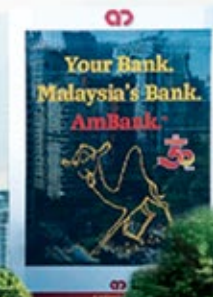


AmBank Group Sustainable Finance Product Framework

JULY 2025



Shaping Tomorrow
Together

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Sustainability at AmBank Group

Our Commitment to Sustainability

AmBank Group (or “the Group”) recognises the urgency of addressing critical sustainability challenges and the pivotal role it plays as a Malaysian financial institution in tackling them. Sustainability is not merely a responsibility; it represents a significant opportunity to enhance the Group’s practices and drive profitable growth responsibly, rooted in strong principles. By embracing sustainability, the Group aspires to drive meaningful progress and build a resilient future for the organisation and its respective stakeholders.

This commitment is at the heart of AmBank Group’s **Winning Together 2029 (WT29)** strategy, which underscores that the success of its stakeholders is integral to the Group’s long-term growth. Through a steadfast dedication to sustainability, the Group aspires to drive positive transformation, create meaningful impact, and ensure that its actions today pave the way for a prosperous and inclusive future. By embedding sustainability at its core, AmBank Group drives economic resilience and inclusive growth for long-term prosperity.

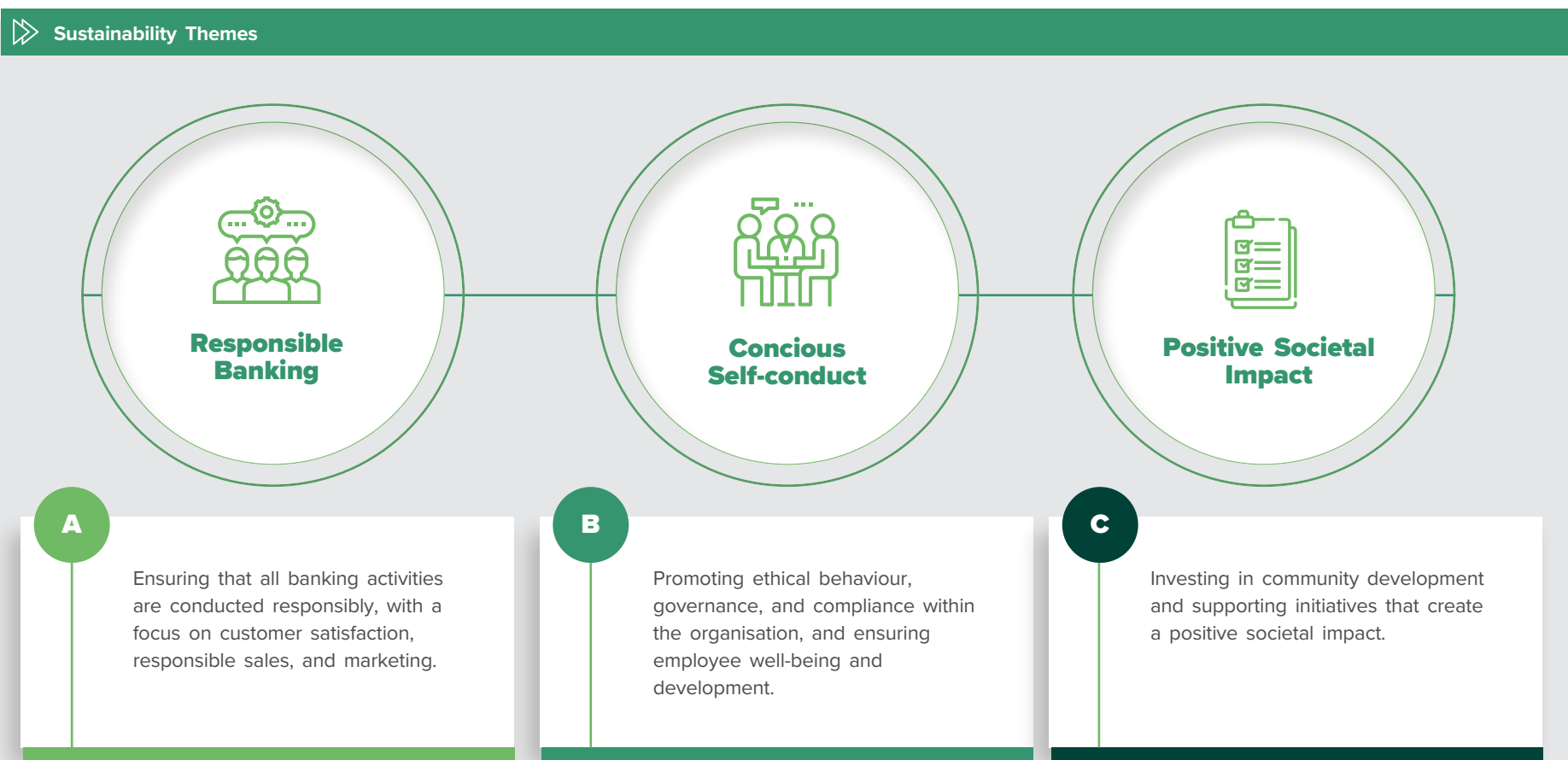
The Group is dedicated to creating shared values that benefit current and future generations of stakeholders. This means, its responsibility extends beyond just compliance, focusing on sustainable practices that fosters a more resilient and equitable society. At AmBank Group, sustainable finance involves making financing and investment decisions that incorporates Environmental (including climate), Social, and Governance (ESG) factors. This approach supports economic activities and projects that contribute positively to the environment and society at large, reinforcing the Group’s role in driving sustainable progress and Malaysia’s Net Zero by 2050 commitment.



Sustainability at AmBank Group

Sustainability Philosophy and Principles

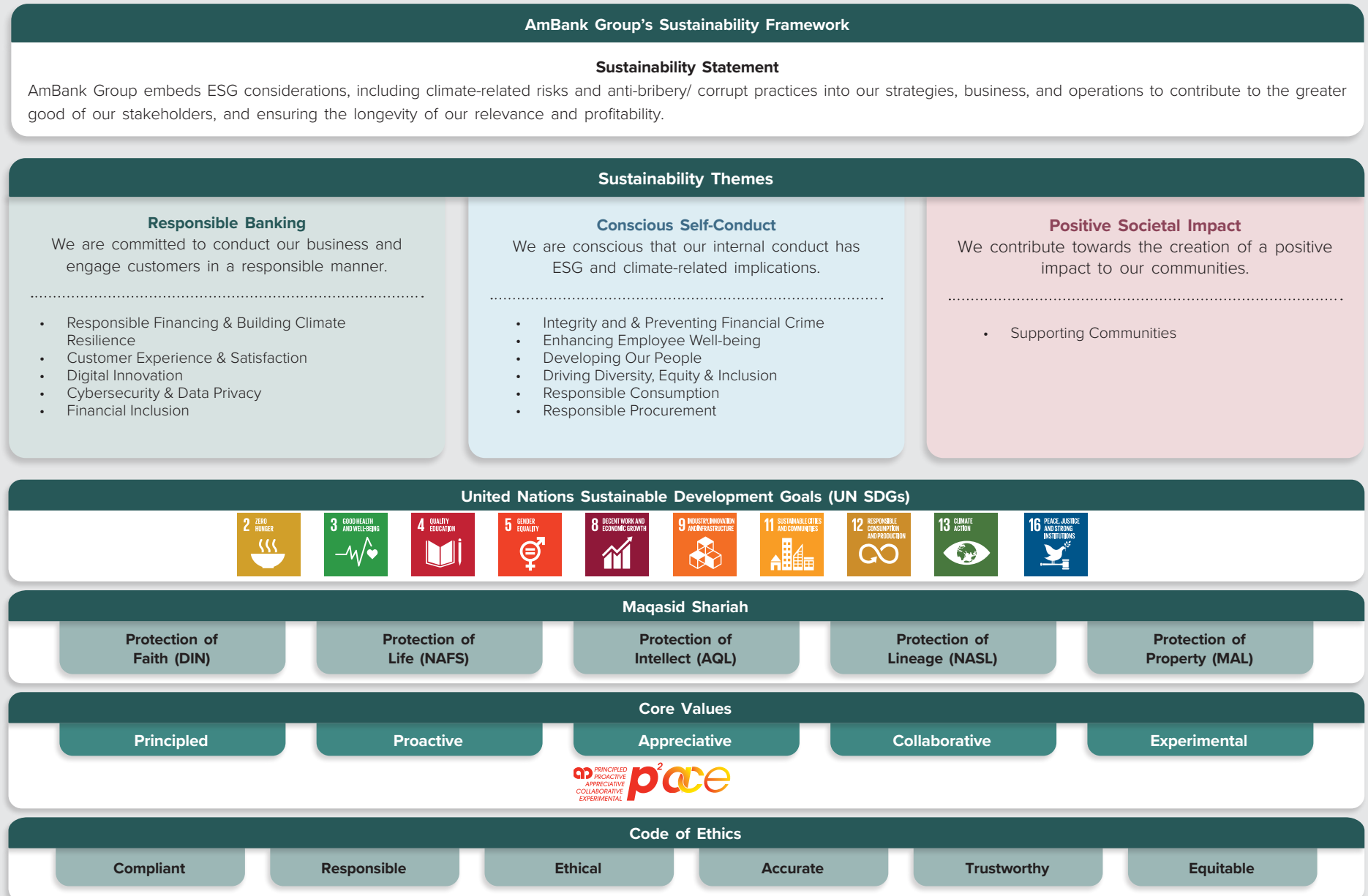
AmBank Group's sustainability philosophy is centred on creating value beyond profits by aligning with stakeholder expectations and driving positive sustainability outcomes. This approach is embedded within AmBank Group's Sustainability Framework and is guided by three core themes:



These themes align with the 10 United Nations Sustainable Development Goals (UN SDGs) that the Group supports, as well as the higher objectives of *Shariah (Maqasid Shariah)*. This reflects AmBank Group's commitment to sustainable, just, and fair development alongside responsible business practices (*Exhibit 2: AmBank Group's Commitment and Alignment to UN SDGs*).

Sustainability at AmBank Group

Exhibit 1: AmBank Group's Sustainability Framework



Sustainability at AmBank Group

Exhibit 2: AmBank Group's Commitment and Alignment to UN SDGs



Empowering Microentrepreneurs for Sustainable Livelihoods

Empowered **193 asnaf** and B40 microentrepreneurs through iTekad, **driving sustainable income** in agriculture and agrifood, amongst others.



Advancing Health and Sustainability

Promoted healthier, eco-friendly living at **15 welfare homes** by donating bio-based detergents in partnership with Readycare (M) Sdn. Bhd.



Financial Literacy

Reached **over 12,000 underserved** individuals through **AmBank Group and Financial Industry Collective Outreach (FINCO) education initiatives**, earning two awards at the FINCO Annual Awards 2024.



Investing in Women Entrepreneurs

Channelled **RM600,000** to equip **40 underserved women** with capital and business skills.



Improving Access to Home and Mobility Financing

Disbursed **RM661.4 million** under **affordable housing schemes** and **RM347.8 million** to support **vehicle ownership for low-income customers**.



