



 **HongLeong** Bank Berhad

Sustainability Report **2022**

INSIDE THIS REPORT



- 12 Our Sustainability Approach
- 13 Strategising Our ESG Priorities
- 13 Stakeholder Engagement
- 17 Materiality
- 20 Sustainability Governance
- 21 Embedding Sustainability Awareness at Board and Senior Management level
- 22 Maintaining a Diverse Board
- 22 Board Skill Matrix
- 23 Sustainability Risk Management
- 24 Sustainability Risk Governance
- 25 Risk Appetite Statement
- 25 Approach to Sustainability Risk Management
- 26 Identifying and Prioritising Sustainability Risk
- 26 Measuring and Managing Sustainability Risk
- 27 Sustainability Risk Assurance
- 27 Monitoring and Reporting Sustainability Risk
- 28 Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary
- 30 TCFD Strategy
- 31 Climate-related Risks
- 33 Climate-related Opportunities
- 33 Greener Products, Services and Market
- 34 Climate-Resilient Operations
- 34 Scenario Analysis
- 36 Green Portfolio Exposure

- 38 Corporate Governance
- 38 Corporate Governance Structure
- 39 Ethics, Integrity and Compliance
- 39 Pillars of Hong Leong Bank Group's Code of Conduct and Ethics
- 40 Upholding Ethics and Integrity
- 41 Promoting a Culture of Compliance
- 42 Prevention of Financial Crime

- 43 Sustaining Our Digital Momentum
- 45 Innovative Digital Solutions
- 45 Retail Banking Options
- 47 Financial Literacy for the Youth
- 48 For Corporate, Commercial and SME Customers
- 49 Our Digital Initiatives
- 49 Sustaining the Momentum Towards a Cashless Society
- 49 Digitising Shariah Knowledge
- 50 Our Digital Infrastructure
- 50 Cyber Security and Data Privacy Resilience
- 50 Our Robust Cyber Security and Data Privacy Controls
- 51 Cyber Security Awareness
- 52 Enhancing Customer Experience

- 54 Nurturing A Sustainable Employee Experience
- 55 Workplace Readiness
- 55 Building the Talent Pipeline
- 57 Workforce Readiness
- 58 Instilling Sustainability Awareness
- 59 Upskilling Our Employees
- 60 Developing Industry Leaders
- 61 Talent Management and Engagement
- 61 Talent Management Policy
- 61 Performance Management and Individual Development

- 02 About This Report
- 03 Global ESG Indices and Assessments
- 04 Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review
- 08 About Hong Leong Bank
- 08 The Bank's Core Values
- 09 Our Business
- 09 Regional Footprint
- 10 Partnerships and Collaborations

- 104 Taskforce for Climate-related Financial Disclosures (TCFD)
- 107 UN Sustainable Development Goals (UN SDGs)
- 109 Global Reporting Initiative (GRI) Standards
- 117 SIRIM Assurance Statement

- 98 Building Communities
- 98 Tax Payments as a Contribution to Society
- 98 HLB Jumpstart
- 101 Financial Literacy
- 101 Financial Literacy for All
- 102 Financial Literacy in Islamic Banking
- 103 Contributing to Our Communities

- 88 Our Net Zero Commitment
- 88 Towards a Low Carbon Economy
- 89 Enabling Access to Cleaner Energy
- 90 Promoting Green Transportation
- 90 Supporting Green Development
- 91 Green Debt Financing
- 93 Managing Our Environmental Footprint
- 93 Reducing Our Carbon Footprint
- 93 Embarking on Our Carbon-Offset Project
- 94 Greening Our Buildings
- 94 Optimising Resource Efficiency
- 95 Instilling Environmental Ownership
- 95 Sustainability and VBI Awareness and Training
- 95 Earth Hero @ HLB Pocket Connect
- 96 Our Environmental Performance Data

- 81 Promoting Financial Inclusion
- 82 Financial Accessibility for SMEs
- 82 Providing Total SME Solutions via iStart@HLB
- 82 #HLBSAPOTLOKAL
- 83 HLB Launchpad
- 84 Jumpstart@65
- 85 Supporting the Halal Business Sector
- 85 Community Business Managers
- 86 Financial Accessibility for Underserved Communities
- 86 Standing by Our Customers
- 86 Maintaining Our Physical Presence
- 86 Providing Access to Societies in Need
- 87 Providing COVID-19 Relief Assistance

