

STRENGTH & RESILIENCE

SUSTAINABILITY REPORT 2025

About This Report

Welcome to our Sustainability Report 2025



Sustainability Report (SR) 2025

This SR2025 provides a clear assessment of the Environmental, Social, and Governance (ESG) matters. The report demonstrates our commitment to create sustainable and responsible value that contributes towards positive Economic, Environmental, and Social (EES) impact.

Basis of this Report

As Malaysia's first Islamic bank, Bank Islam Malaysia Berhad ("We", "Our", "Bank Islam" or "the Group")'s role extends beyond Shariah compliance and financial performance. Sustainability considerations are integrated into our business practices, inform our risk management and capital allocation, and are monitored through clear governance and performance oversight. This Sustainability Report 2025 provides transparency on these practices and enables accountability for how long-term value is created in the Group.

Scope and Boundary

This SR2025 covers the activities of the Group and its subsidiaries for the financial year from 1 January to 31 December 2025, unless stated otherwise. For greenhouse gas (GHG) emissions disclosures, the Group applies the operational control approach to establish its organisational boundary, covering facilities and activities under the Group's operational control.

For non-GHG disclosures, the reporting boundary follows the Group's financial boundary and includes entities over which Bank Islam has operational control or significant influence in Malaysia, representing 100% of the Group's revenue.

In addition, the report contains historical data, alongside targets, key performance indicators, and forward-looking information where applicable and available at the time of reporting.

We recognise that sustainability reporting maturity continues to evolve, particularly in areas such as financed emissions and value-chain impacts. The scope of this report reflects our current data readiness, with ongoing efforts to strengthen coverage, consistency, and depth in future reporting cycles.

 Please refer to the Group Corporate Structure of the Integrated Annual Report at page 8 for more details on the Group's corporate structure.

Reporting Approach

This report follows an integrated approach that combines both financial and sustainability disclosures to provide stakeholders with a balanced and transparent account of the Group's sustainability journey. Our reporting is anchored first by Islamic principles, which define our purpose, ethical boundaries, and responsibilities as an Islamic bank. These principles are complemented by national regulatory requirements and globally recognised sustainability frameworks, as listed in page 1.

 Please refer to page 1 for the list of frameworks and standards.

Transition Reliefs under the National Sustainability Reporting Framework (NSRF)

2025 marks the inaugural year in which we are reporting according to the IFRS Sustainability Disclosure Standards, including IFRS S1 and S2. We have applied the following transition reliefs:

- ▶ Permissible to disclose only climate-related risks and opportunities in accordance with IFRS S2
- ▶ Permissible to disclose climate-related information for principal business segments
- ▶ Permissible to not disclose Scope 3 GHG emissions

We are working towards full alignment by disclosing information that is reasonable and accurate, and utilising the resources available to us.

About This Report

National Frameworks



- ▶ Bank Negara Malaysia (BNM) Policy Documents and Guidelines
- ▶ BNM's Climate Risk Management and Scenario Analysis (CRMSA)
- ▶ BNM's Value-based Intermediation (VBI) Framework



- ▶ Bursa Malaysia Main Market Listing Requirements (MMLR)



- ▶ National Sustainability Reporting Framework (NSRF)
- ▶ Securities Commission Malaysian Code on Corporate Governance (MCCG) 2021
- ▶ Securities Commission Sustainable and Responsible Investment (SRI) Sukuk Framework

Global Frameworks



- ▶ International Financial Reporting Standard (IFRS) Foundation's International Integrated Reporting Framework (IIRF) 2021
- ▶ IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- ▶ IFRS S2 Climate-related Disclosures



- ▶ Sustainability Accounting Standards Board (SASB) Standards



- ▶ Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry



- ▶ Global Reporting Initiative (GRI) Standards 2021



- ▶ UN Sustainable Development Goals (UN SDGs)



- ▶ Greenhouse Gas (GHG) Protocol: Corporate Accounting and Reporting Standards

ESG Ratings and Indices



FTSE4Good

- ▶ FTSE4Good Bursa Malaysia Index's Environmental, Social, and Governance (ESG) Indicators



- ▶ Standard & Poor's (S&P) Global Ratings

About This Report


Reporting Approval and Statement of Assurance

The Sustainability Report is approved by the Management Sustainability Committee (MSC) and the Board Strategic & Sustainability Committee (BSSC), respectively while the Integrated Annual Report, Sustainability Statement, and Sustainability Report are approved by the Board of Directors (BOD).

The following metrics have been subjected to limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, with the approval by the Board Audit & Examination Committee (BAEC):

1. Scope 1 Emissions: Stationary and Mobile Combustion
2. Scope 2 Emissions: Electricity Consumption

This inaugural external assurance reflects our commitment to strengthening data integrity. We view assurance as an important enabler of trust and informed decision-making, and we are working towards external reasonable assurance by 2027 as part of our long-term reporting maturity roadmap.

 Please refer to pages 224 to 228 at the end of this report for the full external limited assurance statement.

Forward-Looking Statements

This Report contains forward-looking statements such as “plans”, “will”, “shall”, “anticipates”, “estimates”, and “expects” that reflect the Group's current expectations, assumptions, and assessments regarding future developments. These statements are subject to risks and uncertainties, including the evolution of our business strategy and operating model, national and global economic conditions, environmental and social developments, regulatory requirements, and other factors beyond the Group's control, and actual outcomes may therefore differ materially from those expressed or implied. Accordingly, forward-looking statements should be read with due consideration of prevailing economic, regulatory, and operational conditions, and should not be regarded as guarantees of future performance.



This report and additional information on Bank Islam can be found on our corporate website: www.bankislam.com

This Sustainability Report should be read together with the Integrated Annual Report. Scan the QR code to access the full report.



About This Report

How to Navigate Our Report

CAPITALS

- FC** Financial
- MF** Manufactured
- SRC** Social and Relationship

- HU** Human
- IN** Intellectual
- NT** Natural

STAKEHOLDERS

- EM** Employees
- CU** Customers
- LC** Local Communities
- IV** Investors

- GR** Governments and Regulators
- SS** Suppliers and Service Providers
- FP** Financial Industry Peers
- RA** Rating Agencies

KEY RISKS

- CR** Credit Risk
- MR** Market Risk
- RORBB** Rate of Return Risk in Banking Book
- LR** Liquidity Risk
- SR** Strategic Risk

- NFR** Non-Financial Risk
- TCR** Technology and Cyber Risk
- SNC** Shariah Non-Compliance Risk
- RCR** Regulatory/Compliance Risk
- CRR** Climate-related Risk

STRATEGIC FOCUS AREAS

- SP** Sustainable Prosperity
- CE** Community Empowerment
- CC** Customer-centricity

- VBC** Values-based Culture
- RE** Real Economy
- D** Digitalisation

MATERIAL MATTERS

- SEP** Sustainable Economic Performance
- PFS** Purposeful Financial Services
- CX** Customer Experience
- ECC** Energy and Climate Change
- ENS** Environmental Stewardship
- CP** Collaboration and Partnerships
- LSP** Labour Standards and Practices
- EHS** Employee Well-Being, Health and Safety
- TD** Talent and Development
- DI** Diversity and Inclusion
- CE** Community Enrichment
- SSC** Sustainable Supply Chain
- CGB** Corporate Governance and Business Ethics
- DPS** Data Privacy and Security
- RSM** Risk Management

■ Economic ■ Environment ■ Social ■ Governance

UN SDGs



CROSS-REFERENCES

- Tells you where you can find more information within the report
- Tells you where you can find more information online at www.bankislam.com

What's Inside

ABOUT THIS REPORT

MESSAGE FROM OUR LEADERSHIP 01

5 Joint Leadership Statement

OVERVIEW OF BANK ISLAM MALAYSIA BERHAD 02

12 Our Sustainability Progress
14 Key Sustainability Achievements
15 Awards and Performance Ratings
16 Expanding a Green Presence Nationwide
17 Memberships and Associations
18 Thought Leadership

SUSTAINABILITY APPROACH 03

22 Sustainability Governance
24 Stakeholder Engagement
27 Material Matters
33 Our Sustainability Strategy and Roadmap
35 Our Sustainability Commitments
36 Introducing Our New Sustainability Strategy 2030

BUILDING AN EMPOWERED AND INCLUSIVE UMMAH 04

39 Advocating Social Finance
40 Community Empowerment and Social Finance
52 Broader Contributions to Our Society
60 Sustainable Supply Chain

DELIVERING LONG-TERM VALUE FOR CUSTOMERS 05

65 Advancing Sustainable and Transition Finance
67 Purposeful Financial Services
79 Serving Our Customers with *Ihsan*
88 Data Privacy and Security
93 Technology Infrastructure, Data & Operational Resilience

OUR JOURNEY TOWARDS NET ZERO 06

99 Advancing the Net Zero Transition
101 Governance
109 Our Climate Action Strategy
128 Climate Risk Management
142 Metrics and Targets

BUILDING SUSTAINABLE IMPACT THROUGH OUR PEOPLE 07

149 Embodying a Value-Based Culture
151 Talent and Development
158 Upholding Labour and Human Rights
169 Stewards of the Environment

GOOD GOVERNANCE AND CONDUCT 08

173 Our Approach
174 Our Impact

APPENDIX 09

184 Sustainability-Related Training
185 List of Policies and Guidelines
186 Bursa Malaysia Prescribed Table
187 Annual Performance Data
203 GRI Content Index
211 ISSB Content Index
220 GHG Emissions Methodology
224 Independent Practitioner's Limited Assurance Report

JOINT LEADERSHIP STATEMENT

As Malaysia's pioneering Islamic financial institution, our purpose has always extended beyond commercial performance. It is grounded in *amanah*, the trust placed in us to steward capital responsibly, support communities and businesses, and contribute to long-term prosperity in a manner consistent with Shariah principles.

Datuk Nik Mohd Hasyudeen Yusoff
Non-Independent Non-Executive
Director and Chairman Board
Strategic & Sustainability
Committee

Mohamed Iran Moriff Mohd Shariff
Group Chief Sustainability Officer

Joint Leadership Statement

In the name of Allah, the Most Compassionate, the Most Merciful

All praise is due to Allah, the Lord of the Worlds, and peace and blessings be upon Prophet Muhammad (PBUH), whom Allah sends as mercy to the universe, which Allah makes him a guiding and a rightly guided man, and an illuminating lamp. And peace and blessing on his family and companions, and those who followed them benevolently until the Day of Judgment. May Allah's peace, mercy and blessings be upon you.

Dear Stakeholders,

For more than four decades, Bank Islam's journey has been closely intertwined with the economic and social progress of the nation we serve. As Malaysia's pioneering Islamic financial institution, our purpose has always extended beyond commercial performance.

It is grounded in *amanah*, the trust placed in us to steward capital responsibly, support communities and businesses, and contribute to long-term prosperity in a manner consistent with Shariah principles.

Guided by the higher objectives of *Maqasid al-Shariah* and Value-based Intermediation (VBI), Bank Islam's approach to sustainability has always been inherent to how we operate. The principles of stewardship, fairness, human dignity, and the avoidance of harm naturally shape how we deploy capital, manage risk, and serve the real economy. As sustainability expectations and regulatory requirements become more stringent, we are well positioned to respond with discipline and confidence.

The year 2025 marked a defining milestone, with the successful conclusion of our Sustainability Strategy and Roadmap (SSR) under LEAP25. The discipline, capabilities, and governance foundations established through this phase have strengthened how sustainability considerations are embedded across our financing, investment,

and operational decisions. We exceeded our target to grow sustainable finance to RM31.3 billion as at December 2025, achieving 12% above the 2025 target. Building on this momentum, we have revised our 2030 target, reflecting our conviction that Islamic finance must continue to lead in advancing shared prosperity, resilience, and real economic value creation.

As expectations continue to rise across the financial sector, our focus remains clear – to lead with purpose, strengthen resilience across our portfolio and operations, and demonstrate that Islamic finance serves as a powerful force for sustainable value creation. The progress outlined in this report reflects our commitment to transparency, accountability, and the disciplined integration of sustainability considerations into our strategy, governance, and financing decisions.

Joint Leadership Statement

Advancing Responsible Finance in an Evolving Landscape

Across Malaysia and the wider region, the financial sector is undergoing a structural shift as climate-related risks, sustainability considerations, and stakeholder expectations become increasingly integral in financial decision-making. Greater transparency, more consistent sustainability disclosures, and clearer classification of economic activities are strengthening how markets assess risk, allocate capital, and evaluate long-term value creation.

In Malaysia, this evolution has been reinforced through initiatives such as the National Sustainability Reporting Framework (NSRF), which incorporates the International Financial Reporting Standard (IFRS) Sustainability Disclosure Standards S1 and S2, as well as Bank Negara Malaysia's climate-related frameworks including the Climate Change and Principle-based Taxonomy (CCPT), Climate Risk Management and Scenario Analysis (CRMSA), and Climate Risk Stress Testing (CRST). Collectively, these developments are shaping expectations around governance, risk management, disclosure quality, and forward-looking resilience across the financial sector.

For Bank Islam, these developments reflect a broader transition in how financial institutions understand risk, support customers, and position their portfolios for a low carbon and more inclusive economy. Clearer sustainability disclosures enhance investor confidence, while stronger climate risk integration supports financial stability and responsible capital allocation. Against this backdrop, we continue to strengthen our governance, risk management, and disclosure capabilities to ensure that sustainability and climate-related considerations are embedded consistently across our financing activities, investment decisions, and organisational strategy. This approach supports our ability to navigate evolving market expectations while remaining aligned with the ethical principles that underpin Islamic finance.

Our role as an Islamic financial institution in Malaysia is to spearhead responsible and sustainable finance, advancing the principles of Islamic banking to support a low-carbon and inclusive economy.

Joint Leadership Statement

Embedding Sustainability into Governance and Strategy

As sustainability considerations become increasingly central to financial stability, investment decisions, and stakeholder expectations, our priority has been on ensuring that these factors are systematically embedded into how Bank Islam governs risk, allocates capital, and manages operations. This approach reflects our belief that sustainability is treated as a core pillar of long-term business resilience and responsible Islamic finance.

To support this integration, sustainability and climate-related considerations are embedded within our governance structures, with clearly defined oversight across the Board, its committees, management, and relevant control functions. This ensures that sustainability priorities are considered alongside financial, operational, and strategic decisions, reinforcing accountability and consistency across the organisation.

A prime example of this integration is reflected in the successful establishment of our Climate Transition Plan in 2025, informed by our financed emissions baseline and initial sectoral decarbonisation priorities. Aligned with our commitment to achieve Net Zero by 2050, the plan provides a clear and structured framework to steer our financing activities in support of the transition to a lower-carbon economy, while maintaining prudent risk management and supporting our customers' evolving needs.

Within our own operations, we aim to be Carbon Neutral by 2030. As of 2025, we have reduced our Scope 1 and 2 emissions by 10% against our 2023 baseline of 12,099 tCO₂e. Starting from 2024, we expanded our Scope 3 boundary to include waste and employee commuting, in addition to the previously disclosed category of business travel. These reductions were largely driven by energy efficiency measures and deployment of renewable energy. Purchased electricity expenditure declined from RM10.97 million in 2023, to RM8.09 million in 2025, a cumulative reduction of approximately 26%, reflecting the impact of energy efficiency and solar initiatives.

Emissions Reduction Progress



Reduced Scope 1 and 2 emissions by 10%. Starting from 2024, we expanded our Scope 3 boundary, supporting Carbon Neutral by 2030.

Energy & Cost Impact




Purchased electricity cost reduced by 26% between 2023 and 2025 (RM10.97 million to RM8.09 million).

Climate Commitment



Established the Climate Transition Plan (2025) aligned with Net Zero 2050 target.

 Further details of our 2025 achievements, KPIs, and progress are outlined throughout this Sustainability Report.

Joint Leadership Statement

Mobilising Capital for a Sustainable Future

Building on our solid governance and risk management foundations, we continuously mobilise capital towards activities that support economic resilience, environmental stewardship, and societal well-being. Guided by *Maqasid al-Shariah* and the principles of VBI, we advance Shariah-compliant sustainable finance solutions that align financial performance with positive environmental and social outcomes.

Our financing portfolio has expanded beyond traditional financing activities to include renewable energy, infrastructure, waste management, education, public sector development, and Small and Medium Enterprise (SME) transition financing, reflecting our commitment to supporting the real economy while facilitating responsible growth. In 2025, ESG-aligned transactions accounted for 31% of our investment banking activities, demonstrating steady progress in aligning capital allocation with sustainability priorities.

To further strengthen our capabilities in this space, we established the Sustainability Sukuk Framework (SSF) in December 2025. This framework enables the structured issuance of Shariah-compliant sukuk to finance environmentally and socially impactful projects while aligning with recognised sustainability standards. Beyond expanding financing options, it enhances transparency, supports investor confidence, and contributes to the development

of sustainable Islamic capital markets. We are honoured to have achieved a Gold rating for the Second-Party Opinion from RAM Ratings, the world's leading sukuk rating agency.

Many SMEs and mid-sized businesses face practical challenges in accessing financing, navigating evolving sustainability expectations, and implementing operational improvements. Through our active participation in Malaysia's climate finance ecosystem, including involvement in Bank Negara Malaysia's Joint Committee on Climate Change (JC3) and its SME-focused working group, we contribute to the development of practical guidance, policy dialogue, and financing pathways that facilitate a just and fair transition for smaller businesses.

Our commitment to a just transition was further reinforced through the launch of IHSAN Financing for Business Resilience, Sustainability, and Green Transition (IFIRST) at our inaugural Sustainability Conference 2025. Designed as a tailored Shariah-compliant financing solution, IFIRST supports SMEs and mid-tier companies in adopting more sustainable and resilient business practices while improving access to transition financing. The conference served as a collaborative platform for industry stakeholders, policymakers, and clients to exchange insights, strengthen capability, and accelerate progress towards a low carbon and nature-positive economy.

In 2025, ESG-aligned transactions accounted for **31%** of our investment banking activities

Established the **Sustainability Sukuk Framework (SSF)** to finance environment and social impact projects

Held the inaugural **Sustainability Conference 2025**

Joint Leadership Statement

Empowering People, Strengthening Communities

At Bank Islam, sustainable growth is inseparable from the well-being of the people and communities we serve. We continue to invest in strengthening our workforce while advancing financial inclusion and socio-economic mobility across our broader stakeholder ecosystem.

Within the organisation, continuous talent development remains a strategic priority as the banking sector evolves in response to digitalisation, regulatory expectations, and changing customer needs. Our talent and development approach combines leadership pipeline strengthening with the progressive integration of sustainability capabilities across the organisation. This ensures that our workforce remains adaptable, future-ready, and equipped to support responsible banking practices over the long term. In 2025 alone, we invested RM9.2 million in training and development, delivering over 319,000 training hours across more than 5,900 employees, reinforcing leadership readiness, technical capability, and organisational resilience.

Beyond our workforce, social finance continues to be a defining pillar of Bank Islam's role as an Islamic financial institution. The Bank Islam Sadaqa House spearheads our social finance agenda by focusing on entrepreneurship development through iTEKAD Entrepreneurship

and education for the unbanked and underbanked segments, including orphans, in order to address the crux of poverty in the society. In 2025, we disbursed over RM17.6 million through iTEKAD Entrepreneurship programmes, achieving 17% above our annual target. Additionally, we have introduced the Marginalised Group Benefit Fund (MGBF) that caters to educational needs and upskilling programmes to marginalised groups in support of their education and well-being to sustain themselves in today's fast-paced era of living. With these initiatives, our goal is to expand financial inclusion, support entrepreneurship, and strengthen long-term economic participation. These initiatives reflect a deliberate shift from one-off assistance towards empowerment-led models that integrate financing with capability-building, mentoring, and ecosystem partnerships.

Our broader community initiatives similarly focus on sustainable impact. Through targeted investments in entrepreneurship, education, healthcare, and community support programmes, Sadaqa House initiatives uplifted over 3,000 beneficiaries in 2025, working to address structural barriers faced by underserved groups, while supporting pathways towards economic resilience and dignity.

Investment in Workforce Development

We invested RM9.2 million in training, delivering 319,070 hours to more than 5,900 employees.

iTEKAD Social Finance Impact

iTEKAD disbursed RM17.6 million, achieving 117% of its annual target, and advancing financial inclusion and upskilling.

Sadaqa House Community Initiatives

Sadaqa House supported over 3,000 beneficiaries across entrepreneurship, education, healthcare, and community aid.

Joint Leadership Statement

Looking Ahead with Purpose and Resilience

As we look ahead, we recognise that the operating environment will continue to evolve in complexity, shaped by economic uncertainty, technological transformation, climate transition, and shifting stakeholder expectations. These dynamics present both risks and opportunities, reinforcing the need for financial institutions to remain resilient, forward-looking, and grounded in strong governance.

Building on the foundations established under our SSR and LEAP25, our next phase will focus on embedding sustainability more deeply within our investment intermediation model while strengthening operational resilience, data capabilities, and risk management practices. This includes advancing sustainable finance solutions, enhancing climate risk integration, and ensuring that our workforce remains equipped to navigate through emerging challenges responsibly.

Our ambition to position Bank Islam as the preferred universal Islamic financial institution by 2030 is clear, guided by the objectives of *Maqasid al-Shariah* and the principles of VBI. We endeavour to deliver sustainable value while contributing meaningfully to economic resilience, environmental stewardship, and social progress.

Acknowledgements

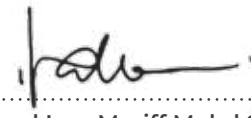
Our progress in 2025 reflects the collective effort and dedication of our people, partners, and stakeholders. This has been translated into recognitions and awards. We thank our Board of Directors, Board Strategic and Sustainability Committee, and Group Shariah Supervisory Council for their guidance and oversight in strengthening the Group's sustainability direction and governance.

We are grateful to our customers, investors, and business partners for the trust you place in Bank Islam, and to our regulators and policymakers for their leadership in shaping a strong and forward-looking financial system. To our BITIZENs, thank you for bringing our values to life through your commitment, professionalism, and service. This collective commitment has also translated into recognitions and awards such as the **UNGCMYB 2-Star Lister** under the ESG Select List that reflect the strength of our shared efforts.

Finally, we appreciate the continued collaboration of our ecosystem partners, including our engagement through the JC3, and agencies such as the Malaysian Green Technology and Climate Change Corporation (MGTC), as we work together to advance a more resilient and inclusive economy.



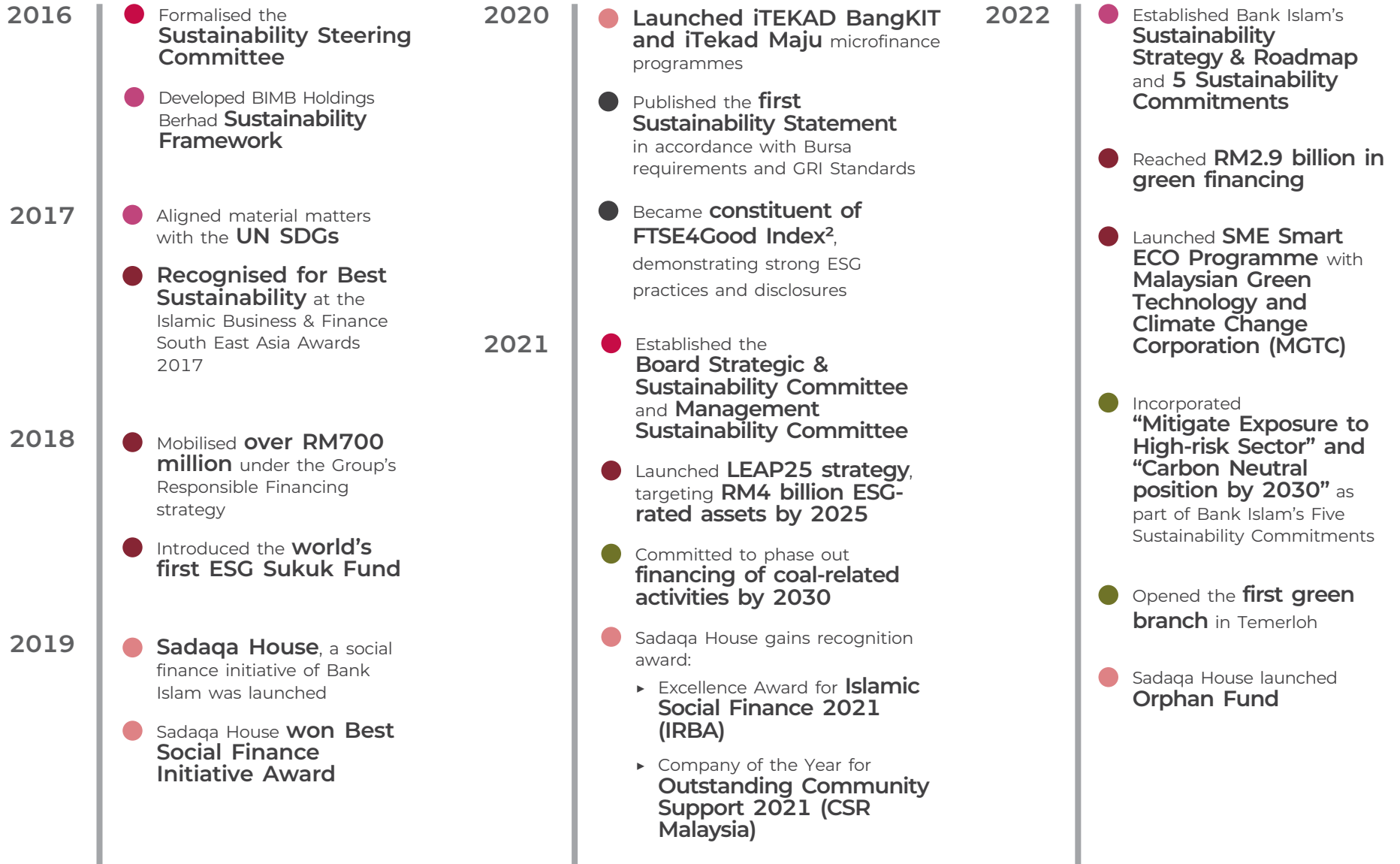
Datuk Nik Mohd Hasyudeen Yusoff
*Non-Independent Non-Executive
 Director and Chairman Board Strategic &
 Sustainability Committee*



Mohamed Iran Moriff Mohd Shariff
Group Chief Sustainability Officer

Our Sustainability Progress

Phase 1 Foundational Phase (Pre-2023)



Our Sustainability Progress

Phase 2 Execution & Strategic Integration Phase (2023-2025)

2023

- Conducted the **first materiality assessment** to **identify the material** sustainability topics
- **Launched ISIA 1.0**, Malaysia's first UN SDG-aligned VBI investment product
- Surpassed **RM4.5 billion** in **Shariah-ESG assets**, exceeding LEAP25 target
- Expanded to **seven green branches** nationwide
- Received the CIBAFI Award for **Sustainable Development, Inclusive of Environmental, Social, and Governance (ESG) Practices**
- Adopted **JC3 recommendations** outlined in the TCFD Application Guide published by BNM

2024

- Appointed the **first Group Chief Sustainability Officer (GCSO)**
- Formalised the **Group Sustainability Policy**
- Institutionalised the **Group Climate Risk Management Framework**
- Developed **UN SDG-aligned Financing Guideline**
- Revised Sustainable Finance target to **RM28 billion** by 2025
- **Launched ISIA 2.0**
- Established commitment to achieve **Net Zero by 2050**
- Received **key national ESG awards**, including **Edge ESG** and **Makmur myWakaf** awards for Social Impact
- Received Best Islamic Microfinance Product of the Year from **Global Islamic Finance Awards 2024 (GIFA 2024)**
- Conducted first **internal review/validation** by Group Internal Audit on selected KPIs for Sustainability Statement 2024

2025

- Integrated **climate transition finance** roles and responsibilities across the **Three Lines of Defence**
- **Launched IHSAN Financing** for Business Resilience, Sustainability, and Green Transition
- **Launched ISIA 3.0** and **ISIA 4.0**
- Expanded to **15 green branches** nationwide
- Held the **inaugural Sustainability Conference**
- Developed **Bank Islam's Sustainability Sukuk Framework**
- Established Bank Islam's **Climate Transition Plan**
- Initiated the development of **Bank Islam Sustainability Strategy 2030**
- Embarked on the **first IFRS S1 and S2-aligned reporting** for Sustainability Report 2025

Key Sustainability Achievements

Environmental Performance



15 green branches
across Malaysia

10% reduction
of Scope 1 and 2 emissions from 2023 baseline

Over RM500,000
saved from energy-efficient initiatives

RM7.8 billion
green-aligned financing and treasury assets

3,000 seedlings
planted as part of the Mangrove Day 2025

Established the **Climate Transition Plan** to achieve our **Net Zero 2050** commitment

Introduced PLA-certified
biodegradable payment cards

Social Performance



96% of key vendors
have implemented sustainability policies

1 out of 3
vendors adopted sustainable procurement policies

Over 90%
staff completed ESG mandatory e-learning

20 internal
engagements on ESG

RM23.1 billion
financed under social categories

Governance Performance



Further embedded climate factors into the **Sustainability Governance Structure** and roles within the **Three Lines of Defence**

Strengthened our **policies, compliance training**, and enforcement of a **zero-tolerance** approach to unethical conduct and human rights violations

Strengthen Group-wide sustainability governance by **enhancing roles and responsibilities** across the organisation

Established the **Sustainability Sukuk Framework**

Engaged in **over 20 thought leadership** initiatives across climate and social impact

Awards and Performance Ratings

Awards



ISLAMIC FINANCE NEWS AWARDS 2024 (IFN2024)
 > Most Innovative Islamic Bank



ESG AWARDS 2025
 > Best Social (S) & Governance (G)



2024 ASEAN CORPORATE GOVERNANCE CONFERENCE & AWARDS (CGCA) NIGHT
 > Top 50 ASEAN Public Listed Companies



MALAYSIA EXCELLENCE IN E-PAYMENTS AWARDS (MEAA)
 > Best Innovation in Digital Enablement Award
 > Outstanding Governance Advancement



ESG POSITIVE IMPACTS AWARD 2024
 > Silver Award in Sustainable Products & Service



PHILANTHROPIC CONTRIBUTOR



ASEAN CFO SUSTAINABILITY LEADERSHIP SUMMIT 2025
 > ASEAN Excellence in Financial Stewardship Award



2-STAR LISTER UNDER THE ESG SELECT LIST
 > Future-Fit & Responsible Workforce
 > The North Star ESG Target Setting

Performance Ratings



FTSE4Good

FTSE4GOOD
3.7 (2024: 3.5)

Where we have improved

- > Enhanced governance oversight
- > Strengthened policies and disclosures
- > Improved social practices consistently



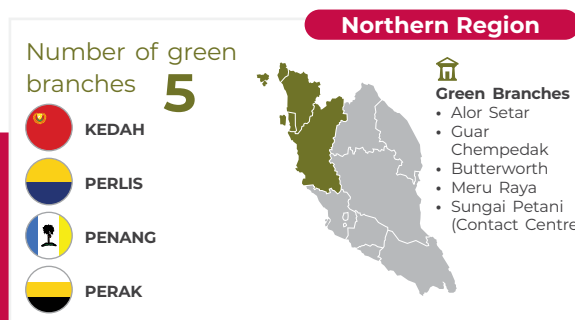
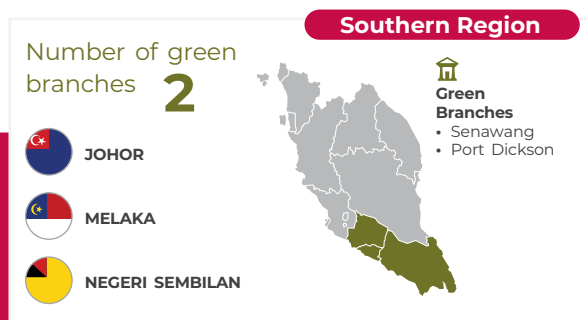
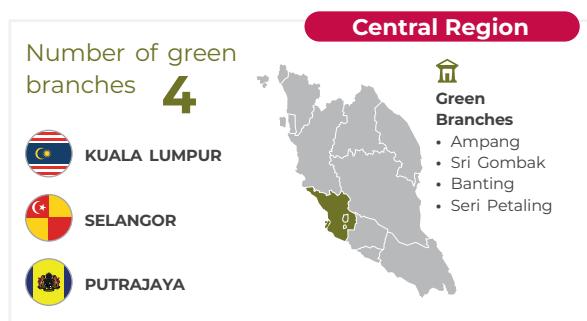
S&P CSA PUBLIC ASSESSMENT
37 (2024: 34)

Where we have improved

- > Enhanced corporate governance disclosures
- > Strengthened Board oversight structures
- > Formalised Board diversity and accountability practices

Expanding a Green Presence Nationwide

In 2025, we expanded our green branch network to 15 branches, designed to optimise energy and resource efficiency, while supporting operational resilience, environmental stewardship, and reliable service delivery. Selected branches, as detailed, were equipped with rooftop solar photovoltaic systems to generate renewable electricity for on-site operational needs.



131 branches nationwide with **15 green** branches as of 2025

(2024: 12 green branches)

TOTAL WORKFORCE

5,925

TOTAL CUSTOMERS

4.9 million

Cash Depositing Machines **489**






Coin Depositing Machines **7**

Cash Dispensing Machines **952**



Scan the QR code for the details of our BRANCH NETWORK or log on to <https://www.bankislam.com>

Memberships and Associations

| Membership/Association | Description |
|--|---|
|  <p>Global Compact Network Malaysia</p> | <p>United Nations Global Compact Malaysia and Brunei (UNGCMYB)</p> <p>As a member since 2023, this membership reinforces our commitment to align our strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, while advancing the UN SDGs.</p> |
|  | <p>Joint Committee on Climate Change (JC3)</p> <p>Bank Islam has been an active member of BNM's Joint Committee on Climate Change (JC3) since 2022 and has over time increased its level of participation by contributing across four sub-committee:</p> <ul style="list-style-type: none"> ▶ SC1: Risk Management ▶ SC2: Governance and Disclosure ▶ SC4: Engagement and Capacity-building ▶ SC5: Bridging Data Gaps ▶ SFG: SME Focus Group |
|  <p>PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT</p> | <p>United Nations Principles for Responsible Investment (UNPRI)</p> <p>Through our association with UN PRI, Bank Islam reinforces its commitment to responsible investment practices that align fiduciary responsibility with Shariah principles and sustainability considerations.</p> |
|  <p>AIBIM ASSOCIATION OF ISLAMIC BANKING AND FINANCIAL INSTITUTIONS MALAYSIA</p> | <p>Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)</p> <p>A member of AIBIM since 1995, we support stakeholder engagement, industry collaboration, and the advancement of Islamic banking standards and best practices in Malaysia.</p> |
|  | <p>Malaysian Green Technology and Climate Change Corporation (MGTC)</p> <p>Bank Islam contributed to strengthening Malaysia's green ecosystem by supporting SMEs and non-SMEs in adopting low carbon practices through advisory services, green technology training, green procurement, and GHG emissions reduction.</p> |

Thought Leadership

Through external engagements, policy dialogue, and cross-border collaboration, we contribute practical insights that help shape the application of ESG, climate management, and social finance in addressing real economy challenges. Our thought leadership translates Islamic principles into scalable solutions that support sustainable, inclusive growth, and long-term resilience.



Accelerating Just Transition
Towards a Nature-Positive Economy



In 2025, Bank Islam organised its inaugural Sustainability Conference at the Grand Hyatt Kuala Lumpur, convening over 230 participants across the value chain, including strategic investors, public-listed companies, corporates, commercial, and SME clients. Anchored on the theme “Accelerating a Just Transition Towards a Nature-Positive Economy,” the conference reinforced the Group’s commitment to supporting a low carbon transition and sustainable economic development, while fostering collaboration between industry, government, and the financial sector to advance national ESG aspirations.

The programme featured the official launch of IHSAN Financing for Business Resilience, Sustainability and Green Transition (IFIRST), keynote addresses by Dato’ Mohd Muazzam Mohamed, Group Chief Executive Officer, Bank Islam Malaysia Berhad and Dato’ Nor Azmie Diron, Secretary General, Ministry of Economy, exchange of documents with strategic partners including Thoughts in Gear, Mastercard, and Elopura Power Sdn Bhd for the Sabah Battery Energy Storage System (BESS) project, as well as expert sessions on energy transition, infrastructure development, and capital mobilisation.

Guided by the principles of a Just Transition and a Nature-Positive Economy—aligned with the Islamic values of *Ihsan* and *Maqasid Shariah*, the conference strengthened client awareness of sustainable financing solutions, deepened strategic partnerships across the ecosystem, and reinforced Bank Islam’s role as a facilitator of responsible and inclusive growth through Shariah-aligned finance.

Thought Leadership

MIA Sustainability Showcase 2025



Dato' Mohd Muazzam Mohammed shared insights in regard to the NSRF implementation and key challenges in manoeuvring emerging technologies such as AI, automation, and data analytics to move beyond compliance – enabling real-time measurement and deeper insight into the organisation's sustainability performance.

SIDC-CASI SRI Conference 2025



Dato' Mohd Muazzam Mohammed participated as a panellist in the “Bridging Global Sustainability Frameworks with Maqasid Al-Shariah” session, alongside representatives from HSBC Amanah Malaysia Berhad and Durham University.

The session explored how global sustainability standards can be meaningfully aligned with *Maqasid Shariah*, reinforcing the role of Islamic finance in advancing responsible, ethical, and impact-driven growth.

ACSR Sustainability Reporting Engagement



Dato' Mohd Muazzam Mohammed participated in a focused dialogue to understand the challenges faced by financial institutions in aligning with the NSRF. The session provided valuable insights into the support mechanisms required to enhance reporting readiness and reaffirmed our commitment to transparent and responsible sustainability practices.

Thought Leadership

Regional Leadership in Islamic Social Finance Innovation



During the year, Bank Islam shared practical models and policy insights through a range of regional and international engagements:

- Adoption of the Sadaqa House model by the Maldives Monetary Authority (MMA).
- Bilateral Dialogue on Social Finance Development between Malaysia and Indonesia.
- Knowledge-sharing on Sadaqa House initiatives with Bank Islam Brunei Darussalam (BIBD).

AI-Driven Agile Forum 2025



Mohamed Iran Moriff, Group Chief Operating Officer-cum-Group Chief Sustainability Officer, delivered a keynote address at the session “Unlocking Real Value Through Agile: The Mobile Banking ‘Go-Beyond’ Breakthrough.” He shared strategic insights from the Group’s Agile transformation journey, underscoring how the Go-Beyond Project accelerated digital innovation, enhanced customer experience, financial inclusion, access to finance, and strengthened organisational agility.

MICPA – ICDM: Scope 1 & 2 Implementation Insights



At the session held on 6 October 2025, Mohd Faiz Nor Sallehi, Head of Sustainability, shared practical perspectives drawn from Bank Islam’s experience. He covered an overview of GHG emissions compliance, the Group’s emissions reduction initiatives, and approaches to overcoming measurement and data challenges in Scope 1 and Scope 2 reporting.

He emphasised that companies must strengthen Scope 1 and 2 emissions management and reporting, as these metrics are increasingly used by financial institutions in financing decisions. Banks are not only assessing emissions performance but also supporting organisations through advisory, financing, and collaboration to advance decarbonisation goals.

Thought Leadership

Pulse & Prognosis: Investor Luncheon & Economic Outlook

BANK ISLAM



The Pulse & Prognosis: Investor Luncheon & Economic Outlook was held on 22 October 2025 to provide insights on the post-Budget 2026 economic outlook, and to present executive perspectives on decarbonisation as a key factor shaping future business strategies. The session formed part of the Group's ongoing client engagement efforts, which aim to strengthen relationships, enhance dialogue, and explore emerging opportunities, particularly in the ESG space. An external perspective on decarbonisation was shared by the CEO of Mestron Energy, reinforcing discussions on transition pathways aligned with sustainability objectives. The event was attended by more than 170 participants from over 70 organisations across asset management, insurance and takaful, banking, and government-linked investment companies.

Dialogue with the Deputy Minister of PETRA



A stakeholder engagement session with YB Akmal Nasir, the Deputy Minister of Energy Transition and Water Transformation (PETRA) was held on 7 October 2025 to engage stakeholders on the strategic direction and transformation priorities of Malaysia's water and energy sectors. It provided insights into current developments, challenges, and opportunities within these sectors, while embedding ESG considerations to support long-term resilience and sustainability. It was attended by participants from across the financial ecosystem, including representatives from asset management, insurance and takaful, as well as government-linked investment companies.

Relax & Digest: Alpha Talk Series with EPF

KWSP EPF



An Alpha Talk Series was conducted on 4 June 2025 as a collaborative engagement session with Employees Provident Fund (EPF). The session focused on the economic outlook for the second half of 2025, following the introduction of the United States (US) trade tariffs, as well as key sustainability and climate-related takeaways from the ASEAN Summit held from 26 to 27 May 2025. The initiative supported ongoing engagement with institutional stakeholders through knowledge-sharing and dialogue on macroeconomic and sustainability developments. A total of 120 EPF employees attended this talk.

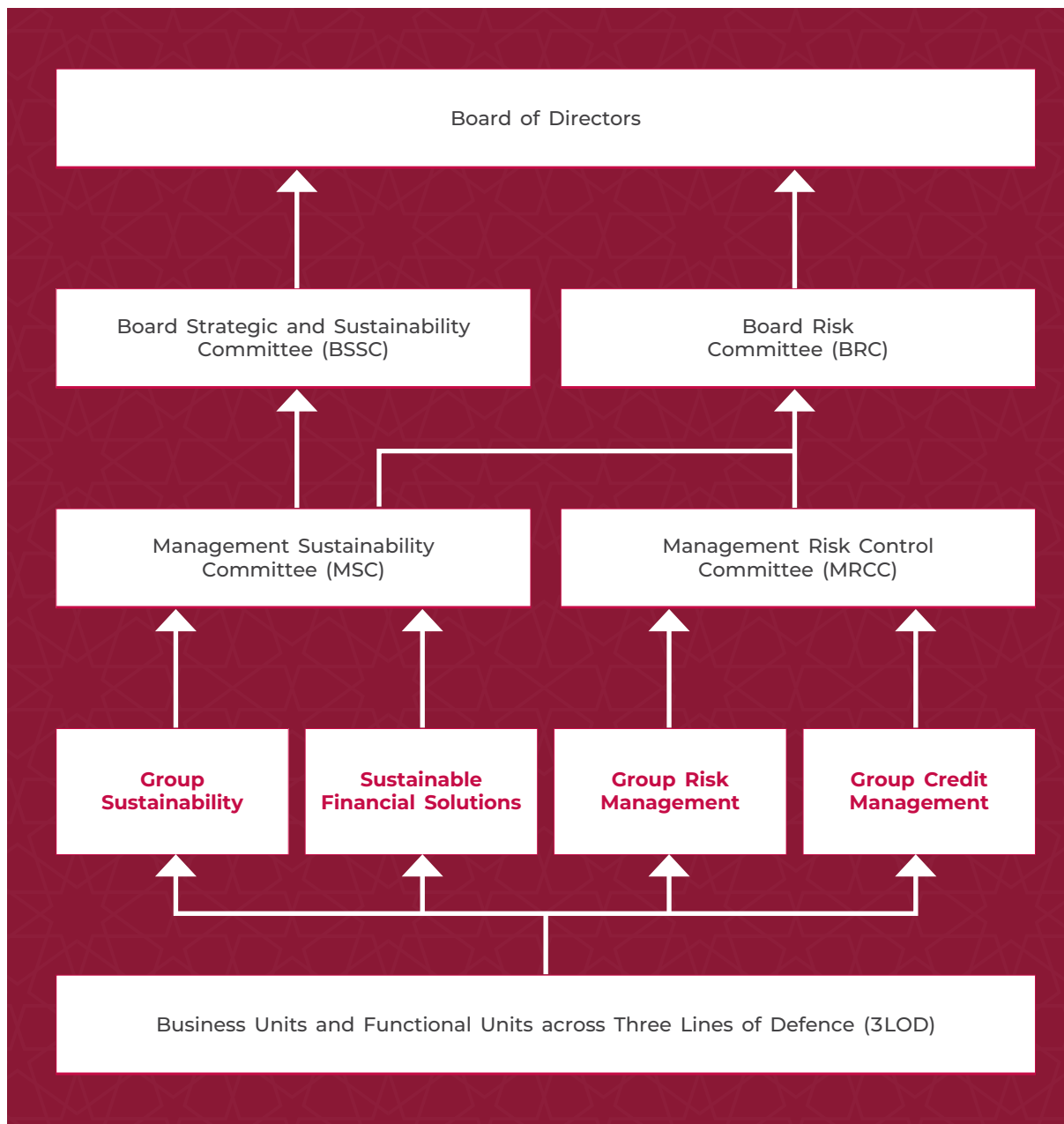
Sustainability Governance

At Bank Islam, sound governance is embedded in how we operate and conduct ourselves, shaping decision-making, culture, and accountability at every level of the organisation, from our BITIZENS to Management and the Board.

The Board is responsible for the oversight of the Group and its overall governance and performance, supported by six Board Committees that provide effective and responsible decision-making, assisting Bank Islam in delivering on its strategy and purpose. Each Board Committee has its own Terms of Reference (TOR), which sets out its roles and responsibilities, available at Bank Islam’s website.

At the management level, the Group Management Executive Committee comprises Bank Islam’s Senior Management. A delegation of authority framework outlines matters delegated from the Board to our Group Chief Executive Officer (GCEO) and other members of senior management. In addition, several formally established management committees oversee specific areas of ongoing operations, including sustainability and climate matters.

Sustainability governance at Bank Islam is embedded across the Board, management, and operational levels, aligned with the Three Lines of Defence (3LOD) model. The first line, comprising business units and functions, is responsible for integrating sustainability considerations into day-to-day operations and decision-making. The second line provides oversight, guidance, and monitoring to ensure compliance with ESG standards, climate-related frameworks, and internal policies. The third line, Group Internal Audit, offers independent assurance on the effectiveness of sustainability governance, risk management, and internal controls, ensuring accountability and continuous improvement.



Sustainability Governance

| Roles | Responsibilities |
|--|--|
| Board of Directors (BODs) | Provides strategic oversight to our sustainability efforts and ensures that sound, prudent policies, and practices are implemented, thereby integrating sustainability across the bank. It functions as a critical check and balance mechanism in the management of our sustainability agenda, helping to keep us on track towards achieving our long-term value creation goals. |
| Board Strategic and Sustainability Committee (BSSC) | Oversees the development and implementation of the Group's sustainability strategy, including climate change, and is provided with regular updates on our initiatives in these areas. |
| Board Risk Committee (BRC) | Oversees the effective management of all risks impacting the bank, including sustainability and climate-related risks. |
| Management Sustainability Committee (MSC) | Oversees the execution of the Group's sustainability and climate strategy, including formulating and monitoring climate strategy, targets, and the transition plan. |
| Management Risk Control Committee (MRCC) | Oversees and ensures the effective management of key sustainability and climate-related risks. |
| Group Sustainability | Responsible for coordinating and monitoring the Group's sustainability initiatives, including climate-related initiatives, against the targets. Other responsibilities include division-wide integration and operationalisation of our strategic frameworks, and enhancing sustainability opportunities and initiatives in collaboration with key divisions. |
| Group Risk Management | Responsible for overseeing climate-related market risk, liquidity risk, operational risk, climate risk stress testing, and ICAAP. |
| Sustainable Financial Solutions | Responsible for steering the Group's sustainable finance targets and driving the alignment of our financing portfolio and sustainability goals. |
| Group Credit Management | Responsible for overseeing climate-related credit risk management for retail and non-retail businesses. |





Note:

- *The Sustainability Governance is also assisted by:*
 - ▶ *the Group Shariah Supervisory Council (GSSC) that ensures the Group's ESG initiatives align with Shariah principles, guiding ethical, sustainable, and socially responsible practices.*
 - ▶ *the Sadaqa House and Zakat Committee (SHZC) that spearheads the Group's social finance agenda.*
 - ▶ *The Climate Transition Plan (CTP) temporary Project Steering Committee, chaired by the Group Chief Sustainability Officer that ensures the establishment of Bank Islam's Net Zero 2050 strategies and implementation plans are effectively developed, coordinated across business units, and aligned with regulatory compliance.*
 - ▶ *The Board Audit and Examination Committee (BAEC) that is responsible for providing oversight of ESG-related assurance, internal controls, and the reliability of sustainability reporting.*
- *The Climate Risk Committee (CRC), originally established to oversee CRMSA implementation and climate risk management, has been dissolved, with its functions integrated into the MSC to streamline governance and enable more cohesive oversight of the Group's sustainability and climate strategy.*

 For more information on our Sustainability and Climate Governance, please refer to page 101.

Stakeholder Engagement

The Group creates long-term value, and delivers business and ESG strategies through a collaborative, proactive approach to building and maintaining strong stakeholder relationships. By communicating openly and embedding stakeholder engagement into our policies, processes, and operations, we strengthen trust and reinforce confidence.

| Stakeholder Group | Method and Frequency of Engagement | Key Concerns | Bank Islam's Response |
|---|--|---|--|
|  Customers | <p>Digital touchpoints:</p> <ul style="list-style-type: none"> D Mobile applications including BIMB Mobile, BIMB Biz, Be U by Bank Islam, and SMEXpert D Internet banking platforms such as BIMB Web and eBanker Pro™ D Corporate website D Social media platforms D Centralised contact centres D Physical presence across branches, SME hubs, Ar-Rahnu counter, vehicle financing hub, premier wealth centres, agent banking, Bureaus de Change, and self-service terminals P Surveys and focus group discussions P Webinars and online discussion platforms | <ul style="list-style-type: none"> ▶ Shariah compliant and inclusive products that expand access to financial services ▶ Products that enable sustainable lifestyle and business choices, including support for EV adoption ▶ High quality, easily accessible customer service channels ▶ Solutions that help balance business needs with compliance with sustainability-related regulations ▶ Support to address information and resource gaps, particularly for smaller organisations beginning their sustainability journey |  Refer to: <ul style="list-style-type: none"> ▶ Page 79, SR2025 |
|  Employees | <p>Internal communication channels (one-way):</p> <ul style="list-style-type: none"> O Intranet and digital platforms O Internal emails M Leadership blogs M Compliance newsletters <p>Employee feedback mechanisms:</p> <ul style="list-style-type: none"> A Group-wide BITI-Pulse employee engagement surveys <p>Physical and hybrid engagement sessions (two-way):</p> <ul style="list-style-type: none"> A Regular town halls led by the GCEO and GCOO A Regional mini town halls P Staff engagement sessions aligned with key events R Engagement sessions with union representatives <p>Division level engagement:</p> <ul style="list-style-type: none"> D Targeted activities such as sales conferences, team building sessions, and division-specific synergy training <p>Training and development:</p> <ul style="list-style-type: none"> O In-house and external programmes O Leadership development initiatives O Digital learning platforms such as Coursera and the UNGC Learning Academy | <ul style="list-style-type: none"> ▶ Equitable access to career progression ▶ Holistic mental and emotional well-being support ▶ Work-life balance ▶ A positive and supportive workplace culture ▶ Continuous professional development opportunities ▶ Effective employee feedback mechanisms to management ▶ Competitive remuneration and performance-based recognition ▶ Opportunities to contribute to community and environmental initiatives ▶ Strong organisational values grounded in ethics, integrity, and transparency |  Refer to: <ul style="list-style-type: none"> ▶ Page 150, SR2025 |

Frequency of Engagement

- A** Annually
- Q** Quarterly
- M** Monthly
- W** Weekly
- D** Daily
- P** Periodically
- O** Ongoing
- R** As and when Required

Stakeholder Engagement

| Stakeholder Group | Method and Frequency of Engagement | Key Concerns | Bank Islam's Response |
|--|--|---|--|
| <p>IV</p> <p>Investors</p> | <ul style="list-style-type: none"> Q Quarterly analysts' briefings A One-on-one and group meetings with investors, management, and the investor relations team A Conferences and roadshows O Corporate website A Annual General Meeting (AGM) A Publication of the Integrated Annual Report (IAR) and Sustainability Report (SR) | <ul style="list-style-type: none"> ▶ Consistent delivery of expected financial performance ▶ Ability to adapt to evolving sustainability standards and regulatory requirements ▶ Preservation of Bank Islam's reputation as a responsible and ethical Shariah-based institution | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 64, SR2025 ▶ Page 98, SR2025 ▶ Page 148, SR2025 ▶ Page 172, SR2025 |
| <p>GR</p> <p>Government and Regulators</p> | <ul style="list-style-type: none"> P Industry meetings, dialogues, and discussions with relevant agencies P Involvement in government-led and international initiatives and programmes P Contribution of thought leadership and industry insights | <ul style="list-style-type: none"> ▶ Alignment and compliance to BNM's sustainability and climate-related guidelines ▶ Extending support to government-led initiatives to strengthen banking sector sustainability standards ▶ Collaboration on sustainability capacity building initiatives for businesses | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 172, SR2025 |
| <p>RA</p> <p>Rating Agencies</p> | <ul style="list-style-type: none"> Q Financial results announcements O Online communications via email, corporate website, social media A Ratings review and assessment R Periodic meetings/discussions | <ul style="list-style-type: none"> ▶ Transparency and accuracy of financial disclosures, including capital structure, asset quality, and liquidity, to maintain investor confidence ▶ Clarity and progress of sustainability initiatives ▶ Effectiveness of corporate governance practices, focusing on compliance, risk management, and internal controls | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 64, SR2025 ▶ Page 98, SR2025 ▶ Page 148, SR2025 ▶ Page 172, SR2025 |

Frequency of Engagement

- A** Annually
- Q** Quarterly
- M** Monthly
- W** Weekly
- D** Daily
- P** Periodically
- O** Ongoing
- R** As and when Required

Refer to: For more details on our stakeholder engagement, please refer to the Stakeholder Engagement and Value Creation section of our Integrated Annual Report 2025 at pages 38-46.

Stakeholder Engagement

| Stakeholder Group | Method and Frequency of Engagement | Key Concerns | Bank Islam's Response |
|--|--|---|--|
| <p>SS</p> <p>Suppliers and Service Providers</p> | <ul style="list-style-type: none"> P Formal engagements to share service performance and expectations R Formal and informal engagements during the procurement process O Tender process and supplier feedback mechanism | <ul style="list-style-type: none"> ▶ User-friendliness of the e-procurement system ▶ Policies and guidelines that affect vendor criteria, including sustainable procurement practices ▶ Privacy and confidentiality of contracts and business arrangements | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 60, SR2025 |
| <p>FP</p> <p>Financial Industry Peers</p> | <ul style="list-style-type: none"> R Industry forums and events, including working groups, roundtable discussions, and conferences O Collaborations and partnerships O Online and digital communications via email, corporate website, and social media | <ul style="list-style-type: none"> ▶ ESG and climate-related regulations that might impact the Group's operations ▶ Managing compliance with both new and existing financial services regulations, including ESG requirements ▶ The rising threats of cybersecurity breaches and financial fraud | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 172, SR2025 |
| <p>LC</p> <p>Local Communities</p> | <ul style="list-style-type: none"> P Direct engagement with marginalised communities to better understand their needs and challenges O Partnerships and collaborative engagements with institutions and Civil Society Organisations (CSOs) O Social impact initiatives | <ul style="list-style-type: none"> ▶ Access to employment opportunities within local communities ▶ Adequate investment in community-based development initiatives ▶ Responsible management of environmental impacts | <p>Refer to:</p> <ul style="list-style-type: none"> ▶ Page 40, SR2025 |

Frequency of Engagement

- A** Annually
- Q** Quarterly
- M** Monthly
- W** Weekly
- D** Daily
- P** Periodically
- O** Ongoing
- R** As and when Required

Material Matters

Materiality is a core principle used at Bank Islam to ensure we remain focused on the sustainability-related risks and opportunities that support our resilience and ability to create long-term value as an Islamic financial institution. Our material matters inform our approach to governance, risk management, strategy, and ensure alignment with Shariah principles, regulatory expectations, and stakeholder needs. In the context of sustainability reporting, materiality helps ensure our disclosures are relevant, decision-useful, and responsive.

The outcomes of the materiality assessment were reviewed and validated by Management and the Board. This validation ensured that the prioritised material matters appropriately reflect the Group’s strategic direction, operating realities, and governance expectations, and provide a clear basis for oversight and decision-making.

Materiality Process

Through the materiality assessment conducted in 2022, Bank Islam identified and prioritised sustainability-related risks and opportunities that are most relevant to our long-term resilience and value creation as an Islamic financial institution. The assessment scope covered the Group’s core banking activities, internal operations and key stakeholder touchpoints across Malaysia.

The materiality assessment was guided by established sustainability reporting practices and regulatory expectations applicable to the financial services sector such as Bursa Malaysia Sustainability Reporting Guide and the Global Reporting Initiative (GRI) Standards.

The assessment considered both the significance of impacts on stakeholders and the potential implications for the Group’s strategy, risk management, and financial performance, ensuring relevance for governance, management decision-making, and sustainability disclosures. To ensure the validity of our materiality assessment, an external party provided methodological support, facilitated stakeholder engagement, and assisted in analysing and validating the assessment outcomes, ensuring consistency with industry practices and expectations.

Engagement methods included surveys, interviews, and targeted discussions. Stakeholders were asked to provide views on the significance of sustainability topics, emerging concerns, and expectations of Bank Islam’s role as a full-fledged Islamic bank. Key feedback highlighted the importance of ethical conduct, financial inclusion, climate-related risks, customer trust, employee development, and responsible governance.

Interview

| | |
|--|--|
| <p>Internal</p> <ul style="list-style-type: none"> ▶ Board ▶ Management ▶ Non-management | <p>External</p> <ul style="list-style-type: none"> ▶ Changemaker partner ▶ Shareholders ▶ Customers ▶ Industry-related associations |
|--|--|

Survey

| | |
|---|--|
| <p>Internal</p> <p>General: 532</p> <p>Targeted: 10</p> <p>Total: 542</p> | <p>External</p> <p>General: 103</p> <p>Targeted: 5</p> <p>Total: 108</p> |
|---|--|

↓

Total: 650

Survey conducted covering

- ▶ Shareholders/Investors
- ▶ Regulators/Government
- ▶ Customers
- ▶ Industry-related Associations
- ▶ Business Partner/Agent Banking
- ▶ Employees
- ▶ Non-governmental organisations (NGOs)

Material Matters



An initial list of potential material matters was identified through a combination of:

- ▶ Review of internal strategies, policies, risk registers and operational priorities
- ▶ Benchmarking against peer banks, industry standards and regulatory guidance
- ▶ Consideration of emerging sustainability trends relevant to Islamic finance
- ▶ Inputs from key stakeholders

Stakeholder engagement formed a core part of the materiality assessment process.

Key stakeholder groups engaged included:

- ▶ Customers
- ▶ Regulators and policymakers
- ▶ Business partners and suppliers
- ▶ Employees
- ▶ Investors and shareholders
- ▶ Community and industry representatives

Conduct scoring analysis based on importance of stakeholders.

Identified topics were assessed and prioritised based on:

- ▶ Their potential impact on Bank Islam's ability to create long-term value
- ▶ Relevance to stakeholders and the broader financial ecosystem
- ▶ Alignment with the Group's strategic priorities and risk profile

Analysis of the response by the top managements and members of the Board for final validation.

Material matters identified through the assessment are integrated into:

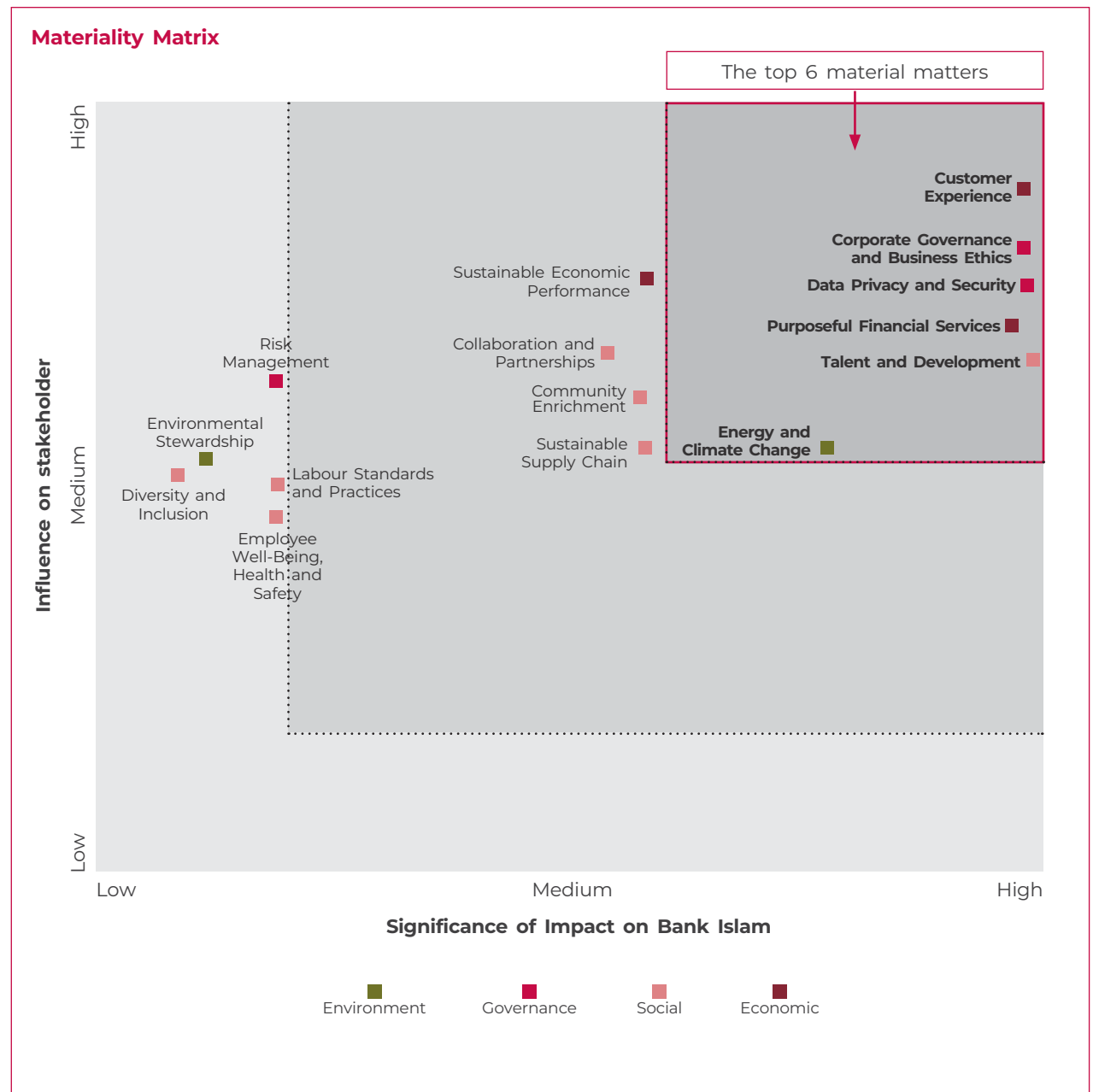
- ▶ Sustainability Strategy & Roadmap
- ▶ Business strategy and strategic planning
- ▶ Enterprise Risk Management (ERM), including identification and management of sustainability-related risks and opportunities
- ▶ Sustainability reporting, ensuring disclosures remain relevant, decision-useful and aligned with stakeholder expectations

Materiality Matrix

In 2025, we reviewed our material topics and determined that our 2022 topics best reflect the organisation's current strategic priorities and captures the evolving sustainability and financial landscape. Moving forward, we will be conducting a double materiality assessment to assess our impacts on the environment and society (inside-out) and the impact of sustainability and climate-related risks and opportunities on our organisation (outside-in), which will strengthen our alignment with IFRS Sustainability Reporting requirements.

