



## **Climate-related risk disclosure**

At Progressive Insurance Bhd (PIB), we recognize that integrating sustainability into our business is essential for long-term value creation. Our commitment is overseen by the Board and is driven by the Climate Change and ESG Committee (CCESGC), ensuring that our sustainability strategies, climate risk management, and governance framework align with regulatory expectations and industry best practices.

Our sustainability policy is built upon a structured governance approach, incorporating climate risk management, ESG integration, and regulatory compliance. The Climate Change and ESG Committee ("CCESGC") plays a pivotal role in implementing our sustainability strategy and drives implementation efforts, ensuring alignment with industry best practices. In addition, climate-related risk assessments are conducted to strengthen our sustainability risk framework, supported by Control functions to uphold transparency and accountability.

We have continuously strengthened our commitment to comply with the climate change disclosure standards set by Bank Negara Malaysia ("BNM"). This includes adherence to the Climate Risk Management and Scenario Analysis ("CRMSA") and the Climate Change and Principle-based Taxonomy ("CCPT").

In line with our commitment to climate resilience, PIB is actively collaborating with treaty brokers to enhance our climate risk stress testing capabilities. This initiative allows us to assess and mitigate climate-related financial risks, ensuring our risk management strategies remain adaptive to evolving environmental challenges.

PIB has undertaken a CRMSA-aligned Gap Analysis to assess our current climate risk management framework. The implementation efforts for CRMSA compliance include:

## **1. Sustainability Policy**

Our Sustainability Policy, which outlines the roles and responsibilities of key stakeholders including the Board of Directors, senior management, and relevant committees was approved by the Board. Currently, we are in the process of revising Version 2.0 to address additional areas that require further coverage.

## **2. Terms of Reference for the Climate Change and ESG Committee**

PIB has developed the Terms of Reference (ToR) for the Climate Change and ESG Committee to further enhance governance, clarify roles and responsibilities, and strengthen oversight of sustainability initiative.

## **3. Climate Risk Assessment Methodology Document**

PIB is developing a standardized Climate Risk Assessment Methodology document to formalize risk identification and assessment methodologies, which target completion by Q4 2025.

## **4. Training and Awareness**

Dedicated training sessions on climate risk management and its implications for PIB's business operations were conducted by the Chairman of the CCESGC in 2024, and by Ernst & Young in 2025, for the Board members and CCESGC committee.

## **5. Climate-Related Risk Appetite Statement**

PIB has developed a climate-related risk appetite statement, which has been approved by the Board and integrated into the Enterprise Risk Management (ERM) Framework. The statement will be further expanded to cover broader aspects including physical, transition, and liability risks, with full implementation targeted by Q4 2025.

## **6. Climate Stress Testing**

PIB is actively working on conducting comprehensive climate stress testing exercises to be completed by 31 December 2025 as per the Climate Risk Stress Testing (CRST) exercise mandated by BNM. These assessments will provide deeper insights into potential climate-related financial risks and enhance our adaptive risk management strategies. Completion of the CRST shall be deemed to meet the adherence to the climate scenario analysis requirement of the CRMSA.

## **7. Integration of Climate Elements into the ERM Framework**

Climate risk considerations are being incorporated into PIB's ERM Framework, with a phased rollout to integrate climate elements into other departmental policies. This initiative is targeted for completion by Q4 2025.

Looking ahead, we will continue embedding Environmental, Social, and Governance (ESG) considerations into our operations and industry best practices to enhance our sustainability efforts. By fostering a culture of responsibility and resilience, we aim to empower our workforce, support businesses within our value chain, and contribute to a more sustainable and climate-conscious future.

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