6	▶ 40% Women in PNB Leadership by 2025		5 GENDER EQUALITY 10 REDUCED INEQUALITIES
7	▶ Balancing Profitability and Social Investments	1 NO POVERTY 2 ZERO HUNGER 4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
8	▶ Triple Bottom Line Stewardship Model		16 PEACE, JUSTICE AND STRONG INSTITUTIONS
9	▶ Transparency in Voting		16 PEACE, JUSTICE AND STRONG INSTITUTIONS
10	▶ TCFD-aligned Disclosure		12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS

Since the launch of our Sustainability Framework in 2022, we have made significant strides in embedding ESG considerations into our decision-making, strengthening board accountability, and driving measurable outcomes through active ownership. Yet, we recognise that the path to responsible investment is not a fixed destination. It is a continuous journey of reflection, recalibration, and renewed commitment.

A Pivotal Shift: The Enhanced Engagement Framework

In 2025, we will operationalise a more assertive and structured engagement strategy through the Enhanced Engagement Framework, a transformative shift in how we engage with investee companies, particularly ahead of AGM season. Key to this effort is the introduction of a Pre-AGM Letter, which will be sent to respective investee companies to catalyse board-level discussions on Total Shareholder Return (TSR) and its drivers. By posing consistent questions on TSR performance, strategic levers, and forward-looking plans, we aim to foster transparency, accountability, and strategic clarity at the highest levels of corporate leadership.

This proactive approach reflects our belief that stewardship must transcend and go beyond dialogue to drive tangible action. The framework introduces:

1. **Differentiated engagement** pathways based on company classification (Strategic, Core, Trading),
2. **Escalation mechanisms** where responses fall short of expectations (private meetings, shareholder letters, voting actions, and potential divestment) and
3. **Constructive support** for companies demonstrating credible plans allowing time for execution and progress.

2025: A Defining Year for ESG Progress

The year 2025 also will mark a critical juncture in our ESG journey. As we enter the third year of our 10 ESG commitments, we are undertaking a comprehensive review to assess progress, identify gaps, and enhance our strategies. This will ensure our goals remain ambitious, relevant, and aligned with global standards like ISSB and Malaysia's National Sustainability Reporting Framework (NSRF).

Additionally, we are also expanding our stewardship toolkit to include thematic engagements on climate, biodiversity and labour rights, supported by internal frameworks such as the Net Zero Credibility Assessment and the Nature & Biodiversity Policy.

Our Vision for 2025

Our stewardship efforts in 2025 will be guided by a clear vision: to be a catalyst for long-term value creation, responsible corporate conduct and systemic ESG progress.

Guided by the principle that stewardship is a discipline, not a destination, PNB is committed to:

- **Deepen our engagements** to foster long-term value creation,
- **Refine our voting practices** to uphold accountability,
- **Collaborate with peers and regulators** to shape a resilient and inclusive capital market

While we take pride in the progress made, we remain grounded in the understanding that meaningful stewardship is a continuous pursuit. It demands persistence, adaptability, and integrity.

In 2025, PNB is not only reaffirming its commitment, but also raising the bar, driving forward with greater purpose to influence positive change, and uphold our role as a responsible, long-term investor.