Material Matters

Our materiality assessment review was conducted based on:



Material Matters

Addressing Our Material Matters

Our material matters represent the sustainability-related risks and opportunities most relevant to the Group's long-term resilience and stakeholder expectations. They inform how sustainability considerations are embedded across strategy, business operations, risk management and stakeholder engagement through targeted policies and initiatives.

All 15 material matters are integral to our management of sustainability-related risks and opportunities. Of these, six have been designated as top priorities due to their heightened significance to our business model and long-term value creation.

In alignment with IFRS S1, the sustainability-related financial disclosures presented in this report are primarily structured around these six priority material matters. These matters represent the sustainability-related risks and opportunities assessed as most likely to influence the Group's strategy, financial position, performance and future prospects.

The scope and availability of data supporting these disclosures remain subject to certain limitations. As we continue to strengthen our sustainability data management systems and internal processes, certain indicators may rely on estimates or may not yet cover all parts of our operations. We remain committed to progressively enhancing our data collection methodologies, system integration and internal controls to improve the completeness, consistency and reliability of sustainability-related information disclosed in future reporting cycles.

01 Customer Experience

Customer-centricity under LEAP25 drives service quality, accessibility, and digital convenience, strengthening trust, loyalty, and long-term customer value.

04 Purposeful Financial Services

As demand for sustainable and transition finance continues to rise, environmental and social considerations are integrated into financing decisions to enable responsible growth and value-based intermediation.

02 Corporate Governance and Business Ethics

Strong governance and ethical conduct ensure regulatory compliance, Shariah integrity, and disciplined decision-making, safeguarding stakeholder confidence.

05 Talent and Development

Developing capable and ethical talent ensures execution of strategy, service continuity, and long-term organisational performance.








03 Data Privacy and Security

With rising fraud and digitalisation, strong data protection and fraud controls are critical to protect customers, maintain trust, and ensure operational resilience.





06 Energy and Climate Change

Energy and climate change management addresses transition and physical risks, supports regulatory expectations, and enhances long-term resilience.

Material Matters

| Material Topic | Description | Our Response |
|---|--|--|
|  Sustainable Economic Performance | Identification and management of direct and indirect economic impacts on society, including the economic value generated and distributed by an organisation, through the financial products and services in which ESG and climate-related factors were taken into consideration in growing the financial performance of the company. |  Refer to: ▶ Page 65, SR2025 ▶ Page 58, IAR2025 |
|  Purposeful Financial Services | Consideration of ESG, climate-related, and Shariah compliance in our financial services including banking and investment and introduction of products and services to promote sustainable and low carbon economy. |  Refer to: ▶ Page 67, SR2025 ▶ Page 59, IAR2025 |
|  Customer Experience | Strengthening of customer experiences by providing convenient, innovative, and ethical services that suits customer needs and expectations. This includes provision of Shariah-compliant products and services, and innovative digital banking experiences while respecting customer rights. |  Refer to: ▶ Pages 79 and 94, SR2025 ▶ Page 60, IAR2025 |
|  Energy and Climate Change | Measurement of the Bank's progress in transitioning towards aligning to a low-carbon economy through managing climate-related risks and opportunities, advocating for climate adaptation and mitigation, and supporting our clients' transition efforts to a low-carbon economy. |  Refer to: ▶ Page 100, SR2025 ▶ Page 71, IAR2025 |
|  Environmental Stewardship | Responsible planning and management of environmental resources in a socially equitable, environmentally sustainable, and economically beneficial manner, including responsible use of water, and prevention of waste production through process modifications, reuse and recycling of materials used. |  Refer to: ▶ Pages 100 and 169, SR2025 ▶ Page 72, IAR2025 |
|  Collaboration and Partnerships | Collaboration and partnerships with different organisations for innovative banking services, as well as organisations involved in sustainability-related services to achieve sustainability goals. |  Refer to: ▶ Page 17, SR2025 ▶ Page 64, IAR2025 |
|  Labour Standards and Practices | Fair treatment of the employees and respecting the rules and regulations that govern the working conditions of the employees. |  Refer to: ▶ Page 158, SR2025 ▶ Page 65, IAR2025 |
|  Employee Well-Being, Health and Safety | Measures taken to improve and maintain the well-being and safety of employees, through promotion of positive working environment, sound management, prevention and mitigation measures in place for critical incidents, workplace accidents or injuries, and potential health and safety risks. |  Refer to: ▶ Page 149, SR2025 ▶ Page 66, IAR2025 |

Material Matters

| Material Topic | Description | Our Response |
|---|--|---|
| TD Talent and Development | Continued efforts to nurture talents, upgrade employees' skills and knowledge to boost employees' performance, which result in quality of work produced. |  Refer to: ▶ Page 151, SR2025 ▶ Page 67, IAR2025 |
| DI Diversity and Inclusion | Promotion of a workplace where every employee is treated with dignity and respect regardless of their differences such as age, gender, race, or background. |  Refer to: ▶ Page 168, SR2025 ▶ Page 68, IAR2025 |
| CE Community Enrichment | Empowering and creating positive social impacts that enriches the communities in which we operate, or those that are directly or indirectly connected to our operations, including community-related investments. |  Refer to: ▶ Page 40, SR2025 ▶ Page 69, IAR 2025 |
| SSC Sustainable Supply Chain | Monitoring procurement practices, vendor management and supplier engagement with the aim to encourage and support companies that adhere to ethical governance practices across their supply chain. It also includes promoting companies in taking measures to manage social and environmental related impacts across the supply chain. |  Refer to: ▶ Page 60, SR2025 ▶ Page 70, IAR2025 |
| CGB Corporate Governance and Business Ethics | Having a transparent, ethical, and responsible governance structure in defining the organisation strategy. This includes having Shariah-compliant guiding principles, objectives, and processes to conduct business with reference to moral principles, policies, guidelines, and values that dictate fair, ethical, and moral employee conduct and fair competition in the marketplace. |  Refer to: ▶ Page 173, SR2025 ▶ Page 61, IAR2025 |
| DPS Data Privacy and Security | Respect customer data privacy and have reasonable measures in place to protect the customer data collected, stored, processed, or disseminated. |  Refer to: ▶ Page 88, SR2025 ▶ Page 62, IAR2025 |
| RSM Risk Management | The process of identifying, evaluating, and managing sustainability-related risks to minimise potential adverse impacts, enhance organisational resilience, and support informed and responsible decision-making. |  Refer to: ▶ Pages 128 and 175, SR2025 ▶ Page 63, IAR2025 |

CONTINUOUS IMPROVEMENT

As regulatory expectations, market dynamics and stakeholder needs continue to evolve alongside the Group's sustainability maturity, we are sharpening our focus to ensure materiality remains decision-useful and aligned with our strategic direction. The next phase of our materiality assessment approach involves undertaking a double materiality assessment to deepen our understanding of sustainability-related impacts, risks and opportunities, enabling stronger integration into decision-making, risk management and disclosures, and supporting more meaningful, outcome-driven sustainability action.

Our Sustainability Strategy and Roadmap

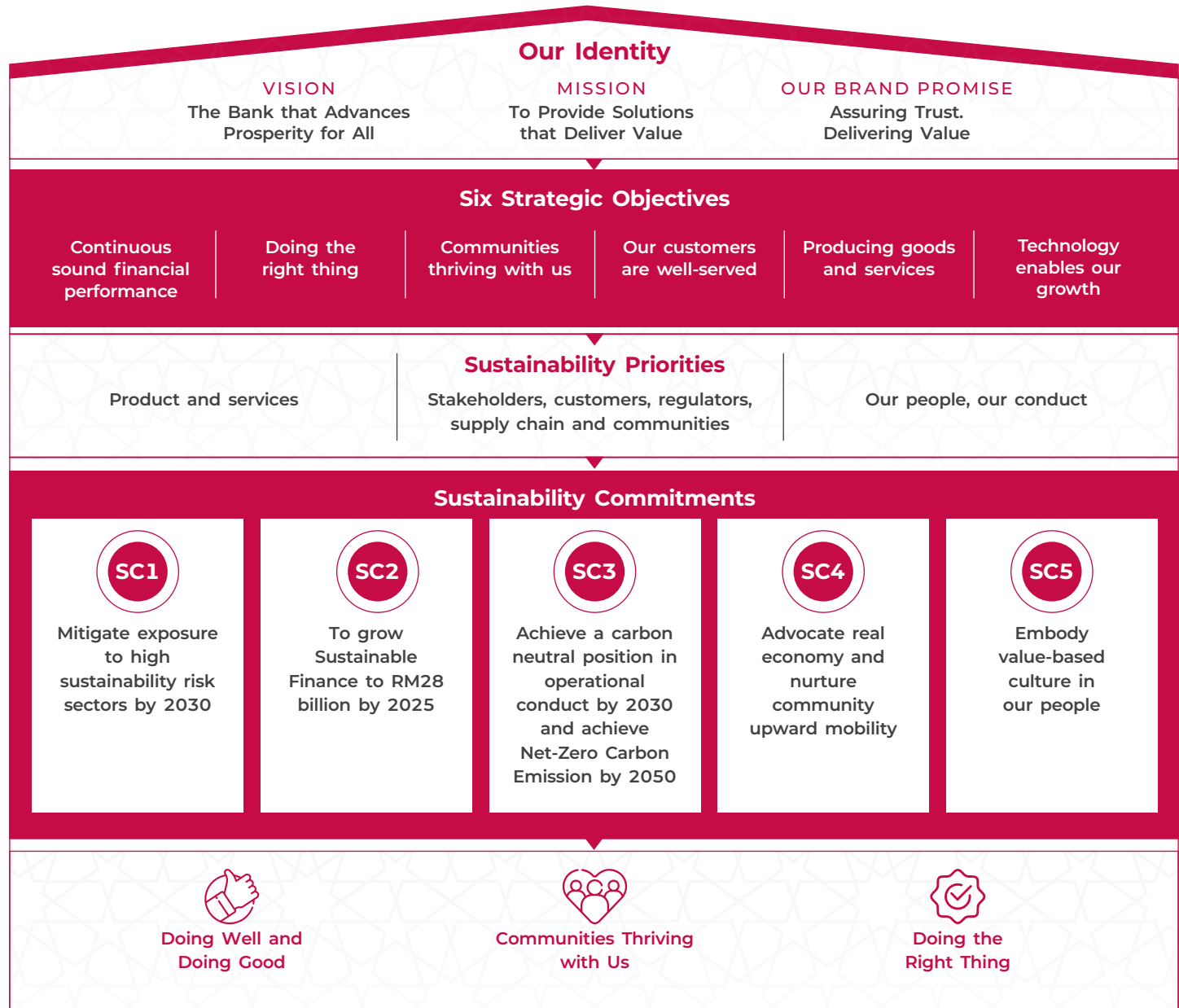
Sustainability has long been integral to how Bank Islam operates as an Islamic financial institution and embedded within Bank Islam’s corporate strategy LEAP25. Guided by Shariah principles and reinforced through our VBI approach, we view sustainability as a means to balance financial growth with social justice, environmental stewardship and ethical conduct.



Our Sustainability Strategy and Roadmap

The development of LEAP25 played a pivotal role in formalising the integration of ESG into our corporate strategy. This was accomplished through the development of the Sustainability Strategy and Roadmap (SSR), which serves as a foundation for translating our sustainability commitments into clear strategic priorities and actions. Within the SSR, five Sustainability Commitments (SCs) were identified to articulate the Group's priority areas for action. These commitments were developed in alignment with our material matters, business priorities, and stakeholder expectations, all while taking into account our national sustainability commitments and evolving regulatory requirements.

To ensure effective implementation and accountability, each SC is embedded across the Three Lines of Defence (3LOD) for delivery, monitoring, and reporting. The SCs are also integrated into the Group's performance management framework and linked to key performance indicators and management remuneration, reinforcing accountability throughout the roadmap period.



Our Sustainability Commitments

Our five SCs are grounded in the SSR and focus on areas where Bank Islam can create the greatest positive impact through our business and operations. They reflect our priority sustainability impacts, align with regulatory and stakeholder expectations, address our most material sustainability matters, and consider relevant peer and industry practices.

| | | | | |
|---|---|--|---|--|
| <div style="text-align: center; border: 1px solid white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> SC1 </div> <p style="text-align: center; font-weight: bold; margin-bottom: 10px;">Mitigate exposure to high sustainability risk sectors by 2030</p> <ul style="list-style-type: none"> ▶ Continue upholding the Group's commitment to phase-out coal financing exposure by 2030 ▶ Established Bank Islam's Climate Transition Plan ▶ Rolled out strategic engagements to understand client's decarbonisation strategy for construction sector <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #800000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 8 DECENT WORK AND ECONOMIC GROWTH  </div> <div style="background-color: #008000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 13 CLIMATE ACTION  </div> </div> | <div style="text-align: center; border: 1px solid white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> SC2 </div> <p style="text-align: center; font-weight: bold; margin-bottom: 10px;">To grow sustainable finance to RM28 billion by 2025</p> <ul style="list-style-type: none"> ▶ Reached RM31.4 billion in sustainable finance, achieving 112% of the 2025 target across our financing and investment portfolio ▶ Developed Climate and Transition Finance Framework to support Bank Islam's climate commitments ▶ Developed Bank Islam's Sustainability Sukuk Framework <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #800000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 8 DECENT WORK AND ECONOMIC GROWTH  </div> <div style="background-color: #FF8C00; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 9 INDUSTRY INNOVATION AND INFRASTRUCTURE  </div> <div style="background-color: #FFD700; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  </div> </div> | <div style="text-align: center; border: 1px solid white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> SC3 </div> <p style="text-align: center; font-weight: bold; margin-bottom: 10px;">Achieve carbon neutrality in operational conduct by 2030 and achieve net zero by 2050</p> <ul style="list-style-type: none"> ▶ Reduced Scope 1 and 2 emissions by 10% against the 2023 baseline year of 12,099 tCO₂e ▶ Total energy consumption reduced by 10% against the 2023 of 58,517 GJ ▶ Expanded Scope 3 emission boundary to include waste and employee commuting ▶ Completed the first Financed Emissions baseline to support the Net Zero by 2050 commitment <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #FFD700; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 7 AFFORDABLE AND CLEAN ENERGY  </div> <div style="background-color: #FF8C00; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  </div> <div style="background-color: #008000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 13 CLIMATE ACTION  </div> </div> | <div style="text-align: center; border: 1px solid white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> SC4 </div> <p style="text-align: center; font-weight: bold; margin-bottom: 10px;">Advocate real economy and nurture community upward mobility</p> <ul style="list-style-type: none"> ▶ Reached 3,499 social finance beneficiaries, achieving 175% of our 2025 target with RM28.62 million disbursed ▶ Supported 3,088 beneficiaries through Sadaqa House community programmes ▶ Disbursed RM17.6 million through blended finance programmes, iTEKAD Bangkit and iTEKAD Maju, reaching 117% of our 2025 target <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #FF0000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 1 NO POVERTY  </div> <div style="background-color: #FF0000; color: white; padding: 5px; font-size: 0.8em; text-align: center;"> 4 QUALITY EDUCATION  </div> </div> | <div style="text-align: center; border: 1px solid white; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> SC5 </div> <p style="text-align: center; font-weight: bold; margin-bottom: 10px;">Embody a Value-based Culture in Our People</p> <ul style="list-style-type: none"> ▶ 90% of total workforce completed awareness level knowledge on Sustainability against 35%-39% target ▶ Achieved 78% completion of Foundational level Sustainability programmes for selected target groups, against 11%-13% target ▶ Conducted over 20 internal sustainability programmes, improving resource use and advancing zero-waste practices <div style="display: flex; flex-wrap: wrap; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #008000; color: white; padding: 5px; font-size: 0.8em; text-align: center; margin: 5px;"> 3 GOOD HEALTH AND WELLBEING  </div> <div style="background-color: #008000; color: white; padding: 5px; font-size: 0.8em; text-align: center; margin: 5px;"> 4 QUALITY EDUCATION  </div> <div style="background-color: #FF0000; color: white; padding: 5px; font-size: 0.8em; text-align: center; margin: 5px;"> 5 GENDER EQUALITY  </div> <div style="background-color: #008000; color: white; padding: 5px; font-size: 0.8em; text-align: center; margin: 5px;"> 6 CLEAN WATER AND SANITATION  </div> <div style="background-color: #800000; color: white; padding: 5px; font-size: 0.8em; text-align: center; margin: 5px;"> 8 DECENT WORK AND ECONOMIC GROWTH  </div> </div> |
|---|---|--|---|--|

Introducing Our New Sustainability Strategy 2030

With the conclusion of the SSR in 2025, the Group has delivered meaningful progress and gained critical insights that have strengthened how sustainability and climate is embedded across the organisation. This provides a strong foundation for the next phase of our sustainability journey, enabling a more deliberate focus on multiplying long-term value creation.

Building on this foundation, Bank Islam is rolling out its Sustainability Strategy 2030 as an integral component of the Group's new corporate strategy. The strategy reflects a clear progression in maturity, strengthening alignment between ESG priorities and long-term strategic direction, and positioning Bank Islam as the preferred universal Islamic financial institution by 2030.

The Sustainability Strategy 2030 will be anchored by the outcomes of our double materiality assessment, which identifies and prioritises the

sustainability matters most relevant to the Group. This ensures the strategy is grounded in a clear understanding of Bank Islam's impacts on the economy, environment, and society, as well as the sustainability-related risks and opportunities that may influence long-term business performance.

In addition, our approach incorporates feedback from key stakeholder groups, including regulators, industry partners, clients, and the community. Key considerations include:



Introducing Our New Sustainability Strategy 2030

The strategy is structured around three strategic directions that define our key focus areas and priority outcomes for the decade ahead

Sustainability Strategy 2030 Key Focus Areas



Embed ethical and responsible business practices

- ▶ Upholding ethics and integrity
- ▶ Reducing operational (Scope 1 and 2) emissions
- ▶ Empowering a resilient and future-ready workforce
- ▶ Developing a sustainable supply chain



Drive the transition to sustainable, nature positive, and low carbon economy

- ▶ Growing green, social and transition financing
- ▶ Reducing financed emissions
- ▶ Strengthening client engagement and customer experience



Amplify impact beyond financing

- ▶ Driving social impact and community empowerment
- ▶ Leading financial inclusion and literacy

The Sustainability Strategy 2030 will be a key driver of how we operate, innovate and engage, influencing business operations, product development and stakeholder relationships by:



Steering capital towards sustainable, transition and nature-positive sectors



Embedding sustainability and climate considerations into product design and credit decision-making



Scaling inclusive and social finance solutions



Deepening engagement with customers, communities, regulators and other stakeholders through advisory, partnerships and transparent impact reporting

Our Sustainability Strategy 2030 positions Bank Islam to lead with purpose. Through focused climate action, strengthened governance, and meaningful social impact, we are driving sustainable growth and creating value that extends beyond finance, into society and the environment.

Building an Empowered and Inclusive Ummah

Building an empowered and inclusive ummah is central to Bank Islam's role as an Islamic financial institution. Through structured social finance, entrepreneurship development, and responsible business practices, we deliver measurable socio-economic impact that strengthens resilience, expands opportunity and supports long-term participation in the real economy.

This section contains the following chapters:

| | |
|--|----|
| Advocating Social Finance | 39 |
| Community Empowerment and Social Finance | 40 |
| Broader Contributions to Our Society | 52 |
| Sustainable Supply Chain | 60 |

Capitals



Key Risks



Strategic Focus Areas



UN SDGs



Our Performance Snapshot

Social finance deployed:

RM28.6 million

Individual/organisation supported:

3,499

iTEKAD

microentrepreneurs supported:

RM17.6 million

Scholarships awarded:

341

Social impact initiatives funded:

RM8.77 million

Individuals supported through community programmes:

3,088


Advocating Social Finance

Social finance sits at the core of Bank Islam's ESG agenda and reflects our role as a leading Islamic financial institution advancing inclusive development. Over the years, our on-the-ground experience revealed that conventional approaches, whether financing alone or fragmented assistance, were insufficient to address the structural challenges faced by micro-entrepreneurs, informal workers and low-income communities. Sustainable socio-economic upliftment required an integrated, scalable model supported by capability-building, ecosystem partnerships, and outcome measurement.

In response, Bank Islam formalised its social finance leadership through the establishment of Sustainability Commitment 4 (SC4) as part of our LEAP25 strategy. SC4 consolidated the Group's social finance initiatives into a structured, measurable and impact-driven outcome aligned with VBI and the objectives of *Maqasid al-Shariah*, particularly the preservation of dignity, livelihoods and societal well-being. This marked a strategic transition from traditional charity-driven interventions towards an empowerment-oriented model that prioritises entrepreneurship, upward socioeconomic mobility, and meaningful participation in the real economy.

Under SC4, the Group redesigned its delivery model to emphasise outcomes over activities. Programmes such as iTEKAD BangKIT and iTEKAD Maju integrate blended finance with capacity-building, mentoring, advisory support and market access, providing access to capital that was accompanied by skills, resilience and financial readiness. The progressive adoption of impact measurement tools, including Social Return on Investment (SROI), further strengthened accountability and informed continuous refinement of programme design.

Through sustained collaboration with regulators, including Bank Negara Malaysia, as well as regional Islamic financial institutions and ecosystem partners, Bank Islam is increasingly recognised as an industry reference point for the practical application of Islamic social finance. Today, SC4 serves as the Group's primary approach for advancing socio-economic inclusion and community resilience, anchored in Sustainability Strategy 2030 and reinforcing our role as a catalyst for measurable, long-term impact in the real economy.

 Further details on programme design, outcomes and impact measurement are available in the Bank Islam's Sadaqa House Impact Report.



Community Empowerment and Social Finance

Community empowerment and social finance remain central to how the Group contributes to broader societal well-being. Guided by the principles of VBI, we continue to channel support through avenues such as Sadaqa House Bank Islam, community advancement programmes and innovative models in social finance that expand financial access for underserved groups.

Our targeted underserved groups include segments that are individuals and micro-entrepreneurs who have limited or no access to appropriate, affordable and sustainable financial products and services, particularly those who are:



KEY HIGHLIGHTS IN 2025

RM28.6 million invested in social finance activities, impacting **3,499** beneficiaries

1,881 beneficiaries received Sadaqa House Scholarship and financial assistance worth **RM6.62 million**

RM8.77 million invested in social impact initiatives, benefitting **2,801** individuals

250 orphans/organisation benefitted through our community advancement programmes

Community Empowerment and Social Finance

Sadaqa House Bank Islam

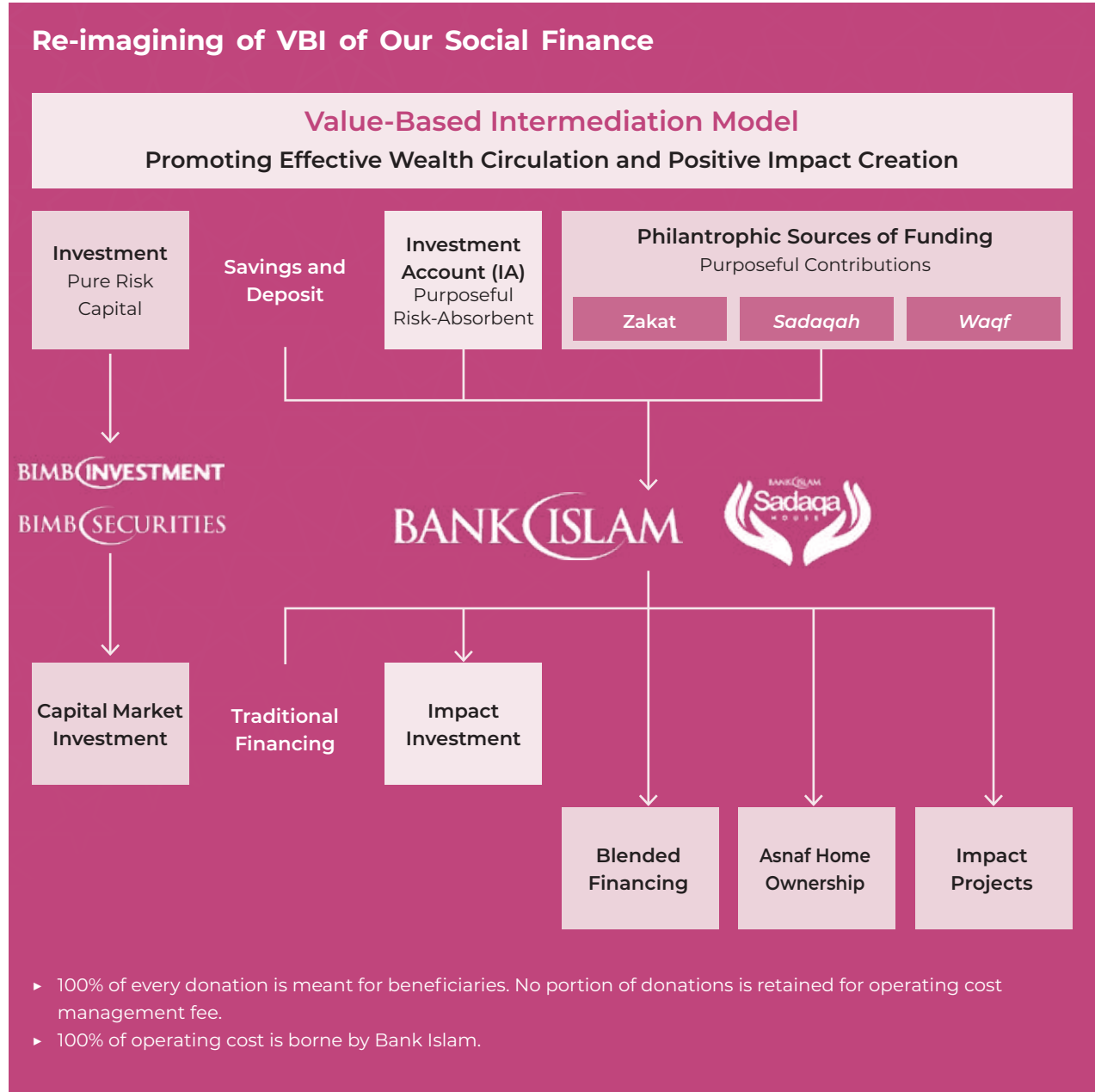


Launched on 19 January 2018, Sadaqa House is Bank Islam’s social finance platform, mobilising philanthropic capital, including *sadaqah* (voluntary charity) and zakat (tithe), to support Malaysia’s unbanked and underserved communities.

Guided by the principles of Value-based Intermediation (VBI) and embedded within an inclusive Islamic economic ecosystem, Sadaqa House channels funds into profit and zero-profit financing solutions and targeted social impact programmes. These are structured across four strategic pillars to advance financial inclusion, enable economic participation, and strengthen social mobility for vulnerable segments.

100% of all donations are fully disbursed to beneficiaries, with zero allocation towards operating or management costs.

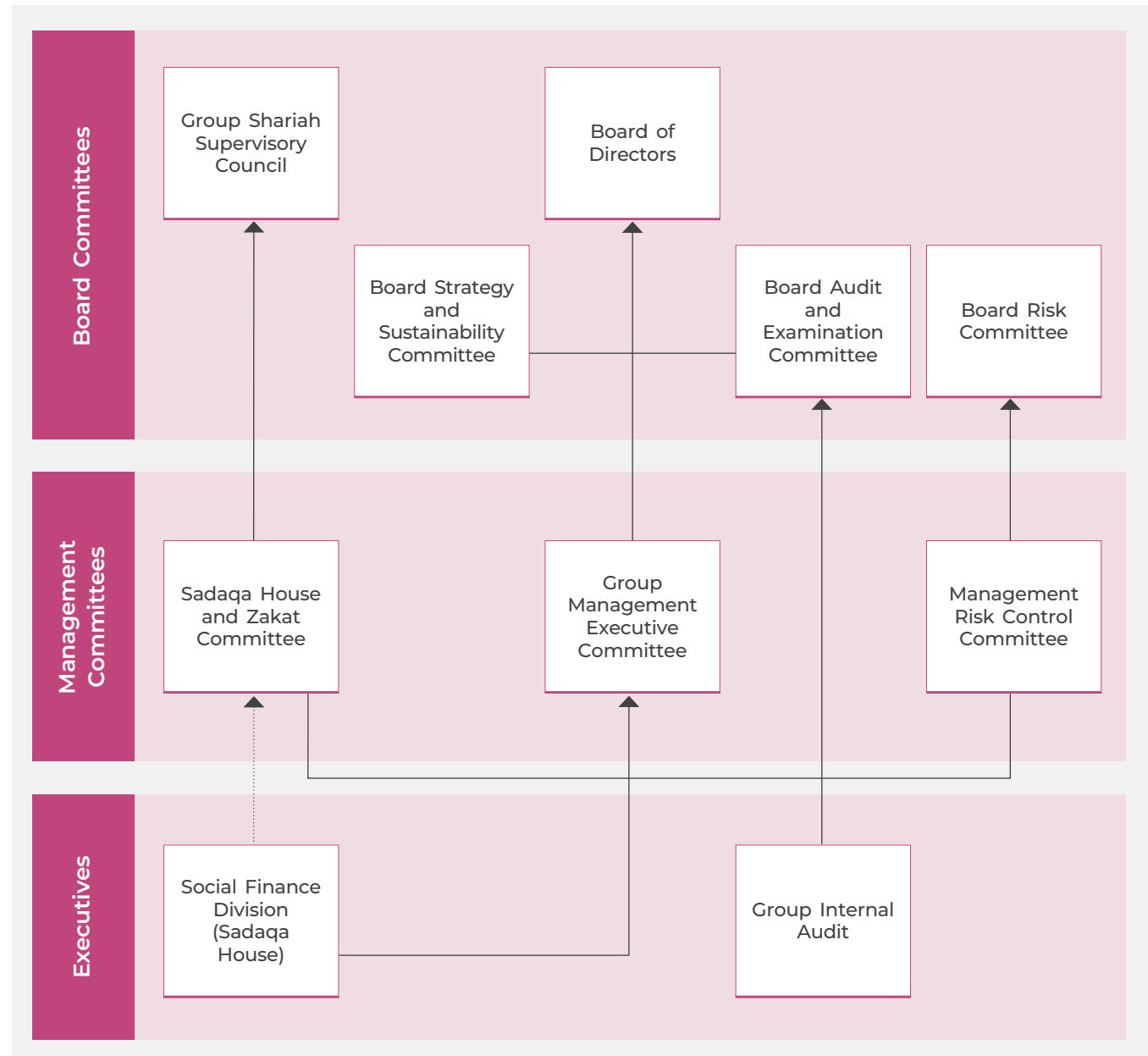
Sadaqa House operates under established corporate governance and fund management frameworks aligned with Islamic banking standards, ensuring disciplined oversight, transparency, and accountability in delivering measurable social outcomes.



Community Empowerment and Social Finance

Sadaqa House Management Guideline

The Sadaqa House Management Guideline, which is approved by the Board Risk Committee (BRC) and the Group Shariah Supervisory Council (GSSC) guides our social finance division. The Sadaqa House and Zakat Committee (SHZC) is a dedicated management executive committee responsible for overseeing the management, operations, and performance of the Sadaqa House. The Committee evaluates and approves the selection of changemakers, projects or campaigns, and any relevant third-party service providers. It also evaluates and approves the investment and placement of Sadaqa House funds, monitors the progress of the fund collection and project performance, and approves requests for fund disbursement. Supporting the SHZC is the Social Finance Division, which is responsible for operationalising the Sadaqa House and advancing the Group's social finance agenda, including initiatives supporting entrepreneurship development, education, and other social impact projects.

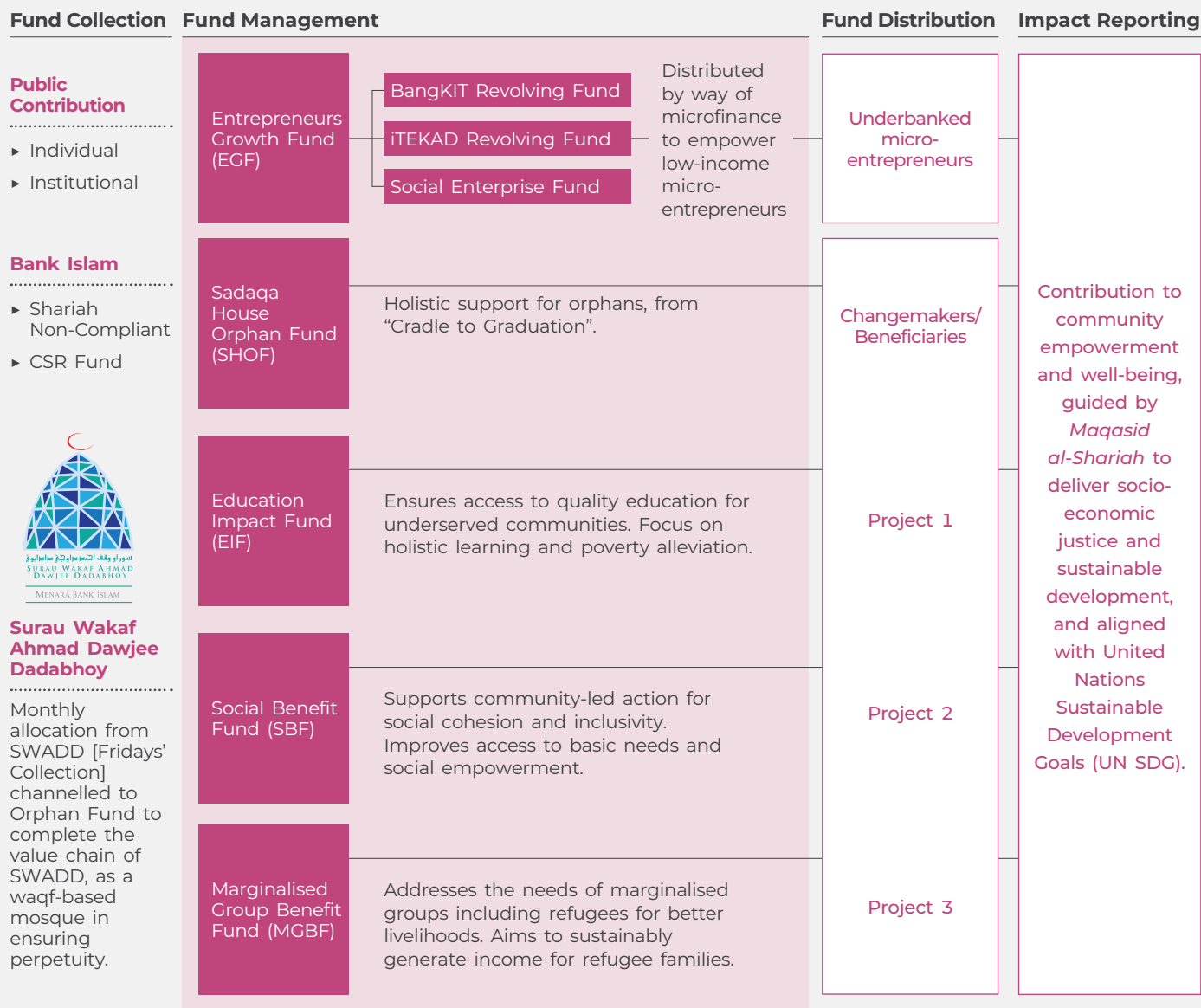


Community Empowerment and Social Finance

The Sadaqa House Framework

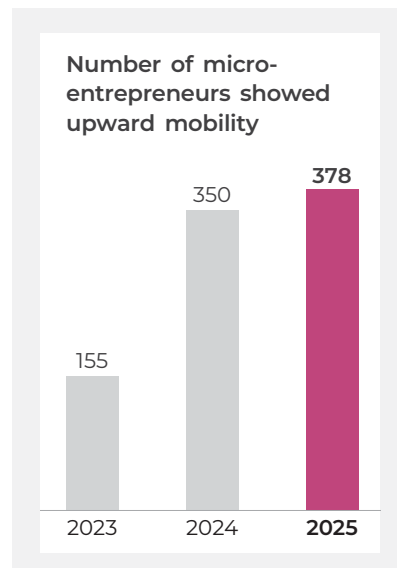
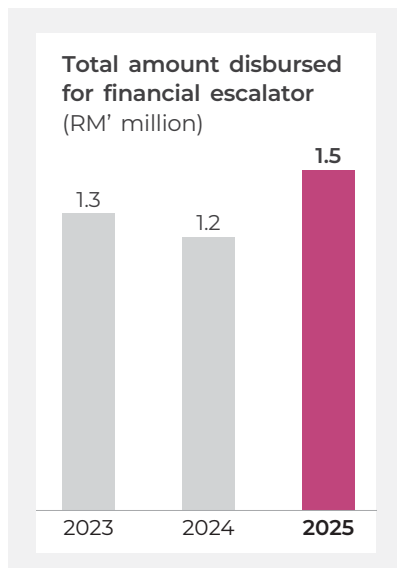
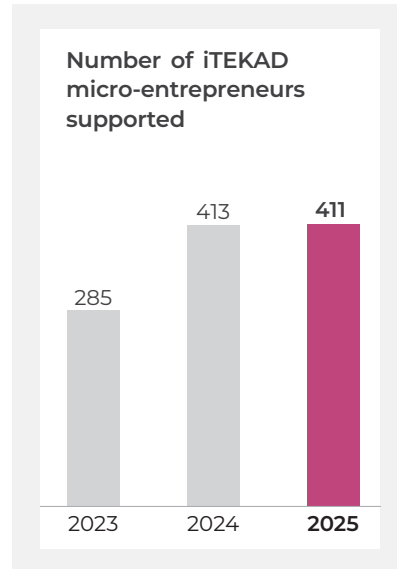
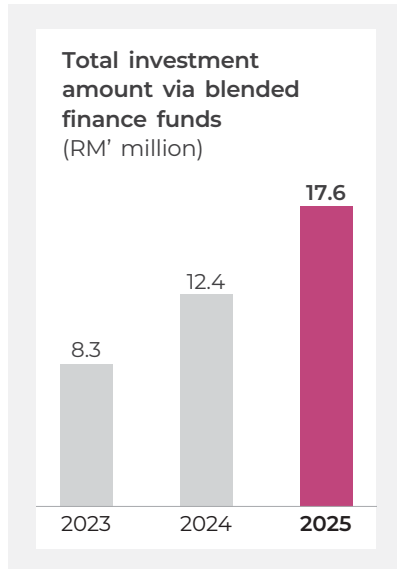
Our Sadaqa House Framework consolidates contributions from individuals, institutions and the Group to deliver structured, outcome-driven support for community upliftment. Each contribution is channelled towards clearly defined social priorities, with a strong focus on accountability, impact, and long-term livelihood improvement. To strengthen relevance and responsiveness, we have realigned our fund structure towards a more impact-driven model that enhances effectiveness, transparency and sustainability. As part of this realignment, we introduced the Marginalised Group Benefit Fund (MGBF) to support refugee and marginalised communities through targeted investments in education, healthcare, and personal development, promoting self-reliance and durable socio-economic outcomes.

Sadaqa House Fund Management Framework



Community Empowerment and Social Finance

Our Impact



Empowering Growth and Upward Mobility



Underbanked micro-entrepreneurs, particularly from B40 and *asnaf* segments often operate with irregular income, volatile cash flows, and delayed payments, underscoring the need for adaptive financial support that enables resilience, continuity and responsible financial management. Recognising this, Bank Islam treats micro-entrepreneur financing as an Islamic responsibility to uplift livelihoods through a principled risk-sharing approach grounded in Shariah values. This commitment is reflected in the Group's Risk Appetite Statement, which allows for a prudent impairment threshold of up to 30%, balancing sound risk management with meaningful financial inclusion. Building on insights from the iTEKAD entrepreneurship programme, we support upward mobility through structured entrepreneur development strategies that combine financing with capability-building and long-term business sustainability.

KEY HIGHLIGHTS IN 2025

Disbursed a total of **RM17.6 million** through our blended finance fund

Supported **411 iTEKAD** microentrepreneurs (258 iTEKAD BangKIT and 153 iTEKAD Maju microentrepreneurs, respectively)

378 micro-entrepreneurs showed upward mobility in their respective businesses

RM1.5 million was disbursed to 286 micro-entrepreneurs for financial escalator

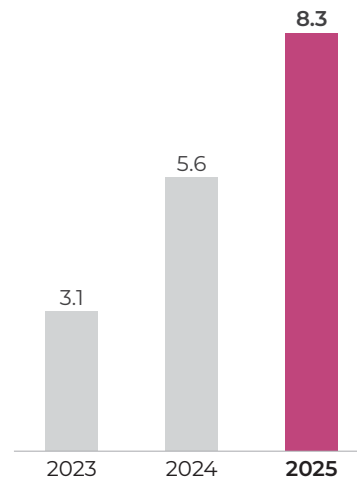
Community Empowerment and Social Finance

iTEKAD Entrepreneurship Programme

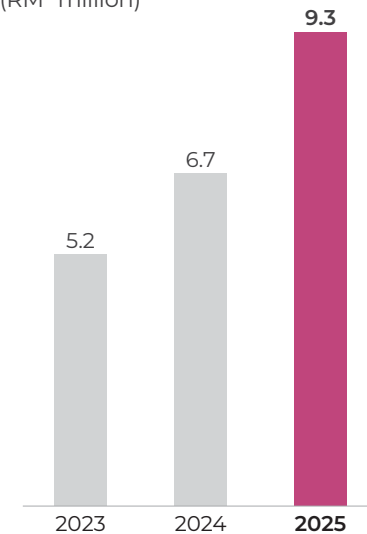
The iTEKAD Entrepreneurship Programme under Sadaqa House supports underbanked micro-entrepreneurs in building viable, sustainable businesses and progressing towards formal financial inclusion. The programme strengthens core financial management and business capabilities, enabling more stable incomes and improved readiness for commercial financing. Support spans the full business lifecycle, from pre-commercialisation to growth through a structured funding model that combines blended finance with a funding escalator. This approach allows entrepreneurs to scale responsibly at a pace aligned with their capabilities and business maturity, while building resilience and long-term sustainability.



iTEKAD BangKIT Microfinance (RM' million)



iTEKAD Maju Microfinance (RM' million)



Community Empowerment and Social Finance

Entrepreneurship Development

Mobility Tier
Grade 1

Outcome

Micro-entrepreneurs graduated and progressed to SME facility

Mobility Tier
Grade 2

Outcome

Micro-entrepreneurs improved creditworthiness and financing readiness

Mobility Tier
Grade 3

Outcome

Micro-entrepreneurs improved business performance (income/sales, assets, savings, job creation, digitalisation)

In 2025, **378 micro-entrepreneurs (18.1%)** demonstrated upward mobility through targeted entrepreneurship development programmes and interventions.

Since 2024, **133 Micro-entrepreneurs** had donated to Sadaqa House (pay-it-forward) through iTEKAD Fund with a total amount **RM6,988.**

Community Empowerment and Social Finance

Charitable Initiatives by Sadaqa House

Education Support

Sustained education access and reduced dropout risk among vulnerable groups



- ▶ **151** orphans/*asnaf* fully sponsored for tertiary education (**RM1.57 million**)
- ▶ **1,730** students, including those from marginalised group supported through scholarships and financial assistance (**RM5.05 million**)

Healthcare Assistance

Improved access to treatment and overall well-being



198 beneficiaries received essential healthcare support (**RM0.32 million**)

Community Empowerment

Enhanced learning, worship, and community environments include:

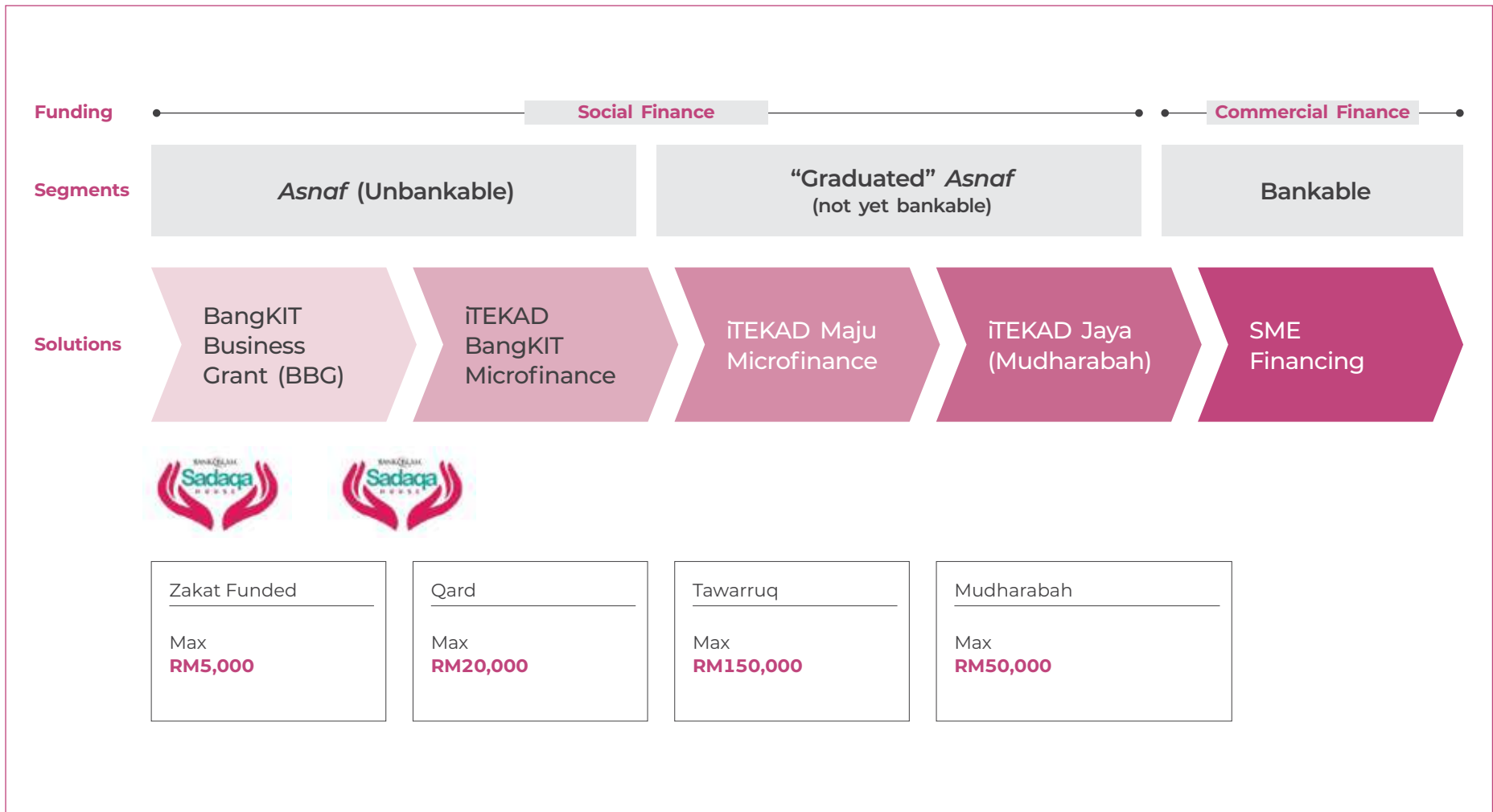
- ▶ Mosque/musolla, school and hostel refurbishments
- ▶ Menstrual Hygiene Management (MHM) programmes
- ▶ Community-based support interventions



623 beneficiaries impacted through community initiatives (**RM1.36 million**)

Community Empowerment and Social Finance

Funding under iTEKAD Microfinance operates on a revolving basis, whereby repayments from participants are reinvested into the fund pool to support other eligible micro-entrepreneurs. This model enables the continuous recycling of capital and extends the reach of social finance over time. As of 2025, 258 iTEKAD BangKIT micro-entrepreneurs have benefited from this revolving fund, with a total financing value of RM8.3 million.



Community Empowerment and Social Finance

To strengthen on-the-ground delivery, we established 14 Hab Usahawan iTEKAD entrepreneurial hubs nationwide in collaboration with local partners. These hubs serve as access points for training, advisory services, and ongoing engagement, enabling more consistent, localised support for underbanked micro-entrepreneurs, particularly those operating outside major urban centres.

To address barriers to financing access, we implemented the Celik iTEKAD programme, which focused on improving financing readiness and credit approvals among micro-entrepreneurs, including those with prior unsuccessful applications. Through structured briefings and targeted advisory support, we provided practical guidance on financing requirements and core business fundamentals. In 2025, nine business networking sessions were conducted, involving 108 entrepreneurs. In parallel, we expanded partnerships to extend targeted capacity-building and inclusive entrepreneurship support to underserved segments, reinforcing the Group's broader microfinance and entrepreneur development initiatives.



Collaboration

Empowering Muallaf Entrepreneurs

Through our collaboration with **Hidayah Centre Foundation**, we support muallaf micro-entrepreneurs in building economic self-reliance and transitioning into sustainable income-generating activities. The initiative focuses on strengthening foundational business capabilities and enabling their integration into the broader entrepreneurial ecosystem, supporting long-term financial independence.



Advancing Women-Led Microenterprises

In partnership with **Khadijah International Waqf Foundation (KIWF)**, we advance women-led microenterprises through the Khadijah Artisan Mentoring Programme (KAMP), a structured seven-month initiative under Dana Pembangunan Ekonomi Wanita (DEW). Delivered through targeted mentorship, the programme supports 17 potential B40 and *asnaf* women entrepreneurs, strengthening business viability and equipping participants with practical market expansion strategies to drive sustainable growth.



The *Pelita Suluh Budiman* Programme

The *Pelita Suluh Budiman* Programme, a collaboration between **Universiti Pendidikan Sultan Idris (UPSI)** and the Malaysian Prisons Department (JPM), focuses on rehabilitation through structured education. Delivered via a full-time Diploma in Entrepreneurship, the programme equips participants with recognised qualifications and practical competencies, enabling successful reintegration into society and participation in the formal economy.



Community Empowerment and Social Finance



Success Stories

Ayunisudin Enterprise

Nurul Ayuni Sudin is one of the *asnaf* entrepreneurs under the guidance of Lembaga Zakat Negeri Kedah (LZNK). Based in Langkawi, she operates a business selling cakes, bouquets, and waffles. She has been running her business for seven years, beginning from her home for the first year before moving to a rented premises, where she continues to operate today.

The year 2025 marked a significant milestone in her entrepreneurial journey when she received a business grant from Bank Islam. Through this support, she acquired new equipment to enhance her production capacity and sales performance,

including a mixer, metal racks, and other essential tools. As a result, her monthly sales increased compared to the period before receiving the grant.

Following the growth of her business, Puan Ayuni was able to increase her employee's salary, grow her personal savings, and fulfil her religious obligation by paying business zakat. Looking ahead, she plans to further expand her business with the aim of strengthening its sustainability and long-term growth.



Pick Thrift Legacy

Nurul Azima Mohd Idrus began her business in 2023 after returning to Kedah by selling sambal ikan talang on TikTok, followed by opening a Pai Tee stall in Sungai Petani. As demand grew, she expanded her menu to include chicken rice, supported by her husband who learned the recipe from an experienced chef in Hong Kong and adapted it to local tastes. The business quickly gained popularity through participation in local festivals and with the help of two full-time employees.

With ITEKAD funding, she established a dedicated chicken rice restaurant in January 2025. The restaurant was fully booked daily during Ramadan for *iftar* and later received recognition from MalaysiaBEST.my as the best chicken rice in the northern region, attracting customers from beyond Kedah.

To support growth, Ms. Azima hired additional staff, set up a central kitchen, and implemented standard operating procedures (SOPs). Looking ahead, she plans to obtain halal certification, enhance the restaurant space for younger customers, and introduce new menu innovations.



Community Empowerment and Social Finance



Driving Innovation in Social Finance

In 2025, the Sadaqa House fund management structure was realigned to better reflect its underlying purpose and intended social outcomes. The revised positioning emphasises the meaningful impacts generated, rather than focusing solely on fund management or distribution mechanisms. This shift strengthens the linkage between the fund's objectives and the social value it seeks to deliver. In line with this refinement, one new fund was introduced, the Marginalised Group Benefit Fund (MGBF). The MGBF is designed to improve access to quality education and capability development for marginalised communities, including Persons with Disabilities (PWDs).

The Fund supports initiatives that enhance educational attainment and develop practical skills, thereby strengthening beneficiaries' long-term employability and capacity for income generation through workforce participation or entrepreneurship. In addition to educational assistance, the MGBF prioritises upskilling interventions aimed at improving economic resilience and financial independence among beneficiaries and their families.

Marginalised Group Benefit Fund (MGBF) Impact in 2025

AUG Student Mobility Programme

In collaboration with **Universiti Putra Malaysia (UPM)** and **Universiti Teknologi MARA (UiTM) Shah Alam**, the programme provided educational scholarships to **17 medical students**, supporting academic progression and professional development.

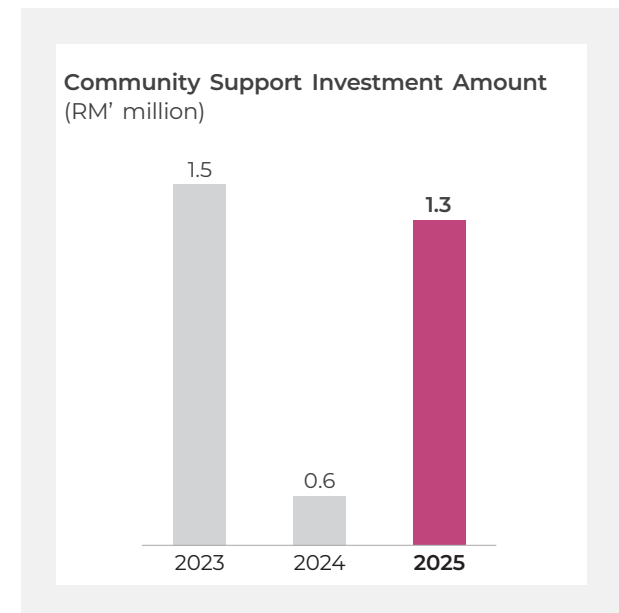
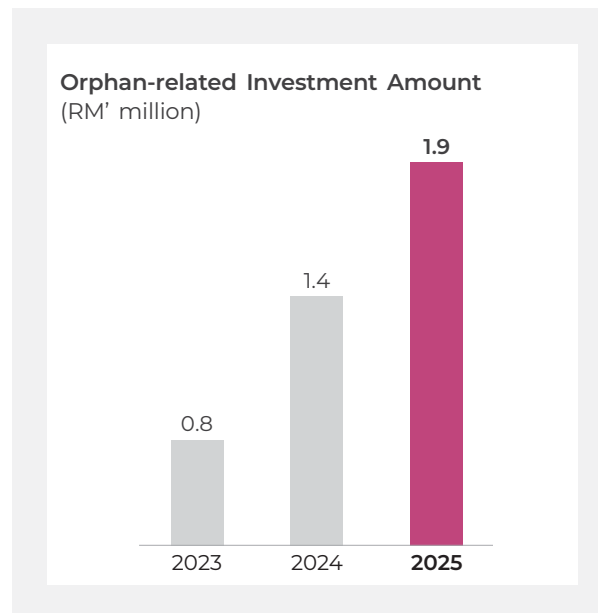
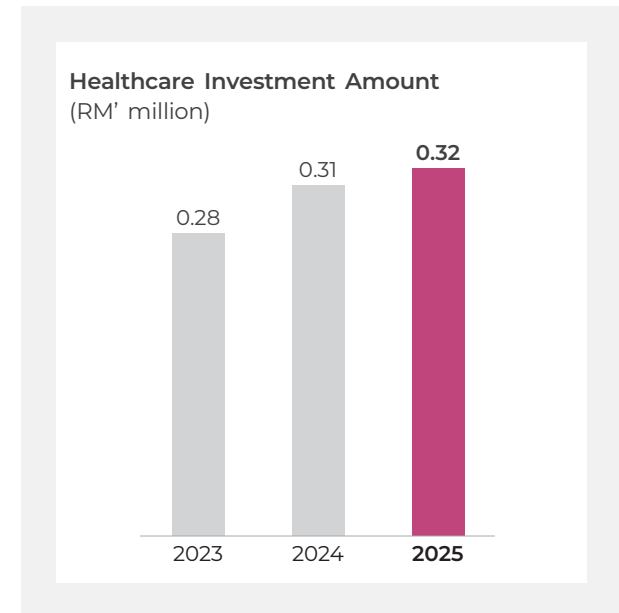
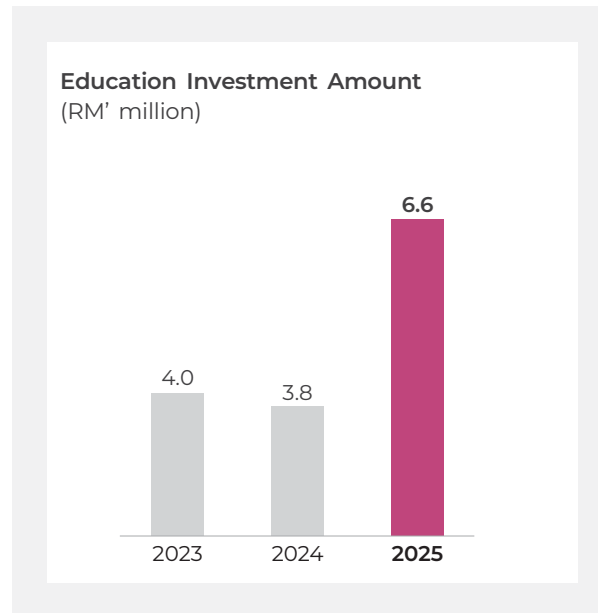
Relocation and Operational Support for PERTIS

Funding was provided for the relocation and operationalisation of **Persatuan Orang Cacat Penglihatan Islam Malaysia (PERTIS)**'s new centre, enhancing the organisation's capacity to deliver services and programmes for visually impaired individuals.

Broader Contributions to Our Society

Advancing Community Well-Being

During the reporting year, we implemented targeted community advancement initiatives across education, infrastructure, livelihoods, healthcare, and community support. Guided by on-the-ground insights, these efforts focus on persistent challenges such as limited access to education, inadequate basic infrastructure, constrained livelihood opportunities and healthcare affordability. Through this approach, we prioritise education and entrepreneurship as key enablers of long-term socio-economic mobility and community resilience.



Broader Contributions to Our Society

Community Empowerment and Education – Buku Jalanan Chow Kit (BJCK)



Since 2019, the Sadaqa House Education Fund has supported the work of BJCK in providing learning spaces for undocumented children in the Chow Kit area who are unable to attend public schools through an investment amount of RM0.82 million. We provided additional RM15,430 to refurbish

and transform the Sup Kawah Hitam Restaurant, a restaurant operated by BJCK. The improved operations strengthened BJCK's income sustainability while creating employment opportunities for individuals from the local marginalised community.

2019-2025

Invested more than **RM0.82 million** for BJCK Education Centre building rental and refurbishment of Sup Kawah Hitam Restaurant

Broader Contributions to Our Society

Sadaqa House Scholarships



Launched the **Sadaqa House Scholarship** for Master in Islamic Finance Practice (MIFP) with an initial cohort of four students

We continued to support access to learning through scholarships and financial assistance, especially among orphans, in the pursuit of ensuring their employability upon graduation. In 2025, we launched the Sadaqa House Scholarship for **Master in Islamic Finance Practice (MIFP)** in collaboration with INCEIF University. This initiative is intended to strengthen talent development and build a pipeline of skilled professionals to support the future growth of the Islamic finance industry.

Building a Nation of Social Finance Practitioners and Thinkers



Sponsored the publication of two books on social finance in collaboration with International Islamic University Malaysia (IIUM)

Bank Islam remains steadfast in its commitment to elevating national discourse and strengthening intellectual leadership in the field of Social Finance. Recognising the scarcity of high-quality, locally developed reference materials, the Group strategically invested in the sponsorship of scholarly publications that enrich Malaysia's knowledge landscape and support the advancement of industry practice.

In 2025, Bank Islam sponsored two seminal works, produced in collaboration with the International Islamic University Malaysia (IIUM): **Transformative Impact: Unveiling Malaysia's Exemplary Case Study on Social Finance Initiatives in Islamic Banking and Finance** and **Islamic Financial Inclusion: A Journey Towards Shared Economic Prosperity** in Malaysia. These publications serve as authoritative resources, offering rigorous analysis and thought leadership that underpin the evolving architecture of Social Finance in the country.

Through this sponsorship, Bank Islam reinforces its role as a catalyst for knowledge creation and sectoral development. This initiative exemplifies the Bank's dedication to supporting informed, evidence-based discourse among policymakers, practitioners, academics, and the wider public. Ultimately, this commitment strengthens the industry's capacity to innovate, broadens access to high-impact financial solutions, and contributes to a more inclusive and resilient economic future for Malaysia.

Broader Contributions to Our Society

Entrepreneurship and Community Empowerment



In the area of entrepreneurship and community empowerment, we extended our support to initiatives that address income sustainability and basic needs within underserved communities. This included supporting the social enterprise Athena Empowers, which focuses on creating livelihood opportunities while strengthening community-based economic participation.

Furthermore, we addressed menstrual poverty through the **Faith Kit Programme** in Sarawak, which provides women and girls with access to reusable sanitary pads alongside basic education on menstrual health. The programme supported dignity, health and continued participation in education, particularly in communities where affordability and access remain constraints.