Accelerating SME Growth Through Financing

Disbursed **RM29.58 billion** in SME loans.



Expanding Mobility Access Through Auto-Financing

Provided **RM347.8 million** in financing to **support the transportation needs of the low-income segment**.



Reducing Emissions Through Green Procurement

Adopted **Green Energy Tariffs (GET)** and **Malaysian Renewable Energy Certificates (REC)** to cut non-renewable energy use.



Supporting Green Transitions Through Financing

Facilitated **solar PV** and **green equipment financing** for SMEs under the Low Carbon Transition Facility (LCTF).



Safeguarding Integrity Through Zero-tolerance Policies

Enforced anti-bribery and corruption protocols under TRUST principles for Adequate Procedures, guided by our Anti-bribery and Corrupt Practices (ABCP) and No Gift Policies.

Sustainability at AmBank Group

Shaping Tomorrow Together

Sustainability continues to be a business imperative. Global sustainability issues, particularly climate change, remains at the forefront, with rising pressure for concerted actions from governments and businesses. In Malaysia, the commitment to sustainability has been equally strong. The National Energy Transition Roadmap (NETR), launched in July 2023, aims to shift the economy from one being reliant on fossil fuels to a high-value green economy, attracting over RM25 billion in investments and creating 23,000 job opportunities.

The Group aims to capture these opportunities by embedding rigorous sustainability criteria into its financing practices. As part of ongoing efforts, the Group has developed the inaugural Net Zero Transition Plan (NZTP) and decarbonisation pathways for select hard-to-abate sectors in FY2025, ensuring its approach and targets align with latest developments. The basis of the NZTP development is represented by three fundamental principles; *being a responsible financial institution, adopting a pragmatic approach* considering the Malaysian landscape and *ensuring that credibility is maintained* through references to relevant science-based pathways. AmBank Group remains committed to assisting its customers in their decarbonisation journeys by mobilising capital for transition activities.

To operationalise AmBank Group's Net Zero commitments, a three-stage approach has been taken as depicted in *Exhibit 3: AmBank Group's Three-stage Approach to Supporting our Customers in their Transition Journey*.

The Sustainable Finance Product Framework is part of the Third pillar of the Group's Net Zero Strategy, which focuses on supporting AmBank Group customers under the theme **Winning Together 2029 (WT29)**. This Framework demonstrates the Group's dedication to providing sustainable financing and product offerings that are in harmony with our customers' efforts to transition to a low-carbon economy in line with their own sustainability and Net Zero targets. By aligning the Group's financial solutions with the sustainability goals of its customers, there is a concerted effort to foster a collaborative approach to sustainability, ensuring that both the Group and our customers can achieve success together, while contributing to a greener future.



Sustainability at AmBank Group

Exhibit 3: AmBank Group's Three-stage Approach to Supporting our Customers in their Transition Journey

Net Zero Transition Plan (NZTP)

As a Malaysian financial institution committed to national development, AmBank Group is aligning its financing with the country's low-carbon aspirations, NETR, and global climate goals. Our NZTP reflects this commitment—anchored on the Paris Agreement and Malaysia's NETR and New Industrial Master Plan (NIMP) 2030—by guiding how we finance hard-to-abate sectors responsibly. The Group's approach is anchored by three fundamental principles: being a *responsible* financial institution; adopting a *pragmatic* approach tailored to the Malaysian economic and operating landscape; and maintaining *credibility* through adherence to relevant science-based pathways. The NZTP outlines how we will assist our customers in their own decarbonisation journeys, mobilising capital for transitional activities and reinforcing AmBank Group's role in shaping a sustainable future.



AmBank Group has identified seven hard-to-abate sectors for the development of its sectoral decarbonisation pathways in its inaugural NZTP:



We have identified parts of the value chain which generate the highest portion of emissions in these sectors and have focused on these to set 2030 near-term targets. These sectors represent 39% of the Group's non-retail portfolio, excluding financial services, trading, and other services. The same hard-to-abate sectors contribute to 45% of our total financed emissions, underscoring the importance of targeted action in these areas.

Sustainable Finance Product Framework

Objective of the Framework

The Sustainable Finance Product Framework (SFP Framework) stems from the Group's broader sustainability commitment; supporting customers transitioning to a more sustainable future with the support of the Group's sustainable financing and product offerings. This commitment reflects the Group's dedication to embed sustainability into our financing products and services ensuring that actions taken contribute positively to both the environment and societies.

The SFP Framework defines the approach and methodology for sustainable finance. The objectives are outlined as follows (*Exhibit 4: Objectives of SFP Framework*):

Exhibit 4: Objectives of SFP Framework

The Framework will be used as a guide to develop Sustainable Products in AmBank Group. It outlines key criteria to classify the product as sustainable.



Framework to offer what is deemed as Sustainable Finance/ Sustainable Products



Adhere to latest standards and taxonomies in Sustainable Product Labelling

To outline the methodology and associated procedures in classifying and reporting financing products and services offered by AmBank Group as sustainable. The development of this Framework is anchored on industry best practices, guidelines, and principles to align with established sustainability standards.

Sustainable Finance Product Framework

RM2,407.3 MILLION

Green Financing

RM1,114.7 MILLION

Affordable and
Low-income Financing

RM8,506.0 MILLION

Sustainable Investments
(outstanding balance)

RM2,557.5 MILLION

Sustainable Capital Market
Issuances Facilitated
(underwritten portion)

IN FY2025, AMBANK GROUP MOBILISED **RM14.6 BILLION** ACROSS GREEN FINANCING, AFFORDABLE AND LOW-INCOME FINANCING, SUSTAINABLE CAPITAL MARKET ISSUANCES, AND SUSTAINABLE INVESTMENTS — CONTRIBUTING TO A RESILIENT AND INCLUSIVE FINANCIAL SYSTEM.

Scope of the SFP Framework

Scope of Coverage





The SFP Framework serves as a guiding tool for AmBank Group as it integrates sustainability elements into its product development across its conventional and Islamic financing products and services. The Framework ensures sustainability remains a core component of the Group's product suite reaffirming its commitment to developing financial solutions that align with sustainability principles. *(Exhibit 5: Scope of Coverage by Business)*.






**Won Malaysia's
Best Bank
for ESG 2024**
Euromoney Award

The Business Segments covered by the SFP Framework include Wholesale Banking, Business Banking, Retail Banking, Investment Banking, and Integrated Wealth Management. Each segment plays a crucial role advancing the Group's sustainability goals expounded below:

Exhibit 5: Scope of Coverage by Business

			
		Wholesale Banking (WB)	Business Banking (BB)
Business Segment	 Focus	<ul style="list-style-type: none"> Provides sustainable financing solutions to large corporations, government-linked entities, and institutional customers across all sectors, supporting projects that promote renewable energy, energy efficiency, sustainable infrastructure, and decarbonisation efforts in transitioning industries. Offerings are designed to help customers achieve their financial and sustainability goals. 	<ul style="list-style-type: none"> Supports large, medium, and small enterprises in their sustainability journeys by providing tailored financial solutions that encourage environmentally responsible practices.
	 Financing Types	<ul style="list-style-type: none"> Corporate/ Business Lending (Sustainable, Transition, Green, and Sustainability-linked) Trade Financing Project Financing (Green and Renewable) 	<ul style="list-style-type: none"> Corporate/ Business Lending (Sustainable, Transition, Green, and Sustainability-linked) Trade Financing Financing Solutions for SMEs (Industry/ BNM funds) Project Financing (Green and Renewable)

Scope of the SFP Framework

Business Segment	Focus	 <p>Retail Banking (RB)</p> <ul style="list-style-type: none"> Engages individual customers (affluent, mass affluent, and mass retail customers) by offering green loans, eco-friendly investment options, and other products that support personal sustainability initiatives, including the future introduction of a sustainable credit card and a sustainable deposit account. 	 <p>Investment Banking (IB)</p> <ul style="list-style-type: none"> Directs corporate investments towards sustainable assets and manages funds that prioritise ESG criteria. It offers a comprehensive suite of services tailored to corporate and institutional customers, including corporate finance, Mergers and Acquisitions (M&A) advisory, equity and debt capital markets, private banking, funds management, and stockbroking services. 	 <p>Integrated Wealth Management (IWM)</p> <ul style="list-style-type: none"> Serves ultra-high-net-worth individuals (UNHWIs), high-net-worth individuals (HNWIs), and retail priority customers, offering a seamless and comprehensive approach to wealth growth, preservation, and legacy planning. It integrates private banking, priority banking, stockbroking, and asset management to provide tailored investment solutions, including bespoke portfolio management, sustainable investment funds, and structured products.
		<p>Type of Offerings Covered under SFP</p> <p>Financing Types</p> <ul style="list-style-type: none"> Electric Vehicle (EV) Financing, Green Mortgages Sustainable and Responsible Investment (SRI)/ Green/ Social Investment Funds: Unit Trust Sustainable/ ESG-distribution 	<ul style="list-style-type: none"> Green, Social, and Sustainable Sukuk/ Bond Sustainability-linked Bond/ Sukuk SRI/ Green/ Social investment Funds/ Unit Trusts for institutional investors (manufacture and distribution) 	<ul style="list-style-type: none"> SRI/ Green/ Social Investment Funds, Trade Financing Stockbroking services aligned with ESG investment mandates

AmBank Group currently offers a range of sustainable products, such as Sustainability-linked Financing (SLF), Green Building Financing, sustainability financing for SMEs¹, Green Mortgages, EV, financing, SRI/ Green Bond/ Sukuk, as well as SRI/ ESG funds to retail and institutional investors. (Exhibit 6: AmBank Group's Sustainable Financing Solutions).

¹ BNM's Fund for SMEs Low Carbon Transition Facility (LCTF) and other facilities through BNM Funds

Scope of the SFP Framework

Exhibit 6: AmBank Group's Sustainable Financing Solutions

Corporate Solutions



1 Sustainability-linked Financing

We offer SLF structures for customers who have the intention to pursue ambitious sustainability goals i.e. with environmental and/or social performance targets that are measurable and verifiable. Pricing rebates are offered when these targets are met.

2 Capital Market Accessibility

We offer SRI Sukuk, Green, Social, and Sustainability Bonds.

3 Project Financing

We offer Project Financing for Green and Renewable Energy Projects.

4 Green Building Financing

5 Sustainable Financing Solutions for SMEs

- Access to BNM's Greening the Value Chain Programme with our collaboration with PANTAS Climate Solutions
- Access to other BNM funds and government financing schemes
- AmBank Group's own SLF structure for SMEs

Sustainable Investment



Asset and Fund Management

Sustainable Series ESG Funds offered to institutional and retail investors.

Consumer Solutions



Green Mortgages

Offering energy-efficient homeownership



Electric Vehicles

Offering a cleaner, more sustainable alternative for motor vehicles

Design Principles

The development of this SFP Framework is anchored on industry best practices, guidelines, and principles established by credible authorities and certified bodies, ensuring alignment with local, regional, and global sustainability standards (*Exhibit 7: Summary of Design Principles and Other Key Standards*). This approach ensures the SFP Framework incorporates a wide range of perspectives and adheres to universally accepted standards, enhancing its relevance and applicability.