- 73 BCB ESG Policy & Assessment Framework
- 75 Internal Capacity Building Programme / Thematic ESG Programme
- 76 ESG Customer Engagement
- 77 Enabling A Sustainable Economy
- 77 Socially Sustainable Securitisation
- 77 Regional Wealth Management Services (RWMS) ESG Framework
- 78 Value-Based Intermediation (VBI) for Islamic Banking
- 79 Fair Banking
- 79 Fair Treatment for Financial Consumers
- 80 Sustainable Supply Chain

- 62 Talent Review and Succession Planning
- 62 Remuneration and Policy Framework
- 62 Engaging Our Employees
- 63 Employee Well-Being, Health and Safety
- 63 Prioritising Wellness, Health and Safety
- 64 Adapting to the New Normal
- 64 Employee Benefits
- 66 Diverse and Inclusive Workforce
- 67 Employee Composition

OVERVIEW

About This Report

The HLB Sustainability Report 2022 describes our sustainability journey, including our initiatives and progress we have made to embed sustainability into our business practices as well as our products and services to date. Through this Report, we provide updates on the topics that are most material to our stakeholders on how we create long-term value.

The Report covers our financial year from 1 July 2021 to 30 June 2022 (“FY2022”), unless otherwise stated. The report should be read along with our Annual Report 2022, which provides a more comprehensive disclosure on our financial and operating performance.

This report has been prepared in accordance with the Global Reporting Initiative Standards (“GRI Standards”) Core option and Bursa Malaysia Sustainability Reporting Guide (2nd Edition), and guided by the United Nations Sustainable Development Goals (“UN SDGs”). Our climate-related disclosures have been further guided by the Recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) along with the recently released TCFD Application Guide for Malaysian Financial Institutions and Bank Negara Malaysia (“BNM”)’s implementation of the Climate Change and Principle-based Taxonomy (“BNM CCPT”) regulatory reporting. Through these frameworks and guidelines, we have sought to communicate the impact of our environmental, social and governance (“ESG”) performance via metrics and targets we believe to be relevant for our financial services industry. References to specific topics covered by the report are available in the GRI Standards Content Index on pages 109-116.


The contents of this report present an overview of our sustainability approach, describing how we identify and manage risks and opportunities as part of our business activities. The report has been written for a range of audiences, providing balanced and relevant content with a narrative that embodies stakeholder inclusiveness. The data provided in this report relates to issues determined as important to both the Bank and our stakeholders via a materiality assessment. All data in this report relates to the operations of Hong Leong Bank (“HLB”) and

its subsidiaries (collectively, “the Bank”), including Hong Leong Islamic Bank (“HLISB”) in Malaysia, as they represent our most material businesses.

This report has been reviewed and approved by HLB’s senior management and the Board of Directors (“BOD”). The contents of this Sustainability Report are governed by a Sustainability Committee (“SC”) which reviews all material topics to ensure that they are aligned with the organisation’s strategies. The report was recommended to, and endorsed by, the Board Risk Management Committee (“BRMC”) of the BOD. This report’s content has been externally assured by an independent body, Malaysia’s leading certification, inspection and testing body, SIRIM QAS International Sdn Bhd. In preparing this report, we have adhered to best practice disclosure standards of our assurers and of the reporting field.

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Overview

Global ESG Indices and Assessments

We continuously endeavour to strengthen the implementation of ESG practices into our business operations. Testament to our ESG efforts, we continued to be recognised in leading sustainability ratings and indices, which use comprehensive standards to evaluate sustainability efforts.