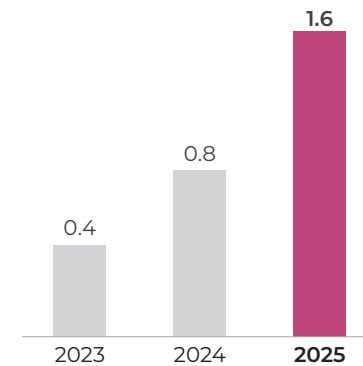
Supported social enterprise Athena Empowers and alleviated menstrual poverty benefited 250 students

Broader Contributions to Our Society

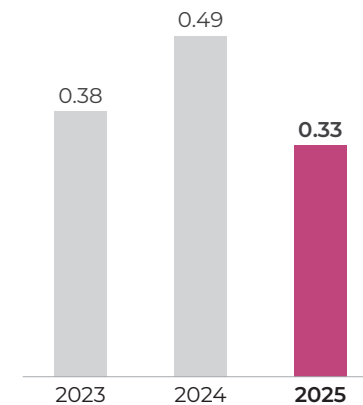
Sadaqa House Orphan Fund (SHOF) extends its support to orphans by focusing on what they need not only today, but as they grow and prepare for the future. Rather than providing one-off assistance, support is structured to help orphans continue their education, build confidence and develop the skills needed to navigate key life transitions. In 2025, SHOF disbursed a total of RM1.9 million to conduct several initiatives for orphans in the areas of education, infrastructure improvement, and other related initiatives.

Sadaqa House Orphan Fund (SHOF)

Education Investment Amount (RM' million)



Other initiatives Investment Amount (RM' million)



Sadaqa House Orphans Perintis (SHOP): Stepping-Stone



Empowered
43 orphans
through the PIES
model

We introduced the Sadaqa House Orphans Perintis (SHOP): Stepping-Stone Programme as a structured development initiative to prepare orphaned students for life beyond school. Targeting secondary students expected to sit for SPM in 2027, we provide early academic and career guidance to support their future pathways.

Built on the Physical, Intellectual, Emotional, and Spiritual (PIES) model, we adopt a holistic approach to personal development. In 2025,

in collaboration with the Malaysian Peacekeeping Centre (MPC), we delivered nine structured modules covering motivational, educational, and personal development areas.

The inaugural cohort comprised **43 Form 3 students from Johor and Negeri Sembilan**, marking a key step in strengthening resilience, self-direction, and readiness for post-school transition. We will continue to monitor and support participants over a two-year period to track their progress and outcomes.

Broader Contributions to Our Society

Empowering Communities through Protection, Education and Conservation

Community Engagement on Financial Scam – #JanganKenaScam



We actively engage communities to raise public awareness about financial scams and digital fraud risks, helping people stay informed and protected in the digital financial space. Recognising that fraud prevention extends beyond system controls, we conduct targeted outreach and education initiatives such as #JanganKenaScam. These include on-ground awareness sessions, engagements with

educational institutions, and interactive public talks to help individuals recognise scam tactics, protect personal information, and make informed financial decisions. These activities complement our ongoing investments in fraud detection and customer protection, reinforcing shared responsibility between us and our customers in maintaining a safe and trusted banking environment.



Strengthened public awareness of financial scams and digital fraud risks

Broader Contributions to Our Society

Community Engagement on Environmental Conservation - Mangrove and Turtle Conservation Initiative at Pantai Chendor, Kuantan



150 volunteers
mobilised



3,000 mangrove
saplings planted



100 turtle hatchlings
released

Alongside community empowerment, we advanced our commitment to environmental stewardship by supporting local communities through the Mangrove and Turtle Conservation Initiative at Pantai Chendor, Kuantan, held in conjunction with the International Day for the Conservation of the Mangrove Ecosystem. Co-organised with the Malaysian Nature Society

(MNS) Pahang Branch and supported by educational institutions and community partners, the programme mobilised 150 volunteers to plant 3,000 mangrove saplings and release 100 turtle hatchlings, contributing to climate change mitigation, coastal protection, and marine biodiversity conservation. Beyond environmental impact, the initiative also

supported local livelihoods through the sourcing of mangrove saplings and turtle eggs from local fishermen, reflecting our integrated approach to environmental protection, community empowerment, and long-term climate resilience, while contributing to UN SDG 13 (Climate Action), UN SDG 14 (Life Below Water), and UN SDG 15 (Life on Land).

Broader Contributions to Our Society

ESG – Kayaking Adventure 2025 by Kelab Bank Islam



Held on 5 July 2025, this outdoor programme combined physical activity, stress relief, and environmental stewardship. A total of 120 employees participated in an eight kilometers kayaking expedition along the Port Dickson coastline to Pulau Arang, followed by a beach cleanup activity. The initiative strengthened cross branch camaraderie, supported physical and mental well-being, and reinforced

environmental awareness through hands-on action. Approximately 680 kg of waste was collected during the cleanup, contributing directly to local environmental preservation efforts and helping coastal communities by creating a cleaner, safer shoreline that supports livelihoods such as fishing, tourism, and recreation.



More than **680 kg** of waste collected during the cleanup

Sustainable Supply Chain

Sustainable supply chain practices are integral to how we manage our operational impact and promote responsible business conduct. Within an indirect procurement context, their application requires deliberate and ongoing management, given the diversity of our vendor base and varying levels of ESG maturity. We therefore prioritise targeted vendor engagement and capacity-building initiatives to encourage more consistent adoption of ESG expectations across the supply chain. Internally, ESG considerations are progressively embedded into procurement decision-making through cross-functional alignment, ensuring responsible spending controls are applied while maintaining operational efficiency and service continuity.

| Strategic | Specialised |
|--|---|
|  Innovative and leading-edge solutions that support long-term organisational growth | Highly specialised products or service offerings Limited number of qualified suppliers available in the market High product or service complexity, often involving regulatory or technical compliance |
|  Recognised expertise and strong capabilities within the supplier market | |
|  Critical to maintaining competitive advantage, operational continuity, and business resilience | |



Against this backdrop, our responsible procurement approach is designed to balance clear expectations with progressive capacity-building. Our current focus is on assessing awarded vendors within the Strategic and Specialised procurement categories, as a practical first step in strengthening ESG oversight across procurement segments. Strategic procurement categories refer to high-value, high-impact spending areas that are essential for achieving the organisation's long-term business objectives. These categories typically involve goods or services that directly influence operational performance, competitive positioning, and overall sustainability outcomes. Specialised procurement categories involve goods or services that require technical expertise, specialised knowledge, provide unique materials or service offerings and/or compliance with specific regulatory standards.

Sustainable Supply Chain

The ESG vendor assessment covers the three key areas of environmental, social, and governance, including the review of relevant sustainability, environmental, and social responsibility policies. Currently, the assessment is conducted through a questionnaire, with a vendor response rate of approximately 96%. Analysis of the questionnaire responses shows that more than 50% of the vendors assessed do not have formal Sustainability or Environmental policies in place.

To strengthen the evaluation process, the ESG questionnaire will be enhanced and extended to all awarded vendors across all categories, including Operational and Transactional.

Our Approach

Our supply chain management approach is centred on indirect procurement, which focuses on sourcing and purchasing products and services that support our operations. Within this context, we manage our supply chain through structured supplier relationship management, continued investment in digital transformation and the use of spend analytics to enhance transparency and oversight. These practices are supported by responsible spending controls and change management processes to promote consistency across procurement operations. To strengthen consistency and risk oversight, our supply chain management is guided by three key impact areas, which provide a common lens for procurement governance and vendor assessment.

Bank Islam utilises the procurement cloud solution to streamline the procure to pay process in a fully integrated way that automatically enforces pricing and terms. The Procurement system, known as “ProcureDesk”, was implemented in 2022. The system helps manage our suppliers, sourcing, contracts, purchase and payment modules.

Three impact areas of our supply chain management:



Digital innovation



Ethical vendor management



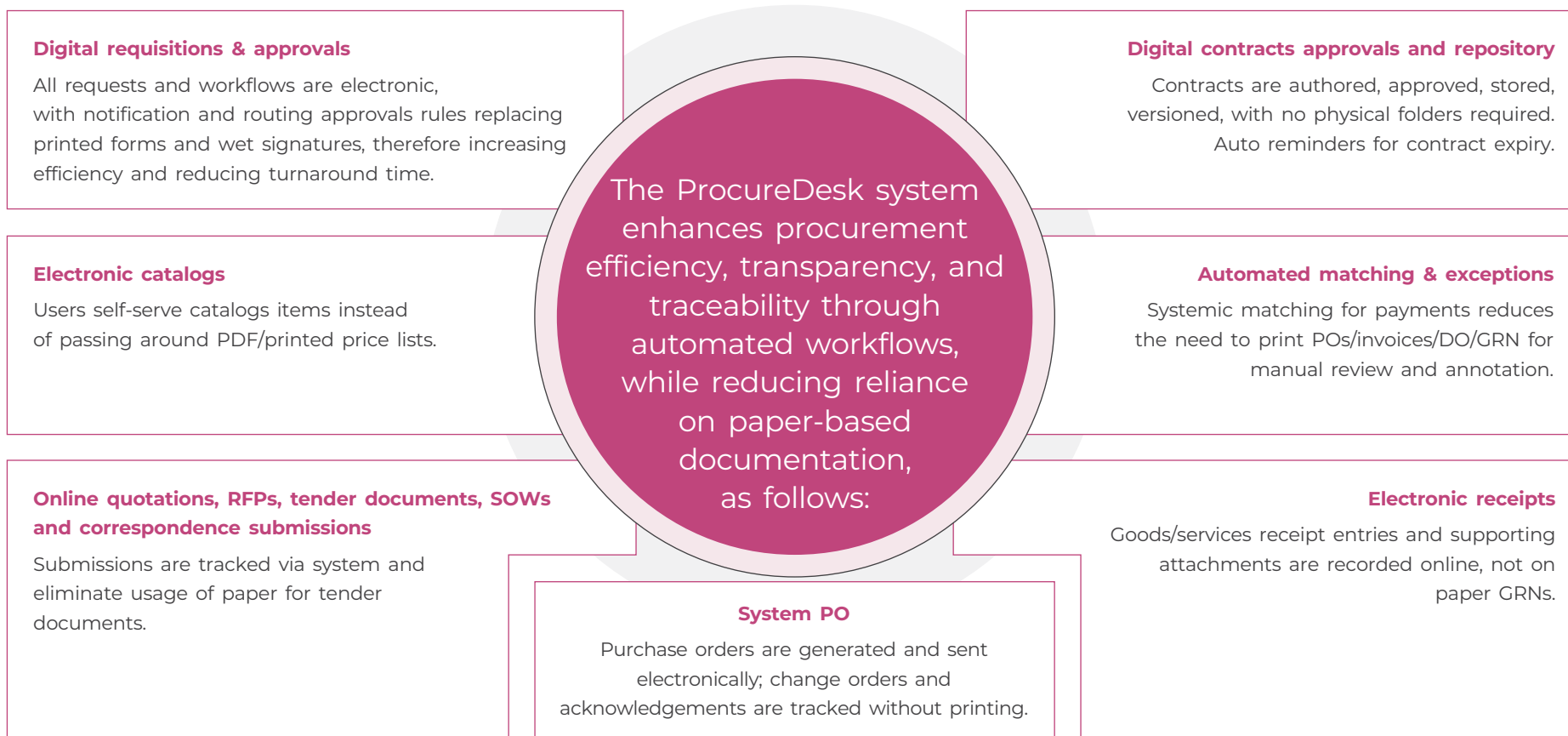
Sustainability-related considerations

Sustainable Supply Chain

Our policies and procedures embed compliance, health and safety, and ESG considerations across all procurement activities. Compliance requirements are reinforced through the incorporation of the Group Business Associates Code Of Conduct (GBACOC) guideline into the vendor registration process. Health and safety expectations are established

through clauses embedded within vendor contracts, supported by ongoing engagement with vendors where required. For vendors classified under the Strategic and Specialised categories, we apply an ESG questionnaire to assess environmental and social risk factors, with the outcomes informing transaction

processing, vendor onboarding and client acceptance decisions. Together, these measures provide a structured foundation for responsible procurement at Bank Islam and support the progressive strengthening of ESG integration and risk management practices across our supply chain.



Sustainable Supply Chain

Our Impact

In 2025, the Group recorded total procurement spending of RM308.1 million. Local suppliers accounted for 90% of total spend, underscoring our continued support for the domestic supply base. At the same time, ESG-assessed suppliers accounted for 45% of total procurement spend, compared with 34% in 2024. This reflects ongoing efforts to expand ESG assessment coverage within priority procurement categories and supports the gradual embedding of sustainability considerations into procurement practices.

2025

90%



Proportion of Spending on Local Suppliers

2024: 89%

2023: 88%

2025

RM277.7 million



Spending on Local Suppliers

2024: RM309 million

2023: RM206 million

2025

45%



Proportion of Spending on ESG-assessed Suppliers

2024: 34%

2023: N/A

Upholding Responsible Procurement

We maintain a zero-tolerance stance throughout our value chain towards breaches of fundamental labour and human rights standards, including restrictions on freedom of association and collective bargaining, as well as the use of child or forced labour. In 2025, our ESG screening and assessment processes identified zero suppliers with significant concerns relating to freedom of association, child labour, or forced and compulsory labour.

Our supplier engagement efforts were initiated in 2022 alongside the implementation of the Group's procurement system. Since then, these engagements have supported more consistent application of procurement processes and controls across the supplier base, while reinforcing awareness of the Group's labour and human rights expectations.

Delivering Long-Term Value for Customers

Bank Islam manages its financing portfolio with a clear focus on delivering long-term value for customers, grounded in Shariah principles and responsible banking practices. Through value-driven financing, product innovation, and digital enablement, we support customer resilience, trust and sustainable participation in the real economy.

This section contains the following chapters:

| | |
|--|----|
| Advancing Sustainable and Transition Finance | 65 |
| Purposeful Financial Services | 67 |
| Serving Our Customers With <i>Ihsan</i> | 79 |
| Data Privacy and Security | 88 |
| Technology Infrastructure, Data & Operational Resilience | 93 |

Capitals

FC HU IN SRC MF

Key Risks

NFR RCR TCR SNC

Strategic Focus Areas

CC VBC SP D

UN SDGs



Our Performance Snapshot

Sustainable finance portfolio:

RM31.3 billion

Financing under social categories:

RM23.1 billion

Green-aligned financing and treasury assets:

RM7.8 billion

Digital transacting active rate (BIMB Mobile):

75% digital with over 1.9 million users

Potential fraud losses prevented:

RM35.9 million

Prevented-to-Loss Ratio:

43.8%

Advancing Sustainable and Transition Finance

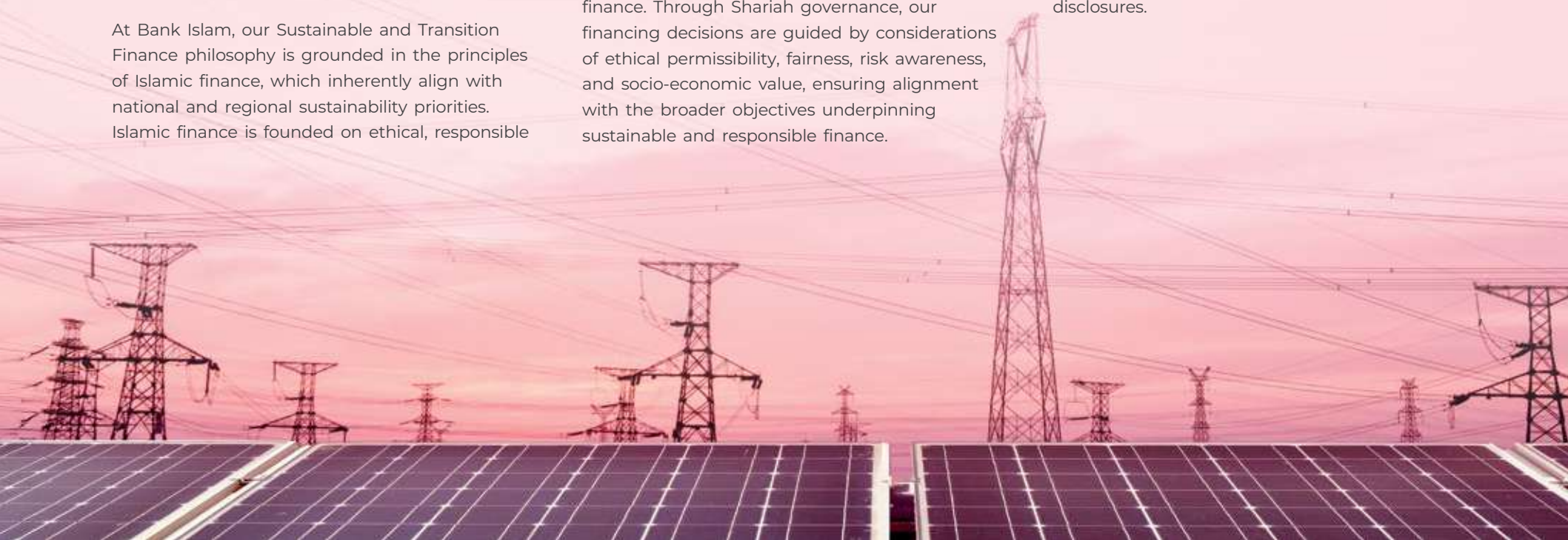
We successfully surpassed our 2025 target of RM28 billion by 12%. Under our Sustainability Strategy 2030, we aim to progressively expand our sustainable and transition finance portfolio by 2030, with a focus on transition financing, decarbonisation and SME readiness; reflecting Islamic finance principles anchored in responsible growth and real-economy impact.

At Bank Islam, our Sustainable and Transition Finance philosophy is grounded in the principles of Islamic finance, which inherently align with national and regional sustainability priorities. Islamic finance is founded on ethical, responsible

business conduct, prohibiting usury (interest) and investments in harmful or unethical activities such as alcohol and gambling. This value-based foundation naturally supports Sustainable and Transition Finance principles, enabling the Group to promote inclusive growth, responsible capital allocation and long-term economic resilience.

At Bank Islam, our approach to sustainability is grounded in the principles of Shariah, which inherently promote environmental stewardship, social responsibility, and ethical conduct. These principles shape both what we finance and what we deliberately avoid, particularly activities associated with harm, degradation, or adverse societal impact. Sustainability is therefore not a recent overlay, but an intrinsic feature of Islamic finance. Through Shariah governance, our financing decisions are guided by considerations of ethical permissibility, fairness, risk awareness, and socio-economic value, ensuring alignment with the broader objectives underpinning sustainable and responsible finance.

At the same time, contemporary ESG frameworks introduce structured taxonomies, classifications, and disclosure expectations that extend beyond traditional Shariah screening parameters. While Shariah establishes clear ethical boundaries and guiding principles, ESG standards provide additional granularity in defining and measuring sustainability-related impacts. As these standards continue to evolve, aligning Shariah principles with emerging sustainability classifications remains a key priority. Differences in definitions, metrics, and data requirements — alongside current data limitations — mean that our processes to systematically map and classify financing activities across both Shariah and ESG lenses are ongoing, strengthening transparency and supporting credible, decision-useful disclosures.



Advancing Sustainable and Transition Finance

Our early Shariah-ESG financing initiatives provided a structured foundation for formalising this alignment, with sustainable and transition finance already embedded across the Group's portfolio. This spans both Group Institutional Banking (GIB) and Group Retail Banking (GRB), encompassing financing and investment activities.

1 Risk Sharing

Risk sharing is a core tenet of Islamic finance, rooted in transactions tied to genuine economic activity and shared responsibility among stakeholders. By curbing speculation and ensuring financial outcomes align with underlying assets, this system enhances financial resilience and reinforces prudent risk management. At Bank Islam, risk sharing is integral to sustainable value creation, driving measured growth, enduring stability, and responsible financing practices aligned with sound governance principles.

2 Stewardship of the Earth

The principle of stewardship of the Earth embodies accountability for the responsible use of natural resources across generations. In Islamic finance, this responsibility reinforces the avoidance of harm and the considerations of environmental impact into economic decision-making. Bank Islam operationalises this principle by embedding environmental priorities within its sustainability approach, advancing financing activities that support environmental protection, strengthen climate resilience, and promote long-term ecological sustainability, in line with evolving environmental risk and disclosure expectations.

3 Emphasis on Social Justice

Social justice is a fundamental principle of Islamic finance, promoting fairness, inclusivity, and equitable access to economic opportunities. This principle supports balanced wealth circulation and strengthens societal well-being. Bank Islam upholds this commitment by enhancing financial inclusion, supporting community development, and ensuring its products and services deliver meaningful, positive outcomes for society.

4 Transparency and Accountability

Transparency and accountability are integral to Islamic finance, where clear terms, ethical conduct, and informed decision-making are paramount. The prohibition of excessive uncertainty strengthens trust and safeguards stakeholder interests. Bank Islam upholds these principles through robust governance, transparency, and balanced reporting practices, advancing credible sustainability disclosures and communications aligned with stakeholder expectations.

Purposeful Financial Services

Our Approach

At Bank Islam, we focus on delivering long-term value through financial solutions that support responsible growth and positive economic participation. This approach has translated into measurable progress. Having surpassed our LEAP25 objective of doubling Shariah-ESG assets to RM4 billion by 2025, we raised our sustainable financing target to RM28 billion by 2025 as part of our SC2, encompassing a broader portfolio across renewable energy, waste management, public infrastructure and education. These efforts are guided by our SDG-aligned Financing Guide, which informs financing decisions, portfolio growth, and capital allocation.

In parallel, the Group continues to strengthen how sustainability- and climate-related risks and opportunities are identified, assessed and integrated into decision-making. As a financial institution, these risks and opportunities are primarily concentrated in credit-intensive activities, particularly in sectors undergoing transition, where exposures may be more susceptible to credit risk, asset quality deterioration and market volatility. They are managed through an integrated approach combining Shariah governance and Board-level oversight.

Oversight of sustainable and responsible finance is embedded within the Group's governance structure. The BRC provides oversight of risk implications arising from sustainable finance activities, including impacts on credit risk and portfolio quality. The BSSC oversees the development and implementation of sustainability and climate-related strategies, policies and frameworks, and monitors the management of sustainability and climate-related risks and opportunities across the Group's financing and investment activities.

In parallel, the GSSC provides independent oversight to ensure financing activities comply with Shariah requirements, including adherence to Shariah-prohibited activities, while exclusion criteria under the Group's sustainable finance framework further guide responsible financing decisions.



For more information on our sustainability governance, please refer to page 22 of this report.

SDG-aligned Financing Guide

Align financing and investment activities with SDG-related outcomes through a structured classification taxonomy covering green, social and sustainability-linked financing and investments. The taxonomy provides clear eligibility criteria, supports consistent identification and reporting of sustainable assets, guides capital allocation and risk assessment, and enhances transparency and credibility in the Bank's sustainable and transition finance activities.



Purposeful Financial Services

From a strategic perspective, the Group increasingly integrates sustainability- and climate-related risks and opportunities into strategic planning, product development and portfolio governance. Climate-related risks are embedded within credit assessment and approval processes led by the Group Credit Management, while climate-related risks are overseen by the Group Risk Management, broader sustainability risks and opportunities (including climate) and reputational considerations, are overseen through established forums coordinated by Group Sustainability Division, with support from the Sustainable Finance Solutions unit.



To support more decision-useful analysis over time, the Group is progressively enhancing internal modelling capabilities, risk-to-financial linkage methodologies and data systems for our sustainability and climate related risks and opportunities for future reporting cycles.

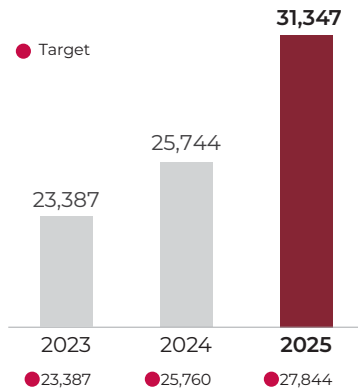
These developments reflect a deliberate, phased approach to capability-building, with sustainability

considerations expected to increasingly inform future capital allocation, portfolio composition and operational investments, particularly across sustainable finance, digitalisation and operational efficiency. The necessary modelling, data integration and analytical capabilities will continue to be expanded in subsequent reporting cycles, including following the completion of the Group's DMA.

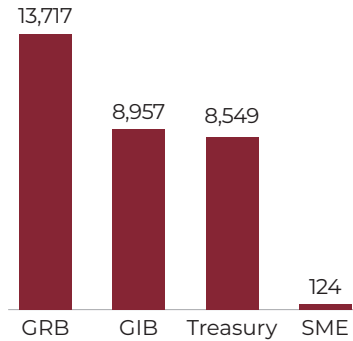
Purposeful Financial Services

Our Impact

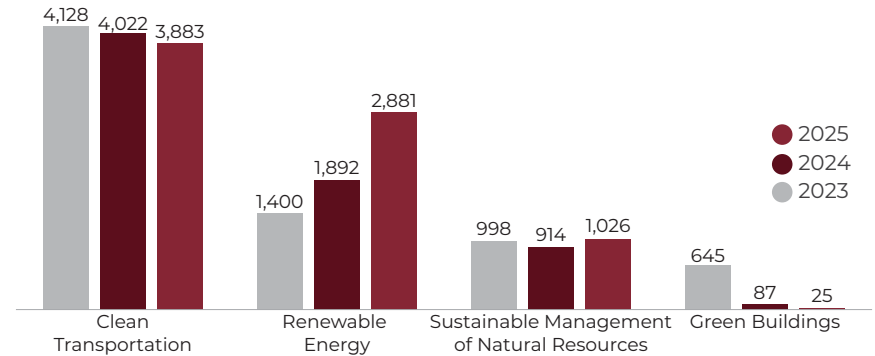
YoY Sustainable and Transition Finance vs Target
(RM Million)



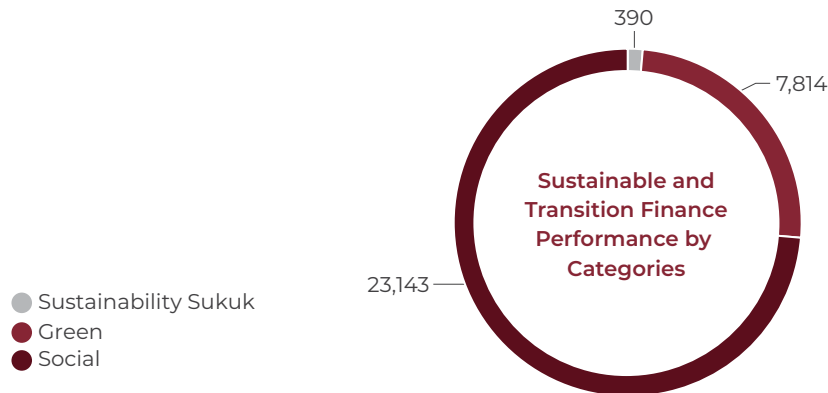
2025 Sustainable and Transition Finance Performance by Business Segments
(RM Million)



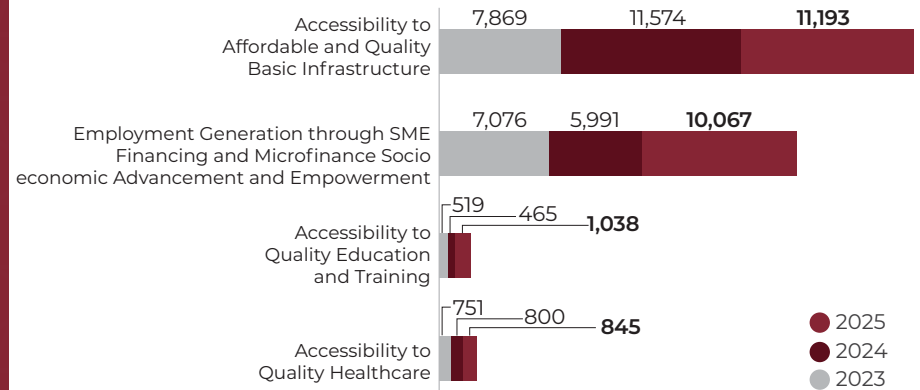
Breakdown of Green-Linked Finance
(RM Million)



2025 Sustainable and Transition Finance Performance by Green, Social and Transition Categories
(RM Million)



Breakdown of Social-Linked Finance
(RM Million)



Purposeful Financial Services

Bank Islam’s core business segments; Group Institutional Banking and Group Retail Banking play a vital role in advancing the Group’s sustainable finance agenda. Through a comprehensive range of Shariah-compliant products and services, these segments actively support responsible financing, promote inclusive economic growth, and facilitate the transition towards more sustainable business practices. By integrating sustainability considerations into financing solutions and customer offerings, both segments contribute meaningfully to the progress of sustainable finance at Bank Islam.

Total Financing (TOS) and Treasury Asset of Sustainable and Transition Finance

Group Institutional Banking

2025
RM8,956 million
2024: RM8,840 million
2023: RM9,487 million

Group Retail Banking

2025
RM13,841 million
2024: RM9,363 million
2023: RM8,380 million

Corporate:
RM5,906 million
2024: RM6,122 million
2023: RM6,935 million

Commercial:
RM3,050 million
2024: RM2,718 million
2023: RM2,552 million

Consumer:
RM13,717 million
2024: RM9,208 million
2023: RM8,226 million

SME*:
RM124 million
2024: RM155 million
2023: RM154 million

Treasury

2025
RM8,549 million
2024: RM7,540 million
2023: RM5,520 million

* SME segmentation follows the 2025 segmentation framework and covers only SMEs under Group Retail Banking.

Purposeful Financial Services

Sustainable Financing and Products

The Group's sustainable products and services comprise a broad suite of Shariah-compliant investment, financing and payment solutions that integrate ESG considerations, support financial resilience and inclusion, and embed social impact across customer offerings. This approach translated into increased mobilisation of financing towards sustainability-aligned assets, expansion of sustainability-linked financing solutions and more focused engagement with clients in sustainability-sensitive sectors to support business adaptation and resilience building. Financing mobilised towards sustainability-aligned assets increased by 21.8% year-on-year, with continued emphasis on sectors aligned with broader environmental and social objectives.

KEY HIGHLIGHTS IN 2025

Disbursed **RM1,779 million** for EEV financing and **RM1,872 million** in affordable house financing

Launched **two Shariah-compliant** fixed-income investment platforms

Expanded Ar-Rahnu as Islamic Micro Financing counters at **50** new branches

House Financing promoted home ownership with **RM437.89 million** accepted under SJKP initiatives and **RM184.505 million** under Federal and State Government housing programmes

Launched **IHSAN Financing for Business Resilience, Sustainability and Green Transition (IFIRST)**, a green financing solution for SMEs and mid-tier companies

Providing cashless payment via **Samsung Pay** and **Google Pay**

Purposeful Financial Services

1. Investment & Wealth Solutions

- **AHAM Aiiman ESG Income Plus Fund**
Shariah-compliant sukuk and income fund incorporating ESG factors in investment decision-making and portfolio construction.
- **Opus SRI Sukuk Fund**
Qualified Sustainable and Responsible Investment (SRI) Fund applying ESG considerations in the selection of Islamic money market instruments and deposits.
- **Ihsan Sustainable Investment Account (ISIA) 3.0 & 4.0**
UN SDG-aligned financing assets with embedded social impact contributions via zakat or Sadaqa House.
- **Ihsan Ascent Investment Account**
Transactional investment account emphasising sustainable assets with higher returns.

2. Financing Solutions

- **IHSAN Financing for Business Resilience, Sustainability and Green Transition (IFIRST)**
Sustainability-linked and transition financing solution for SMEs and mid-tier companies.

- **SME Smart Eco Financing (ECO)**
A structured financing programme that has been developed to achieve a better environmental outcome. It contains a variety of facilities which is intended to promote the development of green projects or minimise the regular projects impact on the climate or combination of both
- **Low Carbon Transition Facility (LCTF)**
Open to SMEs in all sectors that are committed to transform their businesses toward low carbon and sustainable business operations.
- **Relief and Adaptation Facility (RAFT)**
A financing programme introduced as part of Bank Negara Malaysia's efforts to ease the financial burden on Micro, Small, and Medium Enterprises (MSMEs) impacted by floods and helps businesses better prepare and minimise flood risks
- **Vehicle Financing**
Financing for hybrid, electric and energy-efficient vehicles.
- **House Financing**
End-financing aligned with state and federal government initiatives to promote first home ownership.

- **Personal Financing – Education Financing**

- **Personal Financing – Debt Consolidation Financing**

Lower-cost financing alternative.

- **ASB Financing**

Structured savings approach for wealth accumulation.

- **Ar-Rahnu**

Collateralised Islamic micro-financing against gold without customer underwriting.

- **BIGA-i**

Gold investment account as a basic investment tool.

3. Cards & Payments

- **Bank Islam Visa / Mastercard Debit Card-i**

RM2 from annual and replacement fees channelled to Sadaqa House Orphan Fund.

- **Biodegradable Debit Cards**

Bank Islam Visa/Mastercard Debit Card and TH Visa Debit Card.

- **Mastercard Inspire Credit Card-i**

Made from 94% plant-based materials.

Purposeful Financial Services



Financing a Low-Carbon Transition

We continue to offer hybrid and electric vehicle (HEV) financing, taking a leading position in pricing to support the adoption of more energy-efficient transportation options. In 2025, we disbursed a **total of RM219 million** increased by **67%** from 2024.



Advancing Financial Inclusion and Social Mobility

We continued to promote first-time home ownership by participating in state and federal government housing initiatives and supporting the Syarikat Jaminan Kredit Perumahan Berhad (SJKP) scheme. In 2025, these initiatives **supported 1,542 households in accessing home financing**, including customers from marginalised and underserved communities. Access to micro-financing was further strengthened through the expansion of Ar-Rahnu counters to 50 additional branches. This expansion **enabled 21,926 customers** to access collateralised Islamic micro-financing against gold.



Nurturing Financial Resilience and Inclusion

To support financial resilience and longer-term wealth accumulation, the Group continued to offer ASB Financing and Bank Islam Gold Account-i (BIGA), providing customers with accessible tools to build savings and investment discipline. In 2025, **1,380 ASB financing applications** were disbursed while the BIGA recorded a total of **63,793 customers**, contributing to improved financial literacy and longer-term financial stability.

Purposeful Financial Services

Supporting MSMEs and SMEs on the Path to Sustainability



We recognise that micro small and medium-sized enterprises (MSMEs) face significant challenges in transitioning to sustainable, low-carbon practices. Limited resources, competing priorities, and the complexity of change can make the journey daunting. At Bank Islam, we are committed to partnering with MSMEs and SMEs, offering tailored financial solutions and advisory support that enable a step-by-step approach. By providing practical, flexible tools, we help businesses integrate sustainability into their operations at a pace that works for them, turning ambition into action.

IHSAN Financing for Business Resilience, Sustainability and Green Transition (IFIRST)



To support SME and mid-tier clients in strengthening business resilience and responding to evolving sustainability and climate expectations, the Group launched IHSAN Financing for Business Resilience, Sustainability and Green Transition (IFIRST) – a sustainability-linked and transition financing solution tailored to this segment. IFIRST strategically focuses on carbon-intensive sectors, incorporating access to facilities, such as Bank Negara Malaysia's Low Carbon Transition Facility (LCTF). This integrated approach helps businesses overcome financial and operational barriers in their sustainability journey, ensuring that no stakeholder is left behind. In 2025, a series of client engagements and nationwide roadshows were conducted to raise awareness and promote adoption of the programme.

SME Smart Eco Financing (ECO)



To support the long-term environmental transition of our clients, this financing programme continues to serve as a vital framework for investment in sustainable initiatives. Recognising the current SME segment challenges in green transition, we have prioritised capacity building through workshops and transition roadmaps for our customers. We are actively addressing the readiness gap within the SME sector, ensuring our customers are operationally prepared to utilise green financing as they mature in their sustainable journey.

Relief and Adaptation Facility (RAfT)



To support affected MSMEs, Bank Islam is offering the Relief and Adaptation Facility (RAfT) financing programme for businesses located in districts identified by the National Disaster Management Agency (NADMA) as flood disaster areas. Through this facility, eligible MSMEs can access financing to restore or replace damaged assets such as manufacturing plants and machinery, as well as essential working capital. In 2025, the programme continued to support MSMEs affected by flood-related disruptions.

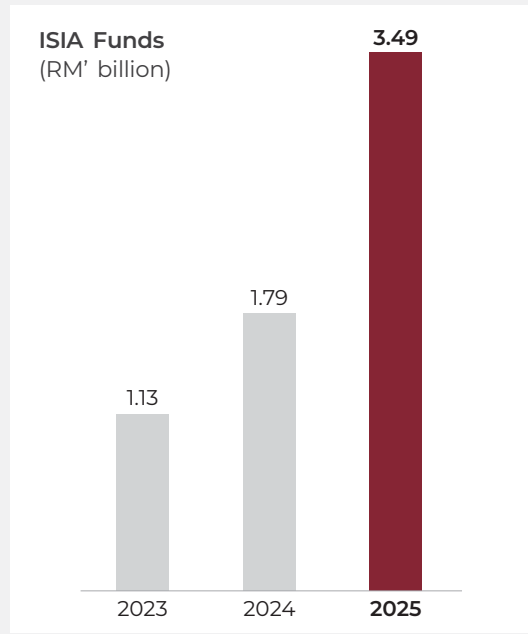
Capital Market Instruments

We expanded access to Shariah-compliant and sustainability-oriented investment options through the launch of two sukuk-based funds. The AHAM Aiiman ESG Income Plus Fund provides investors with access to steady income-generating sukuk while integrating ESG considerations into investment decision-making and portfolio construction. During the year, the fund mobilised approximately RM2.22 million in investments and supported exposure to 25 investors as of 31 December 2025.

Purposeful Financial Services

Investment and Fund Management

To date, the ISIA series has collectively mobilised more than RM3.0 billion.



The Group continued to expand the Ihsan Sustainability Investment Account (ISIA) series, providing investors with access to sustainability-aligned financing assets linked to the UN SDGs. Building on the success of ISIA 1.0, ISIA 2.0, ISIA 3.0 and ISIA 4.0 represents the fourth iteration of Bank Islam’s impact investment offering under its VBI roadmap. It is the first investment account in Malaysia to align investor capital with ESG- and SDG-linked financing, while also enabling contributions to Islamic social finance initiatives.

ISIA is designed to deliver positive social and environmental outcomes alongside competitive financial returns, benefiting investors, financing customers and social impact recipients through Zakat and Sadaqa House. Strategically, ISIA advances sustainable finance through three key roles:

➤ **Driving sustainability:** Channelling capital into high-impact sectors such as renewable energy, clean water and other sustainable activities, addressing national social and environmental priorities while generating purposeful returns.

➤ **Strengthening the sustainability ecosystem:** Structuring portfolios aligned with the UN SDGs, CCPT and Bank Islam’s Green Financing Framework to promote disciplined, transparent and credible capital deployment into the real economy.

➤ **Democratising ESG investing:** Enabling institutional and high-net-worth investors to align capital with ESG and Shariah values without compromising returns, reinforcing the complementary nature of ESG and Islamic finance.

The response to ISIA has shown us that there’s strong demand for investment solutions that go beyond profit. Investors are no longer passive – they want to play a role in shaping the future. Ihsan Ascent builds on this momentum, offering a purpose-driven investment solution that turns everyday financial needs into meaningful, real-world impact.

Sharifah Sarah
Syed Mohamed Tahir
 Group Chief Business Officer
 – Group Institutional Banking

Purposeful Financial Services

Through a diverse suite of Shariah-ESG funds, our investment division (BIMB Investment) empowers customers to make ethical and sustainable investment choices across global and local equities, money markets, Sukuk, and Wakaf-enhanced unit trust funds. We currently offer seven Shariah-ESG funds across multiple asset classes, reflecting a diversified approach to responsible investing. ESG considerations are integrated throughout the investment lifecycle, with companies screened using ESG Book scores, the United Nations Global Compact (UNGC) principles and internal ESG assessments, alongside financial analysis to guide investment decisions in line with Shariah requirements.

In 2025, this ESG framework was applied across all funds and portfolios, supported by oversight from our Shariah Committee, validation of ESG data, and ongoing monitoring and transparent reporting aligned with recognised frameworks such as UNGC and the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

A key offering within the portfolio is the Makmur myWakaf Fund, launched in 2021, which enables investors to channel a portion of their investment returns for Wakaf purposes while remaining invested in Shariah-compliant assets. Under this structure, 50% of the fund's monthly income distribution, if any, is allocated as Wakaf assets. For the financial year ended 31 December 2025, RM82,890 has been distributed for Wakaf purposes, with projects including the Van for Youth Empowerment Foundation (VEF), Solar Dome Dryer, and Project Hassan. The Fund operates under a *Wakalah bi Al-Istithmar* arrangement, with BIMB Investment acting as the investment agent for *ujrah* (fee), and AIBIM appointed to manage the distribution of Wakaf assets in collaboration with the relevant State Islamic Religious Councils. Through the Makmur myWakaf Fund, investors' returns have been channelled towards projects supporting education, health and healthcare, investment and community empowerment and demonstrating how Shariah-ESG investment structures can translate financial returns into tangible social impact.

To reinforce the integrity of the Group's sustainable investment activities, we enhanced our ESG scoring methodology for investment assessment in 2025. The updated methodology delivers more uniform and objective assessments across most commonly evaluated ESG factors. The methodology applies a structured questionnaire and materiality-weighted scoring grid, improving transparency and consistency in investment assessments.

Shariah-ESG Funds



Purposeful Financial Services

Going Forward

The progress achieved under SC2 demonstrates Bank Islam's active contribution to enabling a just and responsible transition, while laying the foundation for even greater impact. Building on this momentum, in 2025 the Group established a Sustainable Sukuk Framework to reinforce its commitment to sustainable finance and responsible investment. The framework is designed to mobilise capital towards projects and initiatives that generate positive environmental and social outcomes, including renewable energy, green infrastructure, and socially beneficial programmes. Proceeds from the sustainable sukuk can be directed to support the Group's sustainable finance objectives, such as reducing carbon emissions, promoting financial inclusion, and fostering community development. Through this framework, Bank Islam not only strengthens its role in advancing sustainable development but also provides investors with meaningful opportunities to contribute to measurable, long-term impact.

Looking ahead, Bank Islam remains committed to scaling up its Sustainable and Transition Finance ambitions under its new Sustainability Strategy through 2030, supporting the transition towards a more resilient and inclusive economy in alignment with Shariah principles. Key priorities include deepening customer engagement, delivering innovative products and services across all business segments, and facilitating customers in high-emitting sectors to decarbonise through climate and transition finance. These efforts are aligned with Bank Islam's commitment to achieve Net Zero by 2050.


Managing Biodiversity and Nature-Related Impacts

As we expand our sustainable and transition finance portfolio, we recognise that climate change and biodiversity loss are deeply interconnected systemic risks. The degradation of natural capital; forests, oceans, freshwater systems and soil, poses material financial, operational and reputational risks to financial institutions, while also creating new opportunities in conservation, restoration and sustainable resource management. Increasingly, regional and global financial institutions are integrating nature-related considerations into risk management and strategic planning, in line with emerging global frameworks such as the Kunming-Montreal Global Biodiversity Framework and the Taskforce on Nature-related Financial Disclosures (TNFD).

Integrating Biodiversity within Our Shariah-Based Framework

At Bank Islam, our approach to biodiversity is anchored in Shariah principles, which emphasise stewardship (*khalifah*), the protection of life (*maqasid al-shariah*), and the avoidance of harm (*darar*). Environmental protection and the preservation of natural resources are intrinsic to Islamic finance, reinforcing our responsibility to ensure that economic activities do not compromise ecological balance.

In accordance with the Bank's Shariah Compliance Guideline, and Value-Based Intermediation (VBI) risk assessment framework, the Group does not knowingly finance activities where the core purpose or primary revenue source results in significant environmental harm or biodiversity degradation.

 Further details on our Net Zero ambition can be found on page 98 of this report.



Purposeful Financial Services

The Group will and shall not finance activities associated with illegal or non-compliant deforestation, habitat destruction, pollution of water bodies, and unsustainable natural resource extraction, subject to Shariah permissibility assessment, reputational risk evaluation, and applicable regulatory requirements.

At the same time, we actively support financing that contributes positively to biodiversity conservation and ecosystem resilience, including initiatives such as:

- Sustainable agriculture and agroforestry
- Renewable energy developments that minimise ecosystem disruption
- Sustainable water management solutions
- Green buildings and infrastructure with biodiversity-sensitive design
- Certified sustainable palm oil and forestry operations

In addition to Shariah screening requirements, the Group integrates environmental and sustainability considerations within its broader risk assessment and Value-Based Intermediation (VBI) framework.

For biodiversity-sensitive sectors, enhanced due diligence may include assessment of environmental governance practices, historical controversies, and where applicable, recognition of credible third-party certifications (such as sustainable forestry, palm oil, aquaculture or fisheries standards). Such considerations form part of the Bank's risk evaluation process and do not replace or override Shariah permissibility assessment requirements.

Strengthening Risk Assessment through Tools and Capacity Building

In line with our continuous efforts to strengthen implementation of the CCPT, we have enhanced our due diligence framework to better capture nature-related risks. Specifically, we have begun integrating the third party biodiversity tool into our CCPT Due Diligence Questionnaire (DDQ).

This tool supports our assessment of biodiversity-related risks, particularly under Guiding Principle 3 (GP3) of the CCPT framework, by enabling the identification of environmental risks associated with proximity to sensitive ecosystems such as protected areas, key biodiversity areas and water-stressed regions.

This integration can be used to help us to:

- Evaluate potential impacts on natural capital
- Strengthen credit decision-making
- Engage clients on mitigation and transition pathways

To build internal capability, we have conducted targeted training sessions for Relationship Managers and Credit Analysts, attended by over 113 staff. These sessions focused on strengthening understanding of biodiversity risks, sector-specific exposure, Shariah alignment, and the practical application of the third party biodiversity tool within credit assessments. Capacity-building remains a key enabler in mainstreaming nature-related considerations across our business lines.

Financing for Positive Biodiversity Outcomes

Beyond risk mitigation, we recognise the catalytic role Islamic financial institutions can play in mobilising capital towards nature-positive outcomes.

As an Islamic bank, we view financing for conservation and restoration as aligned with VBI, which seeks to generate positive and sustainable impact on the economy, community and environment. By integrating biodiversity considerations into our financing decisions, we aim to contribute to broader national and global sustainability agendas while upholding our fiduciary and Shariah responsibilities.

Looking Ahead: Embedding Nature in Our Sustainability Strategy 2030

Our immediate focus, through 2026, is on building a strong foundation by:

- Enhancing internal awareness and technical competency
- Deepening our understanding of the interlinkages between climate and nature-related risks and opportunities

Over time, we aim to progressively align our sustainable finance portfolio with nature-positive outcomes, ensuring that our financing activities contribute not only to climate mitigation and adaptation, but also to the preservation and restoration of ecosystems.

Serving Our Customers With *Ihsan*

Customer experience is central to Bank Islam because it reflects our duty to serve with *ihsan* (excellence), *amanah* (trust), and *rahmah* (compassion). Every interaction is an opportunity to uphold these Islamic principles and honour our responsibility to support customers with fairness, care, and integrity. By designing experiences that are seamless, respectful, and genuinely helpful, we fulfil our mandate under *Maqasid al-Shariah* and VBI to enhance customer well-being and deliver meaningful value to society.

Our Approach

Our governance framework provides disciplined oversight of Customer Care performance and complaint management, reinforcing accountability, transparency, and ethical conduct in customer interactions.

Our Responsibilities:

Oversight of complaint handling and redressal fairness

Monitoring service quality and customer satisfaction

Reporting to management and regulators including Bank Negara Malaysia

Prioritisation of VIP and escalated vulnerable cases

Ensuring alignment with fair treatment of financial consumers

Guided by this governance structure, our Customer Care operates within a clearly defined system of policies and guidelines designed to safeguard consumer protection and uphold the fair, respectful, and consistent treatment of customers. In 2025, we revised the Complaint Management Guidelines to strengthen alignment with regulatory standards. This was reinforced by standardised Customer Care manuals and user guides to ensure consistent, fair handling and provide clear operational guidance for agents. Clear procedures for voice and non-voice interactions further support uniform service delivery and reduce potential bias across channels.

Customer Care Strategy

Our approach is guided by the 2026 Customer-First Digital Care Strategy, which supports the Group's sustainability agenda through inclusive, accessible, and responsible customer support. The framework promotes equitable access to banking support through digital and assisted channels, ensures fair and transparent complaint resolution, balances digitalisation with human support for customers from vulnerable groups, and drives responsible service practices aligned with regulatory expectations.

Operational Delivery

Our operational delivery is strengthened through close collaboration across functions to ensure complaints are managed efficiently and resolved in a timely manner.



Serving Our Customers With *Ihsan*

Risks and Opportunities

At Bank Islam, customer experience is shaped by our increasing reliance on digital platforms and our commitment to deliver reliable, accessible and trustworthy services. As customer expectations evolve, we assess the relevant risks and opportunities across different time horizons to guide how we strengthen service quality, deepen engagement and sustain long-term relationships.

| Time Horizon | 0-3 YEARS SHORT TERM | 3-5 YEARS MEDIUM TERM | 5 YEARS AND BEYOND LONG TERM |
|-------------------------------|---|---|--|
| Key Risks | Increased reliance on digital platforms heightens exposure to system reliability, user experience and service consistency risks, which may affect customer satisfaction and retention if not effectively managed. | Potential misalignment between rising customer expectations and service delivery as demand for more advanced digital banking experiences grows, compounded by intensifying competition. | Structural transition towards increasingly cashless economies introduces risks related to sustaining high-quality digital service delivery at scale. |
| Key Opportunities | Leveraging digitalisation and targeted service improvements to deliver more seamless, convenient and responsive customer journeys. | Deepening understanding of customer needs and delivering relevant, value-based solutions that enhance engagement, retention and competitiveness. | Aligning services with evolving customer expectations, sustainability considerations and responsible banking principles to deepen long-term relationships. |
| Potential Implications | Potential service disruptions affecting customer confidence | Shifts in product uptake and customer loyalty | Shifts in product uptake and customer loyalty |

To address these risks and opportunities, Bank Islam continues to invest in strengthening digital platforms, improving system reliability and enhancing service quality across customer segments. These efforts are complemented by targeted customer engagements and campaigns aimed at improving accessibility, building confidence and deepening relationships.

Together, these actions support our objective of delivering consistent, trusted and responsive banking experiences as digital adoption continues to grow.

Customer experience-related risks and opportunities evolve across different time horizons as digitalisation deepens and customer

expectations continue to rise. These dynamics influence service reliability, customer trust, engagement quality and long-term relationship strength. The following table summarises the key risks, opportunities and potential implications associated with customer experience across the short, medium and long term.

Serving Our Customers With *Ihsan*

Our Impact

We continuously assess the effectiveness of our Customer Care function through defined service targets and operational performance indicators. These measures allow us to evaluate how we engage with customers responsively, how efficiently concerns are resolved, and how consistently service quality is maintained across channels.

Our Customer Care initiatives are structured under the 4Ps framework, with each pillar supporting sustainable customer outcomes and strengthening service reliability, transparency, and accessibility across these engagement channels.



People

We invest in capability development through AI and soft skills training programmes, equipping our teams with the technical proficiency and interpersonal skills required to manage customer interactions with greater empathy and effectiveness.



Process

We enhance our complaint and service management guidelines to ensure alignment with the latest Bank Negara Malaysia Policy Documents.



Performance

We maintain strong Quality Assurance (QA) governance to protect our customers from handling deficiencies.




Progress (Digital Inclusion)

We advance the adoption of AI-driven live chat and chatbot solutions, self-service portals, and internal enablement tools such as the “Know-Zone” knowledge hub, enabling our teams to provide accurate advice to our customers.


Customer Care Service Level Targets

Email SLA




100% email responded in T+1

Live Chat




86% Service Level

Social Media



Response within 1 hour

Voice



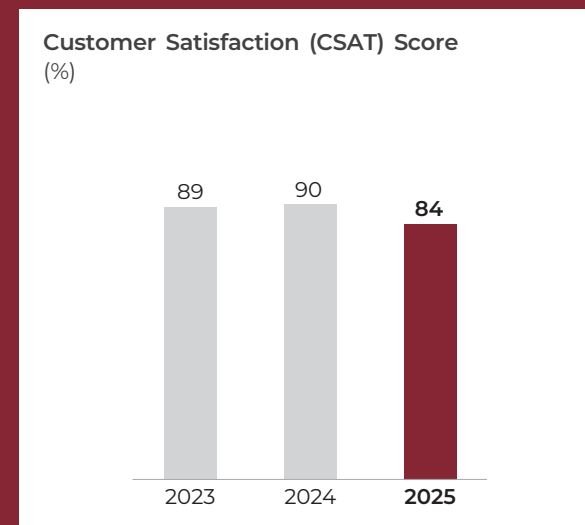
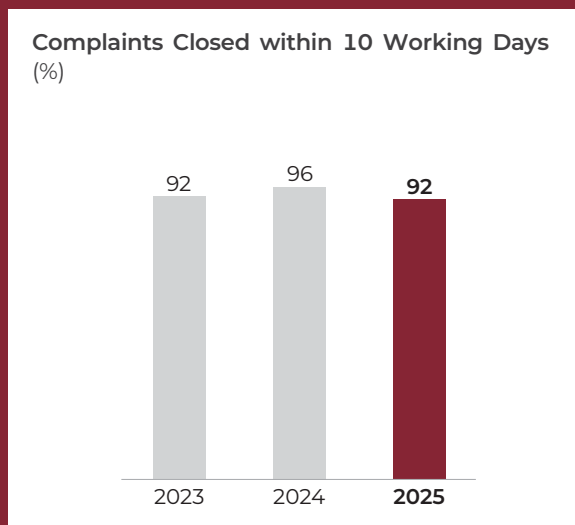
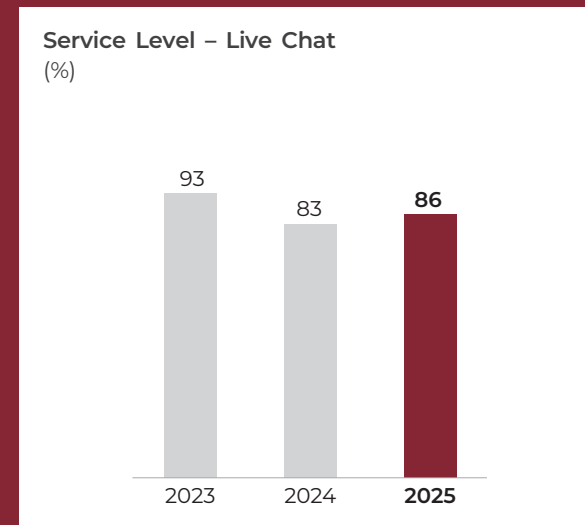
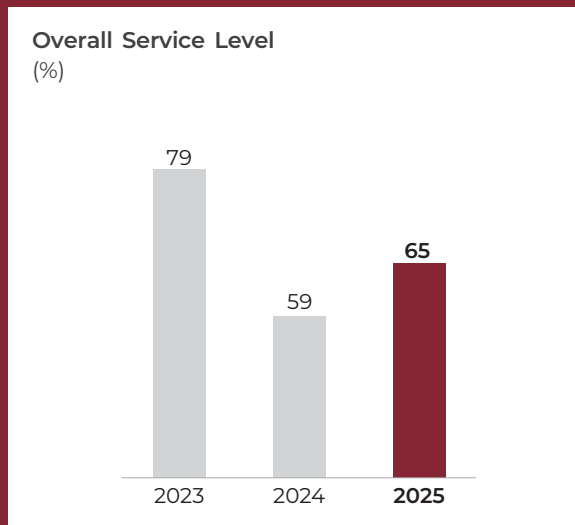
65% Service Level

Serving Our Customers With *Ihsan*

In 2025, Customer Care expanded its customer resolution metrics to include Live Chat service levels and Customer Satisfaction (CSAT), supporting Bank Islam’s digital-first customer engagement strategy. These indicators will play an increasingly important role as customer interactions continue to shift towards digital channels.

The observed reduction in overall service level over the three-year period largely reflects the significant increase in customer enquiries and support needs arising from platform migrations, system enhancements, and strengthened fraud prevention controls. These developments, while essential for long-term service stability and customer protection, temporarily intensified service demand. Despite these pressures, our complaint resolution performance remained resilient. More than 90% of complaints were consistently closed within 10 working days across the reporting period, underscoring our sustained focus on timely and structured issue resolution.

Customer Care has identified a series of forward-looking priorities to strengthen service effectiveness, resilience, and sustainability outcomes, centred on advancing digital capabilities, enhancing operational infrastructure, reinforcing governance, and leveraging analytics and automation to elevate service quality and customer experience.



These priorities are designed to reduce environmental impact through greater digitalisation, improve service scalability and operational resilience, strengthen governance and

regulatory compliance, enhance customer experience and trust, and support Bank Islam’s long-term ESG objectives.

Serving Our Customers With *Ihsan*

To monitor performance and progress in customer experience and digital delivery, the Group applies a set of metrics focused on digital adoption, service reliability, security and customer engagement. These metrics track how effectively customers are onboarded through digital channels, the integrity and uptime of digital platforms, and the level of customer participation across digital services and engagements. Targets are set and reviewed on a year-on-year basis, with performance measured against the preceding financial year, while interim milestones are used to track progress in platform enhancements, adoption levels and the phased rollout of new or enhanced digital services.

- Full rollout of digital-first customer care platforms
- Migration to enhanced ticketing and workflow systems
- Expansion of AI-enabled customer interaction channels
- Strengthening of centralised knowledge management
- Inclusion of additional support functions under Customer Care governance
- Enhanced analytics and automation for quality and performance monitoring

Key Metrics

Product uptake
 Percentage of new customers successfully onboarded via digital channels compared with manual channels

Security integrity
 Number of unauthorised transactions or data breaches

System reliability
 Percentage uptime of digital onboarding and transaction platforms

Digital adoption
 Growth in active users or subscribers on digital platforms (e.g. BIMB Biz)

Customer acquisition
 New-to-bank (NTB) customer acquisition through digital channels

Customer engagement
 Customer participation in engagements, events and campaigns

Interim milestones

- ▶ Completion of digital platform enhancements
- ▶ Increased customer adoption of digital platforms
- ▶ Phased rollout of new or enhanced digital services

Serving Our Customers With *Ihsan*


Enhancing Product Innovation

In 2025, we enhanced customer experience through three key initiatives focused on digital access, payment convenience and customer engagement. These initiatives strengthened our digital gold investment offering, expanded mobile payment capabilities and broadened loyalty redemption options, supporting greater adoption of digital services across our customer base.

Digital Enhancement of BIGA-i Gold Investment Account

In 2025, the Group enhanced its BIGA-i gold investment account by enabling a fully digital proposition in April. BIGA-i is a Shariah-compliant gold investment account that allows customers to buy, sell and hold gold digitally without the need for physical safekeeping.

Following the enhancement, customers can now make gold purchases through digital channels, with 98,059 digital transactions recorded and 66,868 customers utilising the digital feature during the year.



66,868 customers
onboarded through fully
digital BIGA-i gold
investment

Launch of Digital Wallet Payment Solutions

In September 2025, we launched Google Pay and Samsung Pay digital wallet services, enabling Mastercard Debit and Credit Card-i to be added to digital wallets for mobile contactless payments. This initiative enhanced

payment convenience and security for customers using Android smartphones and smartwatches, with 2,167 cards added to digital wallets and RM1.46 million contactless transactions recorded following the launch.



RM1.46 million
contactless transactions

Serving Our Customers With *Ihsan*

Driving Customer Engagement

Complementing our efforts to elevate customer experience, our approach to customer engagement is focused on strengthening how customers access, use and remain connected to our services. Through targeted engagement initiatives, we guide customers towards digital channels at key interaction points, supporting simpler onboarding, informed product adoption and greater transaction confidence across retail and business segments.

› New-to-Bank (NTB) Digital Account Opening

The NTB was introduced to support digital acquisition by enabling new customers aged 18 and above to open accounts directly via the mobile application. The end-to-end process is designed to be simple and accessible to any individual with a mobile device, removing the need for branch visits and reducing reliance on physical documentation. The digital account opening feature contributed to increased uptake, particularly among digitally-inclined customers, while also providing a gateway for customers to access additional services within the app, including TDT, Wafiyah and Gold Account-i. Customers are also able to download up to six months of account statements digitally, reducing the need for printed statements and in-branch requests.

› Gold Account-i Digital

The Gold Account-i Campaign focused on increasing awareness that gold accounts can be opened digitally via the mobile application. The initiative aimed to shift customer traffic from over-the-counter registration towards online acquisition channels, supporting operational efficiency and customer convenience. The digital onboarding process allows customers to open a Gold Account-i through a simplified and fast workflow. Live price charts and

customisable alerts are embedded within the app to support informed decision-making on gold purchases and sales.

› BIMB Biz Payment-to-Voice Feature

This campaign introduced a voice announcement feature that confirms successful payments in real time. The feature is provided at no additional cost and does not require additional devices, as alerts are delivered through the registered mobile device. By providing immediate confirmation for every successful transaction, the feature reduces uncertainty around payment status and supports ease of use for business customers. The initiative contributed to increased adoption of the BIMB Biz mobile application.

› Card-based offerings

We strengthened our card-based offerings through targeted campaigns, selected partnerships and product enhancements to improve payment convenience, expand cashless adoption and broaden access to Shariah-compliant card solutions. Key initiatives included festive-season cashless payment campaigns, flexible instalment features and the introduction of selected new card offerings to meet the evolving needs of retail, institutional and high-net-worth customers.

In addition to this, our investment division implemented a targeted sales campaign aimed at Institutional Unit Trust Agents and distributors to increase uptake of its unit trust funds. As part of the campaign, Shariah-ESG funds were promoted by reducing the minimum initial investment to RM100, lowering entry barriers for retail investors.

The campaign contributed to an increase in new-to-bank investors investing through multiple institutional unit trust agents. The campaign was strategically designed to target retail investors who are seeking both exposure and hands-on experience

in investing in our funds. As a result, we achieved consistent sales contributions from our online-focused IUTAs, including Philip Mutual Berhad and iFast Capital via the Fundsupermart platform.

This initiative enabled retail investors to incorporate our funds into their portfolio diversification strategies, particularly for those looking to balance growth with sustainability considerations. In addition, the campaign significantly enhanced the visibility and awareness of our ESG-related funds across our distribution channels, reinforcing our positioning as a sustainable investment provider. Over time, this is expected to support stronger brand recognition, deeper investor engagement, and more sustainable inflows from the retail segment.