Exhibit 7: Summary of Design Principles and Other Key Standards

Product-specific Design Principles



Loan/ Financing Design Development

- Asia Pacific Loan Market Association (APLMA)/ Loan Market Association (LMA)/ Loan Syndications and Trading Association (LSTA)
[Green Loan/ Principles]
- APLMA/ LMA/ LSTA
[Social Loan/ Principles]
- UN SDGs/ APLMA/ LMA/ LSTA
[Sustainability-linked Loan Principles]

Bonds/ Sukuk Design Development



Bonds Principles

- International Capital Market Association (ICMA)
[Green, Social, Sustainability, Sustainability-linked Bond Principles and Guidelines]
- ASEAN Capital Markets Forum (ACMF)
[ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards, ASEAN Social Bond Standards]
- Climate Bonds Standards and Taxonomy [CBI]



Suruhanjaya Sekuriti
Securities Commission
Malaysia

SRI Sukuk Framework

- Securities Commission Malaysia (SC) - SRI Sukuk and SRI-linked Sukuk Framework

Other Industry Guidelines, Regulatory Requirements, and Standards

- SC Guidelines on SRI Funds
- Bank Negara Malaysia (BNM):
 - Climate Change and Principle-based Taxonomy (CCPT)
 - Value-based Intermediation Financing and Investment Impact Assessment Framework (VBI AF) Sectoral Guides
- ICMA Climate Transition Finance Handbook



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



Suruhanjaya Sekuriti
Securities Commission
Malaysia



Design Principles

Loan/ Financing Design Development

AmBank Group is guided by the Green, Social, and Sustainability-linked Loan Principles of APLMA, LMA, and LSTA and aligned to the UN SDGs:

A APLMA/ LMA/ LSTA [Green Loan/ Financing Principles]

These principles address financing and refinancing of green projects. This ensures proceeds fund environmentally beneficial projects guided by transparency, integrity, and impact measurements to prevent greenwashing.

They outline key requirements, including proceeds, project evaluation, fund management, and reporting. As such, they ensure that green financing meets transparency and impact measurement standards. This aligns AmBank Group's sustainable, transition, and green financing approach with international best practices as it plays a pivotal supporting role in Malaysia's transition and commitments.

B APLMA/ LMA/ LSTA [Social Loan/ Financing Principles]

These principles provide a high-level non-exhaustive list of activities that are eligible under the definition of social loans. It recognises the diversity of current views and ongoing development in the understanding of social issues and consequences.

AmBank Group adopts the categories of eligible activities which are aligned to the socio-economic needs of Malaysia.

C UNSDGs/ APLMA/ LMA/ LSTA [Sustainability-linked Loan/ Financing Principles]

These principles provide guidance in structuring loans for financing linked to a customer's sustainability performance benchmarked against ambitious and verifiable targets.

Under the lens of AmBank Group's sustainable financing, the proceeds of financing are channelled towards creation of socio-economic development with reference to the UN SDGs.



Besides addressing the specific UN SDGs, sustainable financing is also offered as an incentive to customers that demonstrate their commitment for improvement in sustainability actions. The Sustainability-linked Loan Principles document outlines key elements such as selection of Key Performance Indicators (KPIs), Sustainability Performance Targets (SPTs), reporting, and third-party verification. By embedding these key elements, this ensures that the sustainability-linked structure drives genuine and measurable improvements.



No Poverty



Zero Hunger



Good Health and Well-being



Quality Education



Gender Equality



Decent Work and Economic Growth



Industry, Innovation, and Infrastructure



Reduced Inequalities



Sustainable Cities and Communities



Peace, Justice, and Strong Institutions



Partnership for the Goals

Design Principles

Bonds/ Sukuk Design Development

A

International Capital Market Association (ICMA)

[Green, Social, Sustainability, Sustainability-linked Bond Principles and Guidelines]

These principles provide guidelines for issuing bonds that finance environmentally sustainable projects, social benefit, and sustainability performance to achieve pre-defined SPTs. They emphasise transparency, disclosure, and reporting to ensure that the proceeds are directed towards green initiatives.



B

ASEAN Capital Markets Forum (ACMF)

[ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards, ASEAN Social Bond Standards]

These standards provide guidelines for issuing bonds in the ASEAN region that finance environmentally sustainable projects, social benefit, and sustainability performance to achieve pre-defined SPTs.



C

Climate Bonds Standards and Taxonomy [CBI]

The Climate Bonds Standards and Taxonomy are frameworks designed to guide and standardise investments in climate-related projects, ensuring they align with science-based climate goals. The Taxonomy identifies assets and projects that contribute to a low-carbon economy, while the Standards provide certification for bonds and other debt instruments linked to these projects.



D

Securities Commission Malaysia (SC) – SRI Sukuk and SRI-linked Sukuk Framework

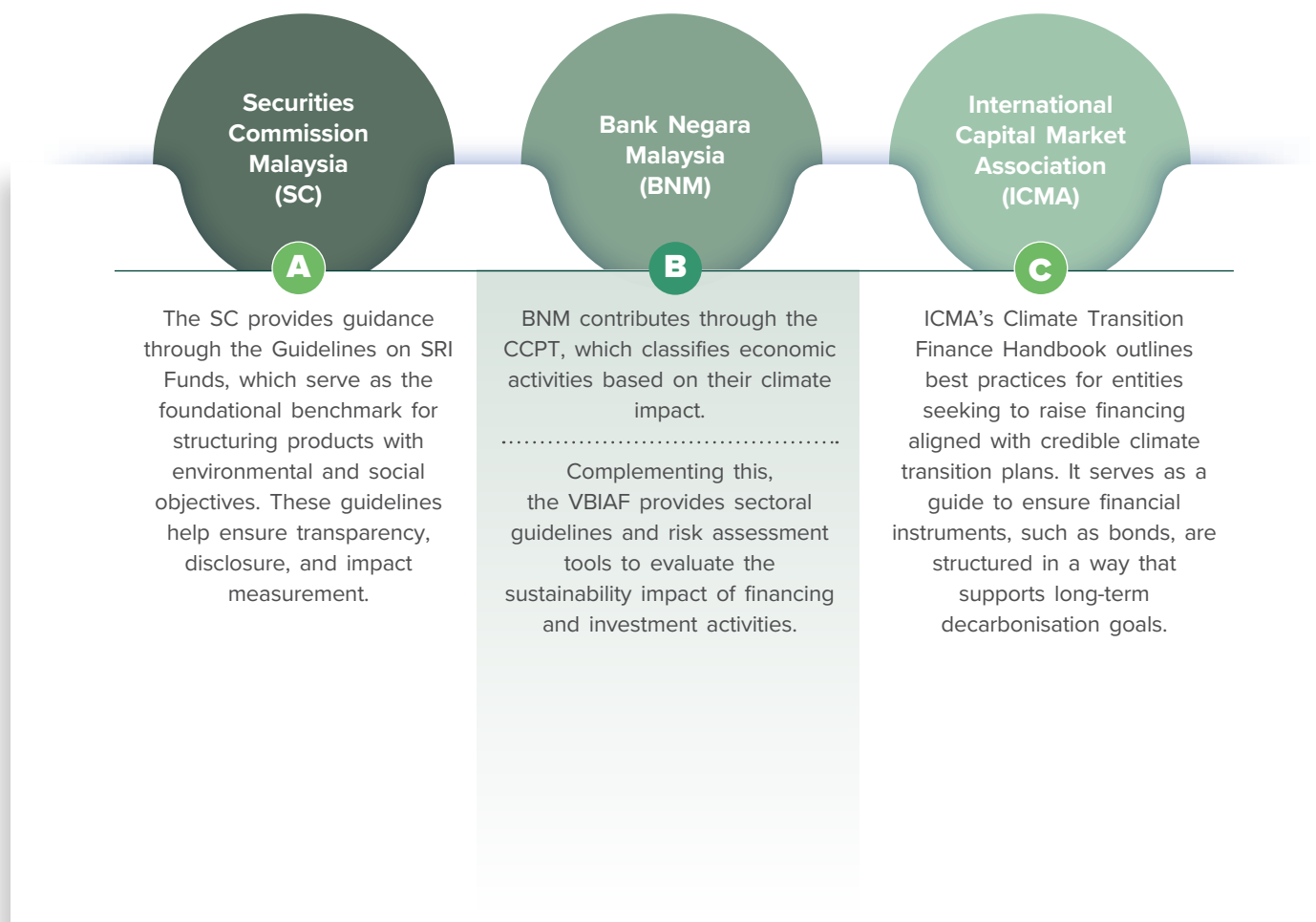
This framework serves as a reference for additional requirements and eligible projects for issuance of SRI Sukuk which are aligned to international standards and best practices that emphasise the importance of transparency and disclosure.



Design Principles

Other Industry Guidelines, Regulatory Requirements, and Standards

In developing the SFP framework, it is essential to align with key industry guidelines, regulatory expectations, and internationally recognised standards. This ensures credibility, investor confidence, and alignment with national sustainability goals.