MCII Statement of Compliance 2024

MCII Statement Of Compliance 2024

<p>Principles 1</p>	<p>Disclosing Policies on their Stewardship</p>	<ul style="list-style-type: none"> • PNB remains fully committed to carrying out its stewardship responsibilities with the objective of ensuring that its investee companies adhere to sound corporate governance practices and generate sustainable, long-term shareholder value. • In alignment with the three fundamental principles outlined in the Malaysian Code on Corporate Governance (MCCG 2021), PNB strives to uphold transparency, integrity, and accountability in all its investment and governance practices. <ul style="list-style-type: none"> a. Board and leadership effectiveness b. Effectiveness of audit and risk management c. Integrity in corporate reporting and meaningful relationship with stakeholder <p>It has also established the following 8 committees in dealing with specific functions or areas to further govern its business functions, namely:</p> <ul style="list-style-type: none"> a. Investment Committee b. Nomination & Remuneration Committee c. Appeals Committee d. Audit Committee e. Risk Management Committee f. Compliance Committee g. Tender Committee h. Shariah Advisory Committee <p>In 2024, PNB has undertaken substantial enhancements in our stewardship practices, executing comprehensive improvements to advance better investment stewardship:</p> <ul style="list-style-type: none"> ➤ PNB has expand its coverage to exercise of voting rights from 10 to the top 20 international equities in key markets such as the United States, Europe, Japan, China, and the Asia Pacific (excluding Japan and China), underscoring our dedication to active ownership and responsible investment practices. ➤ PNB has gained international recognition and has been commended for the ICGN Global Stewardship Disclosure Award in September 2024. ➤ PNB has officially released its updated voting guidelines, effective January 1st, 2025, to reflect its strengthened commitment to corporate governance, sustainability, and shareholder value creation. <ul style="list-style-type: none"> • In addition, as a proud signatory of the United Nations Principles for Responsible Investment (“UN PRI”), PNB is fully aligned with its principles. By committing to meeting the voting decision reporting requirements by 2025, PNB reaffirms its role as a responsible, forward-thinking, and proactive global investment steward.
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<p>Principles 2</p>	<p>Monitoring Investee Companies</p>	<ul style="list-style-type: none"> • The investment portfolios of PNB, including those managed under Unit Trust Funds (UTFs), are closely monitored and strategically managed by dedicated investment teams to ensure optimal financial performance. The process is guided by PNB’s Sustainable Investment (SI) Framework, which aims to achieve the following objectives: • The monitoring process is conducted in accordance with the SI Framework, which amongst others targeted the following objectives: <ul style="list-style-type: none"> ➤ Maximizing long-term value creation towards generating sustainable returns to PNB and funds ➤ Having structured approach in identifying and executing Value Creation Plans. ➤ Optimizing level of strategic shareholding with opportunity to monetize investments. • PNB places strong emphasis on transparent and continuous stakeholders engagement to ensure investment strategies align with their long-term expectations and interests. • PNB’s approach is built on four key pillars includes: <ul style="list-style-type: none"> ➤ Comprehensive Monitoring Process - The monitoring process conducted includes a thorough and systematic process of analysis, evaluation, and implementation of strategic plans for the respective investee companies. ➤ Strategic Human Capital Review - Strategic human capital review at the Board level for companies to ensure the right mix of skills, experience, board size and women representation ➤ Performance Tracking - Performance of the investee companies to continuously enhance shareholders’ value, secure sustainable returns and safeguard the investments. ➤ Active Governance via PNB Nominees - In 2024, there are 67 nominee directors comprising 32 external and 35 staff nominee directors, representing PNB on the Board of PNB investee companies.
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<p>Principles 3</p>	<p>Engaging Investee Companies</p>	<ul style="list-style-type: none"> As part of its commitment to shareholder engagement, PNB implements a robust Stewardship Framework, focused on disciplined capital management, strong governance practices, organisational resilience, and strategic guidance to enhance long-term value creation. <p>Key 2024 Initiatives:</p> <ul style="list-style-type: none"> ✓ Publishing of Notice to PNB Investee Companies on PNB's website outlining its views and objectives ✓ Disclosing PNB's Voting Guidelines and Decisions to promote transparency and accountability ✓ Periodic meetings amongst members of respective investments departments to share best practices and alignment of interests ✓ Engaging with Investee Companies on a range of ESG issues including Net