Digital solutions should simplify business operations, not add complexity. The Payment-to-Voice feature was designed to support micro and SME customers by improving transaction visibility, enhancing security and enabling more organised financial management, without requiring additional devices or cost.

Mizan Masram
 Officer-in-Charge and
 Group Chief Business Officer
 - Group Retail Banking

Serving Our Customers With *Ihsan*

Customer Feedback and Complaints Resolution

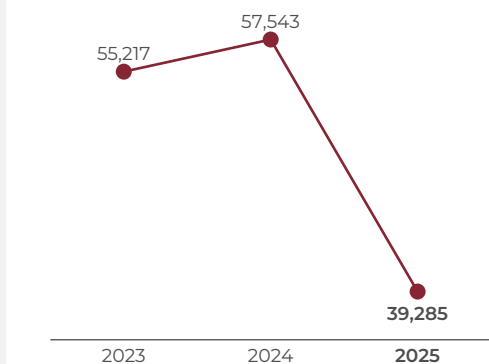
Customer feedback plays a critical role in strengthening how Bank Islam serves and supports its customers. We treat feedback as a key input into service improvement, using it to identify systemic issues, strengthen controls and refine customer journeys across our digital and service channels. In 2025, this approach translated into measurable improvements. The number of customer complaints declined by 32% year-on-year, reflecting improved service stability following the completion of major digital transitions and the strengthening of operational controls.

The majority of complaints in 2025 related to BIMB Mobile login challenges, largely arising from enhanced fraud prevention measures introduced

to safeguard customer access, as well as customer enquiries during the transition from Go Mobile to BIMB Mobile, which was completed in June 2025. These issues were proactively managed through clear escalation protocols and strengthened customer support readiness. To support consistent resolution, the Bank Islam Customer Care team was equipped with structured guidance to address common issues efficiently. This contributed to a First Contact Resolution rate of 91% in 2025, indicating that most concerns were resolved at the initial point of engagement.

Customer complaints are managed through a structured and transparent process aligned with Bank Islam's Client Charter and applicable regulatory requirements. Customers may raise concerns through multiple channels, including written submissions, email, the 24/7 Contact Centre, branches, social media platforms and BICC Customer Service for cardholders. All complaints are handled within established service level agreements in accordance with Bank Negara Malaysia's Complaint Management Handling Guidelines and PayNet Operational Procedures. Where matters remain unresolved, customers are informed of available external recourse options, including the Financial Markets Ombudsman Service.

Number of Customer Complaints



The majority of complaints in 2025 related to BIMB Mobile login challenges, largely arising from enhanced fraud prevention measures introduced to safeguard customer access, as well as customer enquiries during the transition from Go Mobile to BIMB Mobile, which was completed in June 2025.

Serving Our Customers With *Ihsan*

Promoting Digital Adoption and Efficiency

To strengthen the delivery of investment and institutional banking services, Bank Islam focused on targeted digital enhancements that improve platform reliability, execution efficiency and access to Shariah-compliant investment offerings. These initiatives were designed to support more seamless investment journeys, strengthen confidence in digital channels and improve operational performance across trading, investment and collection-related services.

Campaign Zakat Fitrah 2025



A cashless solution was introduced for zakat fitrah collections to reduce financial leakage risks and strengthen transparency for Majlis Agama through digital acceptance by AMIL. The campaign supported wider adoption of cashless collections, with digital zakat fitrah projected to account for **39% of collections** in 2025. Several State Islamic Religious Councils and zakat institutions nationwide were onboarded, strengthening the implementation of digital zakat collections and enhancing overall zakat administration across Malaysia. onboarded included Majlis Agama Islam Negeri Pulau Pinang, Johor, Tabung Baitulmal Sarawak and Majlis Ugama Islam Sabah, strengthening nationwide implementation and zakat administration.

Corporate Deposit Campaign 2025



The Corporate Deposit Campaign focused on strengthening current account balances and transitioning institutional collection flows to Bank Islam. By positioning the Group as a primary collections and cash management partner, the campaign secured projected commitment pledges of **RM130 million** in 2025. Participating institutions included major local authorities, statutory bodies and corporates, reinforcing Bank Islam's role in supporting large-scale institutional collection and cash management requirements.

Rent-to-Own Collection Solutions for B40 – DNQR and Hybrid VA



Bank Islam introduced an innovative Rent-to-Own (RTO) Collection Solution leveraging DuitNow QR (DNQR) and Hybrid Virtual Account (VA) integration, developed in collaboration with local authorities (PBT) to improve payment accessibility and collection efficiency for the B40 segment. The solution streamlines payment processes through seamless digital collections, while supporting financial inclusion and accessible housing initiatives for underserved communities. This innovation has earned the Group the PayNet Innovative Solution Award 2025.

Data Privacy and Security

Safeguarding data privacy and security is vital to preserving stakeholder trust and ensuring our long-term sustainability. While emerging technologies like artificial intelligence (AI) enhance innovation and efficiency, they also intensify cyber threats and introduce new, more complex data protection challenges. We proactively address these risks through a risk-based approach and robust, industry-leading practices that govern data at every stage of its lifecycle. This strengthens our defences as the threat landscape evolves and underscores our unwavering commitment to data protection. This commitment is operationalised through a three-pronged model:

We continued to strengthen our enterprise fraud management framework, focusing on prevention, early detection, consistent investigation standards, and structured coordination with regulators and law enforcement agencies. Internet and mobile banking channels accounted for the majority of fraud exposure (e.g., scams, account takeover attempts, phishing, mule accounts), reinforcing the importance of real-time monitoring, behavioural analytics and layered authentication controls.

Despite elevated industry-wide scam activity, Bank Islam's net fraud rate remained below industry benchmarks, demonstrating the effectiveness of strengthened detection and containment measures.

Our Three-pronged Model

01

Driving Governance through Established Frameworks, Policies, and Guidelines

Our approach is guided by a comprehensive suite of frameworks, policies, and guidelines that define best practices for governing and managing data throughout its lifecycle. These are regularly reviewed and updated to ensure compliance with applicable laws and regulations, including Malaysia's Personal Data Protection Act 2010 (PDPA).

02

Advancing Security with Technology

We strategically invest in innovative technologies and deploy robust security measures to safeguard data against unauthorised access, theft, manipulation, and loss. These technologies and measures span from foundational security protocols to cutting-edge defences, including the adoption of a comprehensive Zero Trust Framework.

03

Nurturing a Privacy and Security Culture

We embed privacy and security considerations within our processes and practices, leveraging purpose-fit training programmes to empower our people with the skills to manage such risks effectively while maintaining channels for suspicious activities to be promptly reported and investigated.

Data Privacy and Security

Our Approach

Data privacy and security risks and opportunities are primarily concentrated within the Group's technology and information assets that support its digital business model and technology-enabled value chain. Our risk exposure is further extended through the Group's reliance on third-party service providers and technology partners. These risks are most pronounced at points where sensitive data is created, processed, transmitted or stored, and where operations depend on integrated systems and shared digital infrastructure. Regardless of hosting or processing arrangements, the Group manages personal data in accordance with applicable data protection laws and internal governance requirements, including the Personal Data Protection Act (PDPA).

Data privacy and security are central to the Group's digital business model and long-term resilience. As digital capabilities expand, we treat data privacy and security as strategic considerations that directly influence how we protect value, sustain trust and enable secure innovation across the Group.

Our strategy focuses on proactively managing data privacy risks, cyber threats and fraud and financial crime risks. These considerations are embedded within our ERM approach, supported by the Group Data Governance Framework and Group Cyber Resilience Framework ensuring integration into strategic planning, investment decisions and the development of digital capabilities.

We continuously identify and assess data privacy, fraud risks and security risks using a combination of sources below:

Internal and External Sources in Risk Identification and Assessment

Internal Sources

- ▶ Risk assessments
- ▶ Control testing
- ▶ Incident and near-miss information
- ▶ Findings from internal reviews
- ▶ Insights from independent/third-party risk assessments



External Sources

- ▶ Emerging threat trends
- ▶ Threat intelligence
- ▶ Regulatory developments
- ▶ Industry risk insights



Given the dynamic and rapidly evolving nature of data privacy, fraud and security risks, our strategy emphasises forward-looking preparedness rather than reliance on static risk scenarios. We consider severe but plausible threat scenarios and emerging risk themes to enhance resilience planning, inform strategic priorities and strengthen our ability to anticipate and respond to changes in the threat landscape.

Identified risks are evaluated using a standardised methodology that considers both likelihood and impact across financial and non-financial dimensions, including regulatory compliance, reputation and financial outcomes. Data privacy, fraud and security risks with higher potential impact are escalated for enhanced oversight and are considered alongside other material risks in shaping strategic decisions, investment prioritisation and resource allocation. This ensures that risk considerations are not treated in isolation, but are embedded within the Group's broader strategic and business decisions.

Data Privacy and Security

Risks and Opportunities

In support of enterprise-wide strategic planning and decision-making, the Group applies standard short, medium, and long-term horizons as a reference. The short term aligns with annual business plans, the medium term with multi-year business and technology plans, and the long term with the Group's longer-term strategic direction. These horizons are complemented by continuous monitoring and forward-looking risk assessment processes to ensure timely identification and management of data privacy, fraud and security risks regardless of when they emerge.

| Time Horizon | 0-3 YEARS SHORT TERM | 3-5 YEARS MEDIUM TERM | 5 YEARS AND BEYOND LONG TERM |
|-------------------------------|---|--|---|
| Key Risks | Data privacy and security risks may arise from immediate threats such as security incidents, data leakage, fraud, or technology disruptions, resulting in near-term operational or service disruption, regulatory scrutiny, customer harm, or reputational impact | Data privacy and security practices may influence regulatory outcomes, remediation and operating costs, technology investment priorities, and the pace and direction of digital transformation | The Group's ability to anticipate, adapt to, and govern evolving data privacy and security risks will influence its capacity to scale digital business models, participate effectively in broader digital ecosystems, and sustain stakeholder trust |
| Key Opportunities | <ul style="list-style-type: none"> ▶ Improve compliance outcomes ▶ Strengthen incident prevention and response capabilities ▶ Enhance customer confidence through effective controls ▶ Heighten awareness and vigilance | <ul style="list-style-type: none"> ▶ Further strengthen and scale security and privacy by design principles across our products, services, platforms, and operating processes | <ul style="list-style-type: none"> ▶ Continued adoption and advancement of data privacy and security capabilities are expected to support durable competitiveness ▶ Responsible innovation ▶ Long-term value creation |
| Potential Implications | <ul style="list-style-type: none"> ▶ Influence the Group's digital banking platforms, customer data management processes, third-party service providers, and underlying technology environment ▶ Affect service availability, operational continuity, and customer experience | <ul style="list-style-type: none"> ▶ Increase in scale, velocity, and complexity of data privacy and security risks | <ul style="list-style-type: none"> ▶ Failure or lapse in data privacy or security could result in direct customer harm ▶ Undermine stakeholder trust and the Group's ability to scale digital platforms and participate in broader digital ecosystems |

Data Privacy and Security

Data privacy and security risks and opportunities are addressed through a structured approach that embeds these considerations into governance, strategy and decision-making across the Group. Oversight, accountability and risk ownership are strengthened to ensure data protection including technology and cyber resilience are considered in strategic planning, technology adoption, product development and third-party engagements.

Our approach emphasises security and privacy by design, supported by continuous monitoring of risks and external dependencies, and the progressive strengthening of resilience capabilities. As digital technologies continue to evolve, we maintain a forward-looking view of emerging developments, including AI and other frontier technologies, to ensure data privacy and security considerations remain aligned with the Group's long-term strategy.

Through this approach, we aim to safeguard customer trust, enable secure digital innovation and support the sustainability and resilience of the Group's business model and decision-making processes. Through this approach, we seek to not only mitigate data privacy and security risks, but also to capture opportunities to strengthen digital trust, enable responsible innovation, and support the long-term sustainability of the Group's business model.

Our Impact

Bank Islam's Group Data Protection Officer was formally appointed effective 1 June 2025 to oversee compliance with PDPA 2010 and strengthen Group-wide data privacy governance. In parallel, a dedicated Cyber Resilience Testing Unit was established to proactively identify weaknesses across people, processes, and technology, while continuously evaluating and strengthening the Group's overall security posture, supporting earlier identification of gaps and stronger cyber resilience.

The Group also introduced its first Group Artificial Intelligence Governance Framework to manage AI-related risks, improve visibility over AI use cases and support regulatory readiness. Developed by GISGD, the framework aligns AI adoption with the Group's strategic objectives, risk appetite and core values, ensuring AI is deployed in a safe, secure, ethical and responsible manner. To enhance forward-looking risk oversight, an emerging risk landscape dashboard covering technology, cyber and data trends was implemented and is reported to the Board Risk Committee every two months, strengthening strategic foresight and governance oversight at the Group level.

KEY HIGHLIGHTS IN 2025

Established the **Group Artificial Intelligence Governance Framework**

Launched the **Emerging Risk Landscape Dashboard**

Established a **Cyber Resilience Testing Unit** to **strengthen cyber resilience**

RM35.9 million potential fraud losses prevented

43.8% Prevented-to-Loss Ratio

RM2.3 million recovered via chargebacks

Data Privacy and Security

We continue to execute initiatives under our Zero Trust Roadmap to strengthen data protection and security across our technology environment. The roadmap provides a phased approach to reducing implicit trust, minimising attack surfaces, and enhancing resilience. Ongoing implementation of the roadmap supports our ability to adapt to a more complex threat landscape and sustain trust in our products and services.

Digital Trust Day 2025



Digital Trust Day 2025 was held from 29 to 30 July 2025 as a Group-wide awareness initiative to build a shared understanding of digital trust in an increasingly digital environment. Introduced by GISGD, the initiative aimed to strengthen awareness of technology risk, cybersecurity, and data governance, reinforce compliance responsibilities, and promote a more proactive and risk-conscious culture.

The programme featured expert talks, interactive sessions and quizzes, and activities covering cybersecurity, fraud, data protection, regulatory compliance, and data governance. We had 590 employees participating across departments and seniority levels while our virtual sessions achieved high attendance, averaging 1,167 participants per session.

590 employees
participating across
departments and
seniority levels

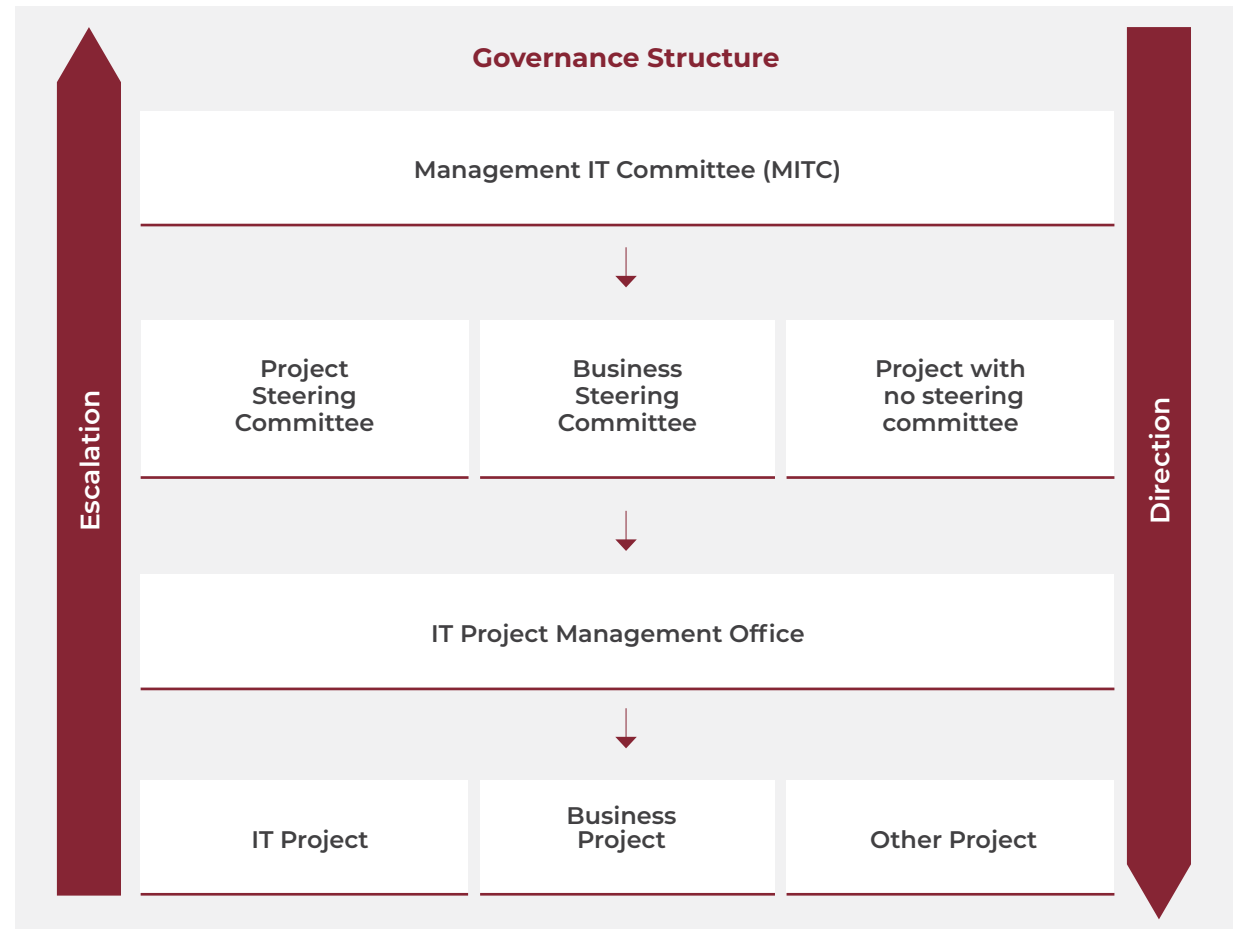
Technology Infrastructure, Data & Operational Resilience

Enterprise technology underpins Bank Islam’s ability to operate securely, scale responsibly and deliver consistent services across the Group. Our focus is on strengthening core systems, data capabilities and technology governance to support operational resilience, regulatory compliance and long-term efficiency, while enabling the Group’s broader digital ambitions.

We support our IT approach through a structured Group-level governance framework that provides clear accountability and oversight across technology initiatives. Oversight is exercised through the Management IT Committee (MITC), Project Steering Committees and Business Steering Committees, which provide direction, approve key decisions and monitor progress.

These bodies are supported by the IT Project Management Office, which coordinates delivery, manages interdependencies and ensures consistent project management standards. The framework applies across both IT-led and business-led initiatives, with clear escalation pathways in place to address risks and issues in a timely and disciplined manner.

| |
|--|
| <p>Technology Resilience</p> <p>Stable infrastructure that reduces downtime, maintenance costs, and disruptions (tech refresh, capacity planning, etc.) which contributes to overall operational efficiency of all applications</p>  |
| <p>Cyber Resilience</p> <p>Strong security measures safeguard the bank against cyber threats and compliance issues, which is critical for maintaining trust and avoiding legal repercussions, i.e., penalties and breaches</p>  |
| <p>Transformation & Innovation</p> <p>Enablers to facilitate faster time to market, improving competitive advantage enhancing customer satisfaction</p>  |
| <p>Operations Excellence & Productivity</p> <p>Increased efficiency ('do more with less') to reduce cost and uplift overall financial performance</p>  |

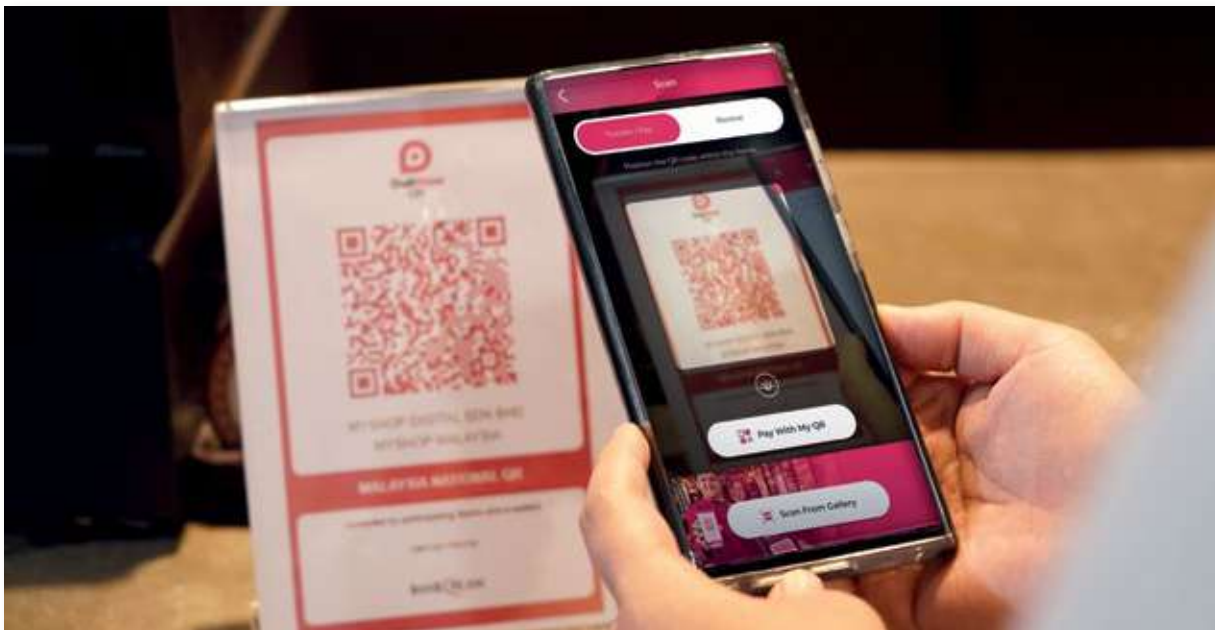


Technology Infrastructure, Data & Operational Resilience

Our Impact

We continued to strengthen our internet banking channels through the rollout of BIMB Mobile & Web, which replaced the Group's legacy internet and mobile banking platforms. With robust features such as secure login, seamless transfers, comprehensive account management, and real-time transaction tracking, BIMB Mobile & Web are engineered to empower our customers with full control over their banking needs. As of 2025, we have achieved 75% digital transacting active rate through our BIMB Mobile app, with approximately 1.9 million users.

To enhance our ability to use data more effectively, we have launched the Data Lake Platform to enhance the Group's data analytics capabilities. The aim is to strategically enhance the use of data analytics to deliver substantial business results that increase revenue and reduce operational costs. This initiative is pivotal for driving business value and to realise our LEAP25 strategic vision. Aligned with the Group's transformation strategy, the project will integrate data analytics into daily business operations, positioning us as a leader in the industry. In 2025, we progressed in four workstreams.



At Bank Islam, digital transformation is anchored in responsibility. By leveraging energy-efficient cloud infrastructure and embedding disciplined AI and data governance, we reduce operational impact while strengthening trust and resilience. Our digital strategy ensures innovation advances performance with purpose and delivers long-term sustainable value.

Shahariz Abdul Aziz
Director of Digital Transformation (DT),
Group Digital Division

Technology Infrastructure, Data & Operational Resilience

The Group continues to strengthen its understanding of customers by analysing transactional and behavioural data. Emerging data analytics technologies, including Machine Learning and Artificial Intelligence, now enable faster and more precise insight generation. Recognising these benefits, the Group implemented an advanced analytics and AI platform incorporating a modern cloud-based data lakehouse, robust data integration capabilities for batch and real-time processing, and sophisticated machine learning and AI tools supported by AI-driven reporting. This platform enhances the Bank's ability to generate meaningful customer insights, improve service delivery and personalise offerings, ultimately elevating customer experience and supporting continuous product and service improvements. In 2025, we progressed in four workstreams as below.

| Workstream Outcomes | Achievements |
|--|--|
| <p>Data Lake Platform Enablement</p> <ul style="list-style-type: none"> ▶ Delivered the Data Lake Platform by consolidating and automating data ingestion from 13 sources, with the flexibility to onboard additional data sources over time. ▶ Uplifted BIMB's Data Ops team to manage and operate the Data Lake Platform. | <ul style="list-style-type: none"> ▶ Centralised Data Repository: Integrates data from banking applications into a single, accessible platform to support analytics and business use cases. ▶ Single Source of Truth: Provides standardised, timely and reliable data to support consistent and informed decision-making. ▶ Improved Data Processing: Automates data extraction, transformation and loading through ETL pipelines to enable faster data availability for analysis. |
| <p>Behavioural Scoring for Credit Analysis</p> <ul style="list-style-type: none"> ▶ Delivered and accepted the B-Score model, providing a holistic view of overall customer risk across all products. ▶ Enabled a holistic customer risk view to anticipate customer needs, offer timely solutions and retain high-value customers while safeguarding Bank Islam's overall portfolio. | <ul style="list-style-type: none"> ▶ Score Interaction Matrix: Establishes a structured scoring matrix within the Single Customer View (SCV) to guide decisions based on combined customer and product risk profiles. ▶ Behaviour-Informed Collections and Recovery Strategy: Monitors B-Score trends within the SCV to identify early delinquency risks and automate collections and recovery actions based on combined scoring logic. |
| <p>Single Customer View</p> <ul style="list-style-type: none"> ▶ Delivered all SCV workstream use cases to support Bank Islam Retail Banking's strategic outcomes. ▶ Enabled foundational customer-centric capabilities to support targeted strategies, engagement and sustainable growth. ▶ Established an ecosystem of business use cases that delivers cohesive, scalable and compounding business outcomes. | <ul style="list-style-type: none"> ▶ Enabling Personalisation and Hyper-Personalisation: Moves beyond one-size-fits-all approaches by tailoring offers, services and interactions based on customers' needs, behaviours and motivations to drive business value. ▶ Customer-Centric Financial Solutions: Establishes a network of business use cases that form the foundation for delivering relevant, innovative and operationally efficient solutions to meet the evolving needs of retail customers. ▶ New Ways of Working: Leverages consolidated customer insights, business intelligence and predictive analytics to accelerate time-to-market, strengthen competitive advantage and optimise resource allocation. |
| <p>Data Lakehouse Governance, Security & Technology Risk Compliance</p> <ul style="list-style-type: none"> ▶ Built comprehensive security controls for the Data Lake Platform, covering security architecture, data protection, authentication and access control, incident and log monitoring, key management, and threat and vulnerability management. ▶ Enabled the Data Lake Platform's compliance with Bank Negara Malaysia's Risk Management in Technology Appendix 10 and the Center for Internet Security (CIS) Benchmarks. | <ul style="list-style-type: none"> ▶ Improved Security Posture: Strengthens the security and resilience of the Data Lake Platform in line with industry-leading practices. ▶ Regulatory Compliance: Ensures the Data Lake Platform is aligned with Bank Negara Malaysia's RMIT Appendix 10 Part A and B requirements. |

Technology Infrastructure, Data & Operational Resilience

We advanced our cloud-first strategy through the Cloud Migration Programme, migrating selected systems to the cloud and ensuring new systems are cloud-native by design. This supported faster time-to-market, improved system availability and cost optimisation. In 2025, we avoided RM3 million in IT CAPEX by repurposing decommissioned infrastructure and reduced operating costs by approximately RM5 million through cloud-based systems such as BIMB Mobile & Web. Project implementation timelines were shortened by an average of three months, contributing to more stable service delivery and enhanced user experience for the BIMB Mobile app.

To strengthen technology resilience and control, we implemented a Configuration Management Database (CMDB) as a single source of truth for IT assets and services. Integration with IT service and asset management processes improved system visibility, impact analysis and incident management, while supporting audit readiness and alignment with Bank Negara Malaysia's Risk Management in Technology (RMiT) requirements.

1 Unified Asset Oversight

Complete visibility and control over IT assets

2 Rapid Response

Swift incident and change management to ensure service continuity

3 Proactive Automation & Alerts

Streamlined processes and immediate notifications to prevent issues

4 Insightful Analytics

Strategic decision-making through advanced performance insights

5 Cost & Compliance Optimisation

Efficient asset and license management for financial and regulatory advantages

Technology Infrastructure, Data & Operational Resilience

We implemented a new Anti-Money Laundering (AML) system to strengthen transaction monitoring, customer screening and risk profiling in line with evolving regulatory expectations. The platform enables automated monitoring, real-time screening and more accurate customer risk ratings, supporting stronger compliance with AML and counter-financing of terrorism requirements.

The system delivered measurable operational improvements through end-to-end automation of transaction monitoring, reducing manual intervention and improving workflow efficiency.

Customer-related processes also benefited from improved automation and data management, enabling faster resolution of reviews and enquiries and shortening internal processing timelines, without compromising control effectiveness. From a compliance and capability perspective, the platform strengthened audit

trails, standardised Know Your Customer (KYC) processes and improved regulatory alignment with Bank Negara Malaysia requirements. Analysts benefited from clearer risk insights and improved tools, contributing to more consistent decision-making.

Looking ahead, as part of ongoing digital modernisation efforts, we initiated the Customer Analytics AI (Custell.AI) initiative to strengthen our analytics-driven growth engine and deepen customer value. Built on the Data Lake platform, CustellAI will equip the Group with AI-enabled CRM, self-service analytics, and dynamic lead-generation capabilities, improving productivity and accelerating data-driven decision-making. The platform enables real-time reporting, personalised product recommendations, and compliant, insight-led customer engagement. These enhancements are expected to improve sales effectiveness, support more targeted cross-sell and retention strategies, and provide management with on-the-go access to actionable insights—ultimately reinforcing revenue growth, operational efficiency, and long-term competitiveness.



Our Journey Towards Net Zero

Bank Islam approaches climate action as a core responsibility, recognising the implications of climate change on financial resilience, portfolio quality and long-term value creation. Guided by Shariah principles, regulatory expectations and a disciplined risk-based approach, we integrate climate considerations into financing decisions, risk management and our own operations to support an orderly transition towards a low-carbon economy.

This section contains the following chapters:

| | |
|-----------------------------------|-----|
| Advancing the Net Zero Transition | 99 |
| Governance | 101 |
| Our Climate Action Strategy | 109 |
| Climate Risk Management | 128 |
| Metrics and Targets | 142 |

Capitals



Key Risks



Strategic Focus Areas



UN SDGs



Our Performance Snapshot

Completed the first
Financed Emissions baseline
exercise

Reduction in Scope 1 and Scope 2 emissions (vs 2023 baseline):
10%

Established the
Climate Transition Plan

Expanded
Scope 3
boundary to include waste and employee commuting, in addition to business travel.

Developed **sectoral targets and strategies** for two high-emitting sectors

Green branches in operation:
15 branches

Advancing the Net Zero Transition

Bank Islam's Climate Journey

| | | | | | |
|--------------------|---|--------------------|--|--------------------|---|
| <p>2020</p> | <ul style="list-style-type: none"> ▶ Initiation of Solar PV financing and inclusive finance programmes | <p>2023</p> | <ul style="list-style-type: none"> ▶ Establishment of Climate Risk Committee (CRC) ▶ Integration of climate considerations into Enterprise Risk Management (ERM) | <p>2025</p> | <ul style="list-style-type: none"> ▶ First IFRS S1 and IFRS S2-aligned Sustainability Report |
| <p>2021</p> | <ul style="list-style-type: none"> ▶ Initiated implementation of Climate Change & Principle-based Taxonomy (CCPT) ▶ Establishment of Board Strategic & Sustainability Committee (BSSC) and Management Sustainability Committee (MSC) ▶ Launch of LEAP25 strategy targeting RM4 billion green financing by 2025 | <p>2024</p> | <ul style="list-style-type: none"> ▶ Institutionalisation of the Group Climate Risk Management Framework ▶ Formulation of climate strategies informed by CRST (construction as pilot sector) ▶ Revision of Sustainable Finance target to RM28 billion by 2025 | | <ul style="list-style-type: none"> ▶ Established Bank Islam's Climate Transition Plan ▶ Integrated the Climate Transition Plan roles and responsibilities across the Three Lines of Defence |
| <p>2022</p> | <ul style="list-style-type: none"> ▶ Incorporation of climate-related KPIs into the Corporate Scorecard ▶ Initiation of capacity building on climate risk assessments and stress testing methodology | | <ul style="list-style-type: none"> ▶ Initiation of preparation for BNM Climate Risk Stress Testing (CRST) ▶ Introduction of SDG-aligned financing guidelines including green/climate eligibility | | <ul style="list-style-type: none"> ▶ Developed sectoral targets and strategies for two high-emitting sectors |

Advancing the Net Zero Transition

Climate change has become a defining financial and strategic consideration for financial institutions, with direct implications for portfolio resilience, asset quality and long-term value creation. As physical climate risks intensify and the transition to a low-carbon economy accelerates, there is an increasing expectation for financial institutions to manage climate-related risks with discipline while actively directing capital towards sustainable and transition-aligned activities.

Bank Islam's approach to climate management is grounded in its Shariah principles and VBI philosophy, which have long embedded environmental and ethical considerations into our business and financing practices. Even prior to the introduction of formal climate-related regulatory requirements, these principles guided responsible decision-making and the avoidance of disproportionate harm to the environment and society. As climate expectations evolved, we progressively strengthened our governance, risk management and strategic alignment with BNM's climate frameworks, reinforcing climate considerations across our operations and decision-making.

Under our SSR, two of our Sustainability Commitments (SC1 and SC3) address the interconnected dimensions of climate risk and climate impact. Sustainability Commitment 1 (SC1) focuses on managing and progressively reducing exposure to high sustainability risk sectors through financed emissions assessment, sector prioritisation and transition planning. Sustainability Commitment 3 (SC3) focuses on reducing our direct environmental footprint, guiding actions to achieve carbon-neutral operations by 2030 and net-zero emissions by 2050. Together, SC1 and SC3 provide an integrated framework to manage climate-related risks, support client transition and advance operational decarbonisation.

Climate-related Commitments

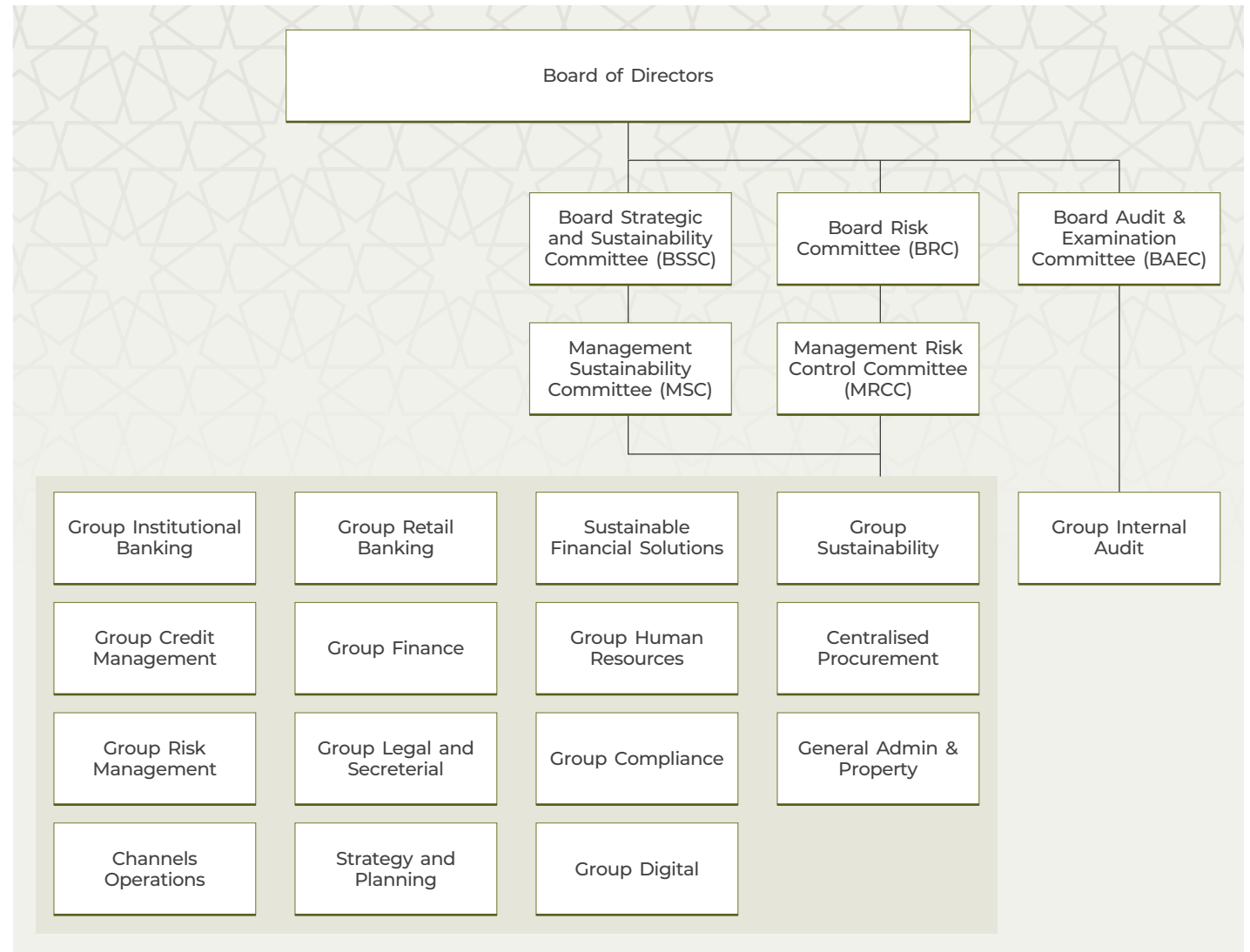
- › Mitigate Exposure to High Risk Sectors
- › Achieve a Carbon Neutral Position in Operational Conduct by 2030
- › Achieve Net Zero by 2050

Climate management is a continuous journey. In the years leading up to 2025, we established a strong foundation by embedding climate oversight into governance, and strategy, institutionalising key frameworks such as the Group Climate Risk Management Framework, and strengthening data, tools and internal capabilities. Building on this foundation, 2025 marked the transition to the next phase of our climate journey with the establishment of our Climate Transition Plan, providing a clear roadmap for delivering measurable progress across portfolio transition, climate and transition finance, and operational emissions reduction.

Governance

Sustainability and climate governance at Bank Islam has evolved progressively in response to growing stakeholder expectations, regulatory developments and the increasing financial relevance of climate-related risks and opportunities. The Group Sustainability Governance Structure (SGS) was established to provide clear oversight, accountability and escalation across Board, Management and operational levels, and continues to be enhanced to support strategic execution of our sustainability and climate commitments.

Climate-related considerations were embedded into the SGS as climate risks became increasingly material to portfolio resilience, regulatory compliance and long-term value creation. Presently, sustainability and climate governance is integrated across the Board, Management and the 3LODs, enabling consistent oversight, risk management and decision-making aligned with Shariah principles VBI and regulatory expectations.



Governance

Role of the Board, Management and its Committees

The Board of Directors (BOD) provides ultimate oversight of the Group's sustainability and climate agenda, ensuring that climate-related risks and opportunities are appropriately considered in strategic planning, risk appetite setting and major financing and investment decisions. The Board acts as a critical check-and-balance mechanism, overseeing progress against sustainability commitments, transition pathways and Net Zero ambitions, while safeguarding long-term value creation and stakeholder trust.


The Board Strategic and Sustainability Committee (BSSC) oversees the development and implementation of the Group's sustainability strategy, including climate-related priorities. It provides strategic oversight on sustainability commitments, transition planning, and progress against climate targets, ensuring alignment with Shariah principles, VBI and national sustainability priorities. The Board Risk Committee (BRC) oversees the effective management of all risks impacting the Group, including sustainability and climate-related risks. To ensure clarity and avoid duplication, the BSSC focuses on strategic direction, sustainability opportunities, and performance, while the BRC focuses on the management of climate-related risks.

The Board considers sustainability-related risks and opportunities through strategic planning, including the Group's new five-year plan roadmap and transition pathways for high-risk sectors, major financing and investment decisions, particularly:

- 01 Those involving carbon-intensive sectors or long-term transition exposure
- 02 Risk appetite setting
- 03 Review of the Climate Transition Plan, financed emissions baselining and exposure-management strategies

The Board Audit and Examination Committee (BAEC) oversees sustainability and climate-related audit and assurance matters. This includes reviewing audit scopes, monitoring material control lapses, ensuring timely remediation of findings, and assessing the independence and effectiveness of external auditors in relation to sustainability-related engagements.


Supporting the Board, the Management Sustainability Committee (MSC) is responsible for executing the Group's sustainability and climate strategy, translating Board direction into actionable plans, targets and initiatives. It oversees implementation of all the Group's climate-related initiatives including the Climate Transition Plan, sustainability commitments and related performance metrics. The Management Risk Control Committee (MRCC) oversees the effective management of climate-related risks across the Group, ensuring alignment with regulatory requirements including CCPT, CRMSA and CRST, and supporting consistent application across business and risk functions. Management oversight is supported by continuous upskilling and targeted training for key functions involved in climate risk management, sustainable finance and regulatory implementation.

 For more information on our Sustainability Governance and our Sustainability Governance Chart, refer to page 22 of this report and page 131 of our Integrated Annual Report 2025.

Governance


Board Composition and Climate Capability

Established in 2021, the BSSC comprises selected members of the Board with diverse skills, experiences, and backgrounds. The Committee is tasked with overseeing, supervising, and monitoring the implementation of key strategic and sustainability initiatives, including climate-related opportunities as well as any corporate exercises involving the Group and its subsidiaries.

 For more details on the roles and responsibilities of the BSSC, please visit: bankislam.com

Our Board Strategic and Sustainability Committee

The Board Strategic and Sustainability Committee (BSSC) comprises four (4) members, namely Datuk Nik Mohd Hasyudeen Yusoff, who serves as the Chairman, and Puan Mashitah Haji Osman, Dato' Seri Professor Dr. Noor Inayah Ya'akub, and Encik Mohd Yuzaidi Mohd Yusoff as members of the Committee.

 Further details on the profiles of the BSSC members are available in the Integrated Annual Report 2025, pages 149, 150, 151, and 153.


Led by Datuk Nik Mohd Hasyudeen Yusoff, the BSSC provides strategic oversight of Bank Islam's sustainability and climate agenda, ensuring that climate-related risks and opportunities are integrated into Board deliberations and long-term strategic planning. Datuk Nik Mohd Hasyudeen Yusoff brings extensive leadership experience across finance, governance and risk oversight, including executive and board roles in financial institutions and regulatory bodies, strengthening the Committee's ability to guide climate strategy formulation, transition planning and sustainability performance monitoring.

Puan Mashitah Haji Osman, an Independent Non-Executive Director with a background in corporate and corporate investment banking, contributes valuable insight into enterprise risk considerations and strategic oversight, helping shape sustainability and climate governance from a business-and-risk perspective.

Dato' Seri Professor Dr Noor Inayah Ya'akub, appointed to the Board in April 2023, brings Shariah and legal expertise that supports the Committee's deliberations on governance, ethical considerations and regulatory alignment, enriching the Board's capability to oversee complex sustainability and climate matters affecting long-term institutional resilience and stakeholder trust.

Encik Mohd Yuzaidi Mohd Yusoff, an Independent Non-Executive Director with expertise in strategic planning and business process management, provides a strong perspective that enhances Board-level scrutiny of risk management, governance processes, and strategic alignment. Collectively, these complementary perspectives strengthen the Board's ability to oversee complex sustainability and climate-related matters, supporting long-term institutional resilience and sustained stakeholder confidence.

Each Board member also serves on and/or chairs other Board Committees, including the Board Audit and Examination Committee, Board Risk Committee, Board Information Technology Committee, Board Financing Review Committee, and Board Nomination and Remuneration Committee strengthening integrated oversight and enabling cohesive decision-making across governance, risk, and sustainability matters.

 Further details on Board composition, committee memberships, and roles are available in the Integrated Annual Report 2025, pages 144, 145, 146, and 168.

Governance

Training

To ensure effective oversight of sustainability and climate-related matters, the Board undertook targeted training and continuous professional development throughout 2025. These programmes focused on emerging climate and nature-related priorities, climate risk governance, sustainability-linked strategy and decision-making, regulatory expectations, and the role of boards in steering long-term transition and resilience. Collectively, these engagements strengthened the Board’s ability to exercise informed oversight over climate-related risks and opportunities, support strategic transition planning, and guide sustainability integration across the Group in line with regulatory developments and international best practices.

| Focus Area | Selected Programmes |
|--|---|
| Climate Risk & Strategy | <ul style="list-style-type: none"> ▶ Global Insights and Strategic Leadership in Climate Risk (February 2025) |
| Climate & Nature Risk | <ul style="list-style-type: none"> ▶ Emerging Climate and Nature Priorities (April 2025) |
| Capital Markets & Sustainable Finance | <ul style="list-style-type: none"> ▶ ASEAN Investment Conference by Securities Commission (May 2025) |
| Reporting, Assurance & Governance | <ul style="list-style-type: none"> ▶ ACCA Virtual Conference 2025 (April 2025) ▶ MIA Conference 2025 (May 2025) |
| Board-Level Sustainability Decision-Making | <ul style="list-style-type: none"> ▶ PETRONAS Board Conversation Series – Sustainability & Investment Decisions (September 2025) |
| Board Leadership & Impact | <ul style="list-style-type: none"> ▶ Driving Sustainable Leadership: Empowering Boards for Lasting Impact by ICDM |
| Regulatory & Institutional Perspectives | <ul style="list-style-type: none"> ▶ Future of Sustainability in Bank Islam (November 2025) |

Sustainability-Linked Key Performance Indicators

To reinforce accountability, sustainability and climate-related targets are embedded into Management scorecards and performance assessments. These include all the sustainability commitments, implementation milestones under CCPT, CRMSA and the Climate Transition Plan, and performances against these targets, with increasing linkage to remuneration for senior management roles accountable for delivery.

Governance

Oversight of Climate-Related Matters in 2025

Climate and sustainability matters were tabled and deliberated across Board and Management governance forums throughout 2025, reflecting their integration into strategic oversight, risk management and operational decision-making. Discussions covered climate-related risks and opportunities, progress against Net Zero and carbon neutrality commitments, regulatory developments, transition planning, financed emissions, and sustainability performance, with matters escalated and reviewed at the appropriate governance levels to ensure informed oversight and timely action.

| | Meeting Frequency* | Number of Meetings** |
|--|--------------------|---|
| Board of Directors | Bi-monthly | 4 meetings |
| Board Strategic and Sustainability Committee (BSSC) | Bi-monthly | 4 meetings |
| Board Risk Committee (BRC) | Bi-monthly | 4 meetings |
| Management Sustainability Committee (MSC) | Quarterly | 5 physical meetings and 10 circular resolutions |
| Management Risk Control Committee (MRCC) | Monthly | 4 meetings |

* As per requirement under the TOR.

** Refers to the number of meetings held throughout the year where sustainability/climate-related matters were discussed.

Governance

Three Lines of Defence (3LOD) Model

Bank Islam has established a clear sustainability and climate governance structure with defined areas of accountability across the Three Lines of Defence (3LOD), embedded within the Group Sustainability Policy and the Group Climate Risk Management Framework (GCRMF). Under the Climate Transition Plan, the Group has further strengthened this governance model to support its net zero and carbon-neutral ambitions, including expanded 3LOD roles, enhanced data governance, and stronger accountability mechanisms to advance transition finance, financed emissions management and operational decarbonisation.

1st line of Defence

Roles and Responsibilities Defined under Group Sustainability Policy and the Group Climate Risk Management Framework

The first line of defence (1LOD) in the Group lies with its business and support units (BU/SU), they are the Risk Owners or Risk-Taking Units whose role is to identify and manage climate-related risks associated with their day-to-day operations as well as responsible for initial due diligence of clients to identify, assess and monitor any climate-related and environmental risks arising from client relationships.

The 1LODs are also responsible for daily compliance management. They are expected to comply with climate-related internal policies, procedures, laws and regulations.

Additional Roles and Responsibilities Embedded as part of the Climate Transition Plan

- **Group Institutional Banking**
Engages with customers/investees (Phase 1: Corporate & Commercial), assess their climate risk profiles, and implements sector decarbonisation and sustainable finance strategies.
- **Group Retail Banking**
Engages with customers/investees (Phase 2: SME), assesses their climate risk profiles, and implements sector decarbonisation and sustainable finance strategies.
- **Group Human Resources**
Collects and computes Scope 3 business travel and employee commuting emissions data.
- **Centralised Procurement**
Provides vendor contact information to the sustainability team to facilitate engagement and obtain climate-related data from vendors.
- **Channels Operations**
Supports the implementation of climate-related operational initiatives across branches and delivery channels.
- **Group Digital**
Collects and computes operational emissions data and implements carbon-neutral internal operations commitments under the CTP.
- **General Admin & Property**
Implements carbon-neutral internal operations initiatives, including facilities- and property-related emissions reduction measures.

Governance

2nd line of Defence

Roles and Responsibilities Defined under Group Sustainability Policy and the Group Climate Risk Management Framework

The second line of defence (2LOD) is provided by the Group's independent risk management and compliance functions. The risk management function undertakes climate-related risk assessments and monitoring, independent of the first line of defence. The compliance function entails ensuring adherence to applicable laws, regulations and internal policies.

The 2LODs are responsible for providing effective risk and compliance oversight and guidance over climate-related risk management and internal controls with the support of complementing functions.

Additional Roles and Responsibilities Embedded as part of the Climate Transition Plan

- **Group Sustainability**
Leads Climate Transition Plan (CTP) development, performance monitoring, and reporting. Reviews financed emissions calculation approaches, sustainable finance targets, and sectoral decarbonisation strategies. Develops Scope 1, Scope 2, and Scope 3 (excluding financed emissions) emissions methodologies, decarbonisation targets, and strategies.
- **Group Finance**
Tracks the financial performance of the CTP and leads and coordinates the budgeting process, including climate-related initiatives.
- **Group Human Resources**
Supports skills and knowledge gap assessments and capacity building, and embeds employees' climate-related KPIs into performance management and remuneration frameworks.
- **Group Legal and Secretarial**
Assists in identifying training needs for the Board and assists in setting the Board's climate-related KPIs.
- **Group Risk Management**
Oversees non-credit climate-related risk assessments and portfolio-level assessments through Climate Risk Stress Testing (CRST), including assessment of capital implications. Oversees the integration of climate-related risks into the risk governance and enterprise risk management framework, ensuring alignment with regulatory requirements and the Bank's risk appetite.
- **Group Credit Management**
Comments on sustainability product designs and integrates climate considerations into credit and investment policies.
- **Group Compliance**
Oversees the implementation of the CTP across governance, methodology, and compliance matters to ensure continuous compliance with regulatory requirements.
- **Strategy and Planning**
Assists in setting corporate climate-related KPIs as recommended by the Group Sustainability Division.

Governance

3rd line of Defence

Roles and Responsibilities Defined under Group Sustainability Policy and the Group Climate Risk Management Framework

The third line of defence (3LOD) is provided by the independent Group Internal Audit Division. This function provides independent review and objective assurance of the quality and effectiveness of the overall internal control framework and systems, the first and second lines of defence and the risk governance framework considering changes in methodology, business and risk profile, as well as the quality of underlying data.

Additional Roles and Responsibilities Embedded as part of the Climate Transition Plan

Group Internal Audit

Provides independent assurance on ESG-related governance, risks, controls, and metrics, and provides advisory support on internal controls for ESG reporting.

Note: Bank Islam's climate governance may be subject to further updates and enhancements as industry expectations and regulatory requirements continue to develop and as we expand on our climate initiatives.



Our Climate Action Strategy

Climate change has become a defining factor in how Bank Islam assesses risk, allocates capital and positions itself for long-term resilience. Climate-related risks and opportunities are therefore considered at the highest levels of strategic planning and decision-making, reflecting their growing implications for financial performance, portfolio quality and stakeholder confidence.

Bank Islam integrates sustainability and climate-related considerations into the Group's five-year strategic roadmap, sectoral transition pathways. This oversight extends to significant financing and investment decisions, particularly those exposed to carbon-intensive activities, environmentally sensitive sectors and long-term transition risks. Environmental considerations are embedded within relevant credit policies, supported by the Board's review of the CTP, financed emissions baselining and exposure management strategies. Climate-related risks are prioritised due to their regulatory significance, clearer linkages to financial performance and their potential to affect long-term portfolio resilience.



For more information on sustainability-related risks and opportunities, refer to pages 128 to 141 of this report.

Navigating Strategic Trade-offs

The Board recognises that integrating climate and sustainability considerations involves balancing long-term objectives with near-term financial and risk constraints. Key trade-offs considered include:

Prioritising long-term resilience and alignment with national transition goals, despite higher short-term costs for systems, training, and data quality investments

Expanding Sustainable, Climate and Transition Finance offerings, while maintaining portfolio quality and credit discipline

Balancing operational cost optimisation with the upfront investments required for renewable energy, energy efficiency, and digitalisation

Balancing social impact outcomes, including SME support and microfinance, with credit risk considerations in the design of inclusion and entrepreneurship programmes

Our Climate Action Strategy

Our Climate Transition Plan

Our Commitment and Climate Ambition

We are committed to achieve net zero carbon emissions by 2050. In pursuit of this goal, we have undertaken a range of strategic initiatives, supported by a broad portfolio of sustainability-related commitments. The commitments are as follows:



In support of delivering on our commitments, we have developed its Climate Transition Plan (CTP) during the current financial year. The CTP represents a key milestone in our sustainability journey, providing a structured and forward-looking roadmap to align our strategy, operations, and financing activities across all operations with climate science and Malaysia's transition toward a low-carbon economy.

In developing the CTP, we have also ensured to lay out clear distinctions and criteria for climate and transition finance to ensure that our stakeholders are informed on our stance on climate transition financing. The CTP also provides a structured, forward-looking framework to guide our transition toward a low-carbon economy in a manner that is prudent, credible, and value-accretive.

The CTP is driven by four key considerations:

Strengthening the management of climate-related physical and transition risks across our portfolios

Aligning with regulatory and supervisory expectations, including Bank Negara Malaysia requirements and IFRS S2 disclosures

Responding to growing investor and customer demand for transparent, forward-looking transition strategies

Ensuring we remain competitive and future-ready as the financial sector advances toward net-zero objectives

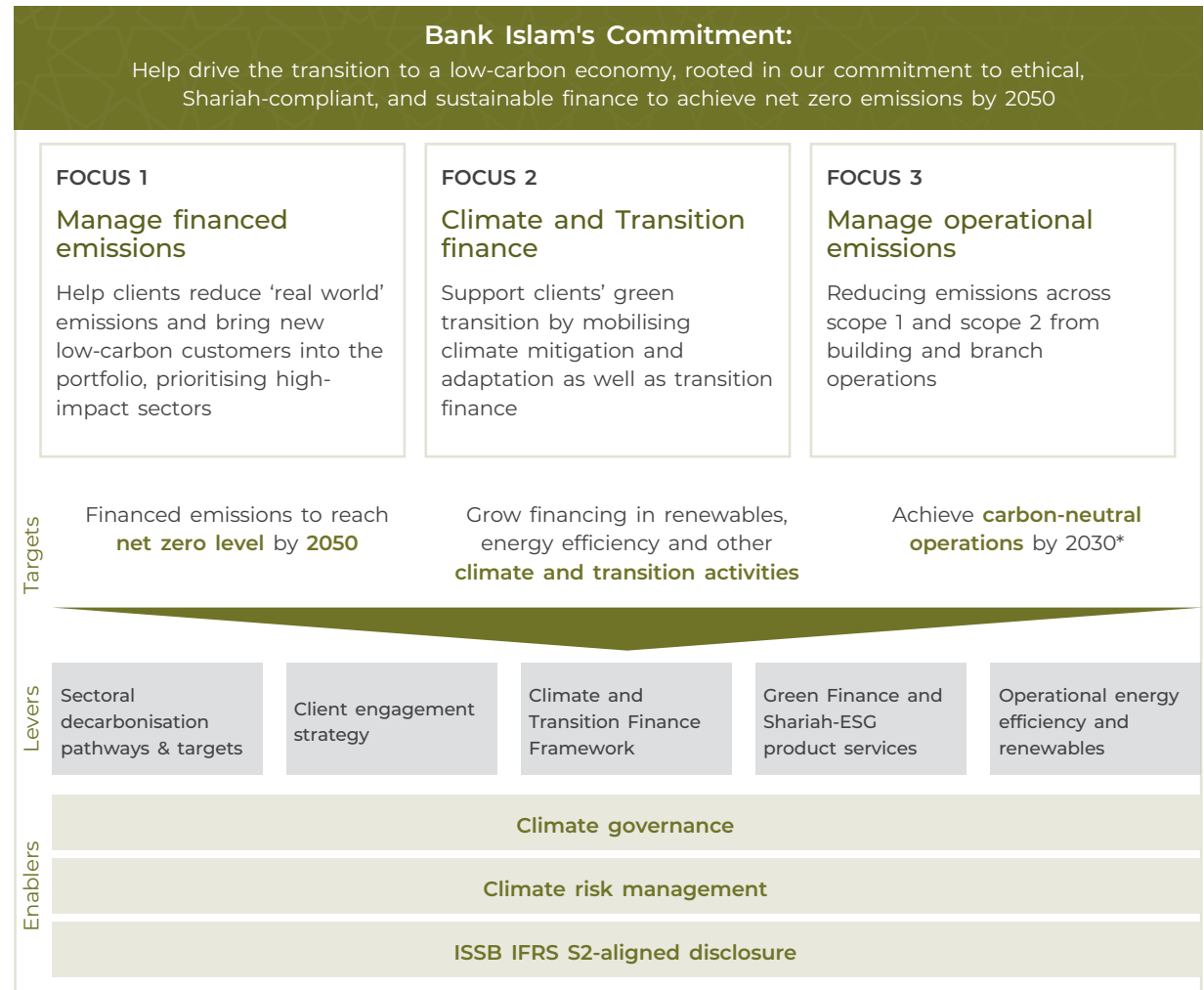
Our Climate Action Strategy

Our CTP is anchored in our overarching commitment to support a low-carbon economy through ethical, Shariah-compliant, and sustainable finance. The CTP sets a clear pathway toward achieving carbon-neutral operations by 2030 and net-zero greenhouse gas emissions by 2050. The CTP has been developed in reference to leading international and domestic frameworks, including the Transition Plan Taskforce disclosure framework (TPT), as well as supervisory guidance issued by Bank Negara Malaysia, including the Climate Risk Management and Scenario Analysis framework (CRMSA), Climate Risk Stress Testing methodology paper (CRST), and the Climate Change and Principle-based Taxonomy (CCPT). These frameworks inform the structure, ambition, and implementation approach of the Plan, and ensure consistency with evolving regulatory and supervisory expectations.

The CTP is structured around three strategic focus areas that guide how we mobilise capital, manages both financed and operational emissions, and supports clients in their transition journeys. Each focus area is supported by defined targets and operationalised through five key levers that collectively shape our financing strategy, sectoral transition pathways, client engagement approach, management of operational emissions, and development of climate-related and transition finance solutions.

Effective implementation of the CTP is underpinned by three core enablers. These comprise strengthened climate governance and oversight, enhanced environmental, social, and

climate risk management practices, and alignment with the IFRS S2 climate-related disclosure requirements. Together, these enablers provide the institutional foundations necessary to support consistent execution, transparency, and accountability as we advance our transition strategy over time. The diagram below illustrates the overall structure of the CTP, including its strategic focus areas, targets, implementation levers, and enabling mechanisms.



*Includes the purchase of carbon credits

Our Climate Action Strategy

Key Assumptions and Dependencies

In developing its Climate Transition Plan, we rely on a set of policy, regulatory, market, technology, and data-related assumptions that influence the feasibility, sequencing, and timing of its climate ambition. These assumptions are guided by national commitments, including Malaysia's Net Zero by 2050 aspiration and the energy transition objectives set out under the National Energy Transition Roadmap, which include a targeted seventy percent renewable energy share in the national electricity mix by 2050 and the phase-out of new coal-fired power generation. Together, these national signals inform the expected decarbonisation trajectory of power-sector counterparties and, more broadly, the evolution of our financing portfolio.

The CTP assumes continued strengthening of supervisory and regulatory expectations, including those under Bank Negara Malaysia's CRMSA, CRST, and CCPT. These frameworks shape the way we set targets, develop sectoral pathways, and structure its climate-related disclosures. We expect these requirements to evolve over time and to further align with international disclosure and transition-planning guidance, including the IFRS S2 and TPT framework.

Our target-setting and pathway development approach also depends on the availability and continued use of credible global and sector-specific reference scenarios. These include the International Energy Agency Net Zero Emissions by 2050 Scenario, the Carbon Risk Real Estate Monitor (CRREM) pathway framework for the built environment, and sector-specific transition references such as the Malaysian Power Sector Transition Study and the Pegasus Guidelines. These scenarios and models are used as benchmark references to inform sectoral decarbonisation expectations across priority sectors, including power generation and commercial real estate, while recognising that client-level transition pathways may vary in pace and design.

The CTP further assumes progressive market and technology developments, including accelerated deployment of renewable energy, expansion of electric mobility, and increasing commercial viability of lower-carbon solutions such as energy-efficient buildings, sustainable aviation fuels, and grid optimisation technologies. These developments are expected to support clients' ability to transition over time in line with scenario-aligned trajectories.

Execution of the CTP is dependent on improvements in data availability and quality, particularly for financed emissions across priority sectors. Current limitations include incomplete counterparty disclosures, low data-quality scores under the Partnership for Carbon Accounting Financials (PCAF) methodology, and reliance on estimated or proxy values for physical or production-based emissions intensity metrics. The Plan CTP assumes that data quality will improve progressively through enhanced client engagement, regulatory reporting requirements, and wider industry adoption of consistent emissions disclosure practices.

In addition, the CTP assumes an orderly macroeconomic transition in which demand for renewable energy, energy efficiency, and transition-related financing grows in parallel with national policy implementation. This is expected to enable us to scale its transition finance offerings over time and to progressively steer portfolio exposures toward lower-carbon and more resilient activities.

Collectively, these assumptions underpin our ability to set credible short-, medium-, and long-term climate targets, to sequence transition actions in a realistic manner, and to remain adaptive to evolving policy signals, technological maturity, and data robustness as it progresses toward its long-term net zero ambition.

Our Climate Action Strategy

Lever 1: Sectoral Decarbonisation Pathway & Targets

We are strengthening our measurement of financed emissions as a core metric to assess portfolio-level climate exposure and transition progress. Financed emissions data is used to identify priority sectors, inform scenario analysis, and support the development of sectoral pathways and client engagement strategies. As methodologies and data availability improve, we expect to enhance coverage, accuracy, and use of these metrics over time.