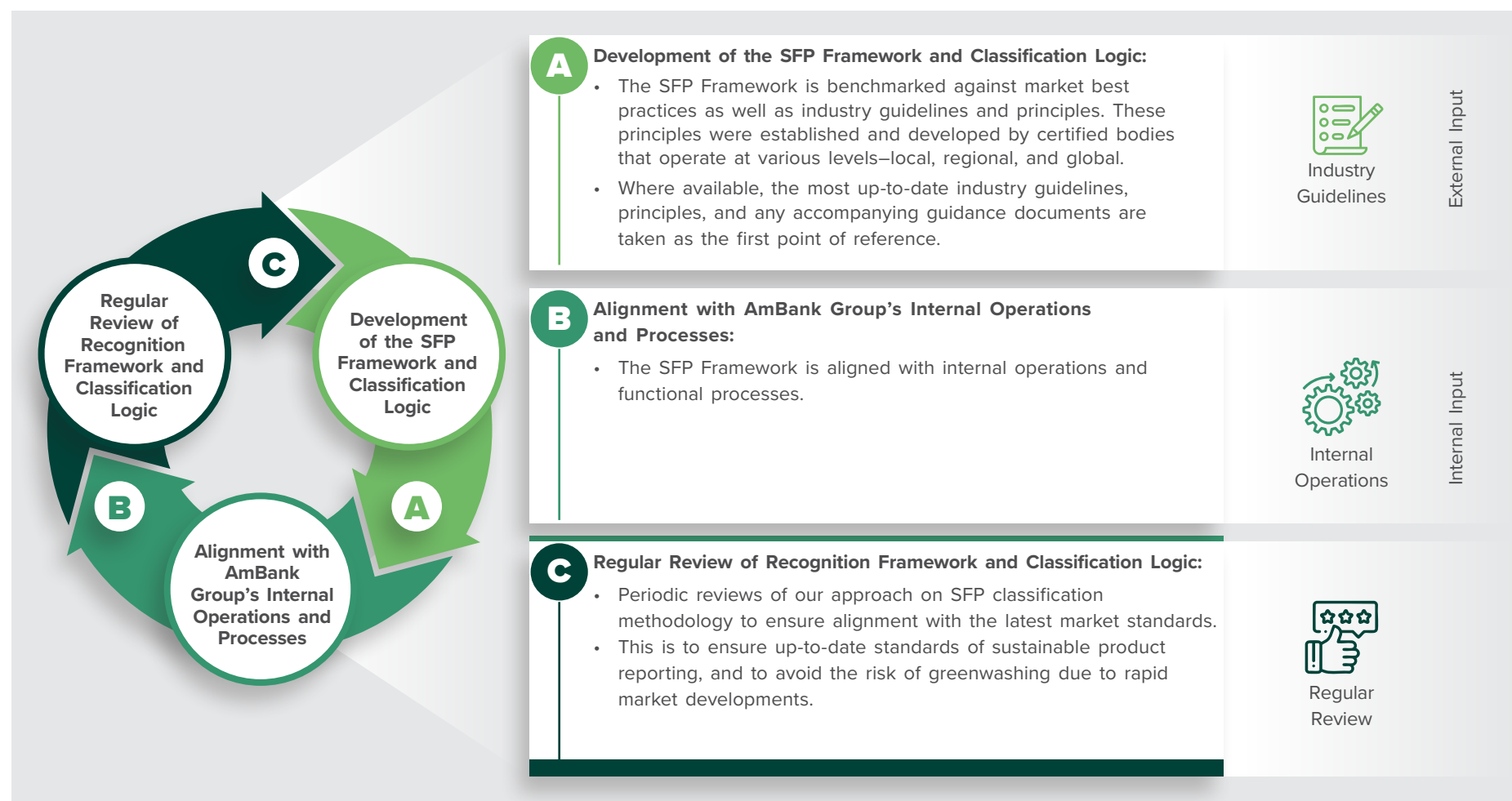


Design Principles

SFP Framework Classification Guiding Principles

The classification logic for AmBank Group's SFP Framework is grounded in a structured and iterative process that ensures credibility, practicality, and alignment with both market expectations and internal readiness. It is guided by three key principles.

Exhibit 8: SFP Framework Classification Guiding Principles



Design Principles

A Development of the SFP Framework and Classification Logic

The Group's SFP Framework is benchmarked against market best practices as well as industry guidelines and principles. Where available, the most up-to-date industry guidelines, principles, and accompanying guidance documents are taken as the first point of reference (*Exhibit 8: SFP Framework Classification Guiding Principles*).

The classification of sustainable financing adopts an objective-based approach as shown in the table below:

Category	Broad objective	Specific objective
Sustainable Financing	Support objectives across the different UN SDGs.	Financing that underscores socio-economic growth and incorporates sustainability considerations to achieve sustainable development results aligned with one or more of the 17 UN SDGs.
Transition Financing	Strengthening of climate resilience.	Financing that supports the transition of sectors and firms from emission-intensive business models (i.e. hard-to-abate sectors) to environmentally sustainable alternatives aligned to the goals of the Paris Agreement ² .
Green Financing	Dedicated to support activities with environmental benefits.	Financing with dedicated purpose of generating environmental benefits (i.e. climate mitigation or adaptation) or contributing to the creation or sustaining a low-carbon economy.

B Alignment with AmBank Group's Internal Operations and Processes

The Group endeavours to periodically update the SFP Framework to reflect internal operational and functional changes. This includes integrating the SFP Framework into our internal controls and procedures, supported by regular review of relevant credit policies and product development guidelines.

C Regular Review of Recognition Framework and Classification Logic

Periodic reviews on the Group's SFP Framework classifying approach are expected to ensure alignment with the latest market standards. This is necessary to ensure up-to-date standards of sustainable product reporting is adopted, thus mitigating the risk of greenwashing due to rapid market developments.

² Limiting global warming to well below 2°C, relative to pre-industrial levels.

Implementation of the SFP Framework

AmBank Group aims to ensure that financing provided aligns with its customer's sustainability objectives and aids in the creation of a more environmentally friendly and socially equitable future. It is crucial for businesses to explicitly state the intended use of funds ("Purpose of Financing") and whether they comply with eligible green/ social standards as summarised in *Exhibit 9: Fundamental Components of the SFP Framework*.

The Framework is built upon three fundamental components: **Purpose of Financing, Sector-specific, and Linkages to SPTs**. These elements define the eligibility and classification of financial products under sustainability criteria, ensuring alignment with sustainable, transition, and green financing definitions.

This structured approach ensures that Sustainable Financing, Transition Financing, Green Financing, and Sustainability-linked Financing are aligned with clear eligibility criteria. The next section provides details on the specific parameters and implementation mechanisms under this SFP Framework, providing a deeper understanding of how this translates into actionable and measurable financing solutions.

Exhibit 9: Fundamental Components of the SFP Framework

Purpose of Financing

Financing can be assessed at either the asset- or entity-level. When a *Dedicated Purpose* is clearly defined, such as funding of a sustainable project, the environmental and/ or social eligibility criteria can then be applied to determine its classification on whether the financing sustainable. If the financing is for *General Purpose*, the assessment focus shifts to evaluating the overall sustainability profile of the customer.

A. Dedicated Purpose (Asset-level)

- When the Use of Proceeds is clearly specified, then environmental and/ or social eligibility criteria will be applied to determine **whether the underlying economic activities will be classified as sustainable or green**.

B. General Purpose (Entity-level)

- If the Use of Proceeds is not specified or dedicated to facilitating a certain activity (e.g. General Corporate Purposes), the eligibility of financing for classification as sustainable **will be assessed based on the company's nature of business/ operating profile**.

Sector-specific

The SFP Framework also recognises that hard-to-abate sectors requires a transitional approach to move away from high-carbon to lower-carbon business models. Financing eligibility in these sectors are determined on their alignment with pre-defined transitioning criteria, ensuring they contribute meaningfully to sustainability objectives.

A. Hard-to-abate Sectors (Transition)

- The use of proceeds is clearly specified for transitioning criteria and will be applied to determine whether the underlying economic activities can be classified as sustainable:

Sectors	Value Chain
1 Palm Oil	Plantation and Milling
2 Power Generation	Generation
3 Oil & Gas	Production and Refineries
4 Cement Manufacturing	Production
5 Iron & Steel Manufacturing	Production
6 Commercial Real Estate	Operational phase of commercial building

Linkages to SPTs

Sustainability-linked financing under the SFP Framework is anchored on SPTs. These SPTs incentivise customers to commit to measurable environmental and social KPIs, with financial incentives linked to their progress. They must be ambitious, consistent, and aligned with the customer's core economic activities, reinforcing accountability and driving positive impact.

A. Sustainability Performance Targets (SPTs)

- Facilities that incentivise customer to achieve ambitious, pre-defined SPTs.
- These solutions include financial products that promotes positive environmental or social purposes by linking pricing to the achievement of measurable goals (interest/ profit/ coupon rates).
- Applicable for loans/ financing and bonds/ sukuk.

The pre-determined SPTs must be:

- Ambitious; and
- Material to the customer's business and core economic activities.

Green/ Sustainable Financing

Transition Financing

Sustainability-linked Financing

Implementation of the SFP Framework

Eligibility—Essential Criteria

AmBank Group manages sustainability risks by setting minimum standards for financing. The Group has established a list of prohibitions (*Exhibit 10: AmBank Group's Prohibition List for Responsible Financing*) to guide its commitment to responsible financing. The Group's Prohibition List ensures that financing activities uphold ethical and responsible standards by excluding sectors and activities that negatively impact the environment, communities, and human rights.

The evaluation and selection of eligible Sustainable, Transition, and Green financing will also need to pass the criteria aligned with Principle 5 of the Group Environmental Policy which sets out the key principles that the Group has adopted to operate in a manner that is environmentally conscious, socially responsible, and the Do No Significant Harm (DNSH) tenet is used to assess the environmental impact of economic activities (*Exhibit 11: Essential Criteria and Guiding Principles to Identify Eligible Activities*).

Exhibit 10: AmBank Group's Prohibition List for Responsible Financing

Endangered species in the plant or animal kingdom	Activities/ operations of goods or services that adversely affect the natural habitat or wetlands of any endangered species in the plant or animal kingdom, or violation of PERHILITAN (or similar guidelines)
Wildlife or related products	Activities/ operations of products and services related to wildlife that are in violation of PERHILITAN (or similar guidelines)
National or UNESCO World Heritage sites	Activities/ operations with adverse impact on any National/ UNESCO World Heritage sites
Indigenous/ Local Communities	Activities/ operations with adverse impact on any indigenous/ local communities
Exploitative labour, slavery, and human trafficking	Activities/ operations that involve harmful/ exploitative forms of forced labour, child labour, modern slavery, or human trafficking
Adult Entertainment	Activities/ operations related to adult entertainment services (i.e. prostitution, strip and hostess clubs, pornography) and sex-related products and services

Implementation of the SFP Framework

Exhibit 11: Essential Criteria and Guiding Principles to Identify Eligible Activities

Essential Criteria – (Eligible Activities)

Group Environmental Policy – Key Principles

- 1 Commitment to adhere to all relevant environmental laws, regulations, and standards.
- 2 Focus on preventing pollution by minimising operational impact, reducing carbon footprint, promoting sustainable resource use, and implementing efficient energy and water management practices.
- 3 Aim to enhance environmental performance by setting and monitoring objectives and targets, considering significant environmental matters, and publicly reporting progress.
- 4 Practice green procurement by ensuring suppliers comply with the Supplier Code of Conduct, promote the use of recycled materials, and adhere to environmental laws to protect biodiversity.
- 5 Strive to reduce adverse environmental impact from financing and investment activities by ceasing support for activities listed in the Prohibition List, such as those harming endangered species habitats that is in violation of PERHILITIAN or National/ UNESCO heritage sites or areas occupied by indigenous/ local communities.
- 6 Recognise environmental protection as a collective responsibility, committing to raise awareness among employees and educate stakeholders on its importance.

Do No Significant Harm (DNSH)

Environmental Impact Assessment (EIA)

- EIA serve as a critical tool in evaluating the potential environmental impact of proposed projects or activities.
- This enables the Group to adopt a precautionary approach, ensuring that environmental protection measures are in place, even in cases where full scientific certainty may not yet be available.
- By proactively identifying risks, EIA help us support activities that align with sustainability objectives while minimising potential environmental harm.

Independent Assessment or Verification

- An independent assessment or third-party verification provides an additional layer of due diligence to confirm that a project or activity does not result in significant negative consequences for surrounding ecosystems, communities, or the broader environment.
- Where negative findings arise from these assessments, mitigation plans must be incorporated to address and alleviate any harmful impact, preventing carbon lock-in and ensuring alignment with best environmental practices.

Implementation of the SFP Framework

Classification based on the Purpose of Financing

Guided by design principles, industry standards, best practices, and regulatory guidance, AmBank Group classifies sustainable financing based on four parameters, anchored on the purpose or Purpose of Financing (*Exhibit 12: Sustainable Finance Classification Logic*).