Zero, Labour Rights and Biodiversity <ul style="list-style-type: none"> PNB upholds stringent governance standards and endeavors to actively involve its investee companies and significant stakeholders in the pursuit of sustainable, long-term value creation. PNB perceives engagements as an opportunity for reciprocal dialogue, facilitating the exchange of diverse perspectives, ideas, and recommendations among shareholders to enhance corporate performance and safeguard investment integrity. This collaborative approach fosters a conducive environment for constructive feedback and proactive measures aimed at fortifying the resilience and prosperity of invested enterprises. PNB has successfully initiated numerous engagements with its investee companies, institutional investors, and regulators, emphasizing the oversight of strategy, performance, and diverse environmental, social, and governance (ESG) considerations. <p>PNB's engagements throughout 2024 includes:</p> <ul style="list-style-type: none"> • 522 Total Number of Engagements • 267 Engagements on Corporate Governance • 138 Engagements on ESG Advocacy and Development • 117 Engagements on Capital Allocation • 138 & 54 general meetings attended domestic and international, respectively.
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<p>Principles 4</p>	<p>Managing Conflicts of Interests</p>	<ul style="list-style-type: none"> • PNB Group is committed to maintaining a business environment free from bribery and corruption. To support this commitment, it has implemented a comprehensive set of policies and frameworks, each designed to uphold transparency, integrity, and ethical conduct. • Further underscoring this commitment, PNB Group has been awarded the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification by SIRIM QAS International Sdn Bhd. This achievement reflects PNB's steadfast dedication to maintaining excellence in ethical business practices and governance across all aspects of its operations. • Policy and Frameworks applies under PNB includes: <ol style="list-style-type: none"> 1. PNB's Code of Business Ethics ("CoBE") 2. PNB Group Anti-Bribery And Anti-Corruption Policy Statement 3. PNB Group Organisational Anti-Corruption Plan 2022-2024 4. Conflict of Interest Policy 5. Compliance Charter & Framework 6. Chinese Wall Policy 7. AMLA Policy 8. No Gift Policy 9. Whistleblowing Policy 10. Internal Assurance Policy
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<p>Principles 5</p>	<p>Incorporating Sustainability Considerations</p>	<ul style="list-style-type: none"> In line with our fiduciary duty to preserve and grow the wealth of our Unitholders, we continuously seek to incorporate sustainability considerations across our investments and business operations. This is upheld to ensure the protection and enhancement of long-term value including adapting to the impacts of climate change and transition towards a low-carbon economy. We aim to deliver sustainable returns whilst reducing and mitigating harm towards society and the environment. Our approach is guided by PNB's 10 ESG Commitments and Sustainability Policy which you may access here. <p>Net Zero Portfolio by 2050</p> <ul style="list-style-type: none"> We remain committed to our commitment to achieve Net Zero Portfolio by 2050 guided by 2030 interim targets to reduce emission intensity by 30% and achieve 70% of financed emissions to be covered by a credible net zero target. To achieve this, PNB has developed and implemented an ESG Assessment Framework consisting of a three-part assessment: <ul style="list-style-type: none"> ➤ Negative screening ➤ ESG Risk Exposure and Performance Assessment ➤ GHG Emissions Assessment These assessments are applied as part of pre-investment due diligence and it introduces an ESG overlay, facilitating the identification of material ESG issues for more robust risk management and decision-making. In 2024, we enhanced the integration of ESG Assessments by: <ol style="list-style-type: none"> Evaluating the ESG performance of our Strategic and Core companies to establish a baseline for continuous monitoring and improvement. Upskilling investment analysts to utilise ESG Assessment tools to support their research and analysis. Increasing coverage across asset classes including Listed Equities, Private Equity, Real Estate, Fund Investments and Private Debt. Additionally, in reference to the target for 70% of financed emissions to be covered by a credible net zero target, we have developed a Net Zero Assessment to evaluate the credibility and robustness of our Investee Companies' net zero ambition. <p>The key component of the assessment includes:</p> <ul style="list-style-type: none"> Ambition Short- and Medium-Term Targets Emission Disclosure Emission Performance Decarbonisation Strategy Capital Allocation Alignment
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These Net Zero Assessments are conducted for our Top 10 Emitters and Strategic Companies. The outcomes from our assessment shape the agenda and priority of our engagements with Investee Companies. Key engagement topics in 2024 include PNB's ESG expectations, net zero ambition and pathway setting, and disclosure transparency.