Financed Emissions Inventory

In 2025, we commenced the calculation of Scope 3 Category 15 'Investment', which represents greenhouse gas (GHG) emissions associated with downstream activities, including customers financed through lending and investment operations. The calculation follows the Partnership for Carbon Accounting Financials (PCAF) Standard, Second Edition (2022), which defines and develops greenhouse gas accounting standards for financial institutions.

We calculated the financed emissions using PCAF's attribution methodology, which allocates a proportion of a counterparty's emissions based on the level of financing or investment provided. The calculation includes exposures across our operational markets and business segments, namely Consumer, Corporate, Commercial, SME financing, and Treasury activities.

Summary of Financed Emissions by Asset Class and Sectors

In 2025, our calculation includes all seven PCAF asset classes, covering 98% of the total portfolio. The computation result shows that total financed emissions amounted to 1.33 million tCO₂e, representing 99% of our overall GHG emissions. This figure will serve as the baseline for future target-setting.

Financed emissions are calculated using the most recent available client emissions and financial data at the time of reporting. Due to the inherent timing of client disclosures, there is typically a lag between the reporting year and the availability of underlying data.

For this disclosure, financed emissions are primarily calculated using 2024 client emissions and financial data based on our 2024 portfolio. Where primary data is not available, proxy data and estimation methodologies are applied in accordance with the PCAF Standard to ensure completeness and consistency of reporting.

Financed emissions

$$= \frac{\text{Outstanding Balance of Loan}}{\text{Value of counterparty company or project}} \times \text{Annual GHG emissions of company or project}$$

Our Climate Action Strategy

The table below summarises financed emissions by asset class, including total outstanding exposure, emissions intensity, and data quality scores. Sovereign debt accounted for the largest share, contributing 529,246 tCO₂e or 40% of total financed emissions. Residential mortgages followed with 357,064 tCO₂e, representing 27%. Business loans and project finance also contributed significantly, reflecting the carbon intensity of the underlying sectors.

| PCAF Asset Class | Total Outstanding (RM'mil) | Calculated (%) | Financed Emissions Scope 1+2 (tCO ₂ e) | Emissions Intensity (tCO ₂ e/ RM mil Assets) | Data Quality Score | Counterparty Scope 3 (tCO ₂ e) |
|--------------------------------------|-------------------------------|-------------------|---|---|--------------------|---|
| Mortgages | 29,067 | 99% | 357,064 | 12 | 5.0 | N/A |
| Motor Vehicle Loans | 2,398 | 100% | 116,078 | 48 | 2.2 | N/A |
| Sovereign Debt | 8,885 | 100% | 529,246 | 60 | 1.0 | N/A |
| Listed Equity and Corporate Bonds | 10,775 | 100% | 85,803 | 8 | 4.2 | 144,661 |
| Commercial Real Estate | 2,378 | 55% | 50,777 | 39 | 5.0 | N/A |
| Business Loans | 11,960 | 100% | 154,522 | 13 | 5.0 | 183,325 (GIB) |
| Project Finance | 1,753 | 100% | 36,204 | 21 | 4.9 | 32,210 (GIB) |
| Total | 67,216 | 98% | 1,329,694 | 20 | 4.2 | 360,195 |

Further analysis by sector highlights that emissions are concentrated in electricity, gas, steam and air conditioning supply, which contributed 71,001 tCO₂e, and mining and quarrying, which accounted for 60,896 tCO₂e. Residential mortgage, transportation and storage, commercial real estate, and wholesale and retail trade also represent notable contributors, indicating the need for targeted engagement with high-emission sectors.

Our Climate Action Strategy

| Sector | Total Outstanding (RM'mil) | Calculated (%) | Financed Emissions Scope 1+2 (tCO ₂ e) | Emissions Intensity (tCO ₂ e/ RM mil Assets) | Data Quality Score | Counterparty Scope 3 (tCO ₂ e) |
|---|----------------------------|----------------|---|---|--------------------|---|
| Residential mortgages | 29,067 | 99% | 357,064 | 12.4 | 5.00 | N/A |
| Electricity, gas, steam and air conditioning supply | 2,328 | 100% | 71,001 | 33.7 | 4.35 | 44,402 |
| Mining and quarrying | 251 | 100% | 60,896 | 242.8 | 5.00 | 9,630 |
| Transportation and storage | 2,291 | 100% | 60,668 | 26.5 | 4.47 | 25,205 |
| Commercial real estate | 2,378 | 55% | 50,777 | 39.1 | 5.00 | 0 |
| Wholesale, retail and trade, repair of motorcycles and motor vehicles | 867 | 100% | 37,646 | 43.4 | 5.00 | 11,053 |
| Water supply: sewage treatment, Waste management and remediation | 1,929 | 100% | 24,002 | 12.4 | 4.83 | 11,228 |
| Manufacturing | 664 | 100% | 18,523 | 27.9 | 4.75 | 111,201 |
| Information And Communication | 1,145 | 100% | 16,366 | 14.3 | 4.63 | 18,179 |
| Financial And Insurance/Takaful Activities | 9,391 | 100% | 7,332 | 0.8 | 4.60 | 40,290 |
| Construction | 2,376 | 100% | 6,997 | 2.9 | 4.80 | 31,178 |
| Other (15 sections accounting for less than 2% of emissions) | 3,487 | 100% | 6,575 | 1.9 | 4.70 | 52,925 |
| Total | 27,107 | 96% | 360,784 | 13.9 | 4.66 | 355,290 |

Overall, the financed emissions profile underscores the material impact of sovereign debt and mortgages within the portfolio, as well as sectoral exposure to carbon-intensive industries. These insights will inform our decarbonisation strategy, including priority areas for emissions reduction and engagement with counterparties to improve data quality and transition readiness.

Our Climate Action Strategy

Calculation Approach and Data Limitation

We calculate financed emissions in accordance with the PCAF methodology, applying the recommended formula and attribution factors. In instances where actual emissions data from counterparties is not available, sectoral and sub-sector proxies are used in line with PCAF guidance to ensure consistency and comparability.

Current limitations primarily relate to the lack of granular emissions data from customers and investees, as well as reliance on estimated values and proxy data for certain sectors. Recognising these challenges, we are committed to enhancing its approach by strengthening data collection processes to obtain actual emissions data from customers and investees, refining estimation methodologies to improve accuracy, and continuously improving data quality scores.

In addition, we will develop a recalculation protocol and establish significance thresholds to maintain consistency and comparability of baseline emissions over time, in alignment with the GHG Protocol and PCAF standards.

Sectorial Decarbonisation Pathway

Our transition ambition is to progressively align its financing portfolio with credible sectoral transition pathways, in line with national climate goals and supervisory guidance. We adopt a phased approach that prioritises data readiness, portfolio diagnostics, and client engagement, recognising that transition pathways will differ across sectors and counterparties.

Target Setting Approach

Building on the analysis of financed emissions by asset class and sector, our target-setting process is structured around four key steps: reviewing the financed emissions baseline, analysing emissions by subsector, assessing relevant decarbonisation scenarios, and applying an appropriate decarbonisation pathway to the portfolio. Financed emissions calculations serve as a critical foundation for identifying the baseline and determining priority sectors for decarbonisation.

In line with the Science Based Targets initiative (SBTi) guidelines, sovereign debt and motor

vehicle loans are excluded from the scope of target setting. Analysis of our financed emissions indicates that five sectors account for approximately 85% of corporate financing emissions. The electricity, gas, steam, and air conditioning supply sector represents the largest. Other significant contributors include mining and quarrying, transportation and storage, commercial real estate, and wholesale and retail trade. To ensure comprehensive coverage, residential mortgages and the water supply sector have also been included, bringing the total to seven prioritised sectors, which collectively represent 89% of financed emissions.

Sector Sectoral Description



Residential mortgages

Bank financing for the purchase or refinancing of residential real estate that is operated by its consumer clients.



Commercial real estate

Bank financing for the purchase or refinancing of commercial real estate that is operated by its clients.



Electricity, gas, steam and air conditioning supply (Power)

Includes the activity of providing electric power, natural gas, steam, hot water and the like through a permanent infrastructure (network) of lines, mains and pipes. Also included is the provision of steam and air-conditioning supply.



Wholesale, retail and trade, repair of motorcycles and motor vehicles

Includes wholesale and retail sale (i.e. sale without transformation) of any type of goods, and rendering services incidental to the sale of merchandise.



Mining and quarrying

Include the extraction of minerals occurring naturally as solids (coal and ores), liquids (petroleum) or gases (natural gas).



Water supply of sewage treatment and Waste management and remediation

Includes activities related to the management (including collection, treatment and disposal) of various forms of waste, such as solid or non-solid industrial or household waste, as well as contaminated sites.



Transportation and storage

Includes the provision of passenger or freight transport, whether scheduled or not, by rail, pipeline, road, water or air and associated activities such as terminal and parking facilities, cargo handling, storage, etc.

Our Climate Action Strategy

Identification and Prioritisation of Priority Sectors

During 2025, Bank Islam has undertaken a structured assessment to identify high-emitting sectors within its financing portfolio, recognising that a targeted sectoral approach is critical to delivering a credible and effective climate transition strategy. The identification process is anchored on the Bank’s financed emissions profile and informed by international best practices for climate transition planning in the financial sector.

Through this assessment, sectors contributing disproportionately to the Bank’s financed emissions were identified as priority sectors. In addition to emissions contribution, qualitative considerations were applied, including sectoral relevance to Malaysia’s national decarbonisation agenda, availability of credible transition pathways, data maturity, and the Bank’s ability to influence client transition outcomes through financing and engagement.

Sectoral targets were developed for the Electricity, gas, steam and air conditioning supply (Power Generation) and commercial real estate (CRE) sector in 2025. These sectors were prioritised due to their significant contribution to Bank Islam’s financed emissions and their central role in supporting the broader economy’s decarbonisation pathway. Target-setting efforts will be expanded to additional sectors in the coming periods.

For each prioritised sector, we will progressively undertake detailed measurement, establish targets, and develop transition plans aligned with recognised climate pathways, in accordance with the designed roadmap below.

| Sector | Main Asset classes | 2025 | | Beyond 2026 | | | |
|--|---------------------------------|---|--------------------------|---|---|--------------------------|-------------------|
| Electricity, gas, steam and air conditioning supply | Business loans, Project Finance | Detailed measurement/ target setting | Develop transition plans | Report progress → | | | |
| Commercial real estate | Commercial Real Estate | | | | | | |
| Mining and quarrying | Business loans, Project Finance | | | Detailed measurement/ target setting | Develop transition plans | Report progress → | |
| Transportation and storage | Business loans | | | | | | |
| Residential mortgages | Residential mortgages | | | | Detailed measurement/ target setting | Develop transition plans | Report progress → |
| Manufacturing | Business loans | | | <i>Develop sectoral targets and transition plans when these sectors become material</i> | | | |
| Agriculture, forestry and fishing | Business loans | | | | | | |

Following sector prioritisation, the Group undertakes detailed research to understand the decarbonisation pathways applicable to each priority sector. This includes assessing how emissions reductions are expected to occur over time, the key technological and operational levers available within each sector, and the pace of transition implied under different climate scenarios.

For each priority sector, Bank Islam has developed sector-specific decarbonisation pathways that articulate how emissions are expected to decline over time, consistent with credible climate scenarios and national transition objectives. These pathways provide a structured reference for setting targets, assessing client alignment, and guiding financing decisions.

Our Climate Action Strategy

As part of our transition planning, we have assessed the appropriate level of decarbonisation ambition and the standards against which progress should be measured. Climate science indicates that limiting global warming to 1.5°C by the end of the century is necessary to avoid the most severe and irreversible climate impacts. However, global emissions trajectories based on current national commitments remain significantly above this level. Our target-setting process is guided by methodologies referenced by the Science Based Targets initiative (SBTi) and the Net-Zero Banking Alliance (NZBA). As part of this process, we identify suitable decarbonisation scenarios to establish sector-specific pathways. The selection of these pathways also takes into account relevant industry research and updates commonly adopted by peers.

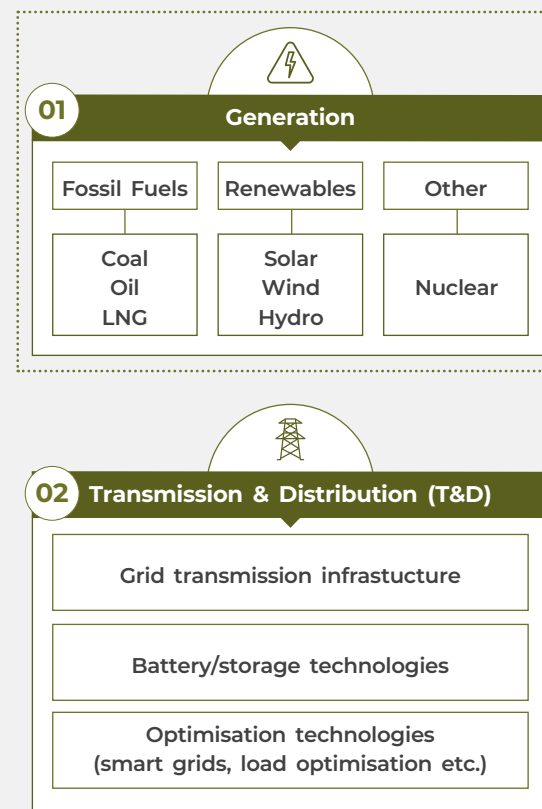
Based on this approach, the decarbonisation pathway for the power sector is aligned with scenarios published by the International Energy Agency (IEA), while the pathway for commercial real estate follows the Carbon Risk Real Estate Monitor (CRREM) framework.

Decarbonisation Pathway by Sector - Power Generation

The power generation sector is a priority sector under our CTP due to its material contribution to our financed emissions and its critical role in the broader economy-wide energy transition. During the reporting period, the power sector was the largest contributor to financed emissions, accounting for approximately 71,001 tonnes CO₂e. Given the carbon-intensive nature of thermal power generation, this sector is widely prioritised by financial institutions for decarbonisation, consistent with Bank Negara Malaysia's VBI framework.

For the purpose of target setting and pathway assessment, our decarbonisation pathway focuses on electricity generation activities, while transmission and distribution activities are excluded due to their indirect emissions profile. Our transition ambition for the power sector is informed by Malaysia's National Energy Transition Roadmap, which sets out national objectives including energy savings of 21% by 2040 and 22% by 2050. Alignment with these national targets provides a consistent reference for the development of sectoral pathways and the ongoing management of financed emissions within the power generation portfolio.

Power Sector Breakdown & Emission Intensity Focus:

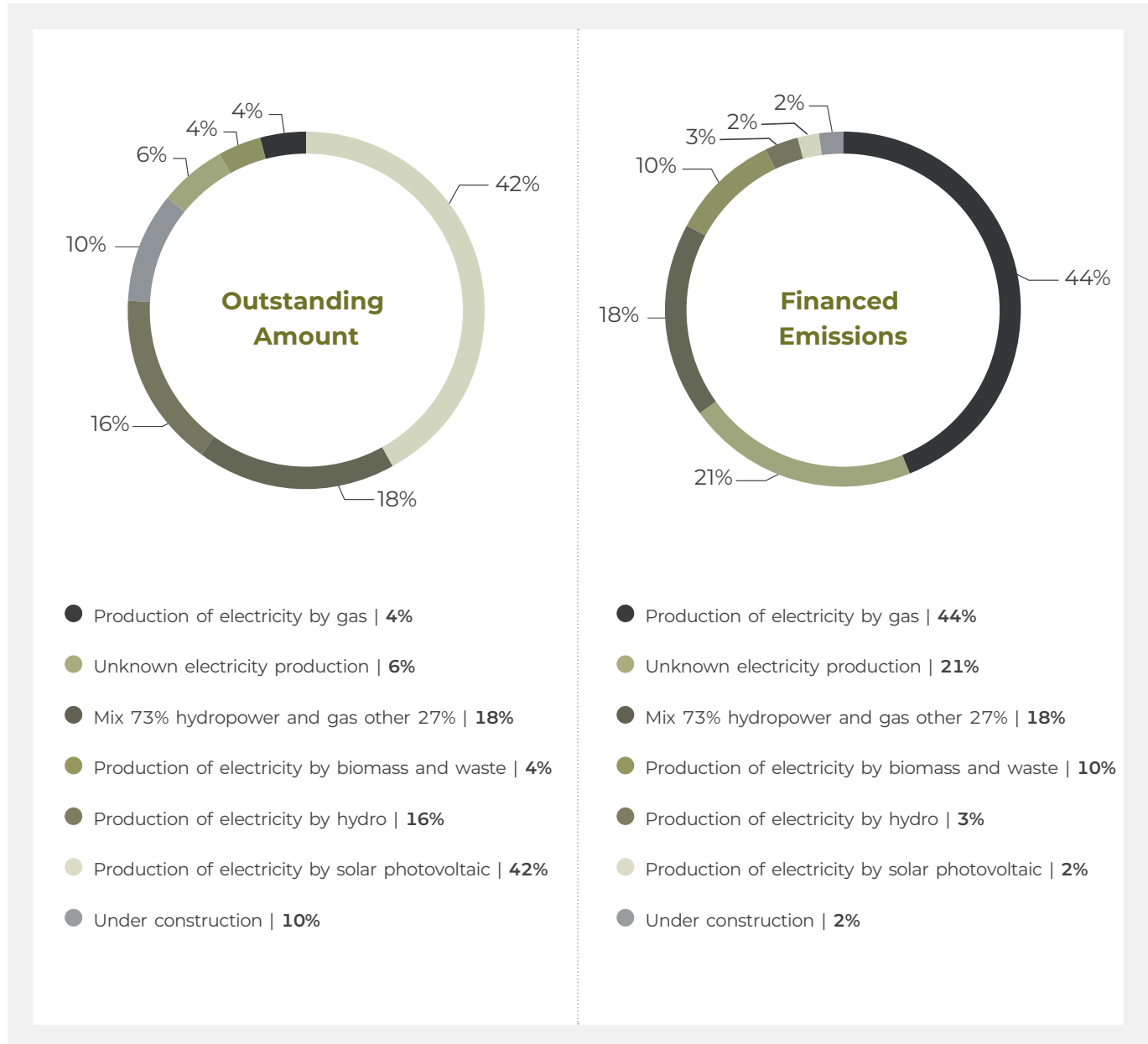


*For target setting purpose, **only Generation** would be included*

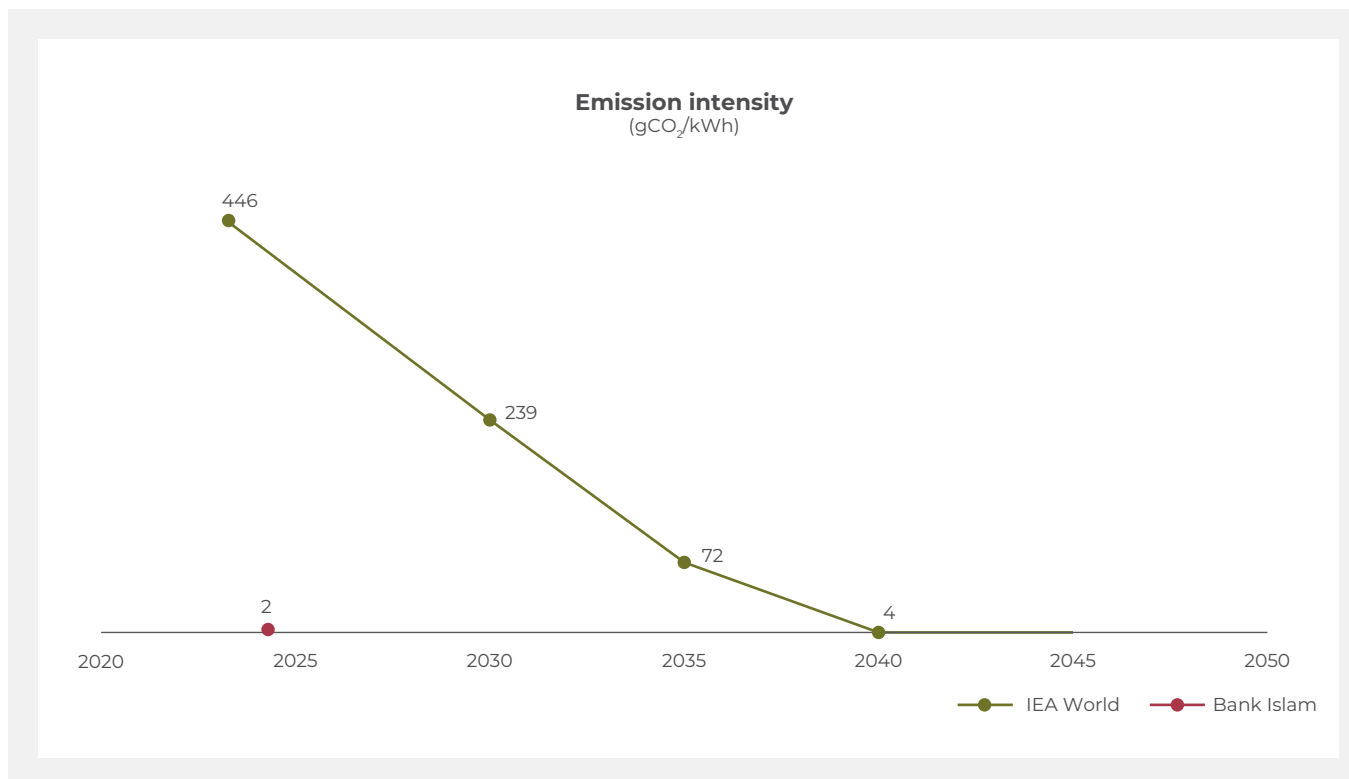
Our Climate Action Strategy

Our current financed emissions intensity for the power generation sector is low relative to global benchmarks. This is primarily driven by our significant exposure to renewable energy projects, particularly solar, hydro, and biomass generation. While a portion of the portfolio includes gas-fired and mixed or unspecified electricity generation, renewable energy assets contribute minimal emissions intensity on a per kilowatt-hour and per revenue basis, resulting in a portfolio-level intensity that is substantially moderated by the existing asset mix.

Based on the current assessment, our estimated emissions intensity for power generation financing is below the reference trajectory derived from the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario. This indicates that, at a portfolio level, our power sector exposure is already broadly aligned with a science-based global decarbonisation pathway. As a result, further reductions in emissions intensity for this sector are expected to be more incremental in nature and increasingly dependent on continued portfolio optimisation and data refinement rather than large-scale structural shifts.



Our Climate Action Strategy



* Estimated emissions intensity reflects only a limited subset of renewable projects; therefore, gas and other high-emission assets are not included, and values may understate actual portfolio intensity.

Bank Islam's Target Trajectories in the Power Sector (%)

| Reduction from Base Year (%) | 2024 | 2035 | 2040 | 2045 | 2050 |
|------------------------------|-----------|--------|--------|--------|---------------|
| IEA World Base Year | Base Year | -71.96 | -95.56 | -98.87 | -99.16 |

Renewable energy financing is already a strategic focus area for Bank Islam within the power sector and is expected to remain central to our approach going forward. The CTP therefore emphasises the continued scaling of Shariah-compliant renewable energy financing, alongside selective engagement with non-renewable or mixed-generation counterparties to support credible transition strategies where appropriate. Over time, this approach is expected to sustain the portfolio's low emissions intensity while contributing to national energy transition objectives and the gradual decarbonisation of the power sector.

We recognise that current emissions intensity estimates are subject to data limitations, particularly where counterparty-level generation profiles are incomplete or where proxy assumptions are applied. As data availability and quality improve through client engagement and enhanced disclosure practices, we will continue to refine its power sector pathway assessment to ensure ongoing alignment with credible reference scenarios and supervisory expectations.

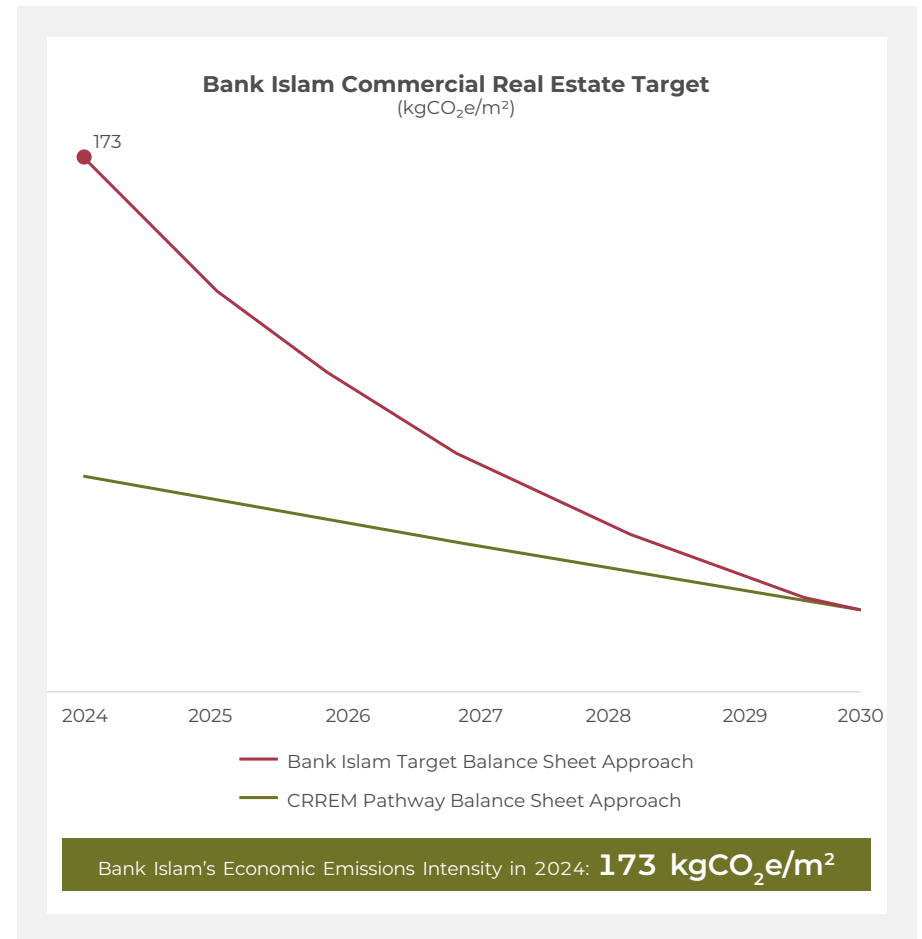
Our Climate Action Strategy

Decarbonisation Pathway by Sector – Commercial Real Estate

The commercial real estate sector is a strategically important sector for us due to its significant portfolio exposure and relevance to our financed emissions profile. In the context of financed emissions measurement and target setting, commercial real estate refers to financing provided for the purchase or refinancing of income-generating properties that are operated by our clients. During the reporting period, commercial real estate financing accounted for approximately 50,777 tonnes of carbon dioxide equivalent in financed emissions, supported by a large and diversified counterparty base.

Our current financed emissions assessment for commercial real estate is subject to material data limitations. Emissions estimates are primarily derived using proxy approaches based on outstanding financing amounts, property type, and country-level assumptions. Due to the lack of building-level floor area and detailed asset characteristics, coverage is limited to selected property types, such as office and high-street retail, while other commercial property categories are aggregated under broad classifications. As a result, the proportion of outstanding exposure for which financed emissions could be calculated remains partial, and overall data quality scores are constrained.

Given these limitations, we have adopted an intensity-based approach for pathway assessment, using the Carbon Risk Real Estate Monitor (CRREM) as the reference framework for commercial real estate decarbonisation. CRREM provides science-based emissions intensity pathways aligned to a 1.5°C climate outcome, with trajectories defined by asset type, region, and climate zone. The framework applies a whole-building approach to operational emissions and is widely used by banks and investors to assess transition risk and establish portfolio-level targets for real estate exposures. Based on this pathway, we have established a target of 77% reduction in commercial real estate emissions intensity (balance sheet approach, for office, retail high street, residential multi-family) in its financing portfolio by 2030 compared to 2024 base year. This commitment is aligned with CRREM's 1.5°C pathway.



Bank Islam's Target Trajectories in Commercial Real Estate Sector (%)

| Reduction from Base Year (%) | 2024 | 2030 |
|------------------------------|-----------|------|
| CRREM Global | Base Year | -77 |

Our Climate Action Strategy

At this stage, our Group's baseline data is not sufficiently granular to support precise, building-level decarbonisation targets. Tools such as CRREM require information on floor area, property type, and location to accurately assess alignment against pathway thresholds. In the absence of this information, current estimates should be interpreted as indicative and are expected to be refined over time as data availability improves.

Looking ahead, our transition approach for the commercial real estate sector prioritises improvements in data coverage and quality as a foundational step. Key near-term actions include engaging counterparties to collect building-level floor area and asset type information, enhancing internal data systems to support portfolio monitoring, and progressively improving financed emissions calculations. In parallel, we will support decarbonisation within the portfolio by encouraging investments in energy efficiency, on-site renewable energy, and building upgrades, where feasible and appropriate.

As data maturity improves, we expect to recalibrate our commercial real estate decarbonisation pathway and establish more robust, intensity-based targets aligned with credible reference scenarios. This phased approach enables us to balance immediate action with data-driven decision-making, while supporting clients in improving the energy performance and climate resilience of their real estate assets over time.

We recognise the evolving nature of financed emissions methodologies and continue to closely monitor advancements in climate science, scenario analysis, and sector-specific decarbonisation pathways. These developments inform our ongoing refinement of target-setting approaches and portfolio alignment strategies, ensuring that our commitments remain grounded in the latest scientific evidence and aligned with global best practices in supporting the transition to a net-zero economy.

Targets and Integration into Risk and Business Processes

The sectoral decarbonisation pathways serve as a reference point for the Bank's medium- to long-term climate targets and are intended to be progressively integrated into credit, risk, and portfolio management processes. These pathways inform the Bank's approach to transition finance, client engagement priorities, and monitoring of portfolio alignment over time. Targets derived from sectoral pathways are designed to be dynamic and subject to periodic review, recognising evolving regulatory expectations, data improvements, and changes in client transition readiness. The Group will continue to refine its pathways and targets as methodologies mature and additional data becomes available.

Through this sector-based approach, Bank Islam aims to strengthen the credibility of its climate commitments, enhance transparency in climate-related disclosures, and play an active role in supporting the orderly transition of the real economy.

Lever 2: Client Engagement Strategy

In supporting our clients, we have developed sector-specific transition playbooks for priority sectors with elevated transition risk or emissions intensity. These pathways provide reference trajectories and qualitative expectations to guide client engagement, credit decision-making, and the structuring of sustainable and transition finance solutions. They are not applied as automatic exclusion criteria, but as practical tools to support clients at different stages of transition.

Each playbook consolidates sector-specific insights, transition pathways, key decarbonisation levers, and engagement guidance into a practical reference resource for Bank Islam and our customers. The playbooks help translate our climate ambitions into day-to-day interactions and portfolio decisions, ensuring alignment with the Group's Transition Finance Framework and long-term Net-Zero commitments.

We will continue to review and refine these sectoral playbooks to ensure their continued relevance as sectoral trajectories and market developments evolve. Additional playbooks will be introduced for other key sectors once credible transition pathways are established.

Our Climate Action Strategy

Power Generation Sector Playbook

Within the power sector, improving data quality remains a key priority. The sectoral transition playbook has been designed to strengthen the accuracy of our emissions calculations, particularly given current limitations in available client data. As part of this effort, we will place greater emphasis on collecting production-level information from customers—especially for non-renewable power generation projects—to enhance the precision of our financed emissions estimates. As more robust production data becomes available, we will progressively refine our emissions inventory and update our targets accordingly.

In parallel, we continue to support the decarbonisation of clients within the portfolio by prioritising financing that accelerates the energy transition. Our strategic focus includes:

- Supporting financing related to the ASEAN Power Grid initiative
- Supporting hybrid renewable energy and energy storage projects to address intermittency and strengthen grid reliability
- Supporting transmission upgrades and digital grid technologies that enable a more flexible, efficient and resilient power system
- Continuing our position of not providing financing to coal-fired power plants

Leveraging Malaysia's National Energy Transition Roadmap (NETR), our decarbonisation approach prioritises customers with larger outstanding exposures and higher emissions intensity, enabling more targeted engagement and transition support. We will continue to encourage clients to develop and disclose their greenhouse gas (GHG) inventories, supported by clear decarbonisation strategies.

For non-renewable energy clients, we aim to support credible transition efforts by offering transition finance solutions for projects such as high-efficiency gas turbine retrofits, hydrogen co-firing readiness, carbon capture readiness, initiatives that reduce reliance on fossil fuels, and other projects aligned with long-term net-zero pathways towards 2050.

Commercial Real Estate Playbook

For the commercial real estate sector, improving data quality remains a core focus of our client engagement strategy. To enhance the accuracy of our emissions calculations, we are strengthening our internal data collection processes and working with customers to obtain more granular building-level information, particularly on financed floor area and building types. Given the large volume of assets within this sector, we are also prioritising the digitalisation of data to support more efficient monitoring and analysis. As data quality improves, we may recalibrate our sectoral targets where applicable.

In parallel, we continue to support the decarbonisation of properties within our portfolio by encouraging and financing upgrades that improve energy performance and reduce emissions. Key initiatives include:

- 01** Providing financing for building retrofits such as onsite solar installations, energy-efficiency upgrades, smart meters, and energy management systems
- 02** Supporting investments in high-performance, energy-efficient buildings, including those incorporating renewable energy solutions where feasible
- 03** Encouraging customers to pursue recognised green building certifications

Our transition support efforts prioritise customers with larger outstanding exposures, older or energy-inefficient buildings, higher emissions intensity, and those with limited data availability. Through ongoing engagement, we will continue to encourage customers to develop GHG inventories and establish decarbonisation strategies aligned with national and sectoral transition pathways, including the NETR.

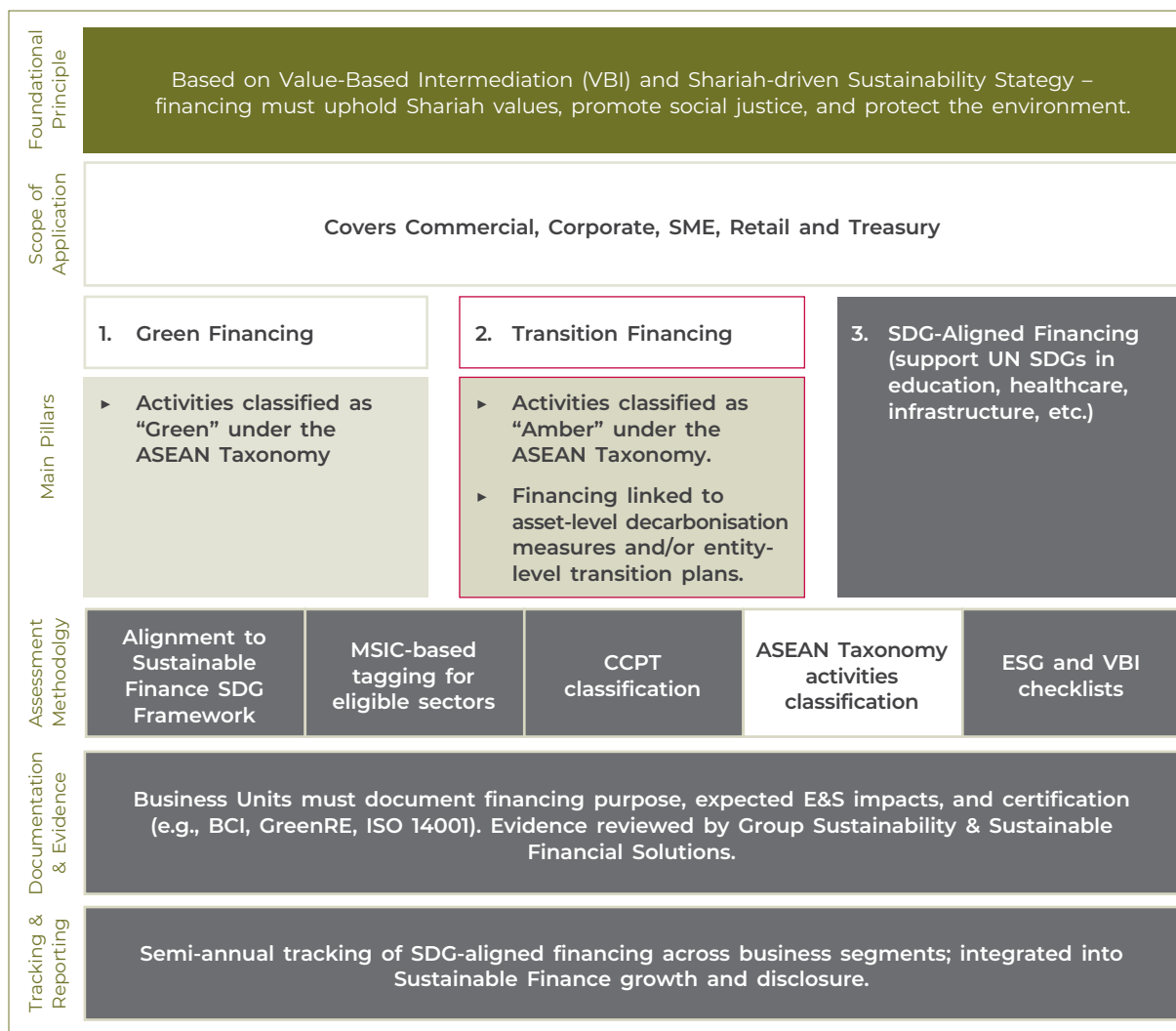
Our Climate Action Strategy

Lever 3: Climate and Transition Finance Framework

Integrating Climate Transition Finance into Sustainability Financing

Bank Islam’s Climate Transition Finance Framework establishes a structured and credible approach to integrating transition finance within our broader sustainable financing agenda. The framework is designed to guide employees in identifying, structuring, approving, and monitoring climate transition finance transactions, while ensuring alignment with our CTP, sustainability ambitions, and Shariah principles. Transition finance plays a critical role in enabling us to support clients that are not yet fully green, but are committed to credible, time-bound decarbonisation pathways. By embedding transition finance within its sustainability financing framework, we can actively influence real-world emissions reductions in high-impact sectors, support Malaysia’s transition to a low-carbon economy, and advance its long-term net-zero ambition.

Within our sustainable financing architecture, climate transition finance is positioned as a distinct sub-category of green financing. While green finance supports activities that are already low- or zero-carbon, transition finance supports activities and entities that are currently emissions-intensive but demonstrate a credible pathway towards decarbonisation. Transition finance focuses specifically on climate mitigation and climate adaptation outcomes. Activities that primarily contribute to other sustainability dimensions, such as biodiversity protection or social development, remain classified under other sustainable or SDG-aligned financing categories and are not considered climate transition finance.



**At the transactional level, each account is assessed by reviewing its Memorandum of Approval (MA) based on the specific use of proceeds. This requires verification that the funded activity directly contributes to environmental or social outcomes, with reference to recognised frameworks such as the SRI Sukuk Framework and the Green Loan Principles (APLMA).*

Our Climate Action Strategy

The Climate Transition Finance Framework is anchored in leading regulatory and market guidance, with Bank Negara Malaysia's CCPT serving as the primary classification framework. This is complemented by the ASEAN Taxonomy for Sustainable Finance and the Sustainable and Responsible Investment (SRI) Taxonomy, which provide additional technical screening criteria and safeguards. By aligning with these recognised frameworks, we ensure that our transition finance activities are credible, transparent, and consistent with regulatory expectations, while also enabling comparability with peer practices across the region.

Climate transition finance is categorised at the transaction level, rather than the client level. This approach allows us to support transition-enabling activities within emissions-intensive sectors without excluding clients entirely, while maintaining clear traceability of proceeds and climate outcomes. Relationship Managers play a key role in engaging clients regarding climate and transition finance opportunities. Through proactive client engagement, we can communicate eligibility requirements, support clients in identifying suitable transition investments, and encourage the development of credible transition plans aligned with our climate objectives.

The framework sets out a clear, lifecycle-based process for climate transition finance, covering screening, financing, and exit phases.

01

SCREENING PHASE

Function

Screening transactions for Bank Islam's climate transition finance eligibility and communicating with clients on eligibility requirements.

Key processes

- ▶ Classification of transaction
- ▶ Climate Due Diligence screening
- ▶ Development of impact metrics and targets
- ▶ Assign responsible parties for transaction's climate performance
- ▶ Pre-contractual action plan

During the screening phase, transactions are assessed against exclusionary criteria and substantial contribution criteria, including alignment with climate mitigation or adaptation objectives, compliance with Do No Significant Harm (DNSH) requirements, and adherence to applicable Shariah and ESG standards. In the financing phase, transaction-specific climate metrics, targets, and action plans are agreed where applicable. Responsibilities for monitoring climate performance are clearly assigned, and clients are required to provide relevant data to support ongoing performance review. The exit phase includes a review of the overall climate contribution of the transaction over its lifetime, ensuring accountability and continuous improvement in our climate finance portfolio.

To support its climate ambitions, we track climate and transition finance volumes alongside its broader sustainable financing targets. Transition

02

FINANCING PHASE

Function

Verifying progress with climate transition finance goals and alignment with Bank Islam's requirements.

Key processes

- ▶ Annual performance review
- ▶ Client data collection
- ▶ Annual action plans

finance is a key lever for reducing financed emissions, particularly in priority sectors such as power generation and commercial real estate, where we have established sectoral decarbonisation pathways. Portfolio-level monitoring enables us to assess progress against climate targets, identify sectoral trends, and refine its transition finance strategy over time. This also supports decision-useful disclosures aligned with ISSB IFRS S2 and other emerging transition plan expectations.

Overall, the Climate Transition Finance Framework operationalises our CTP by translating high-level climate ambitions into practical financing decisions. It provides a consistent and credible mechanism for mobilising capital towards decarbonisation, supporting clients on their transition journeys, and reinforcing our role as a Shariah-compliant leader in sustainable and transition finance.

03

EXIT PHASE

Function

Review total contribution of investment/lending over the lifetime of the Bank Islam-facilitated financing.

Key processes

- ▶ Exit performance review

Our Climate Action Strategy

Lever 4: Green-Finance and Shariah-ESG Product Services


Our Sustainable Finance Framework also includes green and SDG-financing, which is defined mainly as financing for sectors or activities that contribute broadly to climate mitigation activities and positive social impact; such as solar power installation, hydropower, green buildings, sustainable waste management, sustainable public transportation, and Malaysian sustainable palm oil. Green and SDG-Aligned financing are two of the three main pillars under our Sustainable Finance Framework, alongside transition financing. We offer a range of products under these two pillars, which we coin as Shariah-ESG products. Our Shariah-ESG products seek to comply with, uphold and expand upon Shariah values while integrating ESG and climate considerations into the financing approval process. They encompass the following principles:

Social Finance | VBI – value-based intermediation, socially and ethically responsible financing

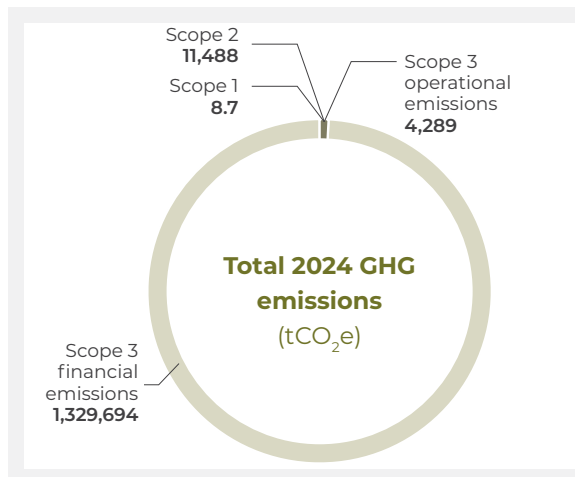
SDG-aligned financing – financing tied to UN Sustainable Development Goals (SDG), i.e. sustainable infrastructure and clean energy

Climate-aligned finance – supporting climate mitigation and transition financing

With these principles embedded in our Sustainable Finance Framework, we aim to enhance our standing in terms of being at the forefront of Shariah-focused ESG-linked financing.

 For more information on our green finance and Shariah-ESG products, please refer to pages 71 to 77.

Lever 5: Energy Efficiency and Renewable Energy Deployment









Despite financed emissions accounting for more than 99% of our total GHG emissions, we are also committed to achieve our carbon neutrality goal by 2030 (supported by the use of carbon credits), which essentially aims to reduce our Scope 1 and 2 emissions, in which we have a greater degree of control. In this section, we will present our decarbonisation strategy, including the levers, and the pathways that we have created in line with our carbon neutrality and net zero emissions goal.

In order for us to select the best decarbonisation levers for our operations, we decided to conduct a Marginal Abatement Cost Curve (MACC) exercise which helped us to analyse the costs and benefits of each lever. After assessing the potential of each decarbonisation lever, we have come out with six prioritised levers that we will further assess and explore in the near term (up until 2030).

The list below shows our shortlist of levers which we have selected based on feasibility and cost efficiency.

Decarbonisation Levers

-  **Onsite solar panels**
-  **Unbundled Renewable Energy Certificates (RECs)**
-  **Green Electricity Tariffs (GETs)**
-  **Upgrading waste management practices**
-  **Travel reduction policy**
-  **General energy efficiency measures**

Our Climate Action Strategy

Furthermore, we will explore maximum adoption of **Renewable Energy by 2030** which potentially include the Green Electricity Tariffs (GET) subscription programme from TNB and the purchase of unbundled RECs. This will enable us to go beyond our carbon neutrality target by 2030, with a 67% reduction from the 2024 baseline. Our comprehensive list of targets pertaining to operational emissions are listed below:

Bank Islam's Targets

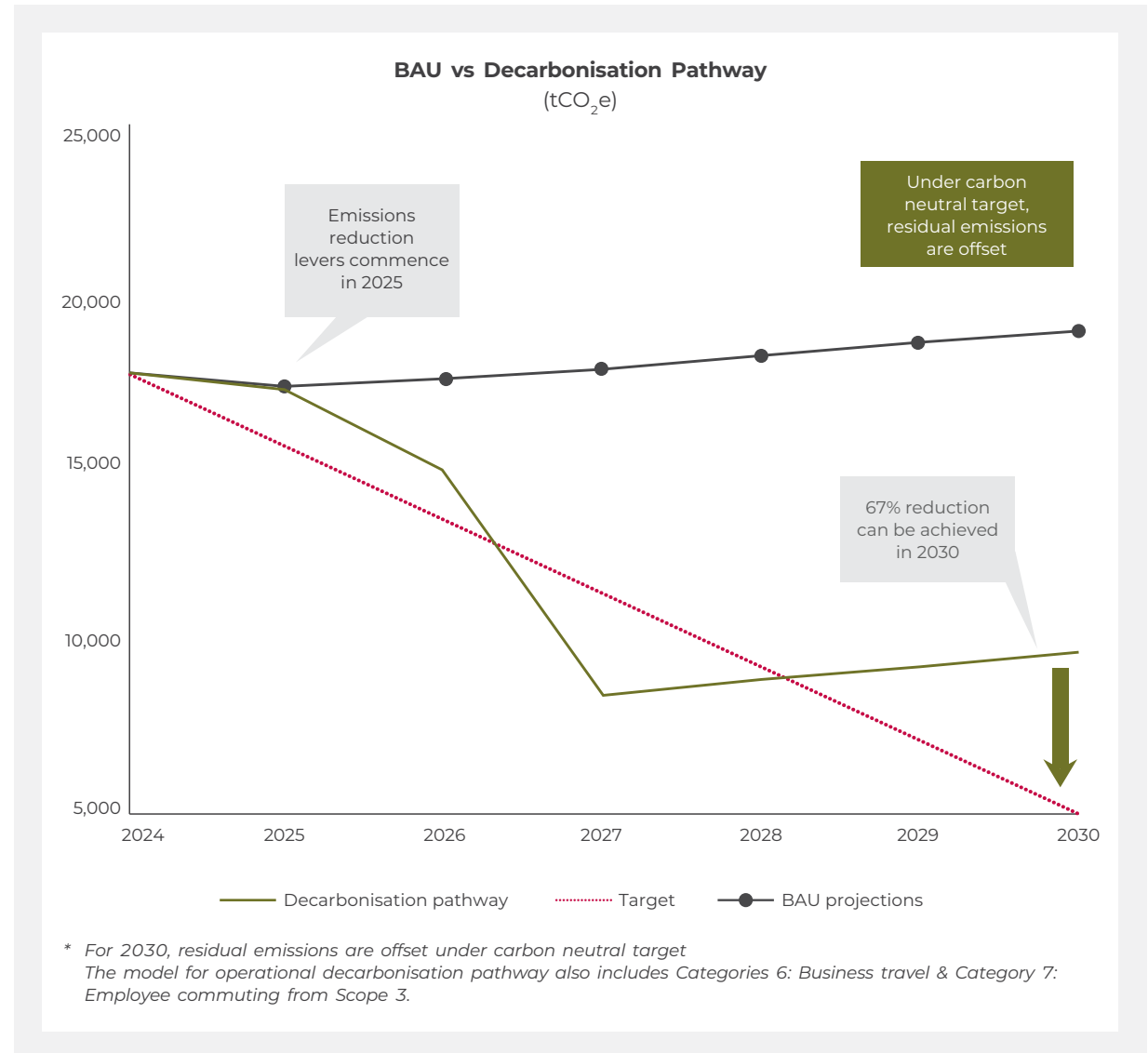
Carbon Neutral in 2030

- ▶ **67%** reduction in Scope 1 and 2 emissions from 2024 baseline.
- ▶ Carbon credits to be used assisting the emissions reductions.

Key Levers of Renewable Energy by 2030

- ▶ Main driver of Scope 2 decarbonisation.
- ▶ For procurement pathways, it shall be assessed (e.g. VPPA, GET subscription, unbundled RECs).

The graph below shows our operational decarbonisation pathway up until 2030, considering all the shortlisted decarbonisation levers are deployed beginning 2025.



Climate Risk Management

Climate-related risks and opportunities primarily arise through the Group's financing activities, customer engagement and operational footprint. Within the financing portfolio, exposures are more concentrated in specific sectors and asset classes, as identified through CCPT assessments and CTP financed emissions analysis. These exposures reflect varying degrees of transition and physical climate risk across customer segments, sectors and geographies.

The Group's strategy for managing climate-related risks is through a structured yet dynamic, enterprise-wide risk management approach to safeguard business resilience and long-term value. Climate-related risks are increasingly material and remain a core focus for the Group, underscoring its importance in building stakeholder trust, safeguarding business resilience and reputation.

To address climate-related risks, The Group has developed policies, enhanced data collection and systems, and dedicated resources specifically for climate-related risk management. Our approach is outlined in the Group Climate Risk Management Framework (GCRMF) that was institutionalised in 2024 and embedded in the Group Enterprise-wide Risk Management Framework, enabling consistent identification, assessment, measurement and prioritisation, control and mitigation, as well as monitoring and reporting of climate-related risks across the Group.

The GCRMF provides:

A comprehensive outline of the governance, overall approach and key tools adopted to climate-related risk management.

The concept of cross cutting nature of climate-related risk, how climate risks are transmitted and their impact on other primary risk types.

A clear definition of roles and responsibilities under the 3LOD model to ensure effective climate-related risk management.

Climate Risk Management

Bank Islam's Group Climate Risk Management Framework

01

Risk identification and assessment

The Group applies a range of risk assessment tools including data collection, scenario and stress testing, and stakeholder engagement to identify and assess our business, at a portfolio and customer level (sectoral and geography considerations), and operations (locations, critical services and operational resilience considerations) that are exposed to climate related risks.

02

Risk Measurement and Prioritisation

The Group uses both quantitative and qualitative methods based on industry best practices to measure and analyse nature, evaluate the magnitude and likelihood of each risk that may impact our financial performance and operations. Using the information collected from the identification and assessment stage, the Group prioritises climate-related risks based on its potential financial impact and non-financial impact, considering both short, medium and long-term perspectives.

03

Risk Control and Mitigation

Develop risk control strategies encompassing adaptation and mitigation measures for prioritised climate-related risks.

04

Risk Monitoring and Reporting

Continuously monitor climate-related risks and their evolving nature as part of ongoing risk management and compliance efforts and timely reporting to the Board and Senior Management, investors, and regulators.

Climate Risk Management

Identifying Climate-Related Risks

Identification and management of climate-related risks are critical to strengthening business resilience and supporting the transition to a low-carbon economy. In line with IFRS S2 principles, the Group is committed to transparent climate risk management, recognising that such risks may affect business sustainability, operations, and asset values.

In our Risk Library, climate-related risk is defined as potential threats arising from climate change, its associated impacts, and the resulting economic and financial consequences. These risks are categorised into three sub-risk types:



Physical Risk - Economic costs and financial losses resulting from the increasing severity and frequency of extreme weather events, longer-term gradual shifts of the climate and indirect effects of climate change such as loss of ecosystem services.



Transition Risk - Risks related to the process of adjustment towards a low carbon economy, such as changes in public sector policies, legislation and regulation, changes in technology and changes in market and customer sentiment.









Liability Risk - Risks stemming from parties that are seeking compensation for losses these parties may have suffered from the physical or transition risks from climate change.

Climate-related risks impact the Group through our customers, operations, portfolios and ultimately financial performance. The Group recognises that climate-related risk is an integrated risk due to its cross-cutting nature. Climate-related risks impact the Group through various financial and non-financial primary risk channels, including credit, market, liquidity and non-financial risks (which includes operational risk, legal risk, compliance risk, Shariah non-compliance risk, technology risk and business continuity risk).

As a foundation for managing these risks, we have updated our qualitative evaluation to understand and assess the nature of climate-related risks, its transmission channels and their impact on us over short-term (ST), medium-term (MT), and long-term (LT) horizons. This evaluation allows us to assess the potential implications of climate change on our operations and prioritise for decision-making processes systematically.

Climate Risk Management

| Risk | Time Horizon | Potential Business and Financial Implications |
|--|--|---|
| Credit Risk P T | Short Medium Long  Short to Medium and Long-term | Directly affects the financial performance of our customers through additional capital expenditures, potential fines, increased operational and maintenance costs and the impact of newer or stricter environmental regulations. Climate physical risks can damage customer assets and affect their cash flows. |
| Market Risk P T | Short Medium Long  Short to Medium-term | Ambiguity over the timing and severity of climate-related risks may create uncertainty in valuing and pricing of climate-incompatible securities. |
| Liquidity Risk P | Short Medium Long  Short-term | Significant withdrawals of deposits or drawdown of committed facilities by customers exposed to severe weather events. |
| Operational Risk P T | Short Medium Long  Short to Medium-term | Disruptions to our operations and/or supply chain due to severe weather events. Changes to internal processes in order to comply with climate risk regulations or improve customer-related requirements. |
| Regulatory/Compliance Risk T | Short Medium Long  Medium and Long-term | Risk of failing to comply with current and emerging climate-related regulations resulting in penalties. |
| Reputational Risk P T | Short Medium Long  Short to Medium and Long-term | Impacts the Group's reputation and undermines stakeholder confidence due to: <ul style="list-style-type: none"> • Climate-related litigation or negative public perception in relation to our products or services. • Potential negative consequences due to actual or perceived inactions related to climate risk. |

Legends: P Physical Risk T Transition Risk

The Group assesses climate-related risks across short-, medium-, and long-term time horizons aligned with its planning processes, while also reflecting the inherent uncertainty and evolving nature of climate change. The short-term horizon of 1 – 3 years aligns with the Group's budget, capital, and business planning cycle and captures climate-related financial risks that may crystallise in the near term. Medium-term horizons of 4 – 10 years and long-term horizons extending beyond ten years, and up to at least 30 years, provide insights into the evolving nature, longer-term uncertainties and structural effects of climate change on the economy and financial system as they materialise over time.

Climate Risk Management

Risk Management Processes – An Integrated Approach

We manage climate-related risks in alignment with the key characteristics of primary risk types, including credit, market, liquidity, and non-financial risks. Climate-related risk considerations have been embedded into our risk policies and guidelines to ensure a comprehensive and integrated approach. This process is underpinned by a set of policies designed to arrange transparency, stakeholder engagement, and ongoing improvement.

The Group uses climate scenarios associated with temperature increases to identify and understand the possible short, medium, and longer-term impacts of climate change to the Group's strategy, customers and operations. The Group utilises scenarios from NGFS and IPCC, applying a consistent set of assumptions to inform the risk assessment, measurement and prioritisation process. We use a combination of internal exposure data and external third party climate modelling datasets, complemented by portfolio segmentation (sector and geography), geospatial/physical-risk analytics for selected assets and locations. These inputs support both top-down portfolio reviews and bottom-up assessments for higher-risk sectors, customers and operations. Key critical inputs and parameters considered in the ongoing climate risk assessment include:

- 01 Sectoral and client transition readiness**
Assessment of clients' transition plans, emissions profiles, and alignment with national and sectoral decarbonisation pathways.
- 02 National climate policy and targets**
Consideration of Malaysia's climate commitments, including Net Zero aspirations, energy transition policies, and regulatory developments affecting key sectors.
- 03 Geographic exposure and asset location**
Mapping of physical asset locations and collateral to climate hazard-prone areas (e.g. flood-prone zones).
- 04 Data quality and availability assumptions**
Use of proxies, estimates, and expert judgement where data gaps exist, including assumptions applied in climate risk analysis.
- 05 Scenario assumptions and pathways**
Application of climate scenarios reflecting different temperature pathways and transition outcomes, including assumptions on carbon pricing, technology adoption, and energy mix. The Group applies climate scenarios based on the NGFS and IPCC's RCP scenarios for climate risk management purposes.
- 06 Time horizon differentiation**
Use of short, medium, and long-term horizons to capture the timing and uncertainty of climate-related risk materialisation.
- 07 Evolving regulatory landscape**
Increasing complexity of climate risk management and disclosure requirements, including IFRS S2, which may drive higher investment in systems, infrastructure, and specialised resources.

Climate Risk Management

Climate risk assessments and management are continuously updated through the application of risk assessment tools, supported by quantitative data where available, and informed by relevant external developments that may influence transition and physical risk exposures. The identification assessment and measurement process covers our business portfolio by business segments, sector and geographical locations, at portfolio, customer and transactional level, and all our operating locations at a geocode level.

Different climate scenarios are analysed to provide insight into the magnitude and likelihood of different climate-related risks to the Group. The Group uses combination of quantitative and qualitative criteria to assess the magnitude and likelihood and of the climate-related risks. These are assessed using either a defined impact rating scale (e.g. no risk, low, medium, high risk and red flag), directional quantitative factors or qualitative factors, estimates or indicators of the impact on the Group's business performance and prospects. These estimates or indicators may be in the form of increased credit impairment, increased funding costs, reduced revenue, increased operating or capital costs, or brand and reputational damage.

The likelihood of the risk occurring may consider industry or market trends and forecasts as well as the Group's own estimates. Other qualitative factors that may be considered in the assessment of risk based on the degree of uncertainty associated with the assessment.

The climate risk assessments enables the Group to prioritise its climate-related risks based on their potential impact on our financial performance and operations, guided by our Group Risk Appetite Statement. Since 2022, we have progressively introduced qualitative climate-related risk appetite statements, outlining our approach to managing climate-related risks, climate sensitive sectors, climate risk stress testing (CRST), and climate-related targets. Our climate risk appetite metrics include those related to our sustainable financing goals as well as our targets to achieve for carbon neutrality and net zero ambition. As part of our annual Risk Appetite review process, we will continue to evaluate and adopt any relevant risk appetite metrics to address climate-related challenges effectively.



Climate Risk Management

Climate-Related Credit Risk Management

We identify and assess climate-related credit risks at the portfolio, customer and transactional level. Portfolio level assessment identifies industry sector and geographic concentration patterns and climate-sensitive exposures, while customer and transactional level assessments ensure that climate change considerations are integrated into individual credit decisions, supporting consistent monitoring and risk-informed financing outcomes. Where material changes in risk profile are identified, we may re-assess the customer or exposure, apply additional conditions (e.g., covenants/monitoring requirements), or escalate to the appropriate credit authority for decision.

Portfolio Level

We assessed climate-related credit risk using two dimensions, physical risk and transition risk for credit risk monitoring purposes.

a) Physical risk assessment

Physical climate risk assessment is applied across both Non-Retail and Retail (House Financing only) portfolios to identify exposure to climate-related hazards that may influence asset performance and collateral resilience over time.

The assessment is conducted using a third party proprietary tool, using a scenario-based approach aligned with established climate risk modelling practices, applying the IPCC's RCP scenarios as severe but plausible

reference scenarios. Analysis is performed over a multi-year time horizon centred on the 2030 decade, using an assessment window spanning 2030 to 2039 to account for natural variability in climate conditions and to improve the stability of physical risk signals.

For the Non-Retail portfolio, physical risk exposure is assessed using borrower operating asset locations and the nature of business activities. Location-based hazard indicators are applied to evaluate exposure to acute and chronic physical risks such as flooding, heat stress, sea level rise etc. Results are analysed at portfolio and geographical levels to identify exposure concentrations and emerging risk patterns that may affect credit risk profiles.

For the Retail House Financing portfolio, location-based hazard indicators are applied to assess potential physical risk affecting property collateral. The assessment supports collateral risk monitoring and geographic concentration analysis within the Retail portfolio.

The outcomes of the physical risk assessment enables the Group visibility of the climate physical risk profile of our financing assets that may impact repayment by clients, and also provide inputs to support credit risk

analysis, including collateral-related considerations and loss severity assessment, and enhance portfolio-level risk awareness and comparative risk prioritisation.

b) Transition climate risk

Transition climate risk assessment is applied to the Non-Retail portfolio to evaluate potential exposure arising from policy, market and technology changes associated with the transition towards a lower-carbon economy.

The assessment is conducted using third party proprietary tools and internal inputs such as customer sector and exposure data. These inputs support a consistent assessment of relative transition sensitivity across sectors and our customers using a set of transition risk indicators.

Transition risk indicators are analysed at portfolio and sector levels to identify relative exposure concentrations and patterns within the Non-Retail portfolio. The results support portfolio-level credit risk monitoring and comparative risk assessment across sectors, and contribute to the Bank's understanding of how transition dynamics may influence future credit risk profiles.

Climate Risk Management

Customer and Transactional Level

We employ a combination of customer level and transactional level assessments using the Climate Change Principle-based Taxonomy Due Diligence Questionnaire (CCPT DDQ) to evaluate potential Climate-related risks for Non-Retail customers and financial investments, which is mandatory part of our credit assessment process for credit-decisioning.