Parameter A: Dedicated Purpose



Sustainable Financing is assessed based on intended *Purpose of Financing* of the customer. When the *Purpose of Financing* is clearly specified, the environmental and/ or social eligibility criteria will be applied to determine whether the underlying economic activities are classified as sustainable. Example of activities under Sustainable and Green Financing are as follows:

Category	Eligible activities
Sustainable Financing	<p>Activities that contribute to UN SDGs financing, including, but are not limited to:</p> <ul style="list-style-type: none"> Affordable basic infrastructure such as clean drinking water, public transportation, and telecommunications Providing or promoting access to essential services e.g. education and public health Affordable housing Improving food security and sustainable food systems Facilities targeted at helping vulnerable populations e.g. those living below poverty line, marginalised population or communities, people with disabilities, unemployed persons, aging population, and populations affected by natural disasters
Green Financing	<p>Financing with dedicated purpose of generating environmental benefits (i.e. climate mitigation or adaptation) or contributing to creating or sustaining a low-carbon economy. The purpose of the facility or transaction must be dedicated to meeting at least one of the following criteria:</p> <ul style="list-style-type: none"> Minimise degradation of the environment Lower GHG emissions Safe for use and promotes healthy and improved environment for inhabitants Conserves the use of energy and natural resources Promotes the use of renewable energy resources Facilitates climate change adaptation Eligible for Government funds and financing schemes such as the Low Carbon Transition Fund, Green Technology Financing Scheme, High Tech and Green Facility etc., or others that may be made available in the future To acquire shares of a company can be categorised as Green Financing if at least 90% of the acquiree company's audited aggregated revenue in each of the past two consecutive financial years were derived from a single or multiple business sectors/ activities aligned with eligible green activities



*Specific
Use*

Implementation of the SFP Framework

Parameter B: General Purpose

Sustainable finance can be assessed on the customer's primary business and operations. If the *Purpose of Financing* is not specified or dedicated to facilitating a certain activity (i.e. *General Purpose*), the eligibility of sustainable financing for classification as sustainable will be assessed based on the company's profile. Companies are assessed according to their share of revenues from environmental and/ or social activities.

For entity-level, it is important to understand the nature of business of the customer.

The transaction shall be categorised as Green Financing if at least **90% of the customer's audited aggregated revenue in each of the past two consecutive financial years** were derived from a single or multiple eligible green activities (nature of business/ business activities of the customer).



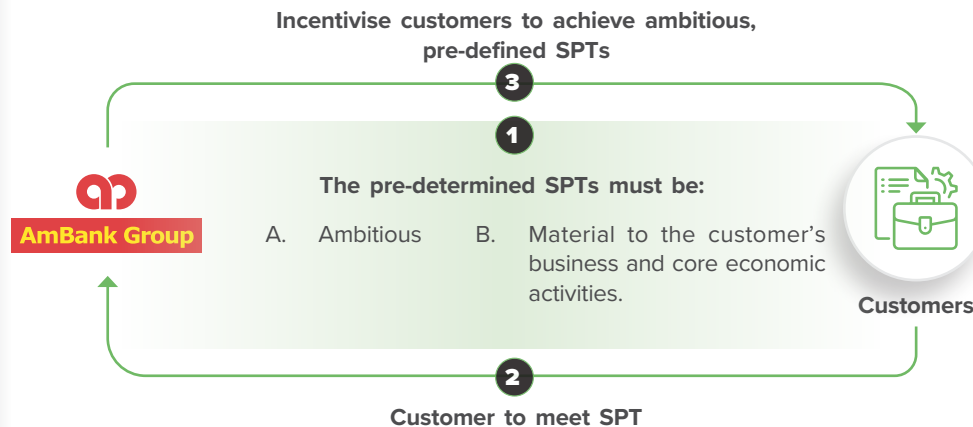
General Purpose

Parameter C: Sustainability-linked

The Group supports *Sustainability-linked Financial Solutions* that incentivise customers to achieve ambitious, pre-defined SPTs.

These solutions include any type of financial products that promotes positive environmental or social purposes by linking pricing to the achievement of measurable goals. The requirements are developed based on recognised industry standards, such as APLMA/ LMA/ LSTA Sustainability-linked Loan Principles and ICMA Sustainability-linked Bond Principles.

These solutions include financial products that promote positive environmental or social purposes by linking pricing to the achievement of measurable goals through interest, profit, or coupon rates. This is applicable for loans/ financing and bonds/ sukuk.



SPT-linked

Implementation of the SFP Framework







Parameter D: Transition Financing



AmBank Group recognises that some of its customers operate within hard-to-abate sectors that are transitioning towards a lower carbon economy.

The Group fully supports this transition and is committed to support, guide, collaborate, and encourage customers to adopt responsible business practices that contribute to environmentally sustainable socio-economic development in local communities.

The Group's NZTP is focusing initially on the following hard-to-abate sectors where decarbonisation pathways have been built. However, sustainable finance is offered for all other relevant industries and sectors of the real economy.

No	Sectors	Highest Emitting Component of the Value Chain
1	 Palm Oil	Plantation and Milling
2	 Power Generation	Generation
3	 Oil & Gas	Production and Refineries
4	 Cement Manufacturing	Production
5	 Iron & Steel Manufacturing	Production
6	 Commercial Real Estate	Operational phase of commercial building

The Group is steadfast in its commitment to transparency and strives for continuous enhancement to its classification and reporting practices. As innovation accelerates and the market matures, it is anticipated that the definition, scope, and coverage of the SFP Framework are expected to evolve, and we expect this SFP Framework to be iterative and updated periodically.

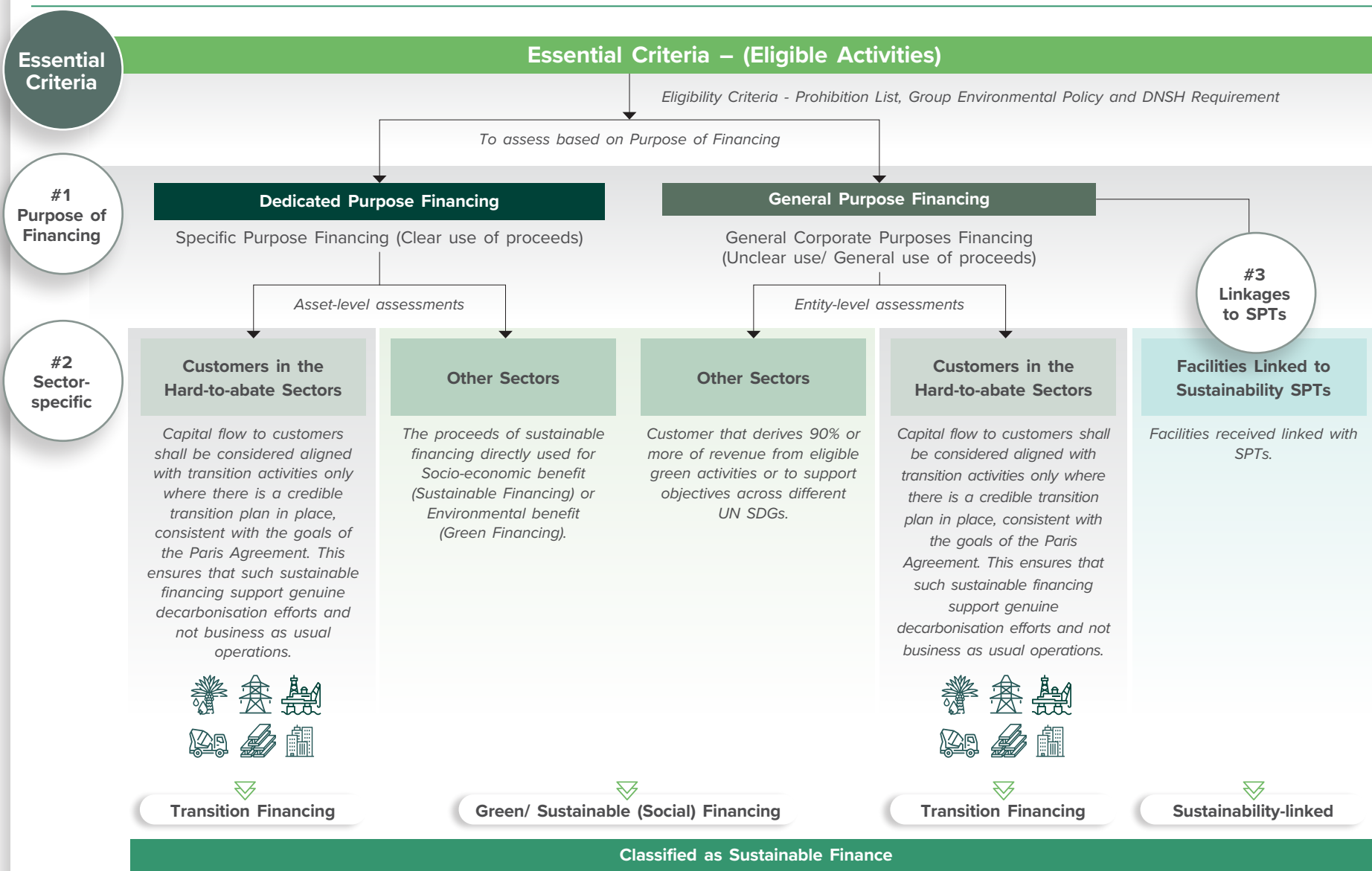
Category	Eligible activities
Transition Financing	<p>For customers in the high-emitting or hard-to-abate sectors – activities related to mobilisation action plan or initiatives in relation to one or any of the following:</p> <ul style="list-style-type: none"> a) Limiting global warming aligned to the goals of the Paris Agreement; or b) Their organisation-wide NZTP or Roadmap with time-bound targets; or c) Their commitment as a signatory to the Science-based Target Initiative, Transition Pathway Initiative or equivalent.



Transition

Implementation of the SFP Framework

Exhibit 12: Sustainable Finance Classification Logic



Implementation of the SFP Framework

Classification of Asset Management Funds

Sustainable investing involves integrating ESG factors into investment decisions. The investment universe of sustainable funds comprise companies and organisation that exhibit strong ESG practices. Sustainable funds consist of companies and organisations that exhibit strong ESG practices. These funds offer investors the opportunity to invest in such companies with the goal of generating measurable environmental and social impact alongside financial returns.

AmBank Group facilitates sustainable investing through two main avenues:



1

Manufacturing AmBank Group's own ESG/ Sustainable funds.

2

Distributing and acting as a third-party distributor for ESG/ Sustainable funds established by other institutions.



Parameter 1: Qualified as SRI Fund³

Funds will be first assessed based on whether they meet the SRI classification criteria, aligned with the requirement set by SC under the SRI framework, and take precedence in fund classification.

Parameter 2: Funds Embedded with ESG Elements

In cases where funds do not fully meet the SRI framework, the framework allows for such funds to be classified as Sustainable Funds provided that at least one of the following three key elements is fulfilled.

ESG Integration in the Fund:



Incorporates ESG elements⁴ and its objectives.

Impact and Thematic Investing:



With measurable positive social and environmental impact⁵.

SDG Alignment:



Aligns with UN SDGs and its objectives.