Key Outcome in 2024 ➤ **One Additional Strategic Company Announces Net Zero by 2050 Commitment**

RM10b in new Green & Transition Assets by 2030

- PNB continues to pursue opportunities to increase its investment in Green & Transition assets as guided by our Internal Green Taxonomy that focuses on key sectors such as Green Transportation, Renewable Energy, Green Buildings, and Agriculture, Forestry, and Other Land-Use (AFOLU).
- We have made significant progress towards our RM10B target:

Key Outcome in 2024 ➤ **RM5.5 billion deployed**

Nature and Biodiversity

- PNB also recognises that Nature and Biodiversity are essential to the well-being of our planet and the global economy, as strong ecosystems underpin business sustainability and societal prosperity. PNB is committed to protecting and enhancing biodiversity within our sphere of influence.
- As such, we have developed a Nature & Biodiversity approach and aim to publish a Nature and Biodiversity Policy in 2025 to guide our investment and operations activities in line with preservation of nature.
- **PNB's overall approach to Nature and Biodiversity:**
 - 1) Strengthening our nature and biodiversity risk assessments in our overall investment analyses using practical approaches.
 - 2) Driving specific engagement strategies with high priority companies that are exposed to nature and biodiversity loss and encourage them to manage and assess their nature and biodiversity risks and impacts.
 - 3) Continuously enhancing our own disclosures on nature and biodiversity related risks and opportunities while pushing for greater transparency among our companies.
 - 4) Actively using our voting rights to ensure companies integrate responsible practices to minimise impact on nature and biodiversity, where material.
 - 5) Engaging policymakers, regulatory bodies and other stakeholders on nature and biodiversity issues, where necessary.
 - 6) Participating in collaborative engagement efforts and investor statements related to nature and biodiversity.

Labour Rights

- As outlined in our Labour Rights Policy and during our one-on-one engagements, we intend for Investee Companies to publish a standalone Labour or Human Rights Policy encompassing 6 Key Material Issues:
 - **Forced & Child Labour**
 - **Safety & Health**
 - **Diversity & Inclusion**
 - **Upskilling & Educations**
 - **Freedom of Association**
- In 2024, we have observed significant progress:

Key
Outcome in
2024



More than 10 companies
publishing or expressing their
intent to publish standalone
labour or human rights policies

ESG Considerations in PNB Voting Guidelines

Acknowledging the pivotal role of voting decision as a key stewardship lever, PNB's voting guideline incorporates sustainability considerations including the following **key expectations**:

- Companies to have a Net Zero by 2050 ambition by 1st January 2025 and to disclose Net Zero strategy by 1st January 2026;
- Companies to develop a strategy to address material risks and opportunities related to climate, labour, and biodiversity, where in the latter's case we will publish a Nature and Biodiversity Policy in 2025;
- Alignment on sustainability related disclosure in accordance with the recently launched National Sustainability Reporting Framework (NSRF);
- Companies to have a minimum of 30% women directors in their Board of Directors;
- New and refined policies on gratuity payments and share buy-backs respectively; and
- Encouraging investee companies to consider adopting a living wage, progressively where necessary.

<p>Principles 6</p>	<p>Publishing Corporate Governance Policy & Voting Guidelines</p>	<ul style="list-style-type: none"> • PNB remains fully committed to fostering effective engagement between corporate management, boards of directors, and shareholders. As part of its dedication to transparency, PNB publicly discloses both its corporate governance policies and its voting records from company general meetings through an easily accessible online platform. • PNB strives to enhance transparency by disclosing its voting decisions and, where further clarification is required, providing the rationale behind these decisions. This information is made available up to 5 days before the General Meetings of its investee companies. • PNB's commitment towards its transparency in voting will also provide an opportunity for investee companies to engage and/or address PNB's concerns prior to the General Meeting. • Click here for further information on PNB's voting decisions in the past and upcoming General Meetings. • Also, PNB's Voting Guidelines is reviewed on a regular basis. Below are the related refinements undertaken in 2024 : <ol style="list-style-type: none"> 1. Update pertains to the Election and Re-election of Directors. 2. Enhanced Principles of Voting Guidelines 1.4 Sustainability and Climate Related Matters 3. Incorporating voting recommendation on Gratuity Payments. 4. Enhanced definition of share repurchase/buyback. • The Voting Guidelines of PNB shapes the organization's voting decisions at the General Meetings of PNB's investee companies and is made available online on its website here.
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<p>Principles 7</p>	<p>Collaborative Response on Corporate Governance and Sustainability Issues</p>	<ul style="list-style-type: none"> • PNB actively collaborates with institutional investors, regulators, and industry stakeholders to enhance corporate governance and sustainability practices within the Malaysian capital market. In 2024, PNB has actively participated in numerous initiatives, both domestically and internationally, too: <ul style="list-style-type: none"> ➤ Promote responsible investment practices in alignment with global governance standards. ➤ Drive improvements in corporate governance frameworks and best practices. ➤ Advocate for enhanced sustainability disclosures and greater corporate accountability among investee companies. • By working collaboratively with industry peers, regulators, and policymakers, PNB continues to champion positive transformation in corporate governance and sustainability, reinforcing its long-term commitment to value creation and ethical investment stewardship.
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PCAF Disclosure Checklist