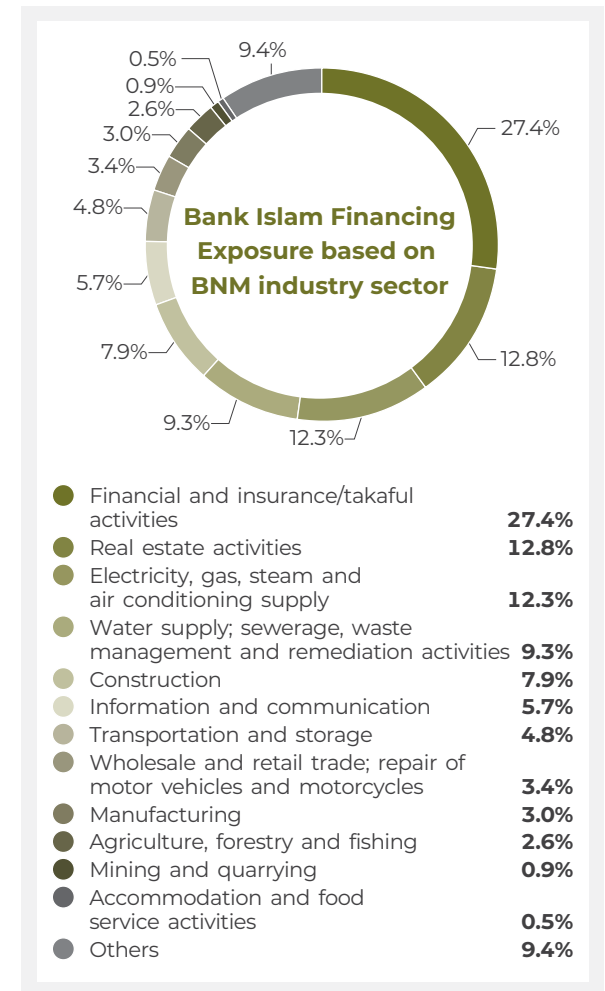
The Group has been an early adopter of the BNM's CCPT since 2021, completing eight assessment cycles through 2025. This journey has strengthened the Group's understanding of environmental characteristics across financed activities and enabled a more structured and consistent application of CCPT within its Climate Risk Management Framework.

CCPT DDQ assessments are integrated into the credit risk assessment process during new customer onboarding and annual reviews of existing customers. This is applicable to all customers under the Corporate and Commercial segments. In addition to the six prioritised SME sectors by BNM, the Group has performed assessment and classified its entire SME portfolio as well. Financial investments of the Group are also subject to CCPT DDQ assessments to keep sight of the overall climate risk profile and ensure the financial investments are aligned with the Group's climate policy. Activities assessed under CCPT as Guiding Principle 5 Prohibited Activities are not eligible for financing. Guiding Principle 5 covers activities prohibited due to illegality or clear inconsistency with environmental and climate

regulation or law, for example illegal deforestation, illegal waste management, and operations using fire for land clearance. These exclusions are applied during credit risk assessment and maintained throughout the financing lifecycle to avoid exposure to prohibited activities.

In 2025, further enhancements were introduced to achieve standardisation, improve the discipline, documentation, and reliability of CCPT assessments. This in turn provided better clarity, improved and more robust CCPT classification outcomes and better insights for identification of climate-related opportunities.

1. Introduced minimum documentation requirements and enhanced approval memos to ensure consistent, regulator-aligned CCPT assessments.
2. Strengthened governance through a formal escalation and review process for prohibited activities under BNM CCPT Guiding Principle 5.
3. Improved consistency in Construction-related assessments through additional sector-specific guidance.
4. Reinforced expectations under Guiding Principle 1 by requiring clear articulation of contributions to carbon reduction to clearly distinguish climate supporting activities.
5. Enhanced assessment of nature-related risks by incorporating a third-party biodiversity tool into Corporate and Commercial CCPT DDQs.
6. Contributed to the development of CCPT 2.0 through participation in the CCPT Implementation Group.



Climate Sector Review Framework

Prioritisation of climate-sensitive sectors are also managed through the Climate Sector Review Framework. This Framework leverages insights from credit risk scenario analysis and climate risk stress testing to identify high risk sectors and customers for targeted actions and strategy development.

Climate Risk Management

Climate-Related Market and Liquidity Risk Management

We manage climate-related market and liquidity risk through scenario analysis using NGFS scenarios to identify and assess the impact of climate transition and physical risk on:

- ▶ the value of our investments due to changes in credit spreads.
- ▶ the deposits portfolio, including funding stability, potential outflows, and the adequacy of liquidity buffers, by incorporating climate shocks into baseline run-off rates based on sector and location.

Climate-related market and liquidity risk assessments are presented to relevant Senior Management and Board risk committees to monitor and review the climate risk profile of our investments and deposits under various climate scenarios. Climate-related transition and physical risks on market and liquidity exposures are currently considered immaterial.

Climate risk management for our market and liquidity risk exposures is evolving, and we will continue to improve our understanding of how physical and transition risks may re-price assets, create market volatility, and impact credit quality and liquidity and manage climate-related market and liquidity risks as part of business-as-usual (BAU) activities.

Climate-Related Operational Risk Management

Own Operations

Managing climate physical risks is also integrated into the Group's Business Continuity Framework to help us assess the impact and mitigation through existing controls and determine the residual physical risk profile arising from internal operations.

We assess the physical risk vulnerabilities of all our internal operations such as corporate offices, data centres, branches, self-service terminals and outsourcing service providers on a regular basis and for establishing new branches or relocating existing ones. This analysis enables us to identify and monitor the locations that are most vulnerable to physical risks.

Scenario analysis is conducted using a third-party proprietary tool, which allows a range of climate scenarios based on the IPCC RCP to be selected across short, medium and long term time horizons for assessment. We performed our analysis based on IPCC's RCP scenario focusing on the short to medium term time horizon as a priority, using inputs and parameters at the geocode level and type of facilities, considering various acute and chronic climate hazards such as flood, heat stress, wildfire, sea level rise etc.

The magnitude and likelihood of climate physical risk assessment is in the form of five impact rating scales. The results from the use of external data was back-tested against the Group's past experience to check the reasonableness of the

outcome. Our analysis showed that based on the IPCC's RCP 8.5 scenario over the medium term time horizon, flood risk remains as the most significant acute physical risk to the Group's operations, with 44% of locations with the highest physical risk ratings for flood. The Group's internal operations overall physical risk profile remains stable. Insights are used to enhance business continuity preparedness and improve climate resilience planning.

Outsourcing Service Providers

Climate-related risk assessments are integrated into the Group's outsourcing service provider due diligence process prior to onboarding of an outsourcing service provider, and as part of annual reviews of existing outsourcing service providers. The outcome of the assessment, if significant to the critical business functions, will be reflected in the business continuity plan accordingly.

Monitoring and Reporting

We monitor climate-related physical and transition risk exposures through regular climate-related risk reports to relevant Senior Management and Board committees. These reports provides visibility on climate-related risk exposures across the Group's business portfolio and operations, and inform risk decisions where heightened vulnerabilities are identified. Insights from risk monitoring are also used to inform our broader climate strategy and transition plan.

Climate Risk Management

Climate Risk Stress Testing

The Climate Risk Stress Testing (CRST) forms the cornerstone of our holistic approach to climate risk management. It serves as a critical tool for assessing our climate resilience to market movements by providing a forward-looking analysis of exposure to physical and transition risks. Since 2022, we have been building and enhancing the Group's CRST framework and methodology, with a focus on strengthening stress testing capabilities, data and infrastructure. Our climate scenario analysis framework is continuously refined to reflect evolving science, regulation, and best practices.

In 2025, we have enhanced our stress testing capabilities and infrastructure to integrate the 2024 BNM CRST requirements into our framework and methodology. We have submitted our CRST results to BNM by 31 December 2025. In line with BNM's requirement, we performed the 2024 CRST based on the December 2023 reporting position to:

Build capacity and enhance our understanding of how climate-related transition and physical risks may impact the Group and our risk management strategies

Encourage the exploration of new approaches to improve the identification, measurement and management of climate risk exposures; and

Identify existing gaps in data, methodologies, technology and capabilities, as well as potential pathways to address these challenges.

The CRST is undertaken based on Phase 3 climate scenarios developed by NGFS. The scenarios chosen aligns with the guidance provided in the BNM CRST Methodology Paper for the 2024 CRST exercise, and aligns with the latest international agreement on climate change, providing a consistent and comparable basis for assessing climate-related risks across the financial sector.

The selected scenarios cover both transition and physical risks and are designed to capture a broad range of plausible climate pathways, reflecting varying degrees of policy ambition, transition timing and physical risk severity. This approach enables us to assess the Group's resilience under both orderly and delayed transition pathways, as well as under heightened physical risk conditions.

The scenarios assessed in line with BNM's 2024 CRST comprise the following:

01 Net Zero 2050 (NZE 2050)

an orderly transition supported by early and coordinated policy action;

02 Divergent Net Zero 2050 (DNZ 2050)

a delayed transition characterised by more abrupt policy and economic adjustments;

03 Nationally Determined Contributions (NDCs)

based on current global policy commitments and associated with higher long-term physical risks; and

04 Short-term acute physical risk scenario

represented by a 1-in-200-year flood event, consistent with climate conditions outlined in IPCC RCP 8.5 and calibrated to Malaysian conditions to assess the immediate impact of severe weather events.

Climate Risk Management

Key Scenario Assumptions:

Orderly: NZ 2050

| Category | Specifications |
|--|-----------------------------------|
| Physical Risk | Limited |
| Global Warming in 2050 | 1.4°C above pre-industrial levels |
| Malaysia's Surface Temperature in 2050 | 26.9°C |
| Transition Risk | High |
| Shadow Carbon Price ² in 2050 | USD325.40 per tCO ₂ e |
| Policy Reaction | Immediate and smooth |
| Technology Change | Fast Change |
| Carbon Dioxide Removal | Medium-high use |

Divergent: DNZ 2050

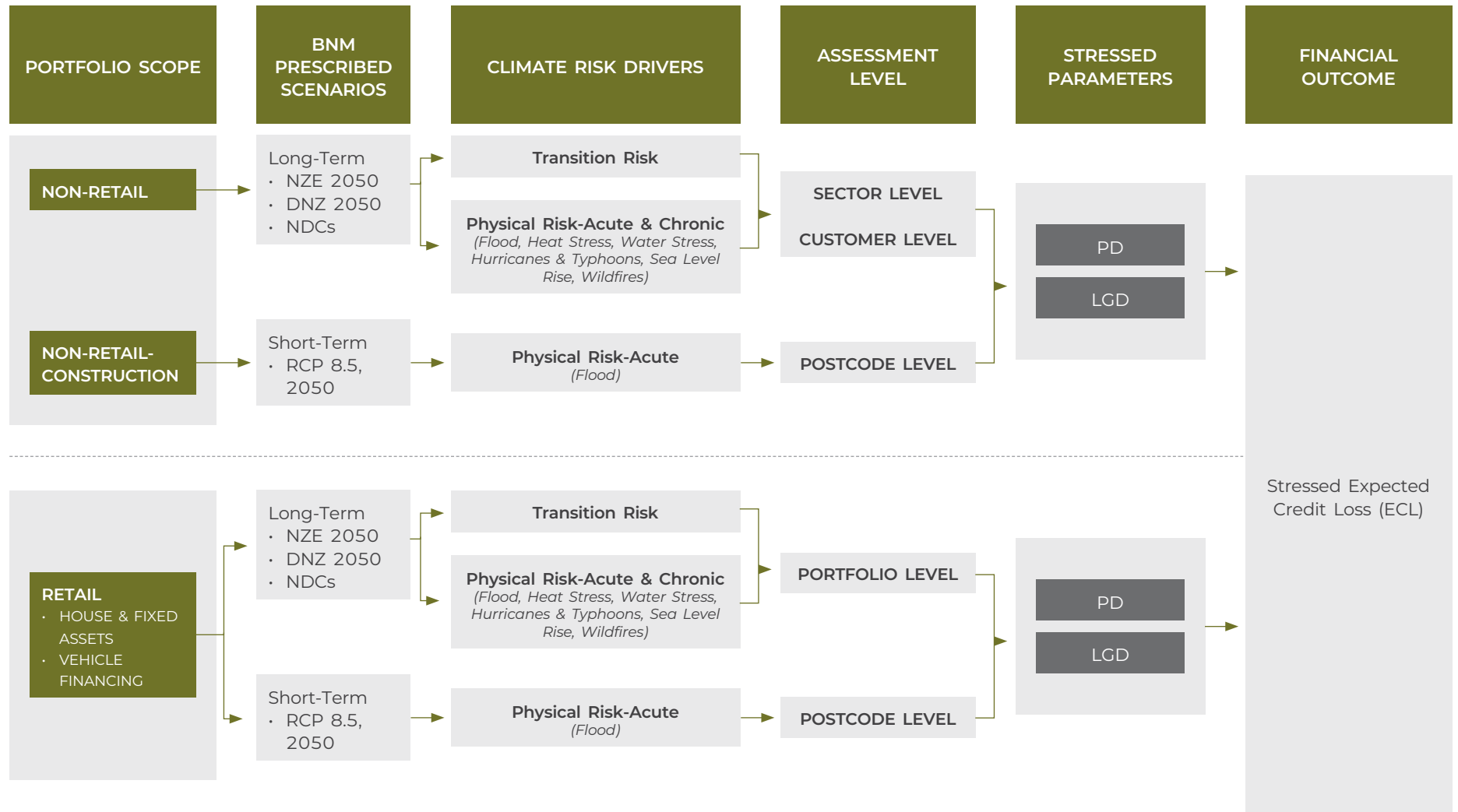
| Category | Specifications |
|--|--|
| Physical Risk | Limited |
| Global Warming in 2050 | 1.4°C above pre-industrial levels |
| Malaysia's Surface Temperature in 2050 | 26.9°C |
| Transition Risk | Moderate to Higher |
| Shadow Carbon Price ² in 2050 | USD698.90 per tCO ₂ e |
| Policy Reaction | Immediate but divergent across sectors |
| Technology Change | Fast Change |
| Carbon Dioxide Removal | Low-medium use |

Hot House World: NDCs

| Category | Specifications |
|--|-----------------------------------|
| Physical Risk | High |
| Global Warming in 2050 | 2.6°C above pre-industrial levels |
| Malaysia's Surface Temperature in 2050 | 27.8°C |
| Transition Risk | Lower |
| Shadow Carbon Price in 2050 | USD41.60 per tCO ₂ e |
| Policy Reaction | NDCs |
| Technology Change | Slow Change |
| Carbon Dioxide Removal | Low-medium use |

Source: BNM 2024 CRST and third vintage of the NGFS' climate scenarios (NGFS, 2022)

Climate Risk Management



Time Horizon

Long-Term: End-2023 to end-2050. Annual assessment is performed for 2024 to 2029 to capture higher volatility and transition shocks in the initial years, followed by 5-year interval assessments from 2030 to 2050. This horizon reflects the gradual materialisation of chronic physical risks such as rising temperature and sea level.

Short-Term: One-year horizon, with shock applied at the assessment date to capture acute physical risks and immediate transition impacts.

Climate Risk Management

The Group used inputs and parameters such as climate hazard datasets and transition pathway assumptions provided by our third-party proprietary tool as well as internal data such as exposures, sector, postcode or geocode etc. We assessed the nature, likelihood and magnitude of climate impact on the Probability of Default (PD), Loss Given Default (LGD) and Expected Credit Loss (ECL) of our retail and non-retail portfolios over a short, medium and long-term horizon from December 2023 through to 2050.

Results are analysed by sector, financing segment and counterparty-level to identify areas with heightened sensitivity to climate-related transition or physical risk drivers. This supports deeper understanding of potential long-term vulnerabilities within our portfolio. For the short-term acute physical risk scenario, the Group assesses the near-term impact of a severe flood event on customers PDs and collateral values. This analysis provides insight into the immediate effects of extreme weather events on property-related exposures.

The CRST exercise provides forward-looking insights into the potential impact of climate-related risks on the Group's portfolio and overall risk profile. These insights support the identification of more vulnerable sectors and informed portfolio monitoring. CRST outcomes support climate resilience and inform capital impact assessment under Internal Capital Adequacy Assessment Process (ICAAP) as part of ongoing capacity building.

The CRST results provide directional insights. Credit losses exhibit a consistent upward trend across years and scenarios, particularly for carbon-intensive sectors exposed to elevated transition risk from tightening regulatory requirements, decarbonisation mandates and market shifts toward low-carbon alternatives. Losses peak under the Divergent Net Zero 2050 (DNZ 2050) scenario driven by BNM-prescribed shadow carbon prices, while physical risk losses under the Nationally Determined Contributions (NDC) scenario may continue to worsen beyond the CRST horizon. The impact of climate-related risks is more concentrated in non-retail portfolios, which exhibit greater sensitivity to transition risk and corresponding changes in expected credit losses. Retail exposures, while less directly affected by transition policies, may still face second-order impacts, including higher living costs or employment disruptions arising from business adjustments and supply-chain realignments.

Overall, the findings highlight the importance of proactive portfolio monitoring, the integration of climate risk considerations into credit risk management practices, and a forward-looking approach to managing transition and physical risks, while strategically positioning the portfolio to capture opportunities aligned with the broader decarbonisation agenda.

Climate Risk Management

Key Uncertainties and Limitations

The key assumptions outlined below reflect current methodologies, data availability and industry practices, and may evolve over time as climate risk modelling approaches and data quality continue to develop. These assumptions provide a structured basis for assessing potential climate-related risk impacts and are not intended to represent precise forecasts of future outcomes.

Scenarios

The CRST assessment applies high-level assumptions to support a forward-looking, consistent and comparable analysis across scenarios and time horizons, capturing physical and transition risks transmitted through macroeconomic, sectoral and customer-level channels over time.



Climate Modelling

The assessment assumes that external data provided by the Bank's third-party proprietary tool reasonably represent physical and transition risk impacts under the prescribed scenarios, with portfolio composition held static for modelling purposes. As a forward-looking, scenario-based analysis, results are subject to inherent uncertainty.



Data Quality

The CRST assessment is subject to inherent limitations arising from data availability, quality and granularity, particularly in relation to customer specific data, emissions information and location-specific exposures. Where customer-specific data is unavailable, this may reduce precision of CRST outputs and outcomes.



Moving Forward

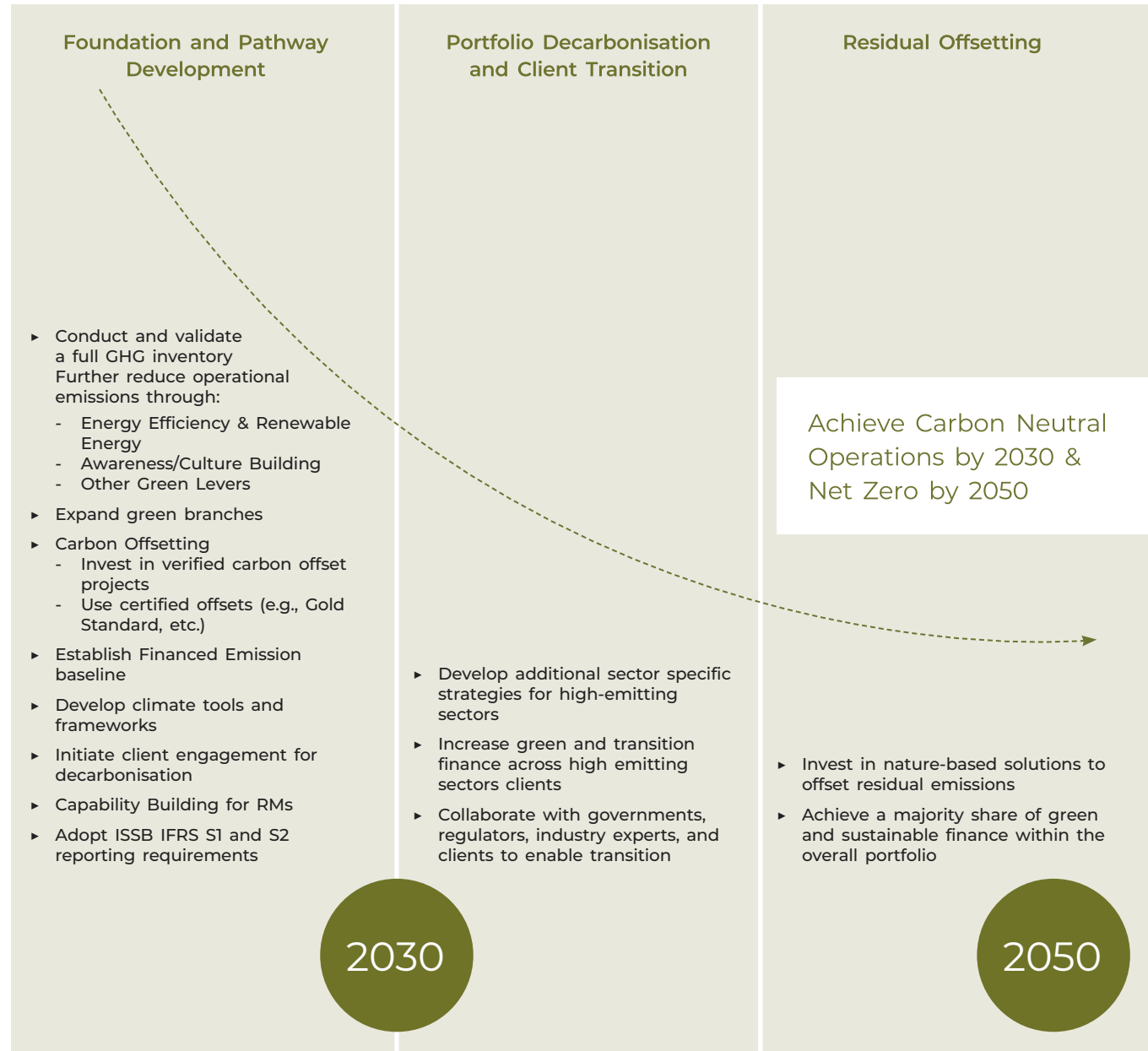
We recognise that climate risk management is an evolving discipline. Ongoing enhancements to data, systems and analytical capabilities are expected to strengthen our ability to assess climate-related risks and respond to emerging vulnerabilities. We continue to embed climate considerations into the Group's broader risk assessment, portfolio monitoring and strategic processes, supporting a consistent and forward-looking approach to climate risk management in line with regulatory expectations and emerging climate practices.

Metrics and Targets

The Road to Net Zero 2050

In line with our Net Zero 2050 aspiration, our climate action plan is guided by Islamic principles that emphasise stewardship and the avoidance of disproportionate harm to the environment. We adopt a phased approach: first strengthening the foundations needed to measure and manage emissions credibly, then accelerating portfolio decarbonisation and client transition through targeted sector strategies and scaled green and transition finance.


Residual emissions that cannot be eliminated are addressed through carefully selected carbon offsets and nature-based solutions. Together, these actions support a disciplined approach to climate action, strengthening long-term resilience while remaining aligned with Shariah-compliant and ethical principles.



Metrics and Targets

Managing our Financed Emission

Financed emissions represent GHG emissions associated with the activities we finance and are a key focus of our climate strategy. As a financial institution, managing these emissions enables us to understand the climate impact of our portfolio, identify transition risks and opportunities, and support our clients' decarbonisation journeys.

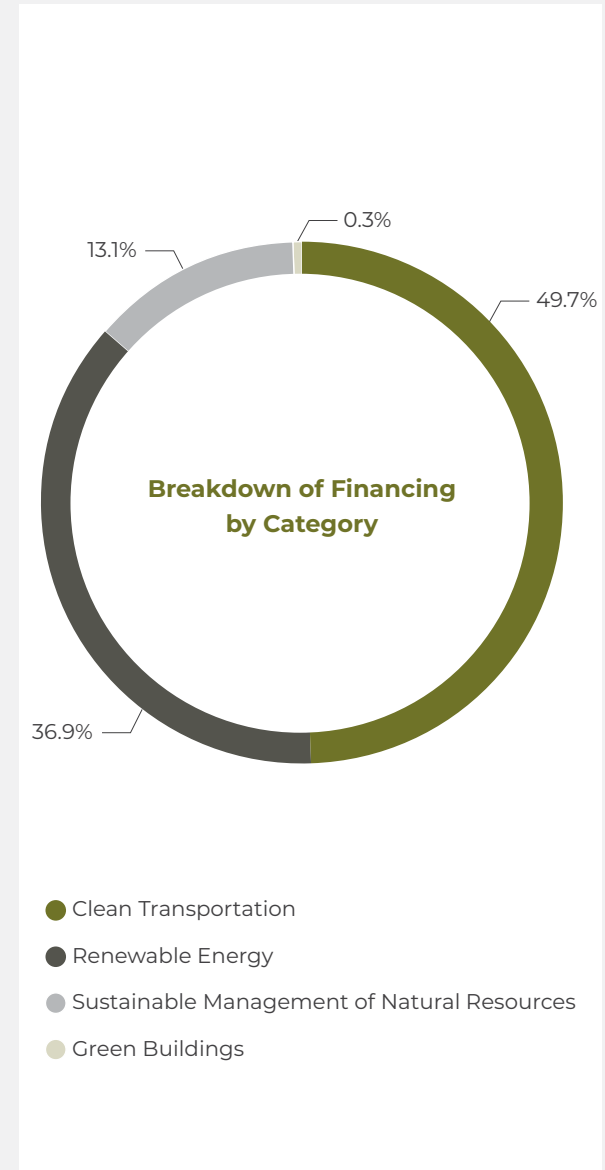
 Further details on our financed emissions approach, including the methodology and calculation, are provided in the Strategy section of the report on pages 116 and 221.

Scaling Climate and Transition Finance

We support the transition to a low-carbon economy by growing green finance while also supporting high-emitting sectors that cannot decarbonise overnight. Green finance directs capital towards low-carbon solutions such as renewable energy and energy-efficient infrastructure, helping to reduce emissions and increase climate-aligned assets. At the same time, transition finance plays a critical role for hard-to-abate sectors by supporting credible, science-based transition plans that enable emissions reductions over time while maintaining economic resilience. Together, these approaches help reduce portfolio emissions, manage transition risks and support progress towards our Net Zero 2050 commitment.

The chart presents a breakdown of financing by category, showing how funds are allocated across selected activities that support environmental sustainability and the transition to a lower-carbon economy. This provides a clearer view of the areas where financing is being directed and supports transparency on portfolio composition.

We recognise that the transition to a low-carbon economy will not happen overnight. Our clients, particularly those in higher-emitting and climate-sensitive sectors, face complex operational, technological and financial challenges as they navigate this shift. As a trusted financial partner, we are committed to supporting their decarbonisation journeys through proactive and structured engagement. In 2025, we continued to strengthen our client engagement approach, focusing on high-risk sectors and working collaboratively to identify credible transition pathways. Our support includes financing and advisory solutions that promote green and energy-efficient buildings, enable renewable energy and power transition infrastructure, deliver climate-resilient public and commercial infrastructure, and strengthen participation in priority sector value chains. Through these targeted efforts, we aim to accelerate real-economy emissions reductions while fostering long-term sustainable growth.



Metrics and Targets

Our Operational Emissions

We quantify and disclose operational greenhouse gas (GHG) emissions in accordance with the Greenhouse Gas Protocol, applying the operational control consolidation approach.

Emissions Boundary

| Scope 1 | Scope 2 | Scope 3 |
|---|---|--|
| Emissions arise from fuel consumption in a company-owned vehicle, diesel used in generators and fugitive emissions from refrigerants. | Emissions relate to purchased electricity consumed across branches and head office facilities and are calculated using the location-based method. | Whilst the Group has applied the relief for Scope 3 emissions disclosures, Category 5 (Waste Generated in Operation), Category 6 (Business Travel), Category 7 (Employee Commuting), and Category 15 (Investments) have been disclosed as additional information in this Report on a voluntary basis, in view that these metrics are being monitored by the Group. |
| 2023 is designated as the base year for tracking Scope 1 and Scope 2 reductions. | | Effective 2024, the Scope 3 boundary was expanded to include waste and employee commuting in addition to business travel. 2024 waste data reflects partial-year coverage and is limited to MBI operations. |

We aim to reduce emissions from our own operations by focusing on Scope 1 and Scope 2 emissions arising from buildings and branch operations. This supports our objective of achieving carbon-neutral operations by 2030 and contributes to our longer-term net zero ambition.

In 2025, we reduced our Scope 1 and Scope 2 emissions by 10% against the 2023 baseline, equivalent to an absolute reduction of 1,227 tCO₂e. The reduction reflects lower purchased electricity consumption compared with the base year.

Scope 1 and Scope 2 Emissions

| Disclosure | Unit | 2023 | 2024 | 2025 |
|-----------------------------------|--------------------|--------|--------|-----------------------|
| Total Scope 1 Emissions | tCO ₂ e | 8.9 | 8.7 | 15.8 [Ⓐ] |
| Total Scope 2 Emissions | tCO ₂ e | 12,090 | 11,488 | 10,844 [Ⓐ] |
| Total Scope 1 & Scope 2 Emissions | tCO ₂ e | 12,099 | 11,497 | 10,859.8 [Ⓐ] |

[Ⓐ] This data was externally assured. Please refer to the full external limited assurance statement on pages 224-228.

Scope 1 emissions are higher in 2025 as we have added fugitive emissions into our inventory.

Scope 3 Emissions

| Disclosure | Unit | 2023 | 2024 | 2025 |
|-------------------------|--------------------|------|-------|-------|
| Waste | tCO ₂ e | N/A | 3.4* | 28 |
| Business travel | tCO ₂ e | 530 | 630 | 524 |
| Employee commuting | tCO ₂ e | N/A | 3,659 | 3,949 |
| Total Scope 3 emissions | tCO ₂ e | 530 | 4,292 | 4,501 |

* Waste data for 2024 reflects partial-year coverage, comprising November–December 2024 for general waste and February–December 2024 for segregation bins, limited to MBI operations.

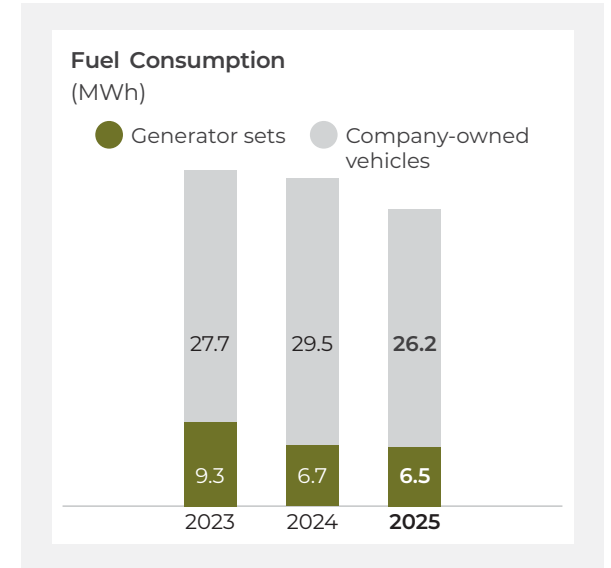
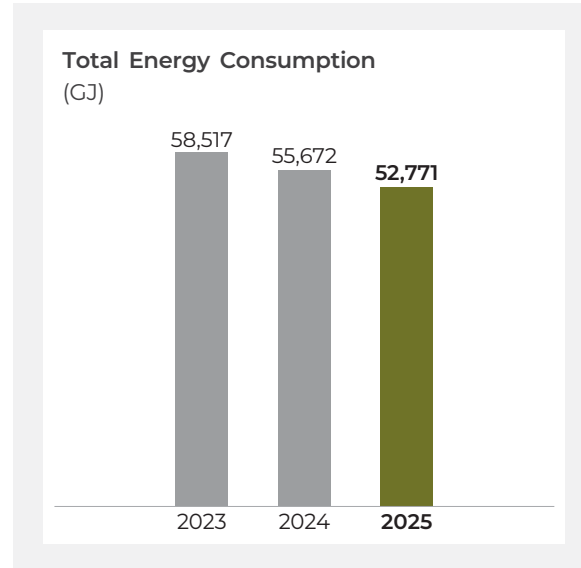
Bank Islam has included the parent and its consolidated subsidiaries under the operational control as the Group has full authority to introduce and implement operational policies across them. The Group has excluded its investment in associates from the GHG emissions organisational boundary as the Group does not have operational control over any of its investments in associates.

For more details on our GHG emissions methodology, please refer to the GHG Emissions Methodology section on pages 220 to 221.

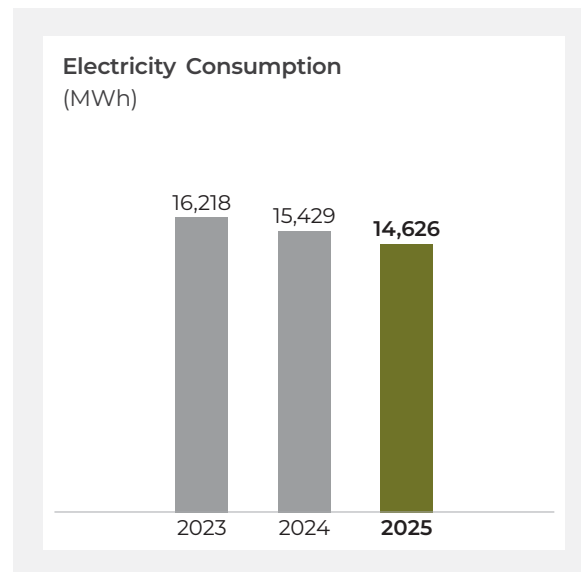
Metrics and Targets

Energy Management

Managing energy consumption is a key part of our approach to reducing operational emissions. We manage energy use across our operations to improve efficiency, reduce energy demand and lower emissions associated with our buildings and facilities. These efforts are complemented by the sourcing of lower-carbon energy where available and the use of recognised mechanisms to address residual emissions, supporting steady progress in managing our Scope 1 and Scope 2 emissions.



* Total energy consumption consists of non-renewable energy only for this reporting period.



Metrics and Targets

Green Initiatives

Green Branch Programme

Under our Green Branch Programme, we implement energy-efficiency measures and on-site renewable energy solutions at selected branches to reduce operational electricity demand. The programme is designed to lower electricity consumption and the associated Scope 2 emissions across participating branches.

Implementation is carried out at selected regional branches based on structural feasibility and operational readiness. As part of the programme, we have introduced several measures to improve energy performance, including rooftop solar PV installations, LED lighting retrofits, HVAC optimisation and inverter upgrades, the installation of energy-efficient electrical fittings, and daylight optimisation where feasible.

In 2025, solar PV systems became operational at selected branches, contributing to reduced reliance on grid electricity at participating locations. These measures have supported improvements in branch-level energy intensity compared to the pre-installation baseline and generated operational cost savings through lower electricity usage.



Moving forward, we plan to:

- 01 Expand the programme to additional high-consumption branches
- 02 Standardise energy-efficiency specifications for branch upgrades
- 03 Strengthen branch-level energy monitoring and reporting

Metrics and Targets

LED Lighting Retrofit Programme

This initiative is intended to improve lighting efficiency and reduce electricity demand attributable to lighting systems through a phased replacement of conventional lighting with LED technology across our branches and office premises. Starting from our head office, we have progressively extended this initiative across regional branches to improve the energy performance of our facilities.

In 2025, the programme expanded LED lighting coverage across our branch network, contributing to lower electricity consumption attributable to lighting load. The longer lifespan of LED fixtures also reduced replacement frequency.

Moving forward, we plan to:

- 01 Complete LED conversion across the remaining branches
- 02 Install motion-sensor controls in low-occupancy areas to further optimise lighting energy use



Building Sustainable Impact Through Our People

Sustainability begins with our people. By nurturing and developing our workforce, understanding and upholding their rights, and genuinely caring for their well-being, we create an inclusive environment where everyone can contribute and thrive. When our people are supported and empowered, they don't just talk about sustainability – they live it, embedding responsible practices into everything they do.

This section contains the following chapters:

| | |
|-----------------------------------|-----|
| Embodying a Value-Based Culture | 149 |
| Talent and Development | 151 |
| Upholding Labour and Human Rights | 158 |
| Stewards of the Environment | 169 |

Capitals



Key Risks



Strategic Focus Areas



UN SDGs



Our Performance Snapshot

Total workforce equipped with awareness level knowledge of Sustainability:

90% of employees

Total training hours delivered

319,070 hours across 5,295 employees

Foundation-level Sustainability e-learning completion (target group):

78%

Employees covered by performance and career development reviews:

5,429 employees

Investment in training and development

RM9.2 million

Female representation:

43% of middle management

44% of senior management

Embodying a Value-Based Culture

Every day, more than 5,000 Bank Islam employees create value for our customers, businesses and communities across Malaysia. The quality of these outcomes depends not only on policies and frameworks, but on how our people exercise judgement, uphold integrity and respond to changes in their daily work.

As workforce expectations continue to evolve alongside increasing regulatory, conduct and capability demands, risks such as skills gaps and talent attrition have become more pronounced. At the same time, our ability to strengthen customer trust, maintain operational resilience and deliver long-term performance is increasingly shaped by how well our people are equipped, supported and aligned with the Bank's values.

SC5 was established as a workforce sustainability pillar to strengthen organisational readiness by fostering responsible conduct, ethical decision-making and ESG competence across the Group. Beyond technical compliance, SC5 focuses on how employees think, decide and act in real-world situations. Over time, this has developed into a structured capability-building approach tailored to different levels of responsibility, enabling sustainability considerations to

be applied consistently across business, support and operational functions.

Building on this foundation, in 2023 we developed and rolled out the Sustainable Learning Framework, further strengthening our workforce by equipping employees with the knowledge and skills needed to identify, assess and manage sustainability and climate-related risks in their day-to-day decision-making.

The Sustainable Learning Framework adopts a structured, role-based learning approach to embed sustainability across the Group. It categorises employees into four groups; Green Shapers (Board and Management), Green Drivers (Heads of Departments/Divisions), Green Players (employees responsible for implementing and monitoring sustainability initiatives), and Green Agents (those engaging directly with customers), ensuring each group receives tailored learning and guidance. By equipping every employee according to their role, the Framework drives consistent application of sustainability principles, supporting the Bank's broader sustainability agenda and commitments.



Embodying a Value-Based Culture

From Awareness to Advance: A Structured ESG Learning Maturity Pathway

Under the Sustainable Learning Framework, employee capability development follows a clear maturity progression. This pathway combines digital learning, scenario-based exercises, role-specific modules and practical case studies, enabling employees to progressively deepen their understanding and application of ESG considerations relevant to their functions. Sustainability expectations are also reinforced through onboarding, leadership development, performance management and decision-making processes, ensuring learning translates into practice.

While the Sustainability Commitments conclude in 2025, the practices established under SC5 continue to shape how the Group develops its people. Future efforts will focus on deepening role-specific competencies, strengthening leadership accountability, and reinforcing how values and conduct are reflected in performance management, incentives and everyday behaviours. Progress will be reflected not only in training completion rates, but in how employees apply judgement, manage risks, serve customers and contribute to a responsible, resilient organisation.



Sustainable Learning Framework: 2025 Milestones


Developed first mandatory **Sustainability e-Learning Module for BITIZENS**

Conducted **16 training** programmes covering topics such as Sustainability Reporting, Social Impact, and Sustainable Finance

78% Foundation-level completion was achieved among the identified target group, compared to an initial target range of 11-13%

Completed **309 learning hours** in Sustainability and Climate-Related training programmes

90% of employees completed the **Sustainability e-Learning module**, significantly exceeding the original target range of 35-39%

 For more information on our Sustainability capability and training progress, refer to page 151 of this report under Talent Development.

Talent and Development

Talent and development are critical to sustaining performance in an increasingly competitive and complex banking environment. As the Group navigates heightened expectations around customer experience, digitalisation, risk management, fraud prevention and regulatory compliance, continuous capability building ensures our workforce remains skilled, adaptable and future-ready.

Our Approach

Our talent and development approach is designed to strengthen leadership capability while embedding sustainability across the organisation. We focus on developing talent to support leadership continuity across leadership roles while also building sustainability capabilities to integrate sustainable practices into everyday operations. This approach ensures that leadership development and sustainability capability progress together, supporting both organisational performance and long-term value creation.

Our Strategy



Building a Robust Leadership Pipeline

At Bank Islam, we are committed to developing talents across all levels of the organisation—from fresh graduates to senior management. Our structured programmes ensure that employees gain the skills and experiences relevant to their current role while preparing for future opportunities, creating a continuous and sustainable pool of capable leaders.

Our leadership development approach spans multiple groups of key talent:

Young Leaders Programme (YLP): Focuses on fresh graduates and junior talents, providing foundational skills, exposure to key business functions, and early leadership development.

Emerging Leaders: Targets junior to mid-level employees, equipping them with enhanced management capabilities and preparing them for greater responsibilities.

Successor Pool: Focuses on mid- to senior-management talents, ensuring readiness for critical roles and supporting succession planning across the Group.

By nurturing these different groups, we create a robust internal talent ecosystem that enables smooth transitions, succession readiness, and long-term leadership continuity, supporting the Bank's growth and transformation agenda.



Deepen Sustainability Expertise

To deepen expertise in sustainability across the organisation through our Sustainability Learning Framework, with the objective of integrating sustainability into the fabric of our day-to-day operations, as well as keeping our workforce aligned with emerging regulatory requirements and trends.

Hinging on our approach, our talent development initiatives are grouped into three core pillars:

01 Leadership and Succession Readiness

Structured development and succession planning processes are in place to identify high-potential talent, support leadership continuity and mitigate key-person risks for critical roles.

02 Capability and Skills Development

Learning programmes are aligned to business priorities, covering technical banking competencies, digital skills, risk and compliance, customer experience and functional expertise, supported by a mix of classroom, virtual and e-learning formats.

03 Inclusive Access to Development Opportunities

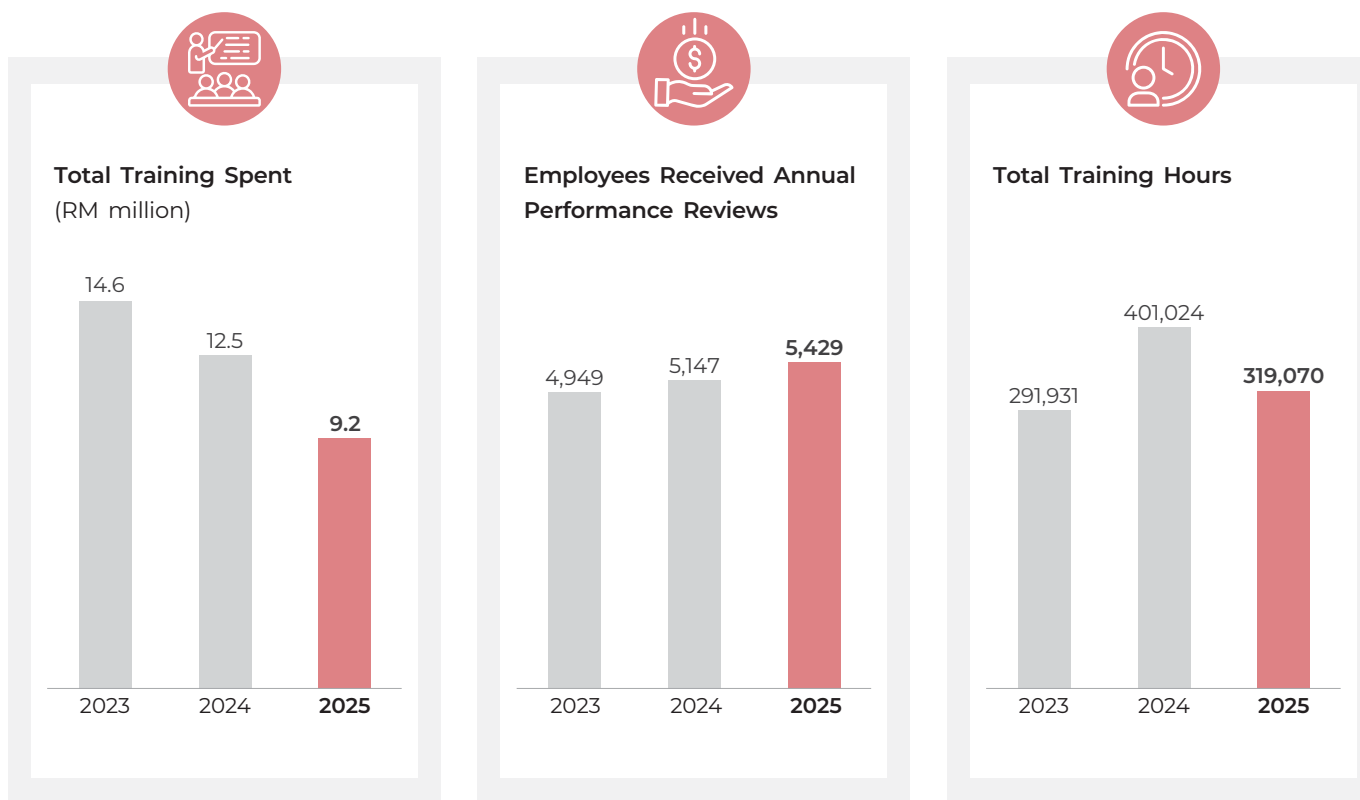
Development pathways are designed to provide fair and transparent access to training, career progression and leadership exposure across gender, age groups and employee categories.

Talent and Development

Our Impact

In 2025, continued investment in learning and development supported workforce capability, internal progression and long-term talent retention.

These efforts strengthened operational consistency, supported career progression and enhanced readiness for evolving business and regulatory demands.



KEY HIGHLIGHTS IN 2025

Invested a total of **RM9.2 million** in training and development programmes

Achieved total training hours of **319,070** across **5,295** employees trained

Conducted regular performance and career development reviews for **5,429** employees

Regular performance and career development reviews conducted across **Management** and **Non-Management** employees

Talent and Development

Developing Leadership Excellence

The Group strengthened leadership capabilities by providing structured development opportunities that support effective decision-making, team management and long-term organisational stability. These initiatives help leaders navigate changing expectations while fostering consistent and accountable leadership practices across the organisation.

Lean in Series

- › The Lean In Series is a panel series featuring Bank Islam's female leaders sharing on key topics around self-development, building confidence and reinforcing inclusive behaviours towards breaking the proverbial glass-ceiling. It is intended to provide encouragement and peer support for female employees as they navigate their careers, rather than serving as a formal skills development or advancement programme.
- › In 2025, **two sessions were conducted** focusing on personal resilience, leadership confidence and inclusive leadership behaviours. Approximately 30 participants attended each session physically, while an average of **300 participants** joined virtually per session. The sessions enhanced self-awareness, strengthened communication skills, and reinforced motivation to take on greater leadership responsibilities. **Overall, the programme supported the continued development of women leaders in middle management and above.**



Executive Coaching for Senior Leadership

- › We implemented a structured executive coaching programme for the Group Chief Executive Officer (GCEO) and selected Group Management Executive Committee (GMEC) and GMEC-1 members. Delivered by Transcend Space and Ainsight Resources, the programme **comprised six to twelve one-to-one coaching sessions** per leader, providing targeted guidance, practical resources and dedicated reflection space to strengthen leadership impact, navigate complex organisational challenges and prepare for critical leadership responsibilities.



Talent and Development

Accelerated Talent Development Programme (ACCEND)

- › The Accelerated Talent Development Programme (ACCEND) is a structured learning programme designed to groom selected successors at the Senior Manager (SM) and Assistant General Manager (AGM) levels by accelerating leadership capability and preparing them for future senior roles. The programme is delivered in **collaboration with UNITAR and INSEAD**, and comprises a combination of structured workshops, executive coaching sessions and practical leadership challenges.
- › In 2025, ACCEND Cohort 2, comprising **14 participants**, engaged in immersive leadership modules, including Change Management, Executive Coaching, Personal Reflection, Stakeholder Management, Customer Centricity, Building Relationships and Leading with AI. The cohort's development journey culminated in a flagship session at INSEAD Singapore, providing participants with advanced leadership exposure and strategic perspectives.
- › As the programme continues through to the end of 2026, it **aims to prepare participants to navigate the risks and opportunities associated with senior leadership roles**, strengthen their ability to communicate complex information and defend decisions, motivate diverse teams, and enhance overall leadership readiness.



Psychological Safety for BILAD: Awareness & Coaching Training

- › We conducted Psychological Safety for BILAD: Awareness and Coaching Training for senior management, including C-suite leaders. The programme **focused on equipping leaders with practical methods and tools to foster psychologically safe workplaces** and strengthen team performance. During the year, we held three coaching-based training sessions for a total of **38 leaders across the three cohorts**.



Bank Islam Spiritual Insightful Reflective Aspirational Hisbah (BASIRAH)

- › Bank Islam Spiritual Insightful Reflective Aspirational Hisbah (BASIRAH) is a dedicated and customised programme to further strengthen the leadership of Middle Management. It is designed to enhance their leadership capacity, foster synergy across the Group, embrace workplace spirituality, cultivate purpose-led leaders, and drive the positive behaviours needed for Bank Islam to achieve its purpose.
- › In 2025, **27%** of middle management was trained in this programme.



Talent and Development

Building a Future Leadership Pipeline

To support long-term organisational resilience and leadership continuity, Bank Islam implements the Young Leaders Programme (YLP) to nurture talents from diverse backgrounds and equip them with capabilities required to operate effectively within an evolving banking environment. Initiated in 2018, the YLP is a fast-tracked, 18-month development programme comprising foundational financial training, job rotations across key business functions, exposure to essential management knowledge and skills, mentoring, leadership workshops, and direct engagement with senior management. Upon completion, participants are permanently placed into roles aligned with organisational needs.

In 2023, the programme was enhanced through the introduction of a Digital Track, targeting graduates with a strong interest in digital and technology-related fields. This enhancement supports our digitalisation efforts by strengthening participants' digital competencies. As of 2025, YLP comprised 48 active participants. Continuous development initiatives, including the Bank Islam Leadership and Self-development Series (BLISS), strategic engagements with senior leaders, and integrated team-building activities, further strengthen participants' readiness to contribute to the Bank's growth and transformation agenda.

Embedding Sustainability Competence

We expanded sustainability-related training to ensure our employees, leaders and decision-makers are equipped with relevant knowledge. Sustainability and climate-focused sessions for the Board, management and across the 3LOD provided practical insight into evolving requirements, enabling more informed and consistent application in daily operations.

In 2025, we strengthened employee awareness and capability in sustainability and climate-related risk management through Bank-wide and targeted learning initiatives. All new staff are required to complete a mandatory e-learning programme on Sustainability and ESG to build a baseline understanding of sustainability concepts and ESG drivers.

To develop specialised expertise, we conducted Climate Training sessions for operational risk controllers and business continuity coordinators. The programme covered climate risk fundamentals, regulatory expectations, and practical approaches to integrating climate considerations into operational risk and business continuity practices.

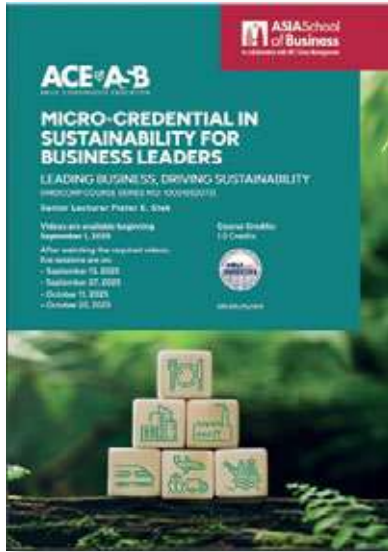
Global Insights & Strategic Leadership in Climate Risk Governance Course



We conducted this course for our Board members and senior management, providing a high-level overview of sustainable finance trends, climate risk governance and strategic leadership, drawing on global and regional best practices, with particular reference to developments in China. The programme was designed to enable participants to assess the Group's existing climate risk governance framework and identify areas for improvement. Through structured discussions and comparative insights, participants examined how climate risk considerations can be more effectively integrated into business operations, financing and investment decisions. The course also supported the development of strategic recommendations to strengthen the Group's approach to sustainable finance, informed by relevant global practices.

Talent and Development

Micro-credential in Sustainability for Business Leaders



The course covered four core areas: foundations of sustainability, embedding sustainability into business strategy, sustainability reporting and supply chains and society, and integrity and regional perspectives. The programme was attended by the Group Chief Sustainability Officer and supported the application of sustainability principles at a strategic level. By combining conceptual foundations with practical business perspectives, the course strengthened leadership-level insight into sustainability challenges and opportunities relevant to the organisation's operating context.

NSRF & IFRS S1 and S2 Practical Implementation Training



This training was initiated in alignment with the Securities Commission Malaysia's directive for listed and large non-listed companies to adopt the National Sustainability Reporting Framework (NSRF) and the ISSB's IFRS S1 and S2 Standards. The training focused on strengthening technical competence among employees to support effective implementation of the new disclosure requirements. Key areas covered included the global sustainability reporting landscape, practical application of IFRS S1 and S2, internal transition considerations, development of RACI matrices and preparation for sustainability reporting. A total of 75 participants from across all divisions of Bank Islam attended the training, supporting a consistent and organisation-wide understanding of the new standards.

Organisation-Wide Sustainability Capability Building



Beyond executive and technical programmes, Bank Islam conducted multiple sustainability-related initiatives across the organisation in 2025, including:

- ▶ Decarbonisation strategy and transition readiness training
- ▶ Biodiversity and nature-related risk awareness
- ▶ Shariah integration with sustainability principles
- ▶ Sustainable internal auditing practices
- ▶ Impact measurement and Social Return on Investment (SROI) workshops

Foundation-level ESG programmes for wider employee engagement. Participants represented Board members, senior management, middle management and working-level staff, ensuring enterprise-wide alignment. These programmes were delivered through a combination of specialised training providers, industry institutions and internal knowledge-sharing platforms.

Talent and Development

Future-Ready Skills and Workforce Resilience

With the nature of work becoming more dynamic, efforts were directed at equipping employees with skills that support long-term adaptability. Throughout the year, 649 upskilling programmes were conducted, focusing primarily on leadership development and technical skills. These upskilling programmes strengthened leadership readiness and enhanced employees' functional capabilities, enabling the workforce to adapt to changing business and industry expectations.

Bank Islam continues to adopt a holistic approach to capability building, ensuring employees are equipped to meet evolving regulatory requirements and industry best practices across a broad range of competencies. While sustainability and ESG training remain an important component, learning and development initiatives extend across key areas including risk management, governance and compliance, digital and technology capabilities, fraud prevention, data protection, and operational excellence. During the year, participation in training programmes increased, supported by greater adoption of digital learning platforms and improved completion rates across mandatory and elective courses. This integrated approach strengthens workforce capability, enhances operational readiness, and ensures employees are well-positioned to support the Bank's governance, risk management, and sustainability objectives.

Upholding Labour and Human Rights

We are committed to respecting fundamental labour and human rights across our operations, in line with the UN Global Compact principles and applicable laws. Bank Islam upholds these principles through ethical employment practices, inclusive policies, and strong governance structures designed to ensure fair treatment, regulatory compliance, and alignment with stakeholder expectations. Although the Group's inherent exposure to labour and human rights risks is relatively low given the nature of its operations, safeguards remain firmly embedded within our Human Resources policies, Code of Conduct, and governance frameworks, which prohibit forced labour, child labour, and discrimination. These policies are approved at Management and Board levels, with clear accountability and periodic review.

Fair employment practices are supported by structured remuneration frameworks, compliance with labour regulations governing wages and working hours, and respect for freedom of association. Employees are represented through recognised unions, with collective bargaining

agreements promoting constructive engagement and workforce stability. We foster a diverse and inclusive workplace through non-discriminatory practices across recruitment, development, and career progression, complemented by inclusive benefits and flexible working arrangements.

Our experience demonstrates that fair employment practices, safe working conditions, and equal opportunity are integral to employee morale, productivity, and trust, directly supporting business resilience, customer confidence, and long-term value creation. Employee safety, health, and well-being are supported through a structured Occupational Safety and Health (OSH) framework and well-being initiatives spanning physical, mental, financial, and spiritual dimensions. In parallel, we invest in continuous learning and upskilling to strengthen workforce capability and long-term organisational sustainability.

Our Approach

Employee well-being, health and safety at Bank Islam is anchored in a formal governance and policy framework that defines clear standards, responsibilities and expectations across the Group. This is guided by our Occupational Safety and Health (OSH) Policy and implemented through established structures, including the Safety and Health Committee, site-level OSH coordinators and regular regulatory audits. Together, these mechanisms ensure consistent compliance with legal requirements, proactive risk management and continuous improvement across all business operations and premises.

Beyond compliance, our framework is designed to protect and support our people in a practical and holistic manner. It integrates physical safety controls, mental and emotional well-being support, financial well-being initiatives and opportunities for spiritual engagement, recognising that a safe and nurturing workplace underpins employee resilience, productivity and service quality. These commitments are operationalised through structured programmes, regular training and awareness initiatives, and ongoing monitoring of workplace conditions and employee feedback.

Employee Wellness

The Bank Islam Live Well programmes and Kelab Bank Islam ensures BITIZENS are well cared for in the four dimensions of wellness



Workplace Safety

Our comprehensive OSH framework provides a robust foundation to ensure BITIZENS feel safe and secure across our organisation



Workplace Culture

Providing an avenue that ensures our BITIZENS are heard, valued, and engaged



Work Environment

Designing green and conducive workspaces to foster a productive working environment, alongside tailored support for specific employee groups, such as working mothers



Upholding Labour and Human Rights

Our Impact

Bank Islam strengthened how it supports employees' well-being, health and safety by translating feedback, risk insights and regulatory expectations into tangible actions across the organisation. Our focus was on expanding access to wellness resources, reinforcing workplace safety practices and building a more supportive work environment, ensuring our employees are protected, heard and equipped to perform sustainably.

Feedback from employees highlighted the need for more equitable access to well-being resources, particularly for colleagues based outside headquarters. In response, Bank Islam introduced BITI-Caravan in 2025, a travelling wellness roadshow under the Bank Islam Live Well Programme designed to bring mental health support, medical screenings, financial advisory services and spiritual engagement directly to branches nationwide.

Employee Well-being, Health and Safety

KEY HIGHLIGHTS IN 2025

Launched BITI-Caravan, extending mental, physical, financial and spiritual well-being support to employees across **32 branches in six regions**

Achieved **A-grade DOSH audit results at three sites**, including the Head Office, with all audited locations meeting regulatory compliance expectations

Trained 5,617 employees on occupational safety and health standards through structured in-person, virtual and e-learning programmes

Recorded a **Lost Time Injury Rate (LTIR) of 1.307**, reflecting continued focus on workplace safety and incident prevention

Bank Islam Live Well Programme

The Bank Islam Live Well programme delivers structured initiatives across physical, mental, spiritual and financial dimensions of well-being. Its focus includes providing education and resources to support our employees in managing their own health and well-being through programmes such as health screenings, counselling support, financial literacy and opportunities for spiritual development.

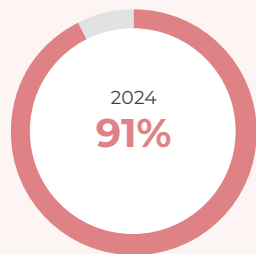
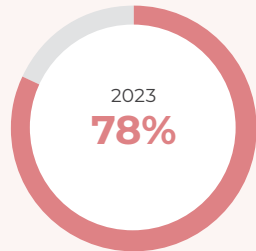
| Dimension | Key Initiatives (2025) |
|--------------------|---|
| Mental & Emotional | BITI-Soul, Naluri, Mental Wellness Zone |
| Financial | BITI-Wealth, KWSP / PERKESO clinics |
| Physical | BITI-Active, Dietitian Zone, screenings |
| Spiritual | BITI-Taqwa, talks, BITIKids Camp |

The BITI-Pulse survey has been conducted over the past three years to track trends in employee well-being, with consistent findings highlighting strengths in interpersonal support alongside recurring gaps in stress management and financial preparedness, which informed the scaling of Live Well initiatives.

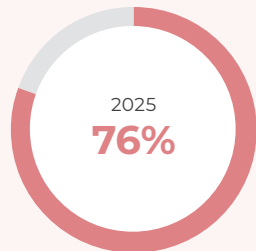
In 2025, we actively engaged with 3,252 BITIZENS to obtain structured feedback on their well-being through the BITI-Pulse #1-2025 survey. This virtual survey focused on assessing employees' well-being across four key dimensions namely, Mental and Emotional, Physical, Occupational, and Financial well-being. The data from the survey was used to gain deeper insights on employees' wellness needs, enabling us to deliver more suitable support programmes to them. The expansion of Bank Islam Live Well programmes beyond HQ-based activities was a result of insights from our BITI-Pulse 2024 survey.

Upholding Labour and Human Rights

Employee Engagement Index (%)



Employee Wellness Survey (%)



Overall, the feedback received was positive, especially in strong interpersonal support and resilience with requests for improved stress management, financial literacy and retirement planning. In response to these insights, we expanded the Bank Islam Live Well Programme beyond headquarters through the introduction of the **BITI-Caravan**.

BITI-Soul

Mental & Emotional Well-being

BITI-Soul strengthens employees' mental and emotional well-being through access to one-on-one counselling, stress-management tools and resilience support via Naluri and the Mental Wellness Zone. In 2025, **30 sessions were conducted in headquarters, while a total of 996 employees benefited from timely access to mental health support via BITI-Caravan**, and achieving an average satisfaction rating of 4. Through these sessions, our employees were able to handle stress better and improve their emotional resilience.

BITI-Wealth

Financial Well-being

BITI-Wealth supports employees' financial well-being through targeted education and advisory access, including webinars, financial literacy sessions and on-site clinics with KWSP and PERKESO. In 2025, **four webinars, four advisory booths and three literacy sessions** were conducted, enabling **1,496 employees** to receive practical guidance on retirement planning, social security benefits and financial decision-making.

Upholding Labour and Human Rights

BITI-Active

Physical Well-being

BITI-Active promotes physical well-being through preventive healthcare, basic medical screenings and health education. In 2025, this included on-site medical assessments and screenings through the BITI-Swat Wellness Booth Day, pharmacy consultations and the introduction of the Dietitian Wellness Zone, with **21 sessions delivering personalised nutritional guidance to 26 employees**. These efforts were complemented by 13 physical challenges, **five wellness events and three medical webinars**, strengthening awareness of preventive care and early health risk detection.

BITI-Taqwa

Spiritual Well-being

BITI-Taqwa nurtures spiritual well-being through regular prayers such as the Solat Asar berjemaah, tazkirah sessions and Islamic learning programmes. In 2025, **52 sessions were delivered** under the Islamic Educational Talk Series, including Kuliah Perdana@SWADD and the Sisterhood Series. Extending this focus to families, the inaugural BITIKids TAQWA Camp engaged **over 40 children** through value-based activities, reinforcing positive character development beyond the workplace.