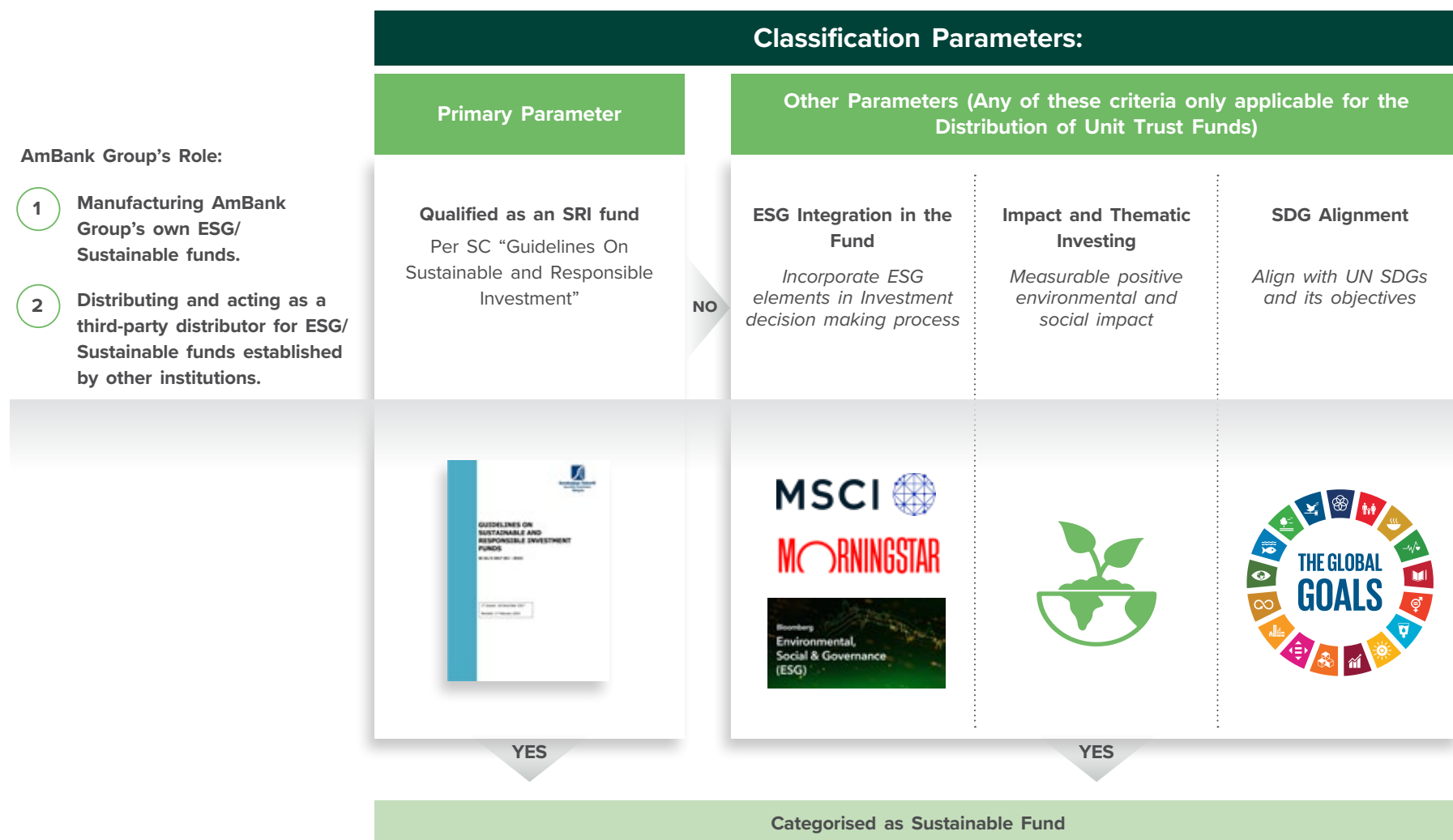
³ As of February 2025, the list of 10 Sustainability Funds offered at AmBank Group is detailed in Appendix 1: SRI Approved Funds offered at AmBank Group.

⁴ ESG Rating provided by credible Rating Agencies such as MSCI, Bloomberg, Morningstar etc.

⁵ Example of thematic investing funds are: Clean Energy Fund, Global Water Fund, Global Social Fund etc.

Implementation of the SFP Framework

Exhibit 13: Classification of Asset Management Funds



Note: There are currently 10 SRI Funds under AmFunds.

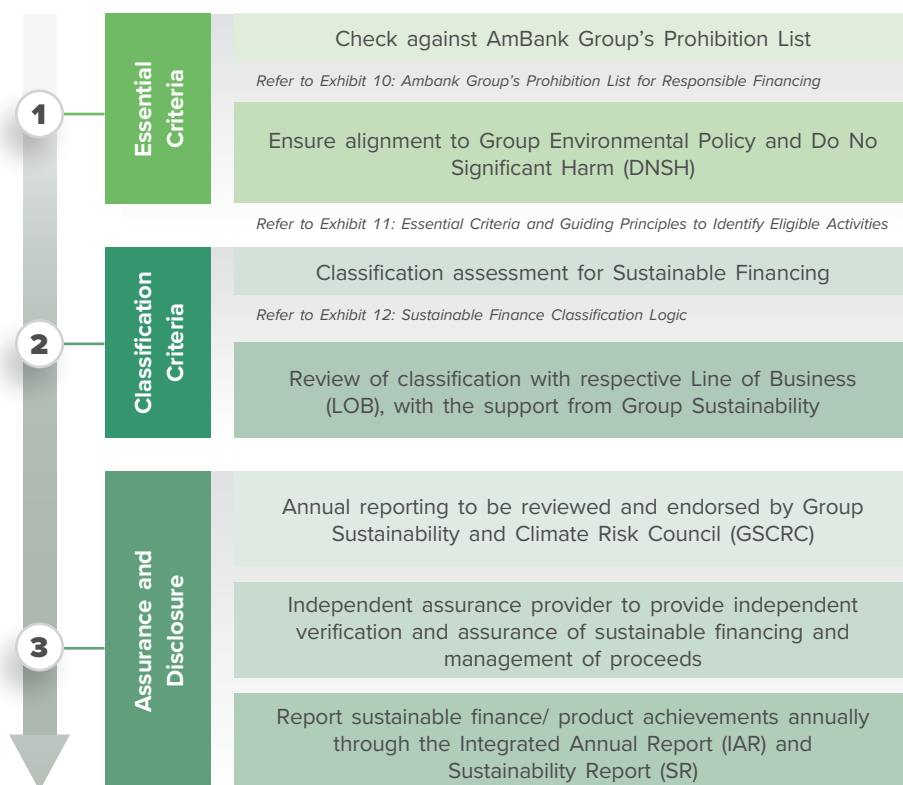
SFP Framework Governance and Reporting

Recognising the growing importance of ESG standards, AmBank Group emphasises the governance of sustainable financing from product development, facility assessment, use of proceeds, and reporting. The Group recognises the need for sustainable finance disclosure to meet stakeholder expectations, comply with regulations, and manage ESG-related risks. This commitment not only enhances transparency and trust but also positions AmBank Group as a market leader in sustainable finance, contributing to long-term value creation and supporting global sustainability goals.

The SFP Framework establishes the guidelines for identifying eligible Sustainable, Transition, and Green, as well as Sustainability-linked activities that contribute to AmBank Group's commitment to mobilising capital. Given that some products and services extend beyond conventional sustainable financing, it is essential to distinguish what will be recognised and reported as sustainable finance.

Exhibit 14: SFP Framework Governance and Reporting

All such sustainable financing, products, and offerings are identified by the Business Units through Relationship Managers or Business Teams (Business Representatives).



To ensure the proper classification of sustainable financing, a governance structure and processes have been setup under this Framework as shown on the left (*Exhibit 14: SFP Framework Governance and Reporting*).

The annual reporting will be reviewed and endorsed by the GSCRC. Additionally, the Group will engage an independent assurance provider to provide independent verification and assurance of sustainable financing and management of proceeds in accordance with this SFP Framework.

AmBank Group will report its sustainable finance/ product achievements annually through its IAR and SR.

Data Collection, Management & Verification

1. All such sustainable financing, products, and offerings are identified by the Business Units through Relationship Managers or Business Teams (Business Representatives).
2. Business Representatives, with the support from Group Sustainability will verify the relevant transactions against the SFP Framework to ensure alignment.

In the event of any disputes regarding the classification of a particular transaction on the recognition as sustainable finance, the transaction shall be reviewed by Group Sustainability to verify alignment with the SFP Framework.

Should the eligibility criteria not be met, the transaction will be excluded or removed from recognition as sustainable financing, product or offering. In such instances, the respective LOB and its risk counterparts, in consultation with Group Sustainability, will follow the necessary governance measures to reclassify the asset or product accordingly.

Position Statements on Select Hard-to-abate Sectors



AmBank Group has established minimum expectations for customers operating in the identified seven hard-to-abate sectors that constitute our inaugural NZTP.

It is designed to align the Group's customers with the Group's ambitions while mitigating environmental and social risks that, if left unaddressed, could lead to reputational and financial impact over time. This includes facilitating their transition and decarbonisation efforts by focusing on sustainable, transitioning, or green initiatives that support long-term business resilience and responsible growth.

This reflects the Group's proactive approach to engaging with customers to ensure continuous improvement in their environmental and social risk management practices. This is achieved through ongoing dialogue and structured discussions with the customers in understanding their Net Zero commitments, decarbonisation plans, and initiatives.

To effectively implement these sector guidelines, the Group strives to balance ambition with practicality by considering local industry contexts and sustainability progress across different sectors. AmBank Group is dedicated to maintaining the highest environmental and social risk management standards while recognising that certain industries have made more progress than others.

Fundamental Elements of Sector Position Statements

Each statement sets out:



Negative Threshold Criteria/ Prohibitions:

Describes activities/ standards that *must not be contravened*, for which AmBank Group would not extend financing.

Rationale from the Group's perspective is to avoid potential financial risks associated with assets left unproductive by the transition (i.e. stranded assets) and to limit reputation risks from supporting businesses that operate them. The threshold criteria and prohibition list also consider the government policies and regulatory measures to ensure alignment with the national agenda.



Positive Threshold Criteria:

Describes the actions that the Group may take to guide and facilitate customers' transition to energy-efficient and low-carbon business models.



Non-mandatory but expectations over time and best practices that are encouraged:

Describes the industry best practices by customers that are still an expectation and is strongly encouraged to be fulfilled over time.

The Group acknowledges the economic significance of various industry sectors. Our approach is guided by Board-level oversight and a strong commitment to sustainability. Additionally, expectations of key stakeholders were considered—including institutional investors, regulators, central banks, governments, customers, civil societies, and environmental organisations—when developing and applying our approach.

Position Statements on Select Hard-to-abate Sectors



Palm Oil

Palm oil is a vital industry in Malaysia, contributing significantly to exports and employment. As the world's second-largest producer, Malaysia accounts for approximately 28% of global palm oil supply⁸. The sector is deeply integrated across plantations, milling, refining, and transportation. However, sustainability concerns—particularly deforestation, biodiversity loss, and greenhouse gas (GHG) emissions—have placed the industry under increasing scrutiny. Land-use changes, fertiliser use, and fossil fuel combustion contribute to GHG emissions, while methane emissions from palm oil mill effluent (POME) poses additional environmental risks.