PCAF Disclosure Checklist

PCAF Signatory	Permodalan Nasional Berhad (PNB)
Title of report containing the signatory's disclosure of financed emission	PNB Stewardship Report 2024
Relevant pages in report - where applicable	Page 15 - 19
Publication date of report	September 2025
URL where report can be found	https://www.pnb.com.my/en/stewardship-en

Reporting Requirements

Yes/No *If "No", Provide Justification for Exclusion/Deviation from Standard*

General Disclosure Criteria			
1	The signatory uses the operational control consolidation approach or financial control approach as outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard requirement.	Yes	Refer to page 14-20

Coverage			
2	The signatory includes all absolute financed emissions for all relevant (to the institution's portfolio) asset classes covered in Chapter 5 and justifies exclusions.	Yes	Refer to page 14-15
3	The signatory discloses the percentage of its total loans and investments covered in its financed emissions inventories across the seven asset classes (as relevant to the institution's portfolio) covered in Chapter 5.	No	PNB does not currently disclose financed emissions or percentage coverage for sovereign bond holdings, as such disclosure may result in duplication with corporate emissions already reported.

Yes/No

If "No", Provide Justification for Exclusion/Deviation from Standard

Absolute Emissions			
4	The signatory discloses the absolute financed emissions (scope 1 and 2) of its loans and investments.	Yes	Refer to page 14-15
5	The signatory discloses the absolute scope 3 financed emissions of its loans and investments, including the specific mandatory sectors covered where required by the relevant methodology in Chapter 5	No	PNB does not disclose absolute Scope 3 financed emissions at this stage due to data availability and methodological limitations.
6	The signatory disaggregates and discloses absolute financed emissions data at the asset class or at the sector level.	Yes	Refer to page 14-18
7	The signatory disaggregates and discloses absolute financed emissions data at the sector level particularly for the most emission-intensive sectors (e.g., energy, power, cement, steel, automotive).	Yes	Refer to page 14-18

Avoided Emissions and Emission Removals			
8	If the signatory is reporting absolute financed avoided emission and emission removals, this is reported separately from its scope 1, scope 2 and scope 3 inventories.	No	PNB does not report avoided emissions or emission removals due to limited availability of reliable data.
9	The signatory reports the avoided financed emissions and emission removals without taking into account carbon credits generated for these same emissions.	No	PNB does not report avoided emissions or emission removals from investee companies, as real economy decarbonization efforts are prioritized towards our 2030 interim target.

Yes/No

If "No", Provide Justification for Exclusion/Deviation from Standard

Recalculation and Significance Threshold			
10	The signatory has a baseline recalculation protocol to define under which circumstances a recalculation of (base year) financed emissions is necessary to ensure the consistency, comparability, and relevance of the reported GHG emissions data over time, in line with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard requirement.	No	Internal baseline recalculation policy for PNB group's financed emissions is currently under development.
11	The signatory establishes and discloses the significant threshold that triggers base year emissions recalculations as part of its base year financed emissions recalculation protocol.	No	Refer to item 10

Reporting Recommendations

Emission Intensity			
12	The signatory expresses economic emission intensities on a portfolio, asset class, or sector level in metric tons of carbon dioxide equivalents per million invested or loaned (p.127). For example, tCO ₂ e/€M or tCO ₂ e/\$M or tCO ₂ e/any other currency.	Yes	Refer to page 19

Yes/No

If "No", Provide Justification for Exclusion/Deviation from Standard

Data and Data Quality			
13	The signatory reports a weighted data quality score by outstanding amount of the data quality of reported emissions.	Yes	Refer to page 14-15
14	The signatory reports the weighted data quality score of its scope 3 financed emissions separately from that of its scopes 1 and 2 financed emissions (if applicable).	No	Refer to item 5

In a few words, please share any areas where you have made significant improvements, or areas you found particularly challenging – compared to last year's reporting (optional)

In FY2024, PNB achieved a 22% reduction in portfolio emissions intensity against the 2022 baseline year. We have also seen improvements in PCAF data quality scores, driven by increased emissions disclosure from investee companies, thereby reducing reliance on Score 4 (revenue-based) estimates.

Challenges remain in asset classes with limited transparency, particularly in externally managed portfolios not explicitly addressed under the PCAF Standard. To address this, PNB continues to engage actively with external managers to obtain reported emissions data and strengthen coverage and accuracy.