Feedback from the BITIKids TAQWA Camp included reflections from participating children on the values and lessons they gained through the programme:

To earn a good result and life you must take care of your relationship with Allah SWT and parents

Arina, 17

Always strive to be better

Alya, 14

Upholding Labour and Human Rights

Bank Islam strengthens employee well-being through BITIFriends, a targeted peer-support intervention where trained staff provide colleagues with a trusted, informal channel for guidance and emotional support. Since its launch in Q4 2022, employees have increasingly reached out to these volunteers for support with challenges encountered at work and beyond. Through regular check-in sessions, we identified that some of these issues were more complex in nature. In response, we upskilled the BITIFriends through training in Trauma-Informed Care (TIC), equipping them with the right principles and skills to provide appropriate workplace support while safeguarding their own well-being by preventing burnout and compassion fatigue. This approach ensures employees receive holistic support through both internal resources (BITIFriends) and external assistance (EAP provider), while protecting the well-being of all parties involved.

Kelab Bank Islam (KBI) complements the Bank Islam Live Well Programme by strengthening employees' social, physical and mental well-being through engagement-driven activities that promote work-life balance, camaraderie and a supportive workplace culture. In 2025, KBI initiatives focused on creating meaningful shared experiences, encouraging healthy lifestyles and reinforcing social responsibility among employees.

Health Talk with Dr. Malar



- > Conducted on 25 November 2025 in a hybrid format, this session focused on mental well-being, with specific emphasis on understanding and managing anxiety.
- > The talk attracted **1,008 participants (48 physical, 960 virtual)**, reflecting strong engagement and growing openness around mental health topics. Participants gained practical insights into recognising anxiety triggers, adopting healthier coping strategies and fostering empathy in the workplace, supporting a more open and psychologically supportive work environment.

Bazar Kasih Sayang



- > Held on 26 June 2025 at the Head Office, this initiative supported employees' social well-being by providing access to affordable essential goods.
- > Total sales amounted to **RM1,600**, with **RM800 (50%) contributed to Sadaqa House**, reinforcing compassion, inclusivity and community support while easing cost-of-living pressures for staff.

Upholding Labour and Human Rights

Cabaran TanggARThon



- › Conducted on 26 June 2025, this challenge encouraged physical activity and healthy habits through friendly competition among Head Office employees.
- › **The initiative promoted teamwork, positive morale and greater participation in wellness-related activities,** supporting broader human capital development objectives.

Reusable Lunch Box Initiative (KBI-IP)



- › As part of its environmental awareness efforts, KBI distributed reusable lunch boxes to members on 29 May 2025.
- › This initiative encouraged the **reduction of single-use plastics, supported waste minimisation practices** and reinforced environmentally responsible behaviour in daily routines.

KBI Wednesday Run

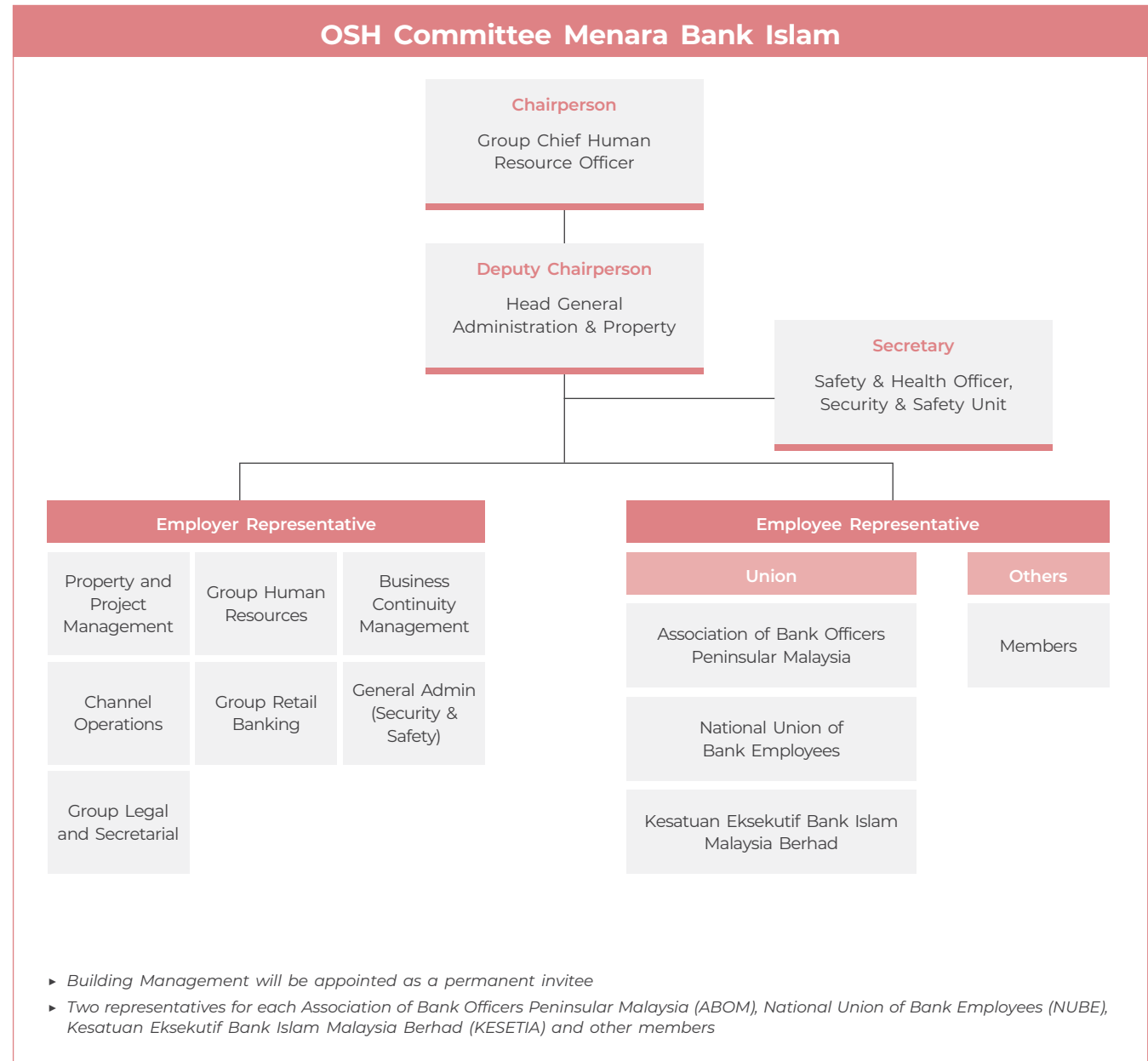


- › The KBI Wednesday Run is a weekly programme conducted every Wednesday. The KBI Wednesday Run promotes healthy lifestyles and encourages physical activity for our employees by providing an accessible platform to engage in group running or jogging sessions, supporting fitness, stress management, and overall well-being.
- › **Beyond its health benefits, the initiative fosters social connection, teamwork, and cross-functional engagement,** reinforcing a positive and supportive workplace culture.

Upholding Labour and Human Rights

Safe and Healthy Workplaces

Bank Islam manages workplace safety through a structured OSH governance framework, led by the Safety and Health Committee (SHC). The Committee is responsible for developing and reviewing OSH policies, overseeing workplace inspections, investigating incidents and near-misses, and reporting health and safety matters to Management. This governance ensures that safety risks are identified early, controls remain effective and corrective actions are consistently implemented across operations.



Upholding Labour and Human Rights

In 2025, six of our sites were audited by the DOSH to assess compliance with OSHA requirements. These assessments help identify operational gaps, strengthen safety controls and ensure that workplace practices remain aligned with regulatory expectations and internal safety commitments. Of these audited sites, three achieved an A grade, while the remaining three sites received a B grade, indicating overall satisfactory compliance with regulatory requirements.

To strengthen OSH awareness and practices, we implemented targeted training and capability-building initiatives across the organisation and extended workforce. Delivered through in-person, virtual and e-learning formats, these programmes reinforce regulatory compliance, strengthen practical safety competencies, and promote shared accountability for risk prevention across daily operations.

Bank Islam continued to factor branch locations and physical assets into its operational risk assessments, including exposure to climate-related hazards such as flooding. No material disruptions were reported during the year. Preventive measures and contingency planning remain embedded within operational risk management processes, with ongoing coordination between facilities management and risk functions.

Occupational Safety and Health Talk



An Occupational Safety and Health Talk was conducted on 9 July 2025 by the Department of Occupational Safety and Health WPKL to strengthen contractors' and vendors' understanding of statutory OSH requirements and the Group's internal directives. The session covered key regulatory topics, including the implementation of the NIOSH Financial Institution Safety Passport (NFISP), workplace notification and the requirements of appointing OSH Coordinators, as well as the regulatory requirements of Malaysia's Occupational Safety and Health (Construction Work) (Design and Management) Regulations (CDM) 2024. The programme achieved a participation rate of 98%, reinforcing compliance awareness among contractors, project managers, and procurement stakeholders.

Appointment of OSH Coordinators within Bank Islam



To fulfil the requirements of the OSHA 1994 (Amendment 2022), a three-day OSH Coordinator training programme was conducted for newly appointed Branch Managers and Assistant Branch Managers by Skills Solutions Sdn Bhd. The training, delivered using a DOSH-approved module, ensured 100% participation and focused on equipping branch leadership with the competencies needed to manage OSH responsibilities effectively at branch level.

Upholding Labour and Human Rights

Office Ergonomic Virtual Talk



An Office Ergonomic Virtual Talk was held on 11 April 2025 by ErgoWorks Sdn Bhd to promote safe ergonomic practices and raise awareness of injury prevention in the workplace. Delivered through the Group's regular Friday Hangouts platform, the session was open to all employees and reached 782 participants. The programme focused on practical ergonomic principles to reduce the risk of chronic occupational health issues, particularly among new employees. From this talk

Basic Occupational First Aid and CPR Training



Basic Occupational First Aid and CPR training was conducted by the Academy of Safety and Emergency Care (ASEC) Sdn Bhd for appointed first aiders at headquarters and branch outlets to ensure preparedness in managing workplace medical emergencies. The programme combined theoretical learning with practical examinations and achieved a 97% participation rate. This initiative supports regulatory compliance while strengthening on-site emergency response capability across the organisation.

Essential Safe Handling and Chemical Management Training



To comply with the Use and Standards of Exposure of Chemicals Hazardous to Health Regulations 2000, Essential Safe Handling and Chemical Management training was conducted by Skills Training Consultancy Sdn Bhd for our Ar-Rahnu valuers. The programme, delivered through multiple sessions, combined theory and practical components and achieved an overall participation rate of 98%. The training aimed to ensure safe handling practices and regulatory compliance at branch level.

Mandatory E-learning Programmes



Mandatory OSH e-learning modules were rolled out to employees, excluding senior management grades, to ensure continued awareness of regulatory updates and key OSH topics such as ergonomics and emergency response planning. The programme, provided by GAP and Human Resources (HR) Learning, combined learning materials with year-end assessments, supporting consistent baseline OSH knowledge across the workforce. The completion rate for this module is 94%.

Upholding Labour and Human Rights

Supportive Work Environment

We continued to enhance our work environment primarily through the deeper and broader accessibility of existing initiatives rather than the introduction of new facilities. Feedback captured through employee testimonies highlights improved work-life balance, stronger engagement, and a greater sense of inclusion arising from flexible working arrangements, regular WOW conversations, and continued access to supportive facilities such as the Mother's Room, Sick Bay and Taska Bank Islam.

Flexible Working Arrangements

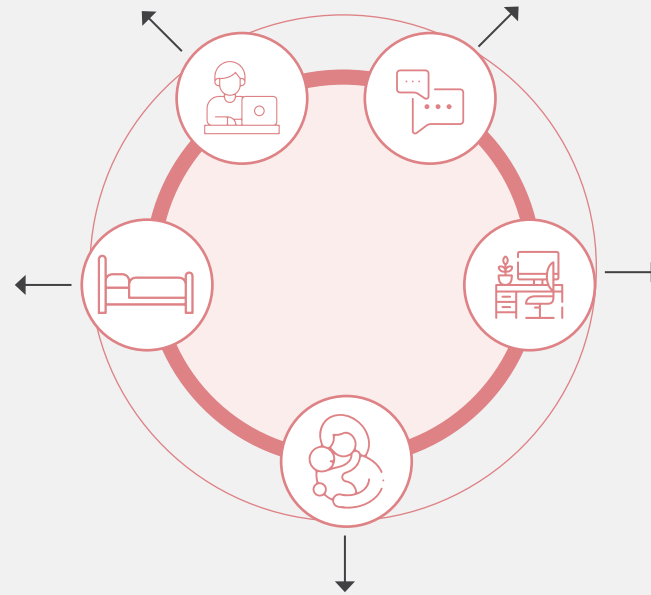
Flexible working arrangements continued across relevant roles in 2025 and are increasingly embedded as a normal way of working. Employee feedback indicates improved work-life balance, reduced burnout and stronger trust between employees and managers, supporting sustained productivity and engagement.

WOW Conversations

WOW Conversations remained a key platform for two-way dialogue between employees and managers. In 2025, feedback reflects that employees felt more heard and supported, with clearer expectations and improved engagement, reinforcing psychological safety and constructive workplace relationships.

Mother's Room & Sick Bay

The Mother's Room and Sick Bay at Menara Bank Islam continued to provide practical workplace support for working mothers and employees managing health needs. Employee feedback highlights increased comfort, dignity and reassurance, reinforcing an inclusive and caring work environment.



BITI-Green Zone

The BITI-Green Zone continued to serve as a shared space for rest, reflection and informal interaction. Employee feedback suggests it supports mental well-being and peer connection as part of everyday workplace experience.

Taska Bank Islam

Taska Bank Islam is a safe and convenient daycare centre, aimed to provide peace of mind for parents of young children, supporting their needs for balancing careers and family well-being. The daycare currently serves approximately 46 employees and their children. The daycare adheres to high standards, including through comprehensive safety protocols, regular fire drill exercises, regular sanitation, and the provision of healthy meals and snacks to children throughout the day.

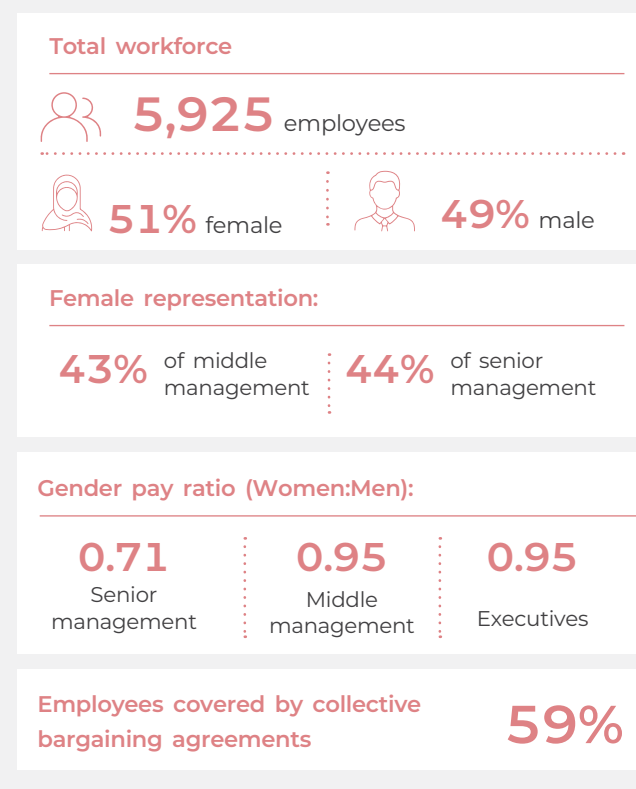
Upholding Labour and Human Rights

Diversity and Inclusion

Diversity and inclusion underpin our approach to fair and respectful employment. As an Islamic bank operating in a multicultural society, our workforce reflects a broad mix of gender, age groups and backgrounds. This diversity strengthens decision-making, encourages different perspectives and supports equitable access to opportunity across the organisation.

Our diversity and inclusion commitments are governed by the Group's Diversity, Equity and Inclusion (DEI) Policy, which sets clear expectations for fair recruitment, equal opportunity, non-discrimination, respectful conduct and a zero-tolerance stance towards discrimination, harassment and bias. These principles apply across the employee lifecycle, from hiring and development, to remuneration and progression. This is reinforced through management oversight and internal controls.

2025 saw continued progress in strengthening the Group's efforts to foster a more diverse, equitable and inclusive workplace.



Our focus on inclusion is anchored in fair hiring, equitable progression and transparent employment practices. Workforce data is reviewed regularly to identify gaps, track representation and guide targeted interventions. In 2025, women represented 48% of our total workforce, with sustained representation across executive, middle management and senior management levels.

Female participation in middle management increased steadily, reflecting continued efforts to widen access to leadership pathways.

We monitor pay equity across employment categories. Gender pay ratios remained broadly consistent year-on-year, with improvements observed at middle management and executive levels, reinforcing our commitment to equitable remuneration for comparable roles. Hiring and turnover trends are reviewed by gender, age group and employment category to support workforce planning and reduce unintended bias. In 2025, new hires continued to reflect a balanced intake across gender and age groups, supporting succession planning and organisational continuity.

Bank Islam, **in collaboration with PMCare**, offers **e-Farma**, a programme that supports employees and eligible dependents who require long-term medication by ensuring continuous and convenient access to prescribed medicines through home delivery. This initiative promotes **equitable access to healthcare**, particularly for individuals with chronic medical needs.

In addition, SOCSO contributions and benefits provide rehabilitation support for **employees affected by work-related injuries** or occupational illnesses. These benefits facilitate employees' recovery and return to work, reinforcing the Bank's commitment to inclusion, accessibility, and sustained workforce participation.

Stewards of the Environment

Across our offices, we lead by example in how we manage our own operations. We focus on optimising energy use, encouraging more responsible business travel, and minimising waste and resource consumption. By embedding these practices into everyday operations, we create an environment where employees are encouraged to make more sustainable choices, ensuring our internal behaviours consistently reflect our environmental commitments.

Engaging Our People to Foster Sustainable Behaviour and Culture

Throughout the year, Bank Islam implemented regular ESG-related internal engagement initiatives designed to build awareness, encourage participation, and embed sustainable behaviours across the organisation. These efforts, anchored by monthly sustainability awareness blasts, aligned to the UN SDGs and key global and regional sustainability and climate-related observances.

Types of Topics Covered

- ▶ Biodiversity and nature-related conservation
- ▶ Sustainable and responsible finance
- ▶ Carbon emissions and climate change
- ▶ Resource efficiency
- ▶ Waste reduction
- ▶ Sustainable mobility
- ▶ Employee well-being
- ▶ Inclusive organisational culture

To reinforce value-based engagement, each sustainability communication was contextualised with relevant Quranic verses and Hadith. This approach linked environmental stewardship, moderation in consumption, and social responsibility to Islamic principles such as *khalifah* (stewardship of the Earth), *wasatiyyah* (moderation), and *amanah* (trust), strengthening relevance and resonance across employee groups.

Engagement Mediums and Delivery Channels

Employee engagement was delivered through a combination of digital, physical, and campaign-based platforms to maximise reach and effectiveness. Communication channels included organisation-wide email blasts, educational videos, visual infographics, and interactive quizzes and challenges, supported by internal digital platforms. Selected awareness content was also shared through LinkedIn and Instagram to extend visibility. These engagements were complemented

by participation in SDG-related observance days and sustainability campaigns, including Sustainability Week, Earth Hour, No Plastic Month, and clothing recycling initiatives. Campaigns encouraging sustainable commuting practices, particularly the use of public transport, were also implemented to promote lower-carbon mobility choices among employees.

A key highlight was Sustainability Week, which featured sustainability talks, engagement booths, employee challenges, and well-being-focused activities conducted across 9 non-consecutive days. 2,328 employees participated through on-ground and digital platforms. Compared to Sustainability Week 2024, improvements were observed in programme structure, participation levels, and overall engagement quality.

Outcomes and Impact

The ESG engagement initiatives reached 2,328 employees, with active participation across quizzes, challenges, and campaign activities. These sustained efforts drove positive behavioural shifts, including reduced reliance on single-use plastics, increased awareness of energy and water conservation, and improved waste reduction practices. A key outcome was the clothing recycling campaign, which significantly exceeded expectations, collecting 1,462 kg of clothing within two days at Menara Bank Islam, compared to an initial target of 300 kg. This strong response reflects growing employee engagement and increased adoption of circular economy practices, including waste reduction and the use of reusable alternatives, where feasible.

Stewards of the Environment

In parallel, flexible Work-From-Home (WFH) and Work-In-Office (WIO) arrangements continued to support reduced commuting-related emissions while enhancing employee well-being and work-life balance. To further optimise workspace utilisation, common hot-desking facilities at Levels 10 and 20 were introduced, supporting agile working practices. Physical workplace efficiency measures, including retrofitting initiatives and HVAC optimisation, were also implemented to support electricity reduction efforts.

Moving Forward: Branch-Level Engagement

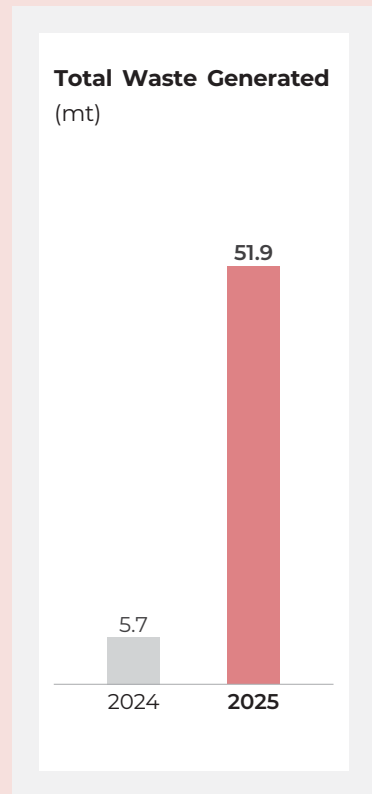
Building on internal momentum, Bank Islam plans to roll out branch-level sustainability campaigns focusing on energy efficiency, waste reduction, and responsible resource use. Employees will be empowered as sustainability champions to reinforce ESG practices within branch operations.

Waste Management



Effective waste management is an important part of how we reduce resource impacts across our operations. In 2025, we strengthened waste segregation and disposal practices at selected sites, with a focus on improving consistency and visibility across our headquarters, Menara Bank Islam. Cleaning and waste collection services were managed through appointed vendors operating under clearly defined service scopes covering all 26 floors, ensuring standardised handling of both general waste and recyclable materials across office areas, common spaces and shared facilities.

These measures enabled more consistent waste collection across all floors and improved tracking of waste volumes by category during the year. We will continue to review vendor performance and refine segregation practices over time to further strengthen waste management efficiency and oversight.



Structured Waste Segregation and Measurement at Menara Bank Islam

Menara Bank Islam generates a significant volume of operational waste each day across its 26 floors from office activities, pantry usage and shared spaces. In 2024, recyclable materials were often mixed with general waste, which limited recycling efforts and made it difficult to understand what types of waste were being generated. This highlighted the need for a more structured and transparent approach to managing waste data.

In response, we introduced a structured waste segregation and monitoring process to strengthen day-to-day waste management practices across the building. We placed clearly labelled bins to separate paper, plastics, aluminium and general waste, helping employees and service providers sort waste more consistently. Waste was measured twice daily, once in the morning and again in

the afternoon before 5:00 p.m. to better reflect daily waste patterns. Measurements were recorded in kilograms using a non-digital weighing scale, with photographs taken during each session to support verification and audit checks. **In 2025, we recorded a total of 41,625 kg of general waste** deriving from these waste bins. The 2024 figure reflects approximately two months of recorded waste data, as structured waste segregation practices were implemented progressively starting in 2025 with labelled bins for paper, plastics, aluminium and general waste. Operational measurement are based on kg and subsequently converted to mt for reporting purposes. The process is monitored by the Tenancy & Facility Management (TFM) that works closely with appointed cleaning and waste collection vendors to monitor waste handling practices across the floors within our organisation.

Stewards of the Environment

Paper Management and Reduction



Reducing paper use remains a key focus in minimising resource consumption across internal operations. In 2025, we reinforced digital-first practices across core processes, including approvals, reporting, communications, and record-keeping, supported by increased employee awareness on responsible printing.

Printing controls and shared settings continued to discourage unnecessary printing, while the adoption of electronic documents improved collaboration, review, and archiving. These measures contributed to a **4.4% reduction in paper usage**, compared to **49,136,212 sheets** used in 2024, reflecting continued progress in embedding resource-efficient workplace behaviours.


We will continue to strengthen digital workflows and reinforce responsible paper use as part of our broader approach to reducing operational environmental impact.

Water Management

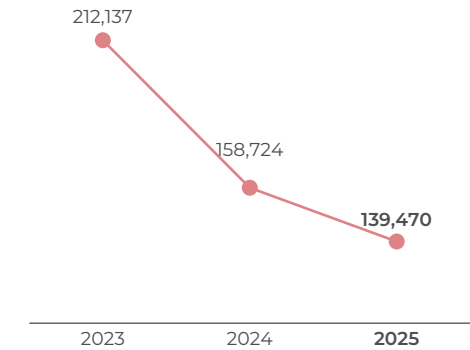


Water use across the organisation is managed with a **focus on mindful and responsible consumption embedded within day-to-day operations**. Usage at office premises is largely associated with essential activities such as sanitation, pantry use and basic building services, and is supported by standard operating practices that promote prudent water use. Routine facility management controls, including regular maintenance and timely repairs of leaks, are in place to minimise unnecessary consumption.

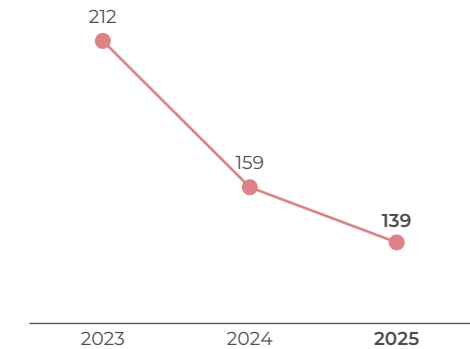
While our operational water footprint remains limited, we recognise the importance of responsible water stewardship. We will continue to monitor water usage patterns and progressively assess opportunities to strengthen water efficiency measures, ensuring that water considerations are integrated into our broader environmental management approach over time.

 For information on how we manage electricity and energy consumption, please refer to pages 145 to 147 of this report under Our Journey Towards Net Zero Chapter.

Water consumption
(m³)



Total volume of water used
(megalitres)



Good Governance and Conduct

Governance is not an overlay at Bank Islam – it is a part of who we are. Our Islamic principles shape our commitment to uphold ethical conduct and a firm stance against corruption as everyday responsibilities, not just compliance requirements. Anchored by a robust governance framework, we focus on delivering meaningful outcomes while protecting the trust placed in us by our stakeholders.

This section contains the following chapters:

| | |
|--------------|-----|
| Our Approach | 173 |
| Our Impact | 174 |

Capitals



Key Risks



Strategic Focus Areas

VBC

UN SDGs



Our Performance Snapshot

Percentage of assessed sites for corruption-risks:
100%

Percentage of employees received anti-corruption training:
95%

Number of integrity-awareness programmes deployed:
67

Number of publications on anti-corruption:
46

Implementation of **Data Leakage Prevention (DLP)** for digitally managed data

Developed **Organisational Anti-Corruption Strategy (OACS) 2026–2028**

Our Approach

“Indeed, Allah commands you to render trusts (amanah) to whom they are due and when you judge between people to judge with justice”

– Surah An-Nisa’, 4:58


At Bank Islam, ethics and integrity sits at the core of how we operate, make decisions, and conduct ourselves every day. From the Board to our BITIZENs, acting with accountability and principled conduct is instinctive, forming a part of our daily practice rather than a set of rules to be enforced. This foundation adds depth to our sustainability agenda by ensuring our commitments are credible, disciplined, and anchored by *amanah* (trust), *adl* (fairness), and *ihsan* (excellence in conduct), values that endure over time.

Policies and Guidelines

Bank Islam maintains a comprehensive suite of policies and guidelines that govern our conduct and decision-making. These policies provide clear guidance to uphold integrity, accountability, and sound governance across the organisation. Our policies are periodically reviewed and approved by the BOD, BRC, and MRCC, which are updated on a biennial basis to remain relevant and effective.

List of Corporate Governance Policies and Guidelines


- ▶ Group Corruption Risk Management Policy (GCRMP)
- ▶ Group Whistleblowing Policy (GWP)
- ▶ Group Anti-Bribery and Corruption Policy (GABCP)
- ▶ Group Gift Policy (GGP)
- ▶ Group Business Associates Code of Conduct (GBACOC) Guideline
- ▶ Group Compliance Policy
- ▶ Group Ethical Wall Policy
- ▶ Code of Ethics and Code of Conduct

 Please refer to Bank Islam Group Integrity Kit for more information on our Integrity Policies.

Our Impact


Anti-Bribery and Corruption

We maintain a zero-tolerance approach towards bribery and corruption in line with our Group Anti-Bribery and Corruption Policy, recognising that such practices undermine public trust, distort markets and expose the organisation to legal, financial and reputational risks.

 For more details on how we manage anti-bribery within Bank Islam, please refer to the Anti-Bribery Management System (ABMS) ISO:37001 section of our Integrated Annual Report 2025 at pages 203 and 204.

Organisational Anti-Corruption Plan

Bank Islam implements a structured anti-corruption framework through the Organisational Anti-Corruption Plan (OACP) 2022–2025, a three-year strategic blueprint developed in alignment with the National Anti-Corruption Plan (NACP) 2019 - 2023. Oversight of the OACP is led by the Group Chief Integrity and Governance Officer (GCIGO), supported by the Integrity & Governance Department (IGD). The Department coordinates implementation, monitors progress and validates initiative outcomes across business and support functions, with OACP-related matters, including proposed initiatives and progress updates, escalated to the Board Audit and Examination Committee (BAEC) for review and endorsement, ensuring Board-level oversight and accountability.

 For more details on the OACP, please refer to page 203 of our Integrated Annual Report 2025.

The OACP comprises 141 initiatives, all of which were implemented within the 2022–2025 timeframe. Implementation focused on strengthening preventive and detective controls, enhancing staff capability, and reinforcing ethical conduct. Key initiatives delivered in 2025 include:



Identified enhancement opportunities within existing procedures and strengthened relevant policies and manuals to better align with current and evolving regulatory requirements.



Provided the mandatory anti-corruption training programme via e-learning platforms, achieving a **95%** completion rate.



Strengthened control mechanisms through the implementation of Data Leakage Prevention (DLP) for digitally managed data.



In addition to the mandatory anti-corruption training programme, we delivered **nine** other training sessions attended by a total **2,074** staff.



Organised **67** integrity awareness programmes, generating **9,210** cumulative attendances, supported by **46** publications.



100%

of our sites assessed for corruption-related risks



ZERO

legal actions for anti-competitive behaviour, antitrust, and monopoly practices



67

anti-corruption training and outreach sessions conducted, with **46** materials published



95%

employees completed the anti-corruption training

Our Impact

Transitioning to the New Organisational Anti-Corruption Strategy 2026–2028

Building on the completion of the OACP, we have developed an Organisational Anti-Corruption Strategy (OACS) 2026–2028, which extends the existing OACP framework.

This strategy, which will be implemented from 2026, is developed in line with the National Anti-Corruption Strategy (NACS) 2024–2028, which plays an essential part of Malaysia's broader governance and institutional reform agenda to reduce corruption and improve governance, transparency, integrity and accountability across public and private sectors. It translates relevant national priorities into organisational actions across business activities, operations, administration, and governance.

Anticipated enhancements include further strengthening of existing processes and procedures, alongside expanded education and engagement initiatives for employees and stakeholders.

Corruption Risk Management

At Bank Islam, we apply a structured approach to Corruption Risk Management (CRM), aligned with ISO 37001 and our GCRMP.

Corruption risks are identified through a top-down approach that maps third-party relationships, assesses potential bribery exposure, and categorises risk types across operations. Each identified risk is assessed for inherent likelihood and impact using weighted parameters that consider reputational impact, stakeholder confidence, business operations, regulatory exposure and legal implications. We determine inherent risk ratings using a 5×5 heat map matrix, where the combined impact and likelihood scores establish overall risk levels ranging from Low to Critical.

Control effectiveness is evaluated through structured self-assessments across both impact and likelihood dimensions, taking into account governance structures, policy coverage, monitoring mechanisms and the extent of automation. Residual risk ratings are determined after factoring in control strength, with mitigation actions documented in risk registers and monitored through our CRM review cycle.

Corruption Risk Assessment

We undertook a Group-wide Corruption Risk Assessment (CRA) for the period 2024–2025, covering 40 stakeholders across all divisions and subsidiaries, including our Labuan Offshore Branch. As the CRA is conducted on a triennial basis, the first-year cycle (July 2024 to June 2025) assessed a total of 14 stakeholders, with six reviewed between January and July 2025.

The assessment drew on a wide range of internal and external data sources, including historical findings, industry cases, whistleblowing reports, regulatory observations and stakeholder interviews. Through the assessment, the Group successfully embedded corruption risk controls across end-to-end processes, including targeted enhancements to the integration of contractual safeguards, vendor onboarding requirements and property handover controls, as well as the consistent application of maker-checker controls and approval workflows. These enhancements significantly reinforce control effectiveness, accountability and governance integration across the organisation.

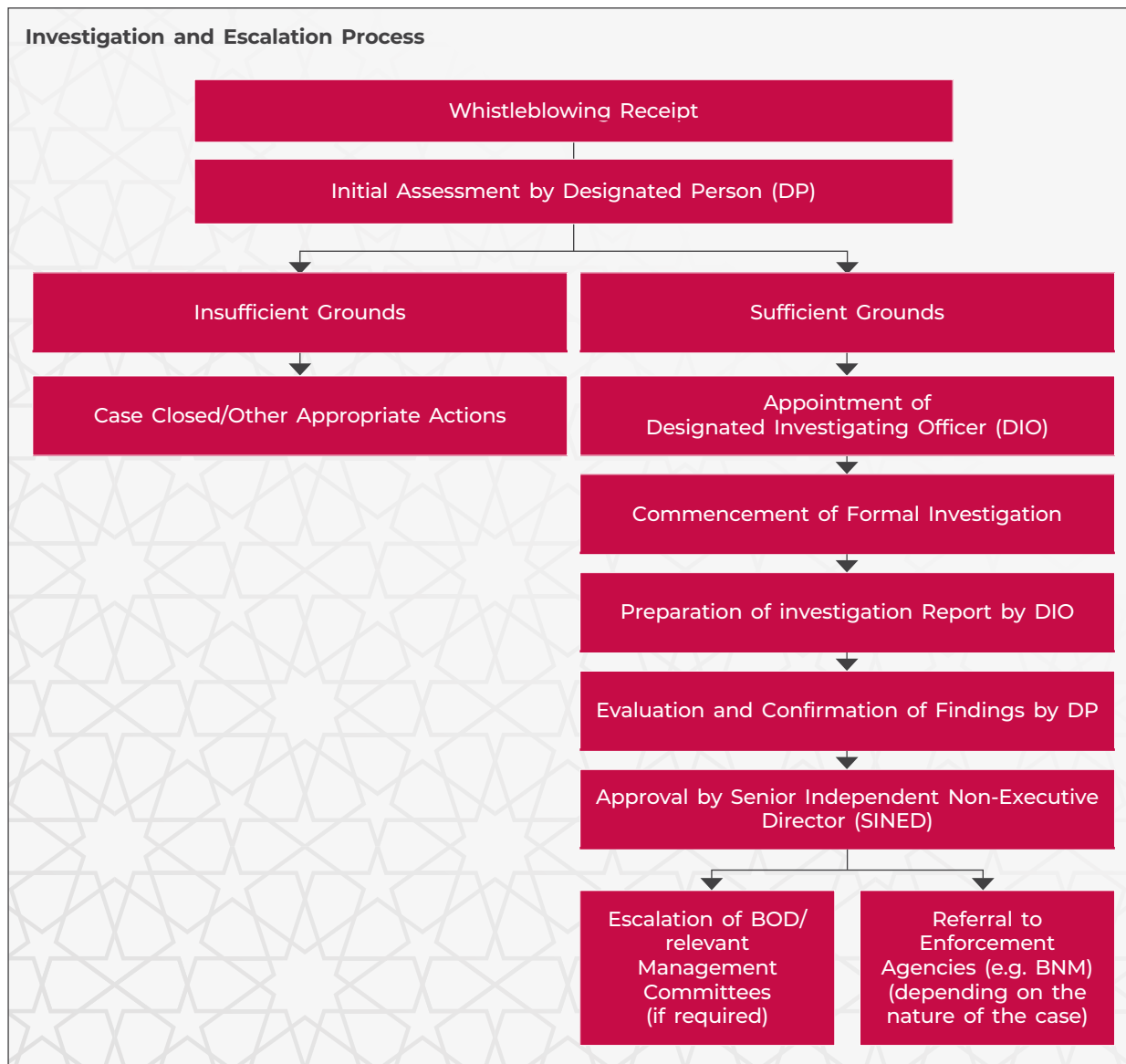
In 2025, the Group recorded one substantiated corruption-related case, which was concluded after a comprehensive investigation and was the first recorded case in several years. Appropriate disciplinary actions were taken in accordance with the Group's internal policies, including suspension from duty and separation from service.

Our Impact

Whistleblowing Mechanism at Bank Islam

An effective whistleblowing framework is essential to ensure good governance of the Group. Our framework offers multiple confidential reporting channels accessible to both internal and external stakeholders, supported by clear procedures for receiving, assessing, investigating and resolving reports, while safeguarding the rights of all stakeholders involved. Oversight of the whistleblowing process is exercised by the IGD through its Special Investigation Unit (SIU).

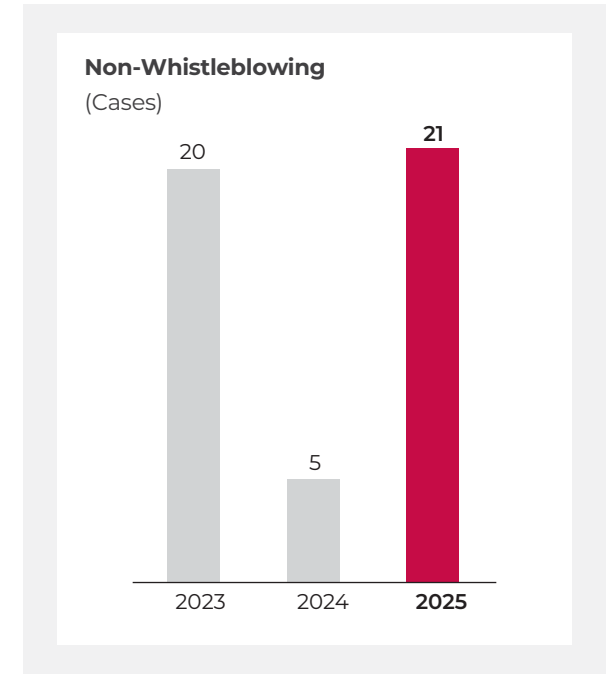
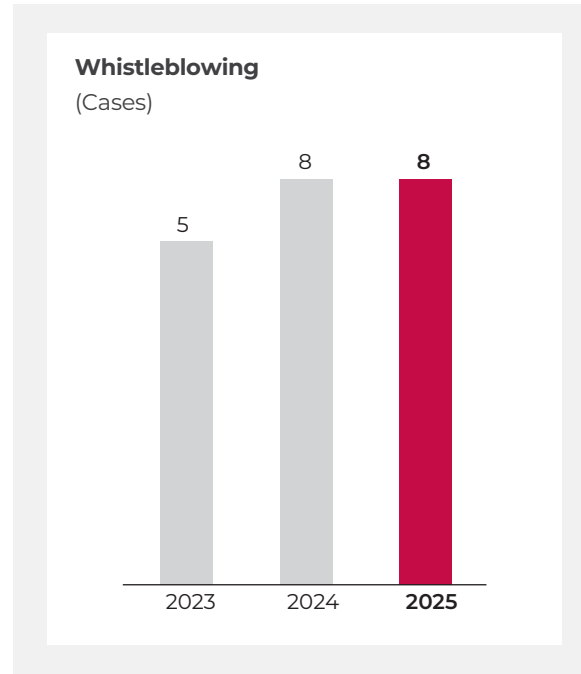
Upon receipt of a whistleblowing disclosure, a Designated Person (DP) conducts an initial assessment to evaluate the credibility and merits of the allegation. Where sufficient grounds are identified, a Designated Investigating Officer (DIO) is appointed to conduct a formal investigation. Investigations involve the systematic collection and review of relevant information and evidence, culminating in a formal investigation report. The report is then submitted to the DP for evaluation and confirmation of findings before being approved by the Senior Independent Non-Executive Director (SINED). Where required, cases may be escalated to the Board of Directors (BODs) or relevant management committees. Matters may be referred to enforcement agencies in accordance with regulatory requirements and the nature of the case.



Our Impact

Reported Cases in 2025

During 2025, we received and investigated 29 reports, of which eight were classified as whistleblowing reports under the established whistleblowing framework. The Integrity & Governance Department (IGD) has formally tracked all whistleblowing (WB) and non-whistleblowing (NWB) cases since the issuance of the Group Whistleblowing Policy in August 2018, and all complaints received through whistleblowing channels were addressed in accordance with the prescribed procedures. Due to the confidential nature of the cases, specific details regarding the allegations, investigation steps and outcomes are not disclosed. However, we confirm that all reports were concluded through the formal whistleblowing process, including preliminary assessment, investigation by designated officers and, where necessary, the implementation of corrective or disciplinary actions, as well as reporting to relevant authorities.



“O you who believe, stand firmly for justice, as witnesses for Allah, even if it be against yourselves or parents and relatives.”

– Surah An-Nisa 4:135

Our Impact

Whistleblowing Channels

To support the effective operation of our whistleblowing framework, we provide multiple whistleblowing channels for our employees and external parties in line with the prescribed tiering of the Group Whistleblowing Policy, supporting transparency and accountability. By offering a range of reporting channels, we enable whistleblowers to raise concerns through avenues they are most comfortable with, supporting timely reporting and effective case management. These channels are tested periodically, including the hotline functionality and verification of email addresses and websites to ensure consistent availability and operational reliability.



Designated email channels addressed to the Chairman, Senior Independent Director (SID) or GCIGO at the headquarter level



Designated subsidiary-level email channels, including BIMB Securities, BIMB Invest and Bank Islam Labuan Offshore Branch (BILOB)/Bank Islam Trust Limited (BTL), addressed to relevant Board or senior governance representatives



Online disclosure forms available on Bank Islam's corporate website at <https://cif.bankislam.com.my/WB/> (excluding BIMBSEC and BIMB Invest) and <https://www.bimbinvestment.com.my/whistleblowing>



Direct engagement with designated persons at corporate offices



Written submissions to the address of the designated person



Bank Islam Group Integrity Hotline at 1-800-18-0201



Corporate websites of external enforcement agencies such as Bank Negara Malaysia (BNM), the Royal Malaysian Police and the Malaysian Anti-Corruption Commission (MACC)

Our Impact

Strengthening Our Anti-Corruption Measures

Beyond policies and controls, we continue to invest in building a strong integrity culture. In 2025, we delivered 67 anti-corruption training and outreach sessions, including internal training programmes, webinars, seminars, awareness initiatives and external engagements. These initiatives resulted in 95% of employees receiving anti-corruption training. The small proportion of non-completion represents a select group of unionised employees, and the matter is currently being addressed through ongoing engagement with union representatives. The Group remains committed to achieving full participation in anti-corruption training as part of its broader efforts to strengthen ethical conduct, awareness and compliance across the organisation as the anti-corruption training is focused on achieving the following aims:

Additionally, we published 46 anti-corruption materials, including compliance bulletins, integrity reminders, awareness posters, electronic communications and infographic-based learning resources. These initiatives collectively enhanced anti-corruption awareness among employees, increased staff competency in recognising and reporting red flags, strengthened the integrity culture, improved leadership oversight, supported regulatory alignment, and reinforced expectations for external stakeholders.

01

Strengthening understanding of anti-corruption requirements

02

Improving the ability to identify and escalate corruption risks

03

Supporting leadership in fulfilling governance and oversight responsibilities

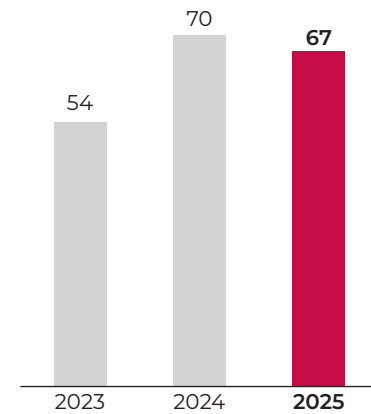
04

Promoting compliance with the Group Business Associates Code Of Conduct (GBACOC) Guideline

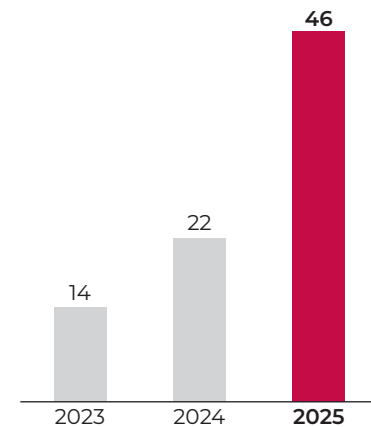
05

Reinforcing a culture of integrity across the organisation

Anti-corruption training and outreach sessions



Anti-corruption publications



Our Impact

Success with Integrity (SWI) Roadshow

The SWI Roadshow was designed as a practical initiative to reinforce integrity as a core organisational value, strengthen internal controls, promote a strong “Speak-Up” culture, and encourage sustainable behavioural change among our BITIZENs. It was delivered through an enhanced learning approach that was experiential, practical and game-based, creating an engaging learning experience for participants. Integrity was addressed from multiple organisational perspectives and anchored on Islamic principles and practices, with content tailored to real workplace scenarios to support effective internalisation of integrity values. The programme involved a total of 353 staff from

the operations and sales division of Bank Islam (Central Region), representing a 90.7% attendance out of 389 targeted staff.

Through the SWI Roadshow, our participants were able to strengthen their understanding of integrity as both a personal and professional responsibility, improve awareness of ethical decision-making, internal controls and “Speak-Up” mechanisms, and reinforce the importance of doing the right thing even without supervision. Some of our participants testimonies are as follows:

Integrity is a fundamental value that must be upheld by every individual, enabling sound judgement and responsible decision-making in the pursuit of meaningful success.

Izah, SWI#6

Given input to make sure sales staff alert and do the right thing at first.

**Noor Suhaida Mohd Norbi,
SWI#7**

Every element and module within this course is essential. It is important that all employees participate, as the knowledge gained is directly relevant to both our professional responsibilities and our daily lives.

**Muhammad Dzulfiqar Ismail,
SWI#8**



Our Impact

Knowledge-Sharing Session (Tone from the Top): The Future of Sustainability in Bank Islam – Environmental, Social and Governance Perspectives

This knowledge-sharing session was organised jointly by Compliance Academy, Planning and Strategy (CAPS), Group Sustainability Division (GSD), and Group Human Resources (GHR) to strengthen staff awareness and understanding of ESG principles, reinforce leadership tone from the top on sustainability and ethical governance, and highlight the integration of ESG and Shariah values within our banking operations and long-term strategy. Moderated by the Head of CAPS, the session featured distinguished speakers including one of our Board of Directors, the Group Chief Sustainability Officer and the Director of Social Finance, who shared

perspectives on embedding ESG principles and the importance of ethics and integrity in banking operations, while aligning sustainability practices with Shariah values. The session included interactive discussions and an active Q&A segment, providing opportunities for staff to engage directly with senior leadership and sustainability leaders. This format supported open dialogue and knowledge-sharing on ESG priorities and their relevance to Bank Islam's operations and governance approach.

Overall, the session enhanced staff awareness and understanding of ESG principles and their

application within the banking context. It reinforced leadership commitment on sustainability and ethical governance, improved the appreciation of the alignment between ESG practices and Shariah principles, and achieved strong participation with 451 staff in attendance, indicating high organisational engagement.



Our Impact

In addition to formal training and publications, we introduced an interactive team-based game format to reinforce key anti-corruption concepts and assess staff understanding. The programme was open to all divisions and subsidiaries, with a focus on strengthening knowledge of anti-corruption requirements, including relevant regulations, penalties and integrity-related expectations.

Battle of Wits: Compliance Game Show 2.0



Battle of Wits: Compliance Game Show 2.0 builds on the success of Compliance Game Show 1.0, which was introduced by the Compliance Academy, Planning & Strategy (CAPS) as Bank Islam's first compliance-themed game show. The inaugural programme reimaged conventional compliance training through a game-based format, creating an interactive and enjoyable learning experience while reinforcing the importance of compliance, integrity, and ethical conduct among BITIZENS. The strong participation, high engagement levels, and positive feedback demonstrated its effectiveness in making compliance concepts more relatable, memorable, and practical. Encouraged by this outcome, Compliance Game Show 2.0 was designed to sustain momentum, deepen learning, refresh content and formats, and further embed compliance awareness and integrity as core organisational values.

The programme was delivered in two sessions, with the morning session focused on Compliance staff and the afternoon session open to non-Compliance staff, excluding Compliance personnel. The event was spearheaded by CAPS in collaboration with IGD and attracted a total of 295 participants from branches, subsidiaries, and Group Compliance. Designed as a competitive, game-based learning platform, the sessions featured quizzes, challenges, and team-based activities aimed at reinforcing key compliance concepts. The interactive format encouraged cross-functional participation and supported active learning throughout the programme.

Overall, the event enhanced awareness and understanding of compliance and regulatory obligations, strengthened cross-functional engagement and teamwork, and achieved a high level of participation. The continued adoption of gamified learning further supported knowledge retention and engagement among participants.

The game-based approach made compliance learning more engaging and easier to understand.

Maisarah Aida Athirah Baharum,
Group Human Resources

The session was both educational and enjoyable, helping reinforce important compliance concepts in a practical way.

Noor Farhana Mohd Tajudin,
Group Finance

Our Impact

Compliance and Integrity Survey

We conducted an integrity perception survey to assess employees' views on Bank Islam's integrity culture, awareness of corruption risks, and confidence in available reporting channels. The survey achieved strong participation across the Group and provided valuable insights into the maturity of ethical awareness, the effectiveness of integrity initiatives, and areas where further reinforcement may be beneficial. Overall, the findings indicate a high level of awareness and understanding of integrity principles, whistleblowing channels, and compliance expectations, reflecting the continued impact of training programmes, awareness campaigns and engagement initiatives conducted throughout the year.

At the same time, the survey highlighted opportunities to further strengthen psychological safety and confidence in speaking up, particularly in relation to perceived risks of retaliation when reporting misconduct. While such concerns are not uncommon globally, these insights enable us to enhance our approach through more targeted communication, leadership engagement, and continuous assurance on confidentiality and protection mechanisms. The findings are being used to inform ongoing integrity programmes, including awareness campaigns, training enhancements and cross-functional collaboration to reinforce a transparent and supportive speak-up culture across the organisation.

BIG Pledge

We further strengthened our ethical culture through the introduction of the Bank Islam Group Pledge for Ethical Excellence (BIG Pledge). This initiative reinforces the Group's commitment to ethical excellence, zero tolerance towards bribery and corruption, and alignment with the National Anti-Corruption Plan. The BIG Pledge also forms part of the Group's adequate procedures framework to mitigate corporate liability risks under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009.

The pledge covers all employees across the Group and was conducted through the Humane digital platform, where employees were required to read, acknowledge and commit to upholding key policies, including the Group Anti-Bribery and Corruption Policy, Group Gifts Policy, Group Whistleblowing Policy, as well as the Code of Conduct and Disciplinary Management Policy. Launched in January 2025 and concluded in April 2025, the exercise achieved an overall completion rate of 88%, with the remaining acknowledgements primarily involving union-affiliated staff undergoing separate engagement processes.

Beyond formal acknowledgement, the BIG Pledge reinforces individual accountability in safeguarding the Group's reputation by conducting business with honesty, professionalism and integrity, in line with our shared value of Act with Integrity.

Insights from the initiative will continue to inform future awareness efforts, engagement strategies and governance enhancements to ensure ethical conduct remains embedded across the organisation.

As expectations evolve and challenges become more complex, good governance and ethical conduct remain foundational to Bank Islam's sustainability journey. By upholding integrity in how we govern and conduct our business, we seek to create lasting value for stakeholders and contribute meaningfully to a more just and sustainable financial system.

Sustainability-Related Training

| No | Name of Programme | Date | Participants category |
|----|---|-------------------------------|--|
| 1 | Decarbonise 360 | 16 Jan 2025 | Working level |
| 2 | Biodiversity for Business: Understanding Impacts and the Need for Action | 18 Feb 2025 | Working level |
| 3 | Sustainability Accelerator Programme | 24 Feb 2025 | Working level |
| 4 | Global Insights and Strategic Leadership In Climate Risk Governance | 28 Feb 2025 | Senior Management |
| 5 | Maqasid Al-Shariah: Intergration With Sustainability | 6 Mar 2025 | Working level |
| 6 | Internal Auditing for Sustainable Organisation | 8 – 9 Apr 2025 | Working level |
| 7 | National Sustainability Reporting Framework & Latest Bursa Listing Requirements | 28 Apr 2025 | BOD & Senior Management |
| 8 | Navigating the National Sustainability Reporting Framework & Latest Bursa Listing Requirements | 23 Jun 2026 | Working level |
| 9 | CISL Sustainability Leadership for Financial Institutions | 15 – 18 Sep 2025 | Senior Management |
| 10 | Micro-Credential in Sustainability for Business Leaders | Sep 13, 27, Oct 11 & 25, 2025 | Working level |
| 11 | Sustainability Reporting & Development: NSRF & ISSB S1 & S2 Practical Implementation | 29 Oct 2025 | Working level |
| 12 | Sustainability Reporting & Development: NSRF & ISSB S1 & S2 Practical Implementation (Half Day) | 29 Oct 2025 | Working level (Sustainability Champions) |
| 13 | Foundation-Level ESG | 29 Oct 2025 | Working level |
| 14 | SVM Managing & Leading Impact | 18, 19, 25 & 26 Feb 2025 | Working level & middle management |
| 15 | SVM SROI Workshop for Board | 14 Nov 2025 | BOD & Senior Management |
| 16 | Sustainability Reporting & Development : NSRF & ISSB S1 & S2 Practical Implementation | 13 Nov 2025 | Working level |

List of Policies and Guidelines

Bank Islam’s sustainability governance is underpinned by a comprehensive suite of policies and guidelines that guide our approach across the ESG spectrum, including:

| Economic | Environmental | Social | Governance |
|---|---|---|--|
| <ul style="list-style-type: none"> • Business Plan Guideline • Financing Guidelines • Group Sustainability Policy • Social Finance Policy/Guideline • Product Development Guideline • Branch Administration Operational Manual • Branch Customer Complaint Operational Manual Management • Branch Operations and Supervision Operational Manual • Customer Service Charter • Complaint Management Guideline | <ul style="list-style-type: none"> • Bank Islam Sustainability Plan and Commitments • Group Sustainability Policy • Climate-related risk management is integrated in the Group Enterprise-Wide Risk Management Policy • CCPT Supplementary Guideline • Group Climate Risk Management Framework | <ul style="list-style-type: none"> • Flexi Hours Policy • Code of Conduct (Freedom of Association) • Hybrid Workplace Guidelines • Flexible Outfit of the Day Guidelines • Remuneration Policy • Occupational Safety and Health (OSH) Policy • Group Sustainability Policy • Learning and Development Policy • Diversity, Equity, and Inclusion (DEI) Policy • Code of Conduct (Anti-Harrassment and Discrimination) • Sadaqa House Management Guideline | <ul style="list-style-type: none"> • Code of Ethics and Code of Conduct • Group Whistleblowing Policy • Group Compliance Policy • Group Compliance Risk Assessment Policy • Disciplinary Management Policy • Group Institutional ML/TF/PF Risk Assessment (IRA) Methodology Policy • Group Personal Data Protection Act (PDPA) Policy • Group Sanction Policy • Group Anti-Bribery and Corruption Policy • Group Gift Policy • Group Business Associates Code of Conduct Guideline • Group Corruption Risk Management Policy • Group AML/CFT Policy • Group Sustainability Policy • Group Technology Risk Management Framework • Group Cyber Resilience Framework • Group Data Governance Framework • Group Technology and Cyber Risk Policy • Group Data Governance Policy |

Bursa Malaysia Prescribed Table

Bank Islam Malaysia Berhad
IFRS S2

Date & Time: 2026-04-01_22:46:21

FYE 31/12/2025

| Sustainability Matter | Metric | Measurement Unit | 2025 | Target | Assurance | Remarks |
|-----------------------|--|---|--------|---|--------------------|--|
| GHG emissions | Scope 1 | Metric tonnes of carbon dioxide equivalents (tCO2e) | 15.8 | Target to achieve a 67% reduction in Scope 1 and Scope 2 emissions from the 2024 baseline, in line with the Group's Carbon Neutral Operations by 2030 commitment. | External (Limited) | Our Scope 1 emissions comprise direct emissions from: <ul style="list-style-type: none"> • fuel consumption in company-owned vehicles, • diesel used in generators, and • fugitive emissions from refrigerants. |
| GHG emissions | Scope 2 | Metric tonnes of carbon dioxide equivalents (tCO2e) | 10,844 | Target to achieve a 67% reduction in Scope 1 and Scope 2 emissions from the 2024 baseline, in line with the Group's Carbon Neutral Operations by 2030 commitment. | External (Limited) | Our Scope 2 emissions comprise indirect emissions from purchased electricity consumed across our branches and head office facilities and are calculated using the location-based method. |
| GHG emissions | Scope 3 Cat.5: Waste generated in operations | Metric tonnes of carbon dioxide equivalents (tCO2e) | 28 | - | No assurance | - |
| GHG emissions | Scope 3 Cat.6: Business travel | Metric tonnes of carbon dioxide equivalents (tCO2e) | 524 | - | No assurance | - |
| GHG emissions | Scope 3 Cat.7: Employee commuting | Metric tonnes of carbon dioxide equivalents (tCO2e) | 3,949 | - | No assurance | - |

Annual Performance Data

FINANCIAL PERFORMANCE DATA

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|-----------|-----------------------|------------|------|------|-------|
| GRI 2-6 | Market Capitalisation | RM billion | 5.7 | 5.6 | 5.2 |
| | Total Assets | RM billion | 91.0 | 96.8 | 104.1 |
| GRI 201-1 | Total Revenue | RM billion | 4.5 | 4.7 | 5.1 |

ENVIRONMENTAL PERFORMANCE DATA

| Guideline | Metric | Unit | 2024 |
|--|--|--------------------|---------|
| FN-CB-410b.2 IFRS S2 29(a)(vi) PCAF Standard | ABSOLUTE FINANCED EMISSIONS | | |
| | Total absolute financed emissions | | |
| | <i>Business loans</i> | tCO ₂ e | 154,522 |
| | <i>Project finance</i> | tCO ₂ e | 36,204 |
| | <i>Commercial real estate</i> | tCO ₂ e | 50,777 |
| | <i>Mortgages</i> | tCO ₂ e | 357,064 |
| | <i>Motor vehicle loans</i> | tCO ₂ e | 116,078 |
| | <i>Listed equity and corporate bonds</i> | tCO ₂ e | 85,803 |
| | <i>Sovereign debt</i> | tCO ₂ e | 529,246 |
| | BY SECTORS | | |
| | <i>Residential mortgages</i> | tCO ₂ e | 357,064 |
| | <i>Electricity, gas, steam, and air conditioning supply</i> | tCO ₂ e | 71,001 |
| | <i>Mining and quarrying</i> | tCO ₂ e | 60,896 |
| | <i>Transportation and storage</i> | tCO ₂ e | 60,688 |
| | <i>Commercial real estate</i> | tCO ₂ e | 50,777 |
| | <i>Wholesale, retail and trade, repair of motorcycles and motor vehicles</i> | tCO ₂ e | 37,646 |
| | <i>Water supply: sewage treatment, waste management and remediation</i> | tCO ₂ e | 24,002 |
| <i>Manufacturing</i> | tCO ₂ e | 18,523 | |
| <i>Information and Communication</i> | tCO ₂ e | 16,366 | |
| <i>Financial and Insurance/Takaful Activities</i> | tCO ₂ e | 7,332 | |
| <i>Construction</i> | tCO ₂ e | 6,997 | |
| <i>Others (15 sections accounting for less than 2% of emissions)</i> | tCO ₂ e | 6,575 | |

Annual Performance Data

| Guideline | Metric | Unit | 2024 | |
|-----------|---|--|-------------------------------|-------|
| GRI 305-4 | FINANCED EMISSIONS INTENSITY | | | |
| | Total financed emissions intensity | | | |
| | | <i>Business loans</i> | tCO ₂ e/RM million | 13.0 |
| | | <i>Project finance</i> | tCO ₂ e/RM million | 21.0 |
| | | <i>Commercial real estate</i> | tCO ₂ e/RM million | 39.0 |
| | | <i>Mortgages</i> | tCO ₂ e/RM million | 12.0 |
| | | <i>Motor vehicle loans</i> | tCO ₂ e/RM million | 48.0 |
| | | <i>Listed equity and corporate bonds</i> | tCO ₂ e/RM million | 8.0 |
| | | <i>Sovereign debt</i> | tCO ₂ e/RM million | 60.0 |
| | BY SECTORS | | | |
| | | <i>Residential mortgages</i> | tCO ₂ e/RM million | 12.4 |
| | | <i>Electricity, gas, steam, and air conditioning supply</i> | tCO ₂ e/RM million | 33.7 |
| | | <i>Mining and quarrying</i> | tCO ₂ e/RM million | 242.8 |
| | | <i>Transportation and storage</i> | tCO ₂ e/RM million | 26.5 |
| | | <i>Commercial real estate</i> | tCO ₂ e/RM million | 39.1 |
| | | <i>Wholesale, retail and trade, repair of motorcycles and motor vehicles</i> | tCO ₂ e/RM million | 43.4 |
| | <i>Water supply: sewage treatment, waste management and remediation</i> | tCO ₂ e/RM million | 12.4 | |
| | <i>Manufacturing</i> | tCO ₂ e/RM million | 27.9 | |
| | <i>Information and Communication</i> | tCO ₂ e/RM million | 14.3 | |
| | <i>Financial and Insurance/Takaful Activities</i> | tCO ₂ e/RM million | 0.8 | |
| | <i>Construction</i> | tCO ₂ e/RM million | 2.9 | |
| | <i>Others (15 sections accounting for less than 2% of emissions)</i> | tCO ₂ e/RM million | 1.9 | |

Note: Bank Islam's emissions data is currently reported with a one-year lag due to data availability constraints. The Group remains committed to enhancing the timeliness and robustness of its emissions disclosures in future reporting periods.