To address these challenges, Malaysia has committed to limiting plantation expansion and mandating biogas capture at mills to reduce methane emissions. Certification schemes such as the Malaysian Sustainable Palm Oil (MSPO) and the Roundtable on Sustainable Palm Oil (RSPO) promote responsible production, with nearly 90% of Malaysian palm oil certified under MSPO⁹. As a financial institution, AmBank Group aims to support sustainable practices by encouraging customers to align with recognised environmental and social safeguards, including No Deforestation, No New Peat, and No Exploitation (NDPE) commitments. By engaging with industry players and promoting responsible sustainable financing, the Group seeks to facilitate the sector's transition toward sustainability while ensuring economic resilience and social equity.



Our Position:



Negative Threshold Criteria/ Prohibitions:

We will not finance any activities that:

- Are directly involved in new clearing of primary forests;
- Are directly involved in new conversion and cultivation on peatlands;
- Are directly involved in new conversion of forest reserve areas for palm oil cultivation;
- Does not comply with national labour laws, human trafficking laws, and involvement in child labour; and
- Breach the legal rights of indigenous people and affected communities or withhold Free, Prior, and Informed Consent (FPIC).



Positive Threshold Criteria:

- We will adopt the No Deforestation, No New Peat, and No Exploitation (NDPE) stance.
- We will selectively on-board new customers who have clear transition plans, established net zero targets.
- For new planters, MSPO certification is mandatory as per the Malaysian government's regulations. Customers are expected to have a timebound commitment to obtain this certification or international sustainable palm oil certifications. Aligned to these certifications, customers are expected to have zero burning practices, best practices on existing peat, climate change, biodiversity and FPIC, amongst others.



Non-mandatory but expectations overtime and best practices that are encouraged:

New and existing customers are encouraged to obtain additional sustainable palm oil certification e.g. RSPO.

⁸ United Nations Development Programme (UNDP), Mapping the Palm Oil Value Chain; https://www.undp.org/sites/g/files/zskgke326/files/migration/cn/Palm_oil_report_EN.pdf

⁹ Malaysian Sustainable Palm Oil (MSPO), The Year of Mandatory Certification of Sustainable Goods 2022; <https://mspo.org.my/mspo-blogs/the-year-for-mandatory-certification-of-sustainable-goods-2022>

Position Statements on Select Hard-to-abate Sectors



Thermal Coal Mining

Coal remains a major energy source globally, accounting for over one-third of electricity generation despite being the most carbon-intensive fossil fuel. In line with global net zero ambitions, the International Energy Agency's (IEA) Net Zero Emissions (NZE) scenario calls for a 55% reduction in unabated coal-fired generation by 2030, with full phase-out by 2040¹⁰. In Malaysia, coal-fired power plants contribute over 40% of energy-related emissions, with the country relying heavily on imported coal. Recognising this, the Malaysian government has committed to phasing out coal-fired power plants, halving capacity by 2035 and fully retiring them by 2044—aligning with its broader net zero pledge¹¹.

The Group supports this transition by aligning its sustainable financing policies in accordance with Malaysia's energy shift. By FY2030, AmBank Group expects to fully phase out its thermal coal mining exposure. The Group remains committed to responsible financing, supporting energy sector decarbonisation while exploring opportunities in green technology and sustainable energy financing to facilitate Malaysia's Net Zero by 2050 commitment.



Our Position:

✗	Negative Threshold Criteria/ Prohibitions:
	We will phase out existing exposure to customers in the Thermal Coal Mining sector by 2030, unless we are required to support energy security needs as declared by the Malaysian government.
	<i>Note: Addressing the source of thermal coal (mining and extraction) will spur the need to look at renewable energy on a more urgent basis.</i>
+	Positive Threshold Criteria:
	Not Applicable as the Group is to phase out exposure to Thermal Coal Mining by 2030
👍	Non-mandatory but expectations over time and best practices that are encouraged:
	Not Applicable as the Group is to phase out exposure to Thermal Coal Mining by 2030

¹⁰ Malaysian Investment Development Authority (MIDA), Malaysia: Building an Agile, Sustainable and Competitive Oil & Gas Hub https://www.mida.gov.my/wp-content/uploads/2020/12/5.-Oil_-Gas-SIB-2022-2023.pdf

¹¹ PETRONAS 2023 Integrated Report; <https://www.petronas.com/integrated-report-2023/>

Position Statements on Select Hard-to-abate Sectors



Power Generation

Malaysia's Power Generation sector plays a critical role in the country's energy transition, with demand expected to rise by 20% over the next decade. Currently, fossil fuels dominate the energy mix, contributing significantly to national GHG emissions. Recognising the need for decarbonisation, the government has set ambitious targets under the NETR, aiming for 70% renewable energy capacity by 2050¹². Solar power is expected to play a key role, complemented by hydropower and battery storage for grid stability. The transition also involves the phased retirement of coal-fired power plants, with no new coal capacity to be developed and a complete phase-out anticipated by 2044.¹³

As part of this shift, natural gas is being utilised as a transition fuel, providing grid stability, and supporting the gradual phase-out of coal while renewable energy capacity scales up. While natural gas has a lower carbon footprint than coal, it remains a fossil fuel, and investments in clean energy solutions such as energy storage and grid upgrades are critical to achieving long-term sustainability. AmBank Group is committed to supporting Malaysia's energy transition by encouraging investments in renewable energy and sustainable financing solutions that align with national decarbonisation goals, for the power generation sector.



Our Position:



Negative Threshold Criteria/ Prohibitions:

- We will cease financing for new greenfield coal-fired power plants (CFPPs) in line with national agenda and commitments.
- Existing customers with business activities in CFPPs are to showcase a clear transition plan and manage the phase out, i.e. retire and/ or repurpose with cleaner alternative sources of energy.



Positive Threshold Criteria:

- We will provide financing to help new and existing customers in fossil-fuel based energy sources to transition towards low-carbon and renewable energy sources.
- We will regularly engage with customers to better understand their near-term targets in supporting the decarbonisation of our energy grid, as well as their tracking of progress towards the achievement of their targets.



Non-mandatory but expectations over time and best practices that are encouraged:

- We will prioritise allocation of capital to finance renewable energy projects including solar, wind, hydro, and geothermal, in line with the country's National Energy Transition Roadmap (NETR) commitments.
- We will encourage our customers to develop and implement comprehensive transition plans and set net zero targets with clear, time-bound milestones.

¹² Ministry of Economy, National Energy Transition Roadmap (NETR)

¹³ International Energy Agency, Energy System: Coal Overview; <https://www.iea.org/energy-system/fossil-fuels/coal>

¹⁴ Align with National Mandate of coal-fired power plant phase out by 2044 - NETR.

Position Statements on Select Hard-to-abate Sectors

Oil & Gas

The Oil & Gas sector remains a significant contributor to Malaysia's economy, accounting for approximately 20% of GDP and employing over 200,000 people. As the second largest producer of petroleum in Southeast Asia and a key global exporter of liquefied natural gas (LNG), Malaysia's energy sector plays a crucial role in both domestic energy security and international markets¹⁵. However, Oil & Gas operations are also responsible for a substantial portion of global GHG emissions, with methane being a key contributor. To align with the IEA NZE scenario, the sector must significantly reduce emissions, with Scope 1 and Scope 2 intensity targets calling for a 50% reduction by 2030 and an 80% absolute reduction by 2050.

Recognising these challenges, PETRONAS, the Integrated National Oil & Gas company, has outlined its decarbonisation strategy through initiatives such as Zero Routine Flaring and Venting, Carbon Capture, Utilisation, and Storage (CCUS), and energy efficiency improvements. Additionally, PETRONAS is actively diversifying its portfolio, exploring biofuels, circular economy initiatives, and Sustainable Aviation Fuel (SAF) production¹⁶. The Group supports the sector's transition by adopting Financed Emissions Lending Intensity (FELI) as a key metric, ensuring that sustainable financing is directed towards lower-emission operations and companies investing in cleaner production. Through targeted financing and strategic engagement, the Group aims to facilitate the sector's transition towards a low-carbon future while balancing energy security, affordability, and sustainability.

Our Position:

Negative Threshold Criteria/ Prohibitions:

In line with the needs for more energy to support a growing population and economic expansion, AmBank Group will continue supporting our customers in the Oil & Gas Sector as they diversify their business models to address demands for cleaner energy.

Positive Threshold Criteria:

- To ensure that the Oil & Gas sector thrives to address the needs for energy and reduces emissions for a sustainable future, we require our customers:
 - To develop plans to adopt sustainable business processes or practices; and
 - To demonstrate action towards achieving their sustainability commitments, including plans to improve their existing sustainability practices, particularly on specific areas such as emissions, water management, and biodiversity protection.
- We will regularly engage with customers to better understand their near-term targets and track progress of their transition to cleaner energy business models.

Non-mandatory but expectations over time and best practices that are encouraged:

Encourage customers to establish and follow best practices, but not limited to:

- | | | |
|---|---|-----------------------------|
| • Human Rights Commitments | • Carbon Management Strategies | • Renewable Energy Adoption |
| • Transparency and Reporting Mechanisms | • Global Methane Pledge (Malaysia is a signatory) | |



¹⁵ Malaysian Investment Development Authority (MIDA), Malaysia: Building an Agile, Sustainable and Competitive Oil & Gas Hub https://www.mida.gov.my/wp-content/uploads/2020/12/5.-Oil_-Gas-SIB-2022-2023.pdf

¹⁶ PETRONAS 2023 Integrated Report; <https://www.petronas.com/integrated-report-2023/>

Position Statements on Select Hard-to-abate Sectors



Cement Manufacturing

The Cement Manufacturing sector is crucial for infrastructure development, particularly in growing economies. However, it is also a major contributor to carbon emissions, accounting for approximately 8% of global CO₂ emissions¹⁷. In Malaysia, cement production contributed nearly 28% to emissions in the industrial processes and product use category in 2019¹⁸. Most of these emissions come from the calcination process, where limestone is heated to produce clinker, the key ingredient in cement. Additionally, significant energy is required to heat kilns and operate production equipment, further contributing to emissions.

Reducing emissions in the cement manufacturing sector is particularly challenging due to its reliance on carbon-intensive raw materials and high-temperature processes. The adoption of low-carbon technologies, including alternative raw materials, improved energy efficiency, and CCUS, is essential to aligning with net zero pathways¹⁹. The Group supports the sector's transition by encouraging counterparties to adopt cleaner production methods and reduce their carbon footprint. Using emissions intensity (tCO₂e/ tonne of cement) as a key metric, the Group aims to support financing for companies implementing lower-emission technologies while ensuring continued support for Malaysia's infrastructure growth in a more sustainable manner.



Our Position:



Negative Threshold Criteria/ Prohibitions:

- *In line with growing construction and infrastructure demands in the built environment in Malaysia, we will continue supporting our customers in the Cement Manufacturing sector.*



Positive Threshold Criteria:

- We will continue to support customers in the cement manufacturing sector who have credible decarbonisation strategies.
- We will regularly engage with customers to understand their near-term targets and their tracking of progress.
- We will selectively on-board new customers who have established net zero targets and credible transition plans.



Non-mandatory but expectations over time and best practices that are encouraged:

- We will encourage our customers to develop and implement comprehensive transition plans and set net zero targets with clear, time-bound milestones.
- We will provide support and financing for customers to decarbonise in the production stages which includes alternatives for clinkers, fossil fuel reduction, electrification of production, and CCUS.

