

BANK ISLAM LAUNCHES ESG RISK MANAGEMENT FRAMEWORK

KUALA LUMPUR, Sunday, [30 October 2022]: Bank Islam Malaysia Berhad (Bank Islam or the Bank) today announced that it has launched its ESG Risk Management Framework in line with its commitment towards banking sustainability.

The development of the framework, initiated in the third quarter of 2021, is intended to introduce a fit-for-purpose ESG and climate risk management framework and enhance the Bank's Board oversight on ESG and climate matters.

Bank Islam will embed ESG risk considerations in its credit assessment process and leverage climate risk stress-testing to enhance the Bank's capabilities in addressing the impacts of climate change on the Bank and its customers.

Bank Islam's Group Chief Executive Officer, Mohd Muazzam Mohamed, said, "As part of our broader aspirations to be the leading Islamic financier in Malaysia, we implemented approaches to consider the ESG risk profile of our customers as part of our financing origination process. This move aims to improve our customers' sustainability, as it aligns with regulators' key global and local efforts in building a resilient financial system."

While the ESG Risk Management Framework is in progress, Bank Islam has taken steps to assess new financing applications for ESG risks with elevated concerns on ESG based on industry-specific context.

The Bank aims to double its Shariah-ESG assets to RM4 billion by the end of 2025, from RM2.62 billion recorded in June 2022. This is up 16.4% compared to RM2.25 billion in the same period last year.

He adds, "Beyond developing our assessment scorecards and mechanisms for ESG and climate risk, we will also support our customers in their transition to low carbon development

and contribute to Malaysia's net-zero ambitions as part of their Value-Based Intermediation initiatives."

Driven by the aspiration, the Bank, via its corporate social responsibility arm, AMAL Bank Islam (AMAL), recently rolled out a community service and sustainability programme at Mabul Island, Semporna, Sabah. The programme, which took place from 8 to 9 October 2022, aimed to establish holistic, sustainable living in the community by incorporating green technology and eco-friendly applications, upgrading proper sanitation systems at homes and supporting its economy and welfare.

AMAL collaborated with a non-profit organisation, Persatuan Kebajikan Sedulur (Sedulur), to execute five initiatives to empower the community. It includes installing solar panels for the electricity supply at a school for stateless children, Sekolah Saudara Borneo, constructing a new and proper sanitation system for the school and selected homes on stilts to protect the growth of seagrass in the designated area, and upgrading the community square complete with solar lights, which acts as a central square for the community. AMAL also supplied equipment to local shopkeepers and small businesses around the island to boost the local economy and portable solar lights, food packs and reusable sanitary pads to the Bajau Laut community.

In addition, AMAL partnered with ReefCheck Malaysia to gauge the effectiveness of the installed sanitation system by monitoring the growth of seagrass and the biodiversity of marine life around Mabul Island.

AMAL continued to form a strategic partnership with Yayasan Sabah College of Technology (YSCT) to provide much-needed assistance to the Pusat (AMAL) Latihan dan Amali Orang Kelainan Upaya (OKU) Sabah in Tuaran. Pusat (AMAL) Latihan dan Amali OKU Sabah is a training institution that trains physically disabled individuals in acquiring new skills such as carpentry and furniture making and other vocational skills to supplement their livelihood.

The Bank provided cash contributions to assist in the rebuilding efforts for its carpentry workshop, which was damaged by the flood last year. At the same time, YSCT provided a

group of 20 lecturers and student volunteers to aid in fixing the electrical and wiring of the centre, enabling the workshop to reoperate.

Mohd Muazzam further said, "Bank Islam is committed to supporting projects which protect the prosperity of people and the planet. Aligned with our vision as a Bank that advances prosperity for all, we will continue to incorporate community empowerment and sustainability in all our business strategies, while respecting planetary boundaries," he concludes.

About Bank Islam Malaysia Berhad

Bank Islam is Malaysia's first publicly listed Islamic Bank on the Main Market of Bursa Malaysia. Established in July 1983 as Malaysia's first Islamic Bank, Bank Islam has 135 branches and more than 900 self-service terminals nationwide. As a full-fledged and pure-play Islamic bank, Bank Islam provides banking and financial solutions that strictly adhere to the Shariah rules and principles and are committed to the ideals of sustainable prosperity and ESG values. The core subsidiaries of the Bank Islam Group are pioneers in various Islamic financial services, including investment and stockbroking, namely BIMB Investment Management Berhad and BIMB Securities Sendirian Berhad. For more information on the Group's products and services, visit www.bankislam.com.

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