FTSE4GOOD

- Constituent of FTSE4Good Bursa Malaysia index for the 5th consecutive year
- Top 25% by ESG ratings among public listed companies in the FBM EMAS Index, which was assessed by FTSE Russell
- Improved ESG score to 3.7 out of 5.0, ahead of the overall banking sector's average of 2.6


MORGAN STANLEY CAPITAL INTERNATIONAL ("MSCI") ESG RATING

- Achieved an ESG rating of A, with a score of 4.9 during the 2022 MSCI ESG rating assessment, an improvement of ranking bands from our previous year's assessment, above the banking industry average of 4.8 (which includes foreign banks)

S&P GLOBAL CORPORATE SUSTAINABILITY ASSESSMENT

- Scored 52 out of 100 as at 31 December 2021, which signifies a 21-point improvement from the previous year of assessment and compares favourably to banking industry average of 38
- Currently placed in the 72nd percentile in the Dow Jones Sustainability Index ("DJSI")

Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review



Our vision to be a leading and innovative ASEAN financial services company has driven us to be laser-focused on delivering on our ESG commitments. Over the past year, the Bank has accelerated the integration of sustainability into our business practices and operations, precipitated by a foundation for inclusive growth. We are also accelerating ESG knowledge, capacity and behaviours at the organisational level. We believe that each stakeholder within the value chain plays an important role in collectively ensuring a more sustainable future.

At the Bank, we strive to build collaborative partnerships in facilitating the financing of a sustainable and inclusive economy - from continuously enhancing our products and services digitally; to working with start-ups that provide sustainable solutions; driving social procurement with social enterprises; and increasing awareness and literacy on financial management and sustainability.

The Bank is an active participating member of the sub-committees set up under the Joint Committee for Climate Change ("JC3") as well as the BNM CCPT Implementation Group, both of which promotes the standardisation and upgrading of standards for the advancement of climate change management across the financial sector. In 2021, the Bank, together with other pilot Malaysian Banks, contributed to the development of the BNM

CCPT and are actively involved in its implementation through the industry group meetings and deliberations. Through this, the Bank has provided constructive feedback and suggestions to enable greater clarity and ensure a standardised approach in adopting the BNM CCPT classifications. In 2022, the Bank collaborated with JC3 peers, leading to BNM's release of the TCFD Application Guide for Malaysian Financial Institutions.

Aligned with the direction and guidance from regulators, the Bank enhanced its ESG Assessment Framework for corporate customers, as well as when onboarding business partners. Furthermore, we are currently working with relevant data partners to refine the physical risk assessments of our assets upon onboarding property developers, for the benefit of our mortgage customers.

Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review



In support of our goal to create an inclusive transition to a cashless society, we extended our cashless initiatives to school children via the launch of the HLB@School programme in November 2021. This is also to encourage the usage of Pocket Connect App (Malaysia's first pocket money app) as part of its financial literacy programme and, as a life skill for primary school students. Through installing a cashless payment system at schools, we seek to educate and encourage school children to learn and adopt cashless financial systems and digital banking, building their life skills for the future. We will kick-off our next cashless initiative, 'Project Cashless Kampung', in Sekinchan, Selangor in FY2023, where we will be providing full-fledged banking facilities and services to 800 small business owners in a semi-rural environment, empowering them to digitalise their businesses, ensuring long term business viability as consumer payment behaviour changes.

As we help to accelerate digital lifestyle transformation, we are faced with the perennial problem of digital fraud. At HLB, we are mindful of the emerging cyber risks and have progressively improved our cyber security measures. We are continuously working to build up our cyber security knowledge to develop a more mature cyber risk-aware culture across the organisation. Our cyber risk awareness programme saw us formalising cyber leadership at the department and branch levels, rolling out training and Bank-wide awareness for our employees, as well as continuous scam awareness education for our customers via all of our platforms.

We believe in the importance of earning and maintaining the trust of our stakeholders by acting professionally and honestly and ensuring that our business conduct is without reproach. Under our #ComplianceStartsWithMe initiative, we held a Data Protection and Banking Secrecy Month to refresh all employees' knowledge on their role in responsibly handling all forms of personal data and information. We have also enhanced our Anti-Money Laundering ("AML") system capabilities through adopting the recently launched AML System in Malaysia at our overseas operations. Thus far, the system has, among others, elevated our screening capabilities for customer onboarding and transaction monitoring while streamlining processes, enabling us to serve customers more efficiently. In light of our zero-tolerance position towards bribery and corruption, the Bank has established an Anti-Bribery & Corruption ("ABC") Compliance Programme which serves to deter and prevent corrupt activities.

SUSTAINING DIGITAL TRANSFORMATION

In line with our digital business strategy which underlines a focus on delivering simple, seamless and intuitive customer experiences, we constantly seek opportunities to enhance existing products and services as well as delve into next generation digital solutions.