¹⁷ World Economic Forum, Cement is a big problem for the environment. Here's how to make it more sustainable; <https://www.weforum.org/stories/2024/09/cement-production-sustainable-concrete-co2-emissions/>

¹⁸ The Edge Malaysia, Case Study: Cementing change for a greener environment; <https://theedgemalaysia.com/node/715426>

¹⁹ IEA, The challenge of reaching zero emissions in heavy industry; <https://www.iea.org/articles/the-challenge-of-reaching-zero-emissions-in-heavy-industry>

Position Statements on Select Hard-to-abate Sectors



Iron & Steel Manufacturing

The Iron & Steel Manufacturing sector is a critical component of Malaysia's industrial growth but is also a major contributor to GHG emissions. Globally, the steel industry accounts for 7% of energy-related GHG emissions, while in Malaysia, the sector's emissions make up 4.5% of total emissions, with projections to rise to 12% by 2030. The industry has historically relied on Electric Arc Furnace (EAF) technology, which has a lower carbon footprint. However, in recent years, production has shifted toward Blast Furnace-Basic Oxygen Furnace (BF-BOF) technology, which is more emissions-intensive²⁰. This structural shift, coupled with increasing steel production capacity in ASEAN, poses a challenge to the sector's decarbonisation efforts.

To address these challenges, Malaysia has introduced policies such as a moratorium on new steel investments and plans to implement a carbon tax on the iron and steel industry by 2026, aligning with the EU's Carbon Border Adjustment Mechanism (CBAM)²¹. AmBank Group is committed to supporting the sector's transition by incentivising financing for lower-emission technologies, such as Scrap-EAF and Direct Reduced Iron (DRI-EAF). By adopting emissions intensity (tCO₂e/ tonne of steel) as a key metric, AmBank Group encourages customers to progressively shift toward cleaner steel production while maintaining the sector's competitiveness in the global market.



Our Position:



Negative Threshold Criteria/ Prohibitions:

- In line with growing construction and infrastructure demands in the built environment in Malaysia, we will continue supporting our customers in the Iron & Steel Manufacturing sector.



Positive Threshold Criteria:

- We will continue to support customers as they embrace sustainable technologies and commit to credible decarbonisation strategies. Customers must have mitigation measures to reduce their environmental impact.
- We will regularly engage with customers to better understand their near-term targets and track progress.



Non-mandatory but expectations over time and best practices that are encouraged:

- We will encourage our customers to develop and implement comprehensive transition plans and set net zero targets with clear, time-bound milestones.
- We will provide support and financing for customers to decarbonise in the production stages which include fossil fuel reduction, electrification of production, renewable energy shift or CCUS.

²⁰ International Energy Agency (IEA), Iron and Steel Technology Roadmap; <https://www.iea.org/reports/iron-and-steel-technology-roadmap>

²¹ Carbon Trust, CBAM: What it means for exporters of steel, iron, and aluminium; <https://www.carbontrust.com/news-and-insights/insights/cbam-what-it-means-for-exporters-of-steel-iron-and-aluminium>

Position Statements on Select Hard-to-abate Sectors



Commercial Real Estate

Real Estate is a material contributor to global GHG emissions as the buildings sector accounts for approximately 30% of global energy consumption. In Malaysia, two-thirds of existing buildings are expected to remain in use until 2050, but many no longer meet modern building codes or energy efficiency standards²². Retrofitting and modernising older buildings is critical to reducing emissions, yet challenges such as financial constraints, regulatory hurdles, and sustainability concerns have slowed progress. At the same time, demand for green-certified buildings is rising, particularly from government-linked companies (GLCs), multinational corporations (MNCs), and investors seeking energy-efficient properties. According to the Malaysia Green Building Council (MGBC), green buildings can achieve 30-40% energy savings compared to conventional buildings²³.

Malaysia's NETR has committed RM6 billion in investments until 2040 to improve energy efficiency, including mandatory audits, new green building codes, and retrofitting initiatives²⁴. Additionally, the Energy Efficiency and Conservation Act, effective in 2025, will regulate high energy-consuming commercial buildings²⁵. AmBank Group supports the transition towards more energy-efficient Commercial Real Estate buildings by prioritising financing for customers committed to sustainable real estate practices. Using emissions intensity ($\text{kgCO}_2\text{e}/\text{m}^2$) as a key metric, AmBank Group incentivises customers to adopt energy-efficient solutions, like solar photovoltaic (PV) installations, renewable energy certificates (RECs), and green energy tariffs (GETs), driving the sector towards a low-carbon future.



Our Position:



Negative Threshold Criteria/ Prohibitions:

- In line with growing construction and infrastructure demands in the built environment in Malaysia, we will continue supporting our customers in the Commercial Real Estate sector.



Positive Threshold Criteria:

- We will work closely with customers to provide financing for green and/ or more energy-efficient buildings and finance retrofitting projects focusing on the following:
 - Buildings that achieve green building certifications (e.g. Green Building Index (GBI), Green Real Estate (GreenRE), Leadership in Energy and Environmental Design (LEED), Building and Construction Authority (BCA) Green Mark); and
 - Customers who aspire to embark on retrofitting of existing buildings that are less efficient or with plans for energy optimisation.
- We will regularly engage with customers to better understand their near-term targets and track progress of their transition to lower-carbon business models.



Non-mandatory but expectations over time and best practices that are encouraged:

- We will encourage our customers to meet minimum sustainability ratings of applicable national standards or guidelines for the construction of property or infrastructure projects.
- We will encourage our customers to install solar PV and onsite renewable technologies to reduce emissions from building operations (i.e. for completed buildings).

²² The EdgeProp, Two-thirds of Malaysia's old buildings will still be in use until 2050 despite failing current standards; <https://www.edgeprop.my/content/1909891/two-thirds-malaysia-old-buildings-will-still-be-use-until-2050-despite-failing-current-standards>

²³ Green Building Index, How to promote the creation of green buildings in Malaysia; <https://www.greenbuildingindex.org/2021/05/13/how-to-promote-the-creation-of-green-buildings-in-malaysia/>

²⁴ Malaysian Investment Development Authority (MIDA), Malaysia to invest RM13b by 2040 to improve energy efficiency; [https://www.mida.gov.my/mida-news/malaysia-to-invest-rm13b-by-2040-to-improve-energy-efficiency/#:~:text=Malaysia%20sees%20as%20much%20as,Energy%20Transition%20Roadmap%20\(NETR\).](https://www.mida.gov.my/mida-news/malaysia-to-invest-rm13b-by-2040-to-improve-energy-efficiency/#:~:text=Malaysia%20sees%20as%20much%20as,Energy%20Transition%20Roadmap%20(NETR).)

²⁵ Suruhanjaya Tenaga Energy Commission, Energy Efficiency and Conservation Act (EECA) 2024; <https://www.st.gov.my/eng/microsites/index/19/106>

Conclusion

AmBank Group is dedicated to making a positive impact toward a sustainable future by integrating sustainability considerations into its business operations, products, and services. This commitment extends beyond financial performance, ensuring that both internal and external stakeholders, including customers, investors, and communities, benefit from responsible and sustainable banking practices.

The SFP Framework serves as a clear guide for assessing and evaluating eligible proposals for sustainable financing, products, and offerings ensuring transparency, consistency, and alignment with global best practices. By embedding sustainability principles into financial solutions, AmBank Group aims to drive long-term value creation, foster economic resilience, and contribute meaningfully to environmental and social progress.

Moving forward, as part of the **'Winning Together 2029' (WT29)** strategy, AmBank Group remains committed to continuously enhancing its sustainability strategy, supporting customers in their transition to a low-carbon economy, and strengthening its role as a responsible financial institution.

We are Your Bank. Malaysia's Bank. AmBank.™



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List of Abbreviations

Abbreviations	Definition	Abbreviations	Definition
ACMF	ASEAN Capital Markets Forum	LEED	Leadership in Energy and Environmental Design
APLMA	Asia Pacific Loan Market Association	LMA	Loan Market Association
ASEAN	Association of Southeast Asian Nations	LNG	Liquefied Natural Gas
BB	Business Banking	LOB	Line of Business
BCA	Building and Construction Authority	LSTA	Loan Syndications and Trading Association
BF-BOF	Blast Furnace-Basic Oxygen Furnace	MGBC	Malaysia Green Building Council
BNM	Bank Negara Malaysia	MIDA	Malaysian Investment Development Authority
CBAM	Carbon Border Adjustment Mechanism, European Union	MNC	Multinational Corporations
CBI	Climate Bonds Initiative	MSPO	Malaysian Sustainable Palm Oil
CCPT	Climate Change and Principle-based Taxonomy	NDPE	No Deforestation, No New Peat, and No Exploitation
CCUS	Carbon Capture, Utilisation, and Storage	NETR	National Energy Transition Roadmap
CFPPs	Coal-fired Power Plants	NIMP	New Industrial Master Plan 2030
DNSH	Do No Significant Harm	NZE	Net Zero Emissions
(DRI)-EAF	(Direct Rebound Iron) - Electric Arc Furnace	NZTP	Net Zero Transition Plan
EECA	Energy Efficiency and Conservation Act	POME	Palm Oil Mill Effluent
ESG	Environmental (including climate), Social, Governance	PV	(Solar) Photovoltaic
EV	Electric Vehicles	RB	Retail Banking
FELI	Financed Emissions Lending Intensity	RECs	Renewable Energy Certificates
FPIC	Free, Prior, and Informed Consent	RSPO	Roundtable on Sustainable Palm Oil
GBI	Green Building Index	SAF	Sustainable Aviation Fuel
GETs	Green Energy Tariffs	SC	Securities Commission Malaysia
GHG	Greenhouse Gases	SFP Framework	Sustainable Finance Product Framework
GLC	Government-linked Companies	SLF	Sustainability-linked Financing
GreenRE	Green Real Estate	SMEs	Small and Medium Enterprises
GSCRC	Group Sustainability and Climate Risk Council	SPT	Sustainability Performance Targets
IAR	Integrated Annual Report	SR	Sustainability Report
IEA	International Energy Agency	SRI	Sustainable and Responsible Investment
IB	Investment Banking	UN SDGs	United Nations Sustainable Development Goals
ICMA	International Capital Market Association	UNESCO	United Nations Educational, Scientific and Cultural Organisation
IWM	Integrated Wealth Management	VBIAF	Value-based Intermediation - Financing and Investment Impact Assessment Framework
KPI	Key Performance Indicators	WB	Wholesale Banking
LCTF	Low Carbon Transition Facility		

Appendix

Appendix 1: Sustainable and Responsible Investment (SRI) Approved Funds at AmBank Group

No.	Name of SRI Fund
1	AmBon Islam
2	AmIncome Institutional SRI 1
3	AmIncome Institutional SRI 3
4	AmInstitutional Income Bond SRI
5	AmIslamic Global SRI
6	AmSustainable Series – Climate Tech Fund
7	AmSustainable Series – Global Lower Carbon Equity Fund
8	Am Sustainable Series – Nutrition Fund
9	AmSustainable Series – Positive Change Fund
10	AmSustainable Series – Sustainable Outcomes Global Equity Fund

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