Annual Performance Data

SUSTAINABLE FINANCE

| Guideline | Metric | Unit | 2023 | 2024 | 2025 |
|--|--|------------|--------|--------|--------|
| YoY disclosure | Total Financing (TOS) and Treasury Asset of Sustainable Finance | RM million | 23,387 | 25,743 | 31,347 |
| | <i>Corporate</i> | RM million | 6,935 | 6,122 | 5,906 |
| | <i>Commercial</i> | RM million | 2,552 | 2,718 | 3,050 |
| | <i>SME</i> | RM million | 154 | 155 | 124 |
| | <i>Consumer</i> | RM million | 8,226 | 9,208 | 13,717 |
| | <i>Treasury</i> | RM million | 5,520 | 7,540 | 8,549 |
| YoY disclosure | Sustainable Finance Growth | % | N/A | 10.07% | 21.77% |
| | Breakdown of Total Sustainable Finance by Business Segments | | | | |
| | <i>Corporate</i> | % | 29.7% | 23.8% | 18.8% |
| | <i>Commercial</i> | % | 10.9% | 10.6% | 9.7% |
| | <i>SME</i> | % | 0.7% | 0.6% | 0.4% |
| | <i>Consumer</i> | % | 35.2% | 35.8% | 43.8% |
| | <i>Treasury</i> | % | 23.6% | 29.3% | 27.3% |
| | Social-linked Finance | % | 69.0% | 73.0% | 74.0% |
| | Green-linked Finance | % | 31.0% | 27.0% | 25.0% |
| | Sustainability Sukuk (Green and Social) | % | N/A | N/A | 1% |
| | Green-linked Finance Category | | | | |
| | <i>Clean Transportation</i> | RM million | 4,128 | 4,021 | 3,883 |
| | <i>Green Buildings</i> | RM million | 645 | 87 | 25 |
| | <i>Renewable Energy</i> | RM million | 1,400 | 1,892 | 2,881 |
| | <i>Sustainable Management of Natural Resources</i> | RM million | 998 | 914 | 1,026 |
| | Social-linked Finance Category | | | | |
| <i>Accessibility to Affordable and Quality Basic Infrastructure</i> | RM million | 7,869 | 11,574 | 11,193 | |
| <i>Accessibility to Quality Education and Training</i> | RM million | 519 | 465 | 1,038 | |
| <i>Accessibility to Quality Healthcare</i> | RM million | 751 | 800 | 844 | |
| <i>Employment Generation through SME Financing and Microfinance, Socioeconomic Advancement and Empowerment</i> | RM million | 7,076 | 5,991 | 10,067 | |

Annual Performance Data

GHG EMISSIONS MANAGEMENT

| Guideline | Metric | Unit | 2023 | 2024 | 2025 |
|---|---|--------------------|-----------|------------------|-----------|
| | TOTAL ABSOLUTE GHG EMISSIONS | | | | |
| Bursa C11(a) GRI 305-1 IFRS 29(a) | Total Scope 1 Emissions (Direct GHG emissions) | tCO ₂ e | 8.90 | 8.72 | 15.75 |
| | Stationary combustion (e.g. Genset) | tCO ₂ e | 2.21 | 1.59 | 1.59 |
| | Mobile combustion (CEO's car) | tCO ₂ e | 6.69 | 7.13 | 6.32 |
| | Fugitive emissions | tCO ₂ e | N/A | N/A | 7.84 |
| Bursa C11(b) GRI 305-2 IFRS 29(a) | Total Scope 2 Emissions (Indirect GHG emissions) | tCO ₂ e | 12,090.28 | 11,488.00 | 10,844.21 |
| | Location-based | tCO ₂ e | 12,090.28 | 11,488.00 | 10,844.21 |
| Bursa C11(c) GRI 305-3 IFRS S2 29(a)(i) | Total Scope 3 Emissions (Indirect GHG emissions from value chain) | tCO ₂ e | 530.20* | 4,292.20** | 4,501.26 |
| | BY CATEGORY | | | | |
| | Cat 6: Business travel | tCO ₂ e | 530 | 630 | 524 |
| | Cat 7: Employee commuting | tCO ₂ e | N/A | 3,659 | 3,949 |
| GRI 305-3 IFRS S2 29(a)(i) | Cat 5: Waste generated in operations | tCO ₂ e | N/A | 3.4 [^] | 28 |

* The figure has been restated due to a revision in the emission factor.

** The figure has been restated to include data on Category 5 Waste generated in operations.

[^] The reported waste generation data is based on two months (November and December 2024) of general waste data and data from February to December 2024 for segregation bins, covering MBI only.

Scope 1 emissions are higher in 2025 as we have added fugitive emissions into our inventory.

Annual Performance Data

GHG EMISSIONS AND ENERGY REDUCTIONS

| Guideline | Metric | Unit | 2023 | 2024 | 2025 |
|----------------------------|---|--------------------|----------|-----------|----------|
| | GHG EMISSIONS REDUCTION | | | | |
| GRI 305-5 IFRS S2 14(c) | Total reduction of GHG emissions <i>(Scope 1, 2, and 3 emissions)</i> | tCO ₂ e | 13.98 | -3,159.82 | 427.70 |
| | <i>Scope 1</i> | tCO ₂ e | -3.13 | 0.18 | -7.03 |
| | <i>Scope 2</i> | tCO ₂ e | 82.62 | 602 | 643.79 |
| | <i>Scope 3</i> | tCO ₂ e | -65.51 | -3,762.00 | -209.06 |
| GRI 302-4 GRI 302-5 | ENERGY CONSUMPTION REDUCTION | | | | |
| | Total reduction in energy consumption | GJ | 1,311.73 | 2,844.66 | 2,900.84 |

ENERGY CONSUMPTION

| Guideline | Metric | Unit | 2023 | 2024 | 2025 |
|--------------------------|---|-----------|---------------|---------------|---------------|
| | ENERGY CONSUMPTION | | | | |
| | AT GROUP-LEVEL | | | | |
| Bursa C4(a) GRI 302-1 | Total energy consumption | GJ | 58,516.96 | 55,672.30 | 52,771.46 |
| | <i>Non-renewable energy</i> | GJ | 58,516.96 | 55,672.30 | 52,771.46 |
| | | % | 100% | 100% | 100% |
| | NON-RENEWABLE ENERGY | | | | |
| | Total non-renewable energy consumption | GJ | 133.07 | 130.15 | 117.69 |
| | <i>Diesel</i> | GJ | 33.46 | 24.03 | 23.57 |
| | <i>Petrol</i> | GJ | 99.61 | 106.12 | 94.12 |
| GRI 302-1 | ELECTRICITY CONSUMPTION | | | | |
| | Total electricity consumption | MWh | 16,217.88 | 15,428.50 | 14,626.16 |
| GRI 305-2 | Total purchased grid electricity | MWh | 16,217.88 | 15,428.50 | 14,626.16 |
| | FUEL CONSUMPTION | | | | |
| GRI 302-1 | Total fuel consumption | MWh | 36.96 | 36.16 | 32.69 |
| | <i>Generator sets</i> | MWh | 9.29 | 6.68 | 6.54 |
| | <i>Company-owned vehicles</i> | MWh | 27.67 | 29.48 | 26.15 |

Annual Performance Data

WATER MANAGEMENT

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|---------------|----------------------------|----------------|---------|---------|---------|
| GRI 303-5 (a) | Total water consumption | m ³ | 212,137 | 158,724 | 139,470 |
| Bursa C9 (a) | Total volume of water used | megaliters | 212.13 | 159 | 139.47 |

WASTE MANAGEMENT

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|----------------------------|--|------|------|------|-------|
| Bursa C10 (a) GRI 306-3 | Total waste generated | mt | N/A | 5.70 | 51.97 |
| | By composition of non-hazardous waste | | | | |
| GRI 306-3(a) | 1. Recyclable waste | mt | N/A | 0.88 | 10.35 |
| | i. Paper | mt | N/A | 0.42 | 5.85 |
| | ii. Plastic | mt | N/A | 0.45 | 4.47 |
| | iii. Aluminium | mt | N/A | 0.01 | 0.03 |
| | 2. General waste | mt | N/A | 4.90 | 41.62 |

Note: The waste generated figures for 2024 are only based on November and December 2024.

MATERIALS MANAGEMENT

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|----------------|------------|--------|------------|------------|------------|
| YoY Disclosure | Paper used | sheets | 48,540,365 | 49,136,212 | 46,984,544 |

Annual Performance Data

SOCIAL PERFORMANCE DATA

WORKFORCE COMPOSITION

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|---|---------------------------------------|--------|------|--------|------|--------|------|
| | | Number | % | Number | % | Number | % |
| Bursa C6(b) GRI 2-7 | Total number of employees (Headcount) | 5,534 | | 5,668 | | 5,925 | |
| | Number of permanent employees | | | | | | |
| | Male | 2,611 | 47% | 2,686 | 47% | 2,768 | 47% |
| | Female | 2,618 | 47% | 2,718 | 48% | 2,819 | 48% |
| | Number of temporary employees | | | | | | |
| | Male | 139 | 3% | 144 | 3% | 162 | 3% |
| | Female | 166 | 3% | 120 | 2% | 176 | 3% |
| BOARD DIVERSITY | | | | | | | |
| By gender | | | | | | | |
| Bursa C3(b) | Male | 6 | 67% | 6 | 67% | 5 | 63% |
| | Female | 3 | 33% | 3 | 33% | 3 | 37% |
| | By age group | | | | | | |
| | Below 30 years old | 0 | 0% | 0 | 0% | 0 | 0% |
| | Between 30-50 years old | 0 | 0% | 0 | 0% | 0 | 0% |
| | Above 50 years old | 9 | 100% | 9 | 100% | 8 | 100% |
| EMPLOYEE DIVERSITY | | | | | | | |
| Composition of Senior Management | | | | | | | |
| By gender | | | | | | | |
| Bursa C3(a) GRI 405-1 (b) | Male | 18 | 64% | 16 | 62% | 22 | 56% |
| | Female | 10 | 36% | 10 | 38% | 17 | 44% |
| | By age group | | | | | | |
| | Below 30 years old | 0 | 0% | 0 | 0% | 0 | 0% |
| | Between 30-50 years old | 17 | 61% | 11 | 42% | 16 | 44% |
| | Above 50 years old | 11 | 39% | 15 | 58% | 22 | 56% |

Annual Performance Data

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|-----------|---|--------|-----|--------|-----|--------|-----|
| | | Number | % | Number | % | Number | % |
| | Composition of Middle Management | | | | | | |
| | By gender | | | | | | |
| | Male | 824 | 58% | 874 | 57% | 894 | 57% |
| | Female | 600 | 42% | 650 | 43% | 676 | 43% |
| | By age group | | | | | | |
| | Below 30 years old | 21 | 1% | 20 | 1% | 27 | 2% |
| | Between 30-50 years old | 1,098 | 77% | 1,143 | 75% | 1,191 | 76% |
| | Above 50 years old | 305 | 21% | 361 | 24% | 352 | 22% |
| | Composition of Executives | | | | | | |
| | By gender | | | | | | |
| | Male | 1,337 | 45% | 1,385 | 46% | 1,478 | 45% |
| | Female | 1,602 | 55% | 1,651 | 54% | 1,790 | 55% |
| | By age group | | | | | | |
| | Below 30 years old | 781 | 27% | 768 | 25% | 831 | 25% |
| | Between 30-50 years old | 1,982 | 67% | 2,070 | 68% | 2,224 | 68% |
| | Above 50 years old | 176 | 6% | 198 | 7% | 213 | 7% |
| | Composition of Non-Executives | | | | | | |
| | By gender | | | | | | |
| | Male | 571 | 50% | 555 | 51% | 536 | 51% |
| | Female | 572 | 50% | 527 | 49% | 512 | 49% |
| | By age group | | | | | | |
| | Below 30 years old | 167 | 15% | 134 | 12% | 135 | 13% |
| | Between 30-50 years old | 892 | 78% | 849 | 78% | 804 | 77% |
| | Above 50 years old | 84 | 7% | 99 | 9% | 109 | 10% |

* The figures for 2023 and 2024 have been restated due to the coverage expansion to include our subsidiaries.

Annual Performance Data

NEW HIRES AND EMPLOYEE TURNOVER

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|-------------------------------|-------------------------------------|--------|------|--------|------|--------|------|
| | | Number | % | Number | % | Number | % |
| Bursa C6(c) GRI 401-1 | NEW HIRES | | | | | | |
| | By gender | | | | | | |
| | Male | 349 | 6% | 337 | 6% | 459 | 8% |
| | Female | 411 | 7% | 335 | 6% | 470 | 8% |
| | By age group | | | | | | |
| | Below 30 years old | 489 | 9% | 391 | 7% | 502 | 8% |
| | Between 30-50 years old | 262 | 5% | 272 | 5% | 420 | 7% |
| | Above 50 years old | 9 | 0% | 9 | 0.2% | 7 | 0.1% |
| | By employment category | | | | | | |
| | Senior Management | 4 | 0.1% | 1 | 0% | 5 | 0% |
| | Middle Management | 149 | 3% | 116 | 2% | 117 | 2% |
| | Executive | 551 | 10% | 481 | 8% | 707 | 12% |
| | Non-executive | 56 | 1% | 74 | 1% | 51 | 1% |
| | NUMBER OF EMPLOYEES WHO LEFT | | | | | | |
| | By gender | | | | | | |
| | Male | 155 | 2.8% | 174 | 3.1% | 179 | 3.0% |
| | Female | 174 | 3.1% | 183 | 3.2% | 185 | 3.1% |
| | By age group | | | | | | |
| | Below 30 years old | 177 | 3.2% | 190 | 3.4% | 169 | 2.9% |
| | Between 30-50 years old | 145 | 2.6% | 158 | 2.8% | 193 | 3.3% |
| Above 50 years old | 7 | 0.1% | 9 | 0.2% | 2 | 0.0% | |
| By employment category | | | | | | | |
| Senior Management | 2 | 0.0% | 2 | 0.0% | 2 | 0.0% | |
| Middle Management | 68 | 1.2% | 64 | 1.1% | 73 | 1.2% | |
| Executive | 234 | 4.2% | 217 | 3.8% | 273 | 4.6% | |
| Non-executive | 25 | 0.5% | 74 | 1.3% | 16 | 0.3% | |

Annual Performance Data

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|--------------------------|-----------------------------------|--------|------|--------|------|--------|------|
| | | Number | % | Number | % | Number | % |
| Bursa C6(c) GRI 401-1 | EMPLOYEE TURNOVER RATE (%) | | | | | | |
| | By gender | | | | | | |
| | Male | 229 | 4.1% | 271 | 4.8% | 376 | 6.3% |
| | Female | 280 | 5.1% | 303 | 5.3% | 335 | 5.7% |
| | By age group | | | | | | |
| | Below 30 years old | 270 | 4.9% | 297 | 5.2% | 277 | 4.7% |
| | Between 30-50 years old | 202 | 3.7% | 215 | 3.8% | 306 | 5.2% |
| | Above 50 years old | 37 | 0.7% | 62 | 1.1% | 128 | 2.2% |
| | By employment category | | | | | | |
| | Senior Management | 3 | 0.1% | 4 | 0.1% | 4 | 0.1% |
| | Middle Management | 99 | 1.8% | 99 | 1.7% | 172 | 2.9% |
| Executive | 375 | 6.8% | 379 | 6.7% | 491 | 8.3% | |
| Non-executive | 32 | 0.6% | 92 | 1.6% | 44 | 0.7% | |

Annual Performance Data

TRAINING AND DEVELOPMENT

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 | |
|-----------------------------|---|--------------|---------------|----------------|----------------|----------------|
| Bursa C6(a) GRI 404-1 | Number of employees trained | Number | 5,534 | 4,483 | 5,925 | |
| | TRAINING COSTS | | | | | |
| | Total training cost | RM million | 14.6 | 12.5 | 9.2 | |
| | Average training cost per employee (RM) | RM | 3,000 | 2,209 | 1,740 | |
| | TRAINING HOURS | | | | | |
| | Total training hours | Hours | 321,026 | 311,411 | 319,070 | |
| | Average training hours per employee | Hours | 58 | 55 | 54 | |
| | By gender | | | | | |
| | | Male | Hours | 159,029 | 157,642 | 154,194 |
| | | Female | Hours | 162,033 | 153,769 | 164,876 |
| | SENIOR MANAGEMENT | | | | | |
| | Total training hours | | Hours | 3,050 | 1,666 | 1,112 |
| | | Male | Hours | 2,032 | 1,005 | 636 |
| | | Female | Hours | 1,018 | 661 | 476 |
| | MIDDLE MANAGEMENT | | | | | |
| | Total training hours | | Hours | 68,682 | 73,425 | 59,415 |
| | | Male | Hours | 38,820 | 43,438 | 35,222 |
| | | Female | Hours | 29,862 | 29,987 | 24,193 |
| | EXECUTIVE | | | | | |
| | Total training hours | | Hours | 209,484 | 204,981 | 226,021 |
| | Male | Hours | 96,974 | 96,498 | 100,466 | |
| | Female | Hours | 112,510 | 108,483 | 125,555 | |
| NON-EXECUTIVE | | | | | | |
| Total training hours | | Hours | 39,843 | 31,339 | 32,519 | |
| | Male | Hours | 21,202 | 16,703 | 17,869 | |
| | Female | Hours | 18,641 | 14,636 | 14,650 | |

Annual Performance Data

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|---------------|---|---------------|--------------|--------------|--------------|
| GRI 404-3 | EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS | | | | |
| | SENIOR MANAGEMENT | | | | |
| | Total employees | Number | 21 | 20 | 20 |
| | <i>Male</i> | Number | 15 | 14 | 14 |
| | <i>Female</i> | Number | 6 | 6 | 6 |
| | MIDDLE MANAGEMENT | | | | |
| | Total employees | Number | 488 | 544 | 473 |
| | <i>Male</i> | Number | 302 | 329 | 295 |
| | <i>Female</i> | Number | 186 | 215 | 178 |
| | EXECUTIVE | | | | |
| | Total employees | Number | 3,478 | 3,643 | 3,851 |
| | <i>Male</i> | Number | 1,678 | 1,747 | 1,803 |
| | <i>Female</i> | Number | 1,800 | 1,896 | 2,048 |
| | NON-EXECUTIVE | | | | |
| | Total employees | Number | 962 | 940 | 1,085 |
| <i>Male</i> | Number | 522 | 512 | 572 | |
| <i>Female</i> | Number | 440 | 428 | 513 | |

Annual Performance Data

PARENTAL LEAVE

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|---|--|--------|------|--------|------|--------|------|
| | | Number | % | Number | % | Number | % |
| GRI 401-3 | EMPLOYEES ENTITLED TO PARENTAL LEAVE | | | | | | |
| | Total employees | 4,280 | | 4,372 | | 4,501 | |
| | By gender | | | | | | |
| | Male | 2,278 | 53% | 2,336 | 53% | 2,394 | 53% |
| | Female | 2,002 | 47% | 2,036 | 47% | 2,107 | 47% |
| | EMPLOYEES WHO TOOK PARENTAL LEAVE | | | | | | |
| | Total employees | 330 | | 323 | | 264 | |
| | By gender | | | | | | |
| | Male | 175 | 4% | 154 | 4% | 123 | 3% |
| | Female | 155 | 4% | 169 | 4% | 141 | 3% |
| | EMPLOYEES RETURNED TO WORK AFTER PARENTAL LEAVE ENDED | | | | | | |
| | Total employees | 330 | | 323 | | 264 | |
| | By gender | | | | | | |
| | Male | 175 | 100% | 154 | 100% | 123 | 100% |
| | Female | 155 | 100% | 169 | 100% | 141 | 100% |
| EMPLOYEES STILL EMPLOYED 12 MONTHS AFTER RETURNING FROM PARENTAL LEAVE | | | | | | | |
| Total employees | 320 | | 305 | | 264 | | |
| By gender | | | | | | | |
| Male | 172 | 98% | 150 | 97% | 123 | 100% | |
| Female | 148 | 95% | 155 | 92% | 141 | 100% | |

Annual Performance Data

REMUNERATION

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|--|--|------------|------------|------------|------------|
| GRI 405-2 | RATIO OF REMUNERATION BY EMPLOYMENT CATEGORY, DISAGGREGATED BY GENDER | | | | |
| | Senior Management | | | | |
| | Male | RM | 878,012.00 | 954,181.00 | 821,093.00 |
| | Female | RM | 730,941.00 | 676,729.00 | 582,730.00 |
| | Ratio of the basic salary and remuneration (women:men) | Number | 0.83 | 0.71 | 0.71 |
| | Middle Management | | | | |
| | Male | RM | 199,269.00 | 199,061.00 | 201,646.00 |
| | Female | RM | 183,737.00 | 184,388.00 | 191,676.00 |
| | Ratio of the basic salary and remuneration (women:men) | Number | 0.92 | 0.93 | 0.95 |
| | Executive | | | | |
| | Male | RM | 84,450.00 | 83,452.00 | 91,724.00 |
| | Female | RM | 79,045.00 | 80,500.00 | 87,319.00 |
| | Ratio of the basic salary and remuneration (women:men) | Number | 0.94 | 0.96 | 0.95 |
| | Non-Executive | | | | |
| Male | RM | 100,849.00 | 82,590.00 | 87,772.00 | |
| Female | RM | 92,852.00 | 77,090.00 | 84,023.00 | |
| Ratio of the basic salary and remuneration (women:men) | Number | 0.92 | 0.93 | 0.96 | |
| GRI 202-1 | RATIO OF ENTRY LEVEL WAGE BY GENDER TO THE NATIONAL MINIMUM WAGE | | | | |
| | Legal minimum wage in Malaysia | RM | 1,500.00 | 1,500.00 | 1,700.00 |
| | Male | RM | 1,800.00 | 1,800.00 | 1,800.00 |
| | Female | RM | 1,800.00 | 1,800.00 | 1,800.00 |
| | Ratio of the basic salary and remuneration (women:men) | Number | 1 | 1 | 1 |

COLLECTIVE BARGAINING AGREEMENTS

| Guideline | Disclosure | 2023 | | 2024 | | 2025 | |
|-----------|---|--------|-----|--------|-----|--------|-----|
| | | Number | % | Number | % | Number | % |
| GRI 2-30 | Employees covered by collective bargaining agreements | 3,373 | 61% | 3,398 | 60% | 3,472 | 59% |

Annual Performance Data

OCCUPATIONAL HEALTH & SAFETY PERFORMANCE

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|--------------------------|--|--------|-------|-------|-------|
| Bursa C5(a) GRI 403-9 | WORK-RELATED INJURIES | | | | |
| | Number of fatalities | Number | 0 | 0 | 0 |
| | Number of high-consequence work-related injuries | Number | 0 | 0 | 0 |
| GRI 403-9 | Number of recordable work-related injuries | Number | 13 | 23 | 23 |
| | Hours worked | Hours | 8 | 8 | 8 |
| | Lost time Injury (LTI) | Number | 6 | 18 | 13 |
| Bursa C5(b) | Lost Time Incident Rate (LTIR) | Rate | 0.6 | 1.9 | 1.3 |
| GRI 403-8 | Workers covered by an occupational health & safety management system | Number | 0 | 0 | 0 |
| | WORK-RELATED ILL HEALTH | | | | |
| GRI 403-10 | Number of fatalities | Number | 0 | 0 | 0 |
| | Number of recordable work-related ill health | Number | 6 | 3 | 5 |
| | Occupational disease rate | Rate | 0.64 | 0.32 | 0.53 |
| Bursa C5(c) | HEALTH & SAFETY TRAINING | | | | |
| | Number of employees trained on health and safety standards | Number | 2,767 | 5,250 | 5,617 |
| YoY Disclosure | Number of training programmes for workers on OSH | Number | 12 | 14 | 8 |

COMMUNITY DATA

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|------------------------|--|--------|---------------|---------------|---------------|
| GRI 203-1 GRI 413-1 | COMMUNITY INVESTMENTS | | | | |
| | Number of operations which implemented local community engagement, impact assessments, and/or development programmes | Number | 1,598 | 1,434 | 3,499 |
| YoY Disclosure | Number of upward mobility opportunities created (among underbanked entrepreneurs) | Number | 155 | 350 | 378 |
| Bursa C2(a) | Total amount invested in the community where the target beneficiaries are external to the listed issuer | RM | 12,811,637.00 | 19,446,185.00 | 28,620,888.68 |
| Bursa C2(b) | Total number of beneficiaries of the investment in communities | Number | 1,598 | 1,434 | 3,499 |

Annual Performance Data

CUSTOMER CENTRICITY

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|----------------|-------------------------------|--------|--------|--------|--------|
| YoY Disclosure | Number of customer complaints | Number | 55,217 | 57,543 | 39,285 |

SUPPLY CHAIN

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|----------------|--|------|----------------|----------------|----------------|
| YoY Disclosure | Total spending on suppliers | RM | 234,948,542.00 | 347,799,063.00 | 308,098,055.05 |
| Bursa C7(a) | Proportion of spending on local suppliers | % | 88% | 89% | 90% |
| GRI 308-1 | Proportion of spending on ESG-assessed suppliers | % | N/A | 34% | 45% |
| GRI 414-1 | | | | | 14% |

GOVERNANCE PERFORMANCE DATA

ANTI-CORRUPTION

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|-------------|---|--------|------|------|------|
| Bursa C1(a) | Percentage of employees who have received training on anti-corruption by employee category | | | | |
| | <i>Senior Management</i> | % | 7% | 27% | 14% |
| | <i>Middle Management</i> | % | 14% | 22% | 38% |
| | <i>Executive</i> | % | 6% | 2% | 30% |
| Bursa C1(b) | <i>Non-executive</i> | % | 3% | 2% | 12% |
| | Number of operations assessed for corruption-related risks | Number | 14 | 8 | 14 |
| | Percentage of operations assessed for corruption-related risks | % | 100% | 100% | 100% |
| Bursa C1(c) | *Confirmed incidents of corruption | Number | 0 | 0 | 1 |
| GRI 205-3 | Total number and nature of confirmed incidents of corruption | Number | 0 | 0 | 1 |
| | Total number of confirmed incidents in which employees were dismissed or disciplined for corruption | Number | 0 | 0 | 2 |
| | Percentage of incidents of corruption reports resolved | % | 0 | 0 | 100% |

DATA PRIVACY AND SECURITY

| Guideline | Disclosure | Unit | 2023 | 2024 | 2025 |
|--------------------------|--|--------|------|------|------|
| Bursa C8(a) GRI 418-1 | Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 10 | 32 | 24 |

GRI Content Index

| | |
|-----------------------------------|--|
| GRI Services Statement | For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. |
| Statement of use | Bank Islam Malaysia Berhad has reported in accordance with the GRI Standards for the period 1 January 2025 to 31 December 2025. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | Not Applicable |

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission | |
|--|--|---|---|----------|--|
| GENERAL DISCLOSURES | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | About This Report | b | | |
| | 2-2 Entities included in the organisation's sustainability reporting | Scope and Boundary | b | | |
| | 2-3 Reporting period, frequency and contact point | Scope and Boundary | b | | |
| | 2-4 Restatements of information | Annual Performance Data Table (Wherever applicable) | 189, 193 | | |
| | 2-5 External assurance | | – Reporting Approval and Statement of Assurance | 2 | |
| | | | – Independent Practitioner's Limited Assurance Report | 224 | |
| | 2-6 Activities, value chain and other business relationships | | – Our Integrated Approach to Value Creation (IAR2025) | 32 to 37 | |
| | | | – Group Corporate Structure (IAR2025) | 8 | |
| | 2-7 Employees | Annual Performance Data Table | 193 | | |
| | 2-8 Workers who are not employees | Annual Performance Data Table | 193 | | |
| | 2-9 Governance structure and composition | Sustainability Governance | 22 | | |
| 2-10 Nomination and selection of the highest governance body | Corporate Governance (IAR2025) | 177 to 179 | | | |
| 2-11 Chair of the highest governance body | Board Composition and Climate Capability | 103 | | | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|---|--|---|--|--|
| GENERAL DISCLOSURES (CONTINUED) | | | | |
| GRI 2: General Disclosures 2021 (continued) | 2-12 Role of the highest governance body in overseeing the management of impacts | Our Board Strategic and Sustainability Committee | 103 | |
| | 2-13 Delegation of responsibility for managing impacts | Role of the Board, Management, and its Committees | 102 | |
| | 2-14 Role of the highest governance body in sustainability reporting | Our Board Strategic and Sustainability Committee | 103 | |
| | 2-15 Conflicts of interest | Board of Directors' Profile (IAR2025) | 147 to 154 | |
| | 2-16 Communication of critical concerns | Corporate Governance (IAR2025) | 186 to 187 | |
| | 2-17 Collective knowledge of the highest governance body | Our Board Strategic and Sustainability Committee | 103 | |
| | 2-18 Evaluation of the performance of the highest governance body | Our Board Strategic and Sustainability Committee | 103 | |
| | 2-19 Remuneration policies | Corporate Governance (IAR2025) | 182 to 184 | |
| | 2-20 Process to determine remuneration | Corporate Governance (IAR2025) | 182 to 184 | |
| | 2-21 Annual total compensation ratio | | | We do not disclose against this metric due to confidentiality constraints. |
| | 2-22 Statement on sustainable development strategy | Joint Leadership Statement | 5 | |
| | 2-23 Policy commitments | Policies and Guidelines | 173 | |
| | 2-24 Embedding policy commitments | List of Policies and Guidelines | 185 | |
| | 2-25 Processes to remediate negative impacts | Whistleblowing Mechanism at Bank Islam | 176 | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Whistleblowing Mechanism at Bank Islam | 176 | |
| | 2-27 Compliance with laws and regulations | Additional Compliance Information (IAR2025) | 219 | |
| | 2-28 Membership associations | Memberships and Associations | 17 | |
| 2-29 Approach to stakeholder engagement | Stakeholder Engagement | 24 | | |
| 2-30 Collective bargaining agreements | Annual Performance Data Table | 200 | | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|---|---|---|--|----------|
| MATERIAL TOPICS | | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | Materiality Process (under Material Matters) | 27 | |
| | 3-2 List of material topics | List of Material Topics: <ul style="list-style-type: none"> - Sustainable Economic Performance - Purposeful Financial Services - Customer Experience - Energy and Climate Change - Environmental Stewardship - Collaboration and Partnerships - Labour Standards and Practices - Employee Well-Being, Health and Safety - Talent and Development - Diversity and Inclusion - Community Enrichment - Sustainable Supply Chain - Corporate Governance and Business Ethics - Data Privacy and Security - Risk Management | 31 | |
| Sustainable Economic Performance | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Advancing Sustainable and Transition Finance | 65 | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | - Advancing Sustainable and Transition Finance | 65 | |
| | | - Purposeful Financial Services | 67 | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | - Community Empowerment and Social Finance | 40 | |
| | | - Broader Contributions to Our Society | 52 | |
| | 203-2 Significant indirect economic impacts | - Community Empowerment and Social Finance | 40 | |
| | | - Broader Contributions to Our Society | 52 | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|---|--|--|--|----------|
| MATERIAL TOPICS (CONTINUED) | | | | |
| <i>Purposeful Financial Services</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Purposeful Financial Services | 67 | |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | - Advocating Social Finance | 39 | |
| | | - Community Empowerment and Social Finance | 40 | |
| GRI 417: Marketing and Labelling 2016 | 417-1 Requirements for product and service information and labelling | - Purposeful Financial Services | 67 | |
| | | - Serving Our Customers with <i>Ihsan</i> | 79 | |
| | | 417-2 Incidents of non-compliance concerning product and service information and labelling | - Purposeful Financial Services - Serving Our Customers with <i>Ihsan</i> | 67 79 |
| | 417-3 Incidents of non-compliance concerning marketing communications | - Purposeful Financial Services - Serving Our Customers with <i>Ihsan</i> | 67 79 | |
| <i>Customer Experience</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Serving Our Customers with <i>Ihsan</i> | 79 | |
| GRI 417: Marketing and Labelling 2016 | 417-1 Requirements for product and service information and labelling | Serving Our Customers with <i>Ihsan</i> | 79 | |
| | | 417-2 Incidents of non-compliance concerning product and service information and labelling | Serving Our Customers with <i>Ihsan</i> | 79 |
| | | 417-3 Incidents of non-compliance concerning marketing communications | Serving Our Customers with <i>Ihsan</i> | 79 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Data Privacy and Security | 88 | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|--|--|-----------------------------------|--|----------|
| MATERIAL TOPICS (CONTINUED) | | | | |
| <i>Energy and Climate Change</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Advancing the Net Zero Transition | 100 | |
| GRI 201: Economic Performance 2016 | 201-2 Financial implications and other risks and opportunities due to climate change | - Our Climate Action Strategy | 109 | |
| | | - Climate Risk Management | 128 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | Energy Management | 145 | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Our Operational Emissions | 144 | |
| | 305-2 Indirect (Scope 2) GHG emissions | Our Operational Emissions | 144 | |
| | 305-3 Other indirect (Scope 3) GHG emissions | Our Operational Emissions | 144 | |
| | 305-5 Reduction of GHG emissions | Annual Performance Data Table | 191 | |
| <i>Environmental Stewardship</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Stewards of the Environment | 169 | |
| GRI 303: Water and Effluents 2018 | 303-3 Water withdrawal | Water Management | 171 | |
| | 303-5 Water consumption | Water Management | 171 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Waste Management | 170 | |
| | 306-3 Waste generated | Waste Management | 170 | |
| <i>Collaboration and Partnerships</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Memberships and Associations | 17 | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|--|--|--|--|----------|
| MATERIAL TOPICS (CONTINUED) | | | | |
| Labour Standards and Practices | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Upholding Labour and Human Rights | 158 | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Upholding Labour and Human Rights | 158 | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | – Upholding Labour and Human Rights – Diversity and Inclusion | 158 168 | |
| GRI 408: Child Labour 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labour | Upholding Labour and Human Rights | 158 | |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | Upholding Labour and Human Rights | 158 | |
| Employee Well-Being, Health and Safety | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Embodying a Value-Based Culture | 149 | |
| GRI 403: Occupational Health and Safety 2018 | 403-4 Worker participation, consultation, and communication on occupational health and safety | Safe and Healthy Workplaces | 164 | |
| | 403-5 Worker training on occupational health and safety | Safe and Healthy Workplaces | 164 | |
| | 403-6 Promotion of worker health | Supportive Work Environment | 167 | |
| | 403-8 Workers covered by an occupational health and safety management system | Safe and Healthy Workplaces | 165 | |
| | 403-9 Work-related injuries | Upholding Labour and Human Rights | 158 | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|---|--|---|--|----------|
| MATERIAL TOPICS (CONTINUED) | | | | |
| <i>Talent and Development</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Talent and Development | 151 | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Annual Performance Data Table | 197 | |
| | 404-2 Programmes for upgrading employee skills and transition assistance programmes | Talent and Development | 151 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Our Impact (under Talent and Development) | 152 | |
| <i>Diversity and Inclusion</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Diversity and Inclusion | 168 | |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | Annual Performance Data Table | 200 | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Diversity and Inclusion | 168 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | Diversity and Inclusion | 168 | |
| <i>Community Enrichment</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Advocating Social Finance | 39 | |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | – Advocating Social Finance – Community Empowerment and Social Finance | 39 40 | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programmes | Broader Contributions to Our Society | 52 | |

GRI Content Index

| GRI Standard/ Other Source | Disclosure | Section Headings in SR2025 | Location of Disclosures in SR2025 (Page Number) | Omission |
|--|--|---|--|----------|
| MATERIAL TOPICS (CONTINUED) | | | | |
| <i>Sustainable Supply Chain</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Supply Chain | 60 | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Our Impact (under Sustainable Supply Chain) | 63 | |
| <i>Corporate Governance and Business Ethics</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Our Approach (under Good Governance and Conduct) | 173 | |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | Our Impact (under Good Governance and Conduct) | 174 | |
| | 205-2 Communication and training about anti-corruption policies and procedures | – Policies and Guidelines – Strengthening Our Anti-Corruption Measures | 173 179 | |
| | 205-3 Confirmed incidents of corruption and actions taken | Reported Cases in 2025 | 177 | |
| GRI 206: Anti-competitive Behaviour | 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | Our Impact (under Good Governance and Conduct) | 174 | |
| <i>Data Privacy and Security</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Data Privacy and Security | 88 | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Annual Performance Data Table | 202 | |
| <i>Risk Management</i> | | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | – Climate Risk Management | 128 | |
| | | – Corruption Risk Management | 175 | |
| GRI 102: Climate Change 2025 | 102-1 Transition plan for climate change mitigation | Our Climate Transition Plan | 110 | |
| | 102-2 Climate change adaptation plan | Our Climate Transition Plan | 110 | |

ISSB Content Index

IFRS S1 CONTENT INDEX

| IFRS S1 code | Disclosure | Section | Page Reference |
|-------------------|--|--|---------------------|
| GOVERNANCE | | | |
| 27a | <p>The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</p> <ul style="list-style-type: none"> (i) how responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s); (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities; (iii) how and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities; (iv) how the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and (v) how the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies. | <ul style="list-style-type: none"> – Sustainability Governance – Our Approach, Purposeful Financial Services | <p>22</p> <p>67</p> |
| 27b | <p>Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities, including information about:</p> <ul style="list-style-type: none"> (i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) Whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | | |

ISSB Content Index

| IFRS S1 code | Disclosure | Section | Page Reference |
|---|--|---|----------------|
| SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES | | | |
| 30a | Describe sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects; | – Risks and Opportunities, Serving our Customers with <i>Ihsan</i> | 80 |
| 30b | Specify the time horizons—short, medium or long term—over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur; | – Risks and Opportunities, Data Privacy and Security | 90 |
| 30c | Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making. | | |
| BUSINESS MODEL AND VALUE CHAIN | | | |
| 32a | A description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain; and | – Risks and Opportunities, Serving our Customers with <i>Ihsan</i> – Risks and Opportunities, Data Privacy and Security | 80 90 |
| 32b | A description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | – Our Approach, Purposeful Financial Services – Our Approach, Serving our Customers with <i>Ihsan</i> – Our Approach, Data Privacy and Security | 67 79 89 |
| STRATEGY AND DECISION-MAKING | | | |
| 33a | How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making; | – Risks and Opportunities, Serving our Customers with <i>Ihsan</i> | 80 |
| 33b | The progress against plans the entity has disclosed in previous reporting periods, including quantitative and qualitative information; | – Risks and Opportunities, Data Privacy and Security | 90 |
| 33c | Trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community). | | |

ISSB Content Index

| IFRS S1 code | Disclosure | Section | Page Reference |
|---|---|--|---------------------|
| FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS | | | |
| 35c | <p>How the entity expects its financial position to change over the short, medium and long-term, given its strategy to manage sustainability-related risks and opportunities, taking into consideration:</p> <p>(i) Its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to;</p> <p>(ii) its planned sources of funding to implement its strategy;</p> | <ul style="list-style-type: none"> - Risks and Opportunities, Data Privacy and Security | 90 |
| RISK MANAGEMENT | | | |
| 44a | <p>The processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:</p> <p>(i) The inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) Whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks;</p> <p>(iii) How the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) Whether and how the entity prioritises sustainability-related risks relative to other types of risk;</p> <p>(v) How the entity monitors sustainability-related risks; and</p> <p>(vi) Whether and how the entity has changed the processes it uses compared with the previous reporting period;</p> | <ul style="list-style-type: none"> - Our Approach, Purposeful Financial Services - Our Approach, Data Privacy and Security | <p>67</p> <p>89</p> |

ISSB Content Index

| IFRS S1 code | Disclosure | Section | Page Reference |
|----------------------------|---|---|----------------|
| METRICS AND TARGETS | | | |
| 46b | Metrics the entity uses to measure and monitor: (i) that sustainability-related risk or opportunity; and (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation. | – Our Impact, Serving our Customers with <i>Ihsan</i> | 81 |
| 50a | How the metric is defined, including whether it is derived by adjusting a metric taken from a source other than IFRS Sustainability Disclosure Standards and, if so, which source and how the metric disclosed by the entity differs from the metric specified in that source; | – Our Impact, Serving our Customers with <i>Ihsan</i> | 81 |
| 51a | The metric used to set the target and to monitor progress towards reaching the target; | – Our Impact, Serving our Customers with <i>Ihsan</i> | 81 |
| 51b | The specific quantitative or qualitative target the entity has set or is required to meet; | | |

ISSB Content Index

IFRS S2 CONTENT INDEX

| IFRS S2 code | Disclosure | Section | Page Reference |
|------------------------------------|---|---|-----------------------|
| CLIMATE-RELATED DISCLOSURES | | | |
| Governance | | | |
| 6a | <p>The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);</p> <p>(ii) How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(iii) How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iv) How the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and</p> <p>(v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities, and monitors progress towards those targets (see paragraphs 33–36), including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).</p> | <ul style="list-style-type: none"> – Governance, Advancing the Net Zero Transition – Navigating Strategic Trade Offs, Our Climate Action Strategy | <p>101</p> <p>109</p> |
| 6b | <p>Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p> | | |

ISSB Content Index

| IFRS S2 code | Disclosure | Section | Page Reference |
|--|---|--|----------------|
| Strategy | | | |
| 9a | The climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects | – Our Climate Action Strategy | 109 |
| Climate-related risks and opportunities | | | |
| 10a | Describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects; | – Our Climate Action Strategy – Climate Risk Management | 109 128 |
| 10b | Explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk; | | |
| 10c | Specify, for each climate-related risk and opportunity the entity has identified, over which time horizons—short, medium or long term— the effects of each climate-related risk and opportunity could reasonably be expected to occur; | | |
| 10d | Explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making. | | |
| 11 | The entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions. | | |
| 12 | The entity shall refer to and consider the applicability of the industry-based disclosure topics defined in the Industry-based Guidance on Implementing IFRS S2. | | |

ISSB Content Index

| IFRS S2 code | Disclosure | Section | Page Reference |
|---------------------------|---|-------------------------------|----------------|
| Climate resilience | | | |
| 22b | <p>How and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> (i) information about the inputs the entity used, including: <ul style="list-style-type: none"> (1) which climate-related scenarios the entity used for the analysis and the sources of those scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) the time horizons the entity used in the analysis; and (7) what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis); (ii) the key assumptions the entity made in the analysis, including assumptions about: <ul style="list-style-type: none"> (1) climate-related policies in the jurisdictions in which the entity operates; (2) macroeconomic trends; (3) national- or regional-level variables (for example, local weather patterns, demographics, land use, infrastructure and availability of natural resources); (4) energy usage and mix; and (5) developments in technology; and (iii) the reporting period in which the climate-related scenario analysis was carried out (see paragraph B18). | – Our Climate Action Strategy | 109 |

ISSB Content Index

| IFRS S2 code | Disclosure | Section | Page Reference |
|----------------------------|---|-----------------------------|----------------|
| Risk Management | | | |
| 25a | The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the entity prioritises climate-related risks relative to other types of risk; (v) how the entity monitors climate-related risks; and (vi) whether and how the entity has changed the processes it uses compared with the previous reporting period; | – Climate Risk Management | 128 |
| 25b | The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and | | |
| 25c | The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process. | | |
| Metrics and Targets | | | |
| 28a | Information relevant to the cross-industry metric categories | – The Road to Net Zero 2050 | 142 |
| 28b | Industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry | | |
| 28c | Targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets | | |

ISSB Content Index

| IFRS S2 code | Disclosure | Section | Page Reference |
|--------------------------------|---|--|----------------|
| <i>Climate-related metrics</i> | | | |
| 29a | <p>Greenhouse gases—the entity shall:</p> <ul style="list-style-type: none"> (i) Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO₂ equivalent (see paragraphs B19–B22), classified as: <ul style="list-style-type: none"> (1) Scope 1 greenhouse gas emissions; (2) Scope 2 greenhouse gas emissions; and (3) Scope 3 greenhouse gas emissions; (ii) Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23–B25); (iii) Disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26–B29) including: <ul style="list-style-type: none"> (1) the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions; (2) the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (3) any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (iv) For Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between: <ul style="list-style-type: none"> (1) the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and (2) other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries); (v) For Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs B30–B31); and (vi) For Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose: <ul style="list-style-type: none"> (1) the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and (2) additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity's activities include asset management, commercial banking or insurance (see paragraphs B58–B63); | – Our Operational Emissions, The Road to Net Zero 2050 | 144 |

GHG Emissions Methodology

REPORTING BASIS AND STANDARDS APPLIED

Bank Islam Malaysia Berhad uses the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol) to measure our GHG emissions unless otherwise stated by IFRS S2. Bank Islam uses the GHG Protocol Corporate Value Chain Standard 2011 (Scope 3 Standard) to define the 15 Scope 3 categories as part of the requirement to disclose Scope 3 GHG emissions.

For financed emissions, the Group applies the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Financial Industry, Second Edition (2022). The GHG inventory covers three of the six Kyoto Protocol greenhouse gases (CO₂, CH₄, N₂O) as they are the most significant GHGs in our operations, associated with fuel combustion in stationary and mobile sources. Emissions are reported in tonnes of carbon dioxide equivalent (tCO₂e) using the 100-year time horizon global warming potential (GWP) values from the Intergovernmental Panel on Climate Change (IPCC) from the IPCC Sixth Assessment Report, 2020 (AR6).

ORGANISATIONAL BOUNDARY FOR GHG EMISSIONS

For GHG emissions reporting, the Group applies the operational control approach. Under this approach, we account for emissions from operations and assets over which we have the authority to introduce and implement operating

policies. We use this approach because it best reflects emissions arising from operations we manage directly and where we can implement operational improvements and emissions reduction measures.

Bank Islam has included the parent and its consolidated subsidiaries under the operational control as the Group has full authority to introduce and implement operational policies across them. The Group has excluded its investment in associates from the GHG emissions organisational boundary as the Group does not have operational control over any of its investments in associates.

BASE YEAR AND COMPARABILITY

To enable consistent tracking of emissions performance over time, we have defined 2023 as our base year for Scope 1 and Scope 2 emissions, as it is the year with the most comprehensive and reliable data, as well as being most reflective of our business-as-usual operations post-pandemic.

To maintain year-on-year consistency and comparability, we may recalculate base year emissions where material changes occur, including:

- structural changes to the reporting boundary, such as acquisitions, divestments, mergers or changes in control;
- changes in calculation methodologies, estimation approaches or emission factors;
- material changes in data coverage, data availability, or the use of actual and proxy data; and

- identification of material errors or material improvements in data accuracy.

Any recalculations will be disclosed to maintain transparency and comparability in emissions reporting.

SCOPE 1: DIRECT EMISSIONS

Coverage

Our Scope 1 emissions comprise direct emissions from:

- fuel consumption in company-owned vehicles;
- diesel used in generators; and
- fugitive emissions from refrigerants.

Process emissions are not applicable to us, given the nature of our banking operations, which do not involve industrial or manufacturing activities that give rise to such emissions. Fugitive emissions arise from the leakage of refrigerants from cooling and air-conditioning systems at other Bank Islam branches. These emissions are estimated using a proxy-based approach where direct data on refrigerant charge is not available.

GHG Emissions Methodology

Methodology and Emission Factors

Scope 1 emissions are estimated using the UK Department for Environment, Food & Rural Affairs (DEFRA) emission factors from the Greenhouse Gas Reporting: Conversion Factors 2025, published by the UK Department for Energy Security and Net Zero in June 2025.

We calculate Scope 1 emissions using the following formula:

$$\text{Scope 1 Emissions (tCO}_2\text{e)} = \text{Fuel Consumption (in litres)} \times \text{Emission Factor (in kg of CO}_2\text{ per unit of fuel)}$$

Fuel consumption data is obtained from internal fuel usage records, purchase records, invoices, refill logs and other relevant operational records. Where primary usage data is unavailable, we estimate consumption using reasonable and supportable assumptions based on the best information available at the reporting date.

Fugitive emissions from refrigerants are estimated using the following formula:

$$\text{Emissions (tCO}_2\text{e)} = (\text{Total refrigerant charge amount}_{10} \times \text{leakage rate of asset category}) \times \text{refrigerant-specific GWP}$$

Where refrigerant charge is estimated based on available information on cooling systems, leakage rates are derived from relevant industry references, and GWP values are sourced from recognised standards such as the IPCC, HRAI or GHG Protocol.

SCOPE 2: INDIRECT EMISSIONS FROM PURCHASED ELECTRICITY

Coverage

Our Scope 2 emissions comprise indirect emissions from purchased electricity consumed across our branches and head office facilities and are calculated using the location-based method.

Methodology and Emission Factors

To ensure a high level of accuracy in our carbon inventory, we calculate indirect emissions from purchased electricity (Scope 2) using location-based emission factors that reflect the regional energy mix of each operational site.

In Malaysia, the carbon intensity of electricity varies across regions due to differences in primary energy sources used for power generation (e.g. coal, natural gas, and hydropower). Accordingly, the following Grid Emission Factors (GEF) 2022, published by the Energy Commission (Suruhanjaya Tenaga) on 21 November 2024, have been applied:

1. Peninsular Malaysia:

For our operations in Peninsular Malaysia, we apply the 2022 Grid Emission Factor of 0.774 Gg CO₂e/GWh. This reflects a grid largely powered by coal and natural gas, with a growing contribution from renewable energy.

2. Kulim (High-Tech Park):

For our operations in Kulim, Kedah, we apply a site-specific emission factor of 0.54 kgCO₂e/kWh, reflecting the independent distribution system managed by NUR Power. This

approach ensures that emissions reflect the gas-fired generation profile of the Kulim Hi-Tech Park utility, rather than the Peninsular Malaysia grid average.

3. Sabah:

For our operations in Sabah, we apply a Grid Emission Factor of 0.531 Gg CO₂e/GWh. This reflects the region's reliance on natural gas and diesel, a geographically dispersed grid, and significant dependence on Independent Power Producers (IPPs).

4. Sarawak:

For our operations in Sarawak, we apply a Grid Emission Factor of 0.199 Gg CO₂e/GWh. This is significantly lower than other regions due to the high share of renewable energy, primarily from large-scale hydroelectric power.

We calculate Scope 2 emissions using the following formula:

$$\text{Scope 2 Emissions (tCO}_2\text{e)} = \text{Electricity Consumption (kWh)} \times \text{Grid Emission Factor (Gg CO}_2\text{e/GWh \& Region)}$$

Electricity consumption data is obtained from our electricity bills. Where complete electricity usage data is unavailable, we utilise the available expenditure (RM) and estimate the corresponding electricity usage in kWh using the current electricity tariff. In instances where both expenditure and electricity usage are not available, we use an average basis method to estimate our usage.

GHG Emissions Methodology

Contractual Instruments

For the current and prior reporting periods, Bank Islam has not procured contractual instruments such as renewable energy certificates, green tariffs, or power purchase agreements. Should such instruments be obtained in the future, we will quantify and disclose the associated emissions using the market-based method in accordance with the GHG Protocol Scope 2 Guidance.

SCOPE 3: OTHER INDIRECT EMISSIONS

Coverage and Scope 3 Categories Included

Whilst the Group has applied the relief for Scope 3 emissions disclosures, Category 5 (Waste Generated in Operation), Category 6 (Business Travel), Category 7 (Employee Commuting), and Category 15 (Investments) have been disclosed as additional information in this Report on a voluntary basis, in view that these metrics are being monitored by the Group.

Our value chain emissions currently include the following Scope 3 categories as defined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Based on data availability, relevance to the Group's business model, and current reporting maturity, the following categories have been prioritised for disclosure in the reporting period:

- Category 5: Waste Generated in Operations
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 15: Investments

Methodology

Scope 3 emissions are estimated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Version 1.0). Emission factors are primarily sourced from DEFRA and other recognised databases where relevant.

| Category | Calculation Method |
|--|--|
| Category 5: Waste Generated in Operations | <p>Waste emissions comprise emissions associated with waste generated from our operations and managed by third parties. We calculate Scope 3 waste emissions using the following formula:</p> $\text{Scope 3 Waste Emissions (tCO}_2\text{e)} = \text{Waste (tons)} \times \text{Waste Type Emission Factor}/1000$ <p>Waste data is obtained from the waste segregation reports provided by Tenancy & Facility Management (TFM). If measured waste weights are unavailable, the average of our historical monthly waste weight will be used.</p> |
| Category 6: Business Travel | <p>Business travel emissions comprise emissions arising from employee travel undertaken for business purposes. We calculate Scope 3 business travel emissions using the following formula:</p> $\text{Scope 3 Business Travel Emissions (tCO}_2\text{e)} = \text{Distance Travel (km)} \times \text{Emission Factor}/1000$ <p>Travel activity data is obtained from monthly claims reports provided by Group Human Resource (GHR). If data is incomplete, we estimate the missing monthly figures by using an average based on the preceding month's data.</p> |
| Category 7: Employee Commuting | <p>Employee commuting emissions comprise emissions associated with travel between employees' homes and their workplaces. We calculate Scope 3 employee commuting emissions using the following formula:</p> $\text{Scope 3 Employee Commuting Emissions (tCO}_2\text{e)} = \text{Distance Travel (km)} \times \text{Emission Factor}/1000$ <p>Travel activity data is obtained from the yearly employee commuting survey initiated and collected by Group Sustainability Division (GSD). Given that we are using a sample size approach, we will extrapolate the final figure based on the total size of employee, guided by GHG protocol.</p> |
| Category 15: Investments | <p>In 2025, we commenced the calculation of Scope 3 Category 15 financed emissions, which represent emissions associated with our lending and investment activities. We calculate financed emissions in accordance with the PCAF Standard, Second Edition (2022), using PCAF's attribution approach to allocate a share of a counterparty's or project's emissions based on our financing or investment exposure. Our calculation covers exposures across our Consumer, Corporate, Commercial, SME Financing and Treasury activities, spanning all seven PCAF asset classes and 98% of our total portfolio.</p> <p>We calculate Financed Emissions using the following general formula:</p> $\text{Scope 3 Financed Emissions} = \text{Annual GHG Emissions of Company or Project} \times \text{Outstanding Balance of Loan/Value of Counterparty Company or Project}$ |

GHG Emissions Methodology

Exclusions from the Inventory

| Category | Reasons for Exclusion |
|---|--|
| Category 1: Purchased Goods and Services | Not applicable. Emissions from office supplies, professional services (legal/consulting), and water consumption are negligible (typically <1%) compared to the institution's financed emissions (Category 15). |
| Category 2: Capital Goods | Not applicable. Financial institutions do not manufacture products; capital goods are limited to office furniture and IT equipment. These have a minor lifecycle impact compared to the scale of the firm's financial portfolio. |
| Category 3: Fuel- and Energy-related Activities Not Included in Scope 1 or Scope 2 GHG Emissions | Not applicable. Most relevant energy use is captured in Scope 1 and 2. Upstream emissions from the production of fuels used in offices are statistically insignificant for the sector. |
| Category 4: Upstream Transportation and Distribution | Not applicable. As a service-based business, the institution does not have a physical supply chain for raw materials or product components requiring freight transportation. |
| Category 8: Upstream Leased Assets | Not applicable. Most relevant energy use for the leased asset has captured in Scope 1 and 2. Upstream emissions from the production of fuels used in offices are statistically insignificant for the sector. |
| Category 9: Downstream Transportation and Distribution | Not applicable due to the nature of our business as a financial institution. |
| Category 10: Processing of Sold Products | Not applicable on business-model grounds. The Group does not sell intermediate physical products that are processed by downstream entities. Its core activities are financial services, financing and investment. |
| Category 11: Use of Sold Products | Not applicable. Bank Islam does not sell physical products. |
| Category 12: End-of-life Treatment of Sold Products | Not applicable. Bank Islam does not sell physical products. |
| Category 13: Downstream Leased Assets | Not applicable on business-model grounds. |
| Category 14: Franchises | Not applicable on business-model grounds. The Group operates as a banking group with branches, business segments and subsidiaries, not as a franchisor. |

Independent Practitioner’s Limited Assurance Report

to the Board of Directors of Bank Islam Malaysia Berhad on the selected sustainability information disclosed in the Sustainability Report 2025



Limited Assurance Report on Selected Sustainability Information

We have conducted a limited assurance engagement on the Scope 1 and Scope 2 Greenhouse Gas (“GHG”) Emissions of Bank Islam Malaysia Berhad (“the Bank”) identified by the symbol “@” on page 144 in the Bank’s Sustainability Report and Sustainability Statement (the “Sustainability Report 2025” and “Sustainability Statement”) and as defined in the section below, as at 31 December 2025 (the “Selected Sustainability Information”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in the Report.

Selected Sustainability Information and Reporting Criteria

The Selected Sustainability Information needs to be read and understood together with the Reporting Criteria, which the Bank is solely responsible for selecting and applying.

The Selected Sustainability Information and the Reporting Criteria subject to assurance are set out below:

| Selected Sustainability Information | Reporting Criteria | Figures disclosed in the Sustainability Report 2025 |
|--|---|---|
| Scope 1 GHG emissions in tonnes of tonnes of CO ₂ e | “GHG Emissions Methodology” in the Appendix section on pages 220 to 221 of the Sustainability Report 2025 | 15.8 tCo ₂ e |
| Scope 2 GHG emissions in tonnes of tonnes of CO ₂ e | “GHG Emissions Methodology” in the Appendix section on pages 220 to 221 of the Sustainability Report 2025 | 10,844 tCo ₂ e |

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Sustainability Information has not been prepared, in all material respects, in accordance with the Reporting criteria set out on pages 220 to 221 of the Sustainability Report applicable criteria set out in the “Selected Sustainability Information and Reporting Criteria” section above.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with ISAE 3410 “Assurance Engagements on Greenhouse Gas Statements” (“ISAE 3410”).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard is further described in the “Practitioner’s responsibilities” section of our report.

Independent Practitioner's Limited Assurance Report

to the Board of Directors of Bank Islam Malaysia Berhad on the selected sustainability information disclosed in the Sustainability Report 2025



Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the Selected Sustainability Information

Management of the Bank is responsible for:

- The preparation of the Selected Sustainability Information in accordance with the Reporting Criteria.
- The design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of the Selected Sustainability Information, in accordance with the Reporting Criteria, that is free from material misstatement, whether due to fraud or error.
- The selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Bank's sustainability reporting process.

Inherent Limitations in Preparing the Selected Sustainability Information

The absence of a significant body of established practice on which to draw to evaluate and measure the Selected Sustainability Information allows for different, but acceptable, measurement basis and can affect comparability between entities and over time. In addition, Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Independent Practitioner's Limited Assurance Report

to the Board of Directors of Bank Islam Malaysia Berhad on the selected sustainability information disclosed in the Sustainability Report 2025



As discussed in “GHG Emissions Methodology” in the Appendix section on pages 220 to 221 of the Sustainability Report 2025:

- GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases; and
- The Bank has estimated consumption for Scope 1 and Scope 2 for which no primary usage data is available. In accordance with the requirements of the reporting criteria, management has used the assumptions to estimate the information required to be reported related to the period ended 31 December 2025.

Practitioner's Responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Selected Sustainability Information.

As part of a limited assurance engagement in accordance with ISAE 3410, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Determine the suitability in the circumstances of the Bank's use of Reporting Criteria as the basis for the preparation of the Selected Sustainability Information.
- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion on the effectiveness of the Bank's internal control.
- Design and perform procedures responsive to where material misstatements are likely to arise in the Selected Sustainability Information. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Practitioner's Limited Assurance Report

to the Board of Directors of Bank Islam Malaysia Berhad on the selected sustainability information disclosed in the Sustainability Report 2025



Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Selected Sustainability Information. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of where material misstatements are likely to arise in the Selected Sustainability Information, whether due to fraud or error.

In conducting our limited assurance engagement, we:

- Obtained an understanding of the Bank's reporting processes relevant to the preparation of its Selected Sustainability Information by performing inquiries of management and
- Evaluated the suitability in the circumstances of Bank Islam Malaysia Berhad's Reporting Criteria as the basis for preparing the Selected Sustainability Information;
- Obtained an understanding of Bank Islam Malaysia Berhad's control environment, processes and systems relevant to the preparation of the Selected Sustainability Information at the consolidated level and operating unit level. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by Bank Islam Malaysia Berhad, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Bank Islam Malaysia Berhad's estimates;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing on a sampling basis on transactions included in the Selected Sustainability Information at Bank Islam Malaysia Berhad's which involved agreeing data points to/from source information to check that the underlying Selected Sustainability had been appropriately evaluated or measured, recorded, collated and reported;
- Checked mathematical formulas, proxies and default values used in the Selected Sustainability Information against Bank Islam Malaysia Berhad's Reporting Criteria; and
- Evaluated the appropriateness of the disclosures and presentation of the Selected Sustainability Information based on the Reporting Criteria.

Independent Practitioner's Limited Assurance Report

to the Board of Directors of Bank Islam Malaysia Berhad on the selected sustainability information disclosed in the Sustainability Report 2025



Our assurance procedures specifically did not extend to the remaining parts of the Sustainability and Environmental Report 2025 and the information included therein, other than the Selected Sustainability Information, nor did we perform procedures on financial information extracted from the audited financial statements of the Group and used in the calculation of the Selected Sustainability Information. Our assurance procedures also involved agreeing to certain information obtained by the Bank from third party sources. However, our scope did not extend to testing the completeness and accuracy of the information obtained from third party sources.

Other Matters

The comparative Selected Sustainability Information of the Bank as at 31 December 2023 and 31 December 2024 and for the years then ended in relation to energy consumption was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Restriction on Distribution and Use, and Disclaimer of Liability to Third Parties and for any Other Purpose

Our report, including our conclusion, has been prepared solely for the Board of Directors of the Bank in accordance with the agreement between us dated 24 March 2026 (the "agreement"). We consent to the inclusion of this report in the Sustainability Report 2025 of the Bank which will be accessible at www.bankislam.com in connection with the Bank's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Selected Sustainability Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Bank for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.


PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
1 April 2026

Bank Islam Malaysia Berhad [198301002944 (98127-X)]
32nd Floor, Menara Bank Islam, No. 22, Jalan Perak, 50450 Kuala Lumpur

Tel: 03-2707 8000

www.bankislam.com