SUPPORTING FAIR AND RESPONSIBLE BUSINESS PRACTICES

As a Bank, our role as a key source of funding and aggregator of sustainable projects enables us to integrate ESG into everyday banking. In August 2021, we completed a ground-breaking social sustainable securitisation worth a total of RM 300 million, in

Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review

conjunction with Cagamas Berhad - the first double issuance of ASEAN Sustainability SRI Sukuk and ASEAN Sustainability Bonds in the country. Further to this, our Regional Wealth Management business division distribute ESG-rated funds, such as the Hong Leong Asset Management ("HLAM")'s Global ESG Fund and AmSustainable Positive Change Funds, and work with external experts such as Sustainalytics and MorningStar to assess and offer products with positive ESG rating to our customers, improving sustainability understanding when making investment decisions.

We believe in our role of assisting our business partners to identify their ESG risks and provide support in their mitigation efforts and sustainability improvement journey. Throughout the year 2021, we piloted our Vendor Sustainability Self-Assessment with 39 of our top vendors and found that 97% of the vendors who participated have demonstrated adequate ESG awareness and practices adopted in their operations. In addition to this assessment, we are also building a vendor sustainability development journey which will provide them access to capacity building programmes and toolkits to facilitate their transition in adopting stronger sustainable business practices.

As part of our efforts to engage with the industry and empower our customers in their sustainability transformation, we continue to organise the HLB Sustainability Roundtable series. Since its inception in 2021, we have hosted seven virtual sessions, and this financial year our themes covered palm oil, biogas energy, sustainable waste management, chemicals manufacturing and metals manufacturing. The Roundtables featured panellists from the respective industries, relevant trade associations, regulators, government agencies and academics.

NURTURING A SUSTAINABILITY-DRIVEN WORKFORCE

The Bank aims to create a workforce that is primed to embrace the challenges of the digital age with resilience and agility. To that end, we continuously invest in our employees to develop a growth mindset and provide opportunities to foster creativity and innovation. This year, we updated our Code of Conduct and Ethics ("CoCE") by enhancing the safe workplace, diversity and inclusion, as well as sustainability clauses in the Work Environment pillar. To strengthen the accountability towards our sustainability commitments, we also incorporated sustainability and value-based intermediation ("VBI") as part of the goals and key result areas ("KRA") for all members of the SC and Sustainability Working Committee ("SWC") and as part of the HLB Core Values (refer to the Bank's Core Values section on page 8) for all employees.

Concurrently, we have rolled out training efforts to instil sustainability awareness among all our employees. In FY2022, all employees completed the mandatory sustainability e-learning

module and 1,875 new hires completed their "Introduction to Sustainability" training as part of their onboarding programme. Additionally, we conducted our annual Sustainability Month in March and April 2022, which drew 551 participants across 6 brown bag webinars. The webinars featured subject matter experts from academia and government bodies who shared their knowledge on climate risks and opportunities. The sustainability training efforts and Sustainability Month activities are an ongoing effort to nurture a sustainability-driven workforce. We believe that the knowledge gained through the ESG capacity building sessions can be translated into actionable tasks which can result in tangible benefits for our customers and wider stakeholders as we transition to a low carbon economy.

ADDRESSING OUR CLIMATE IMPACT

The impacts brought about by climate change make us reflect on the changes we need to make in our personal and business lives to ensure we build a more resilient and sustainable future. As we continuously address our environmental impact, this year the Bank has deepened its commitment and renewed its carbon reduction target to achieve net zero emission for Scope 1 and Scope 2 by 2030 and net zero for our overall emissions by 2050. While this target is ambitious, we believe that the progressive measures we have established over the years have started us on the right track towards achieving this goal.

We strive to embed climate considerations into our business operations, particularly in our products and services, to support and encourage the transition to a low carbon economy. In FY2022, we approved over RM 2.4 billion worth of renewable energy financing, surpassing the 5-year target of RM 500 million that we announced in FY2018. As our continuous support of the national aspiration to increase the installed capacity of renewable energy to 31% by 2025, we have established a new target of additional RM 1.5 billion to finance renewable energy projects by FY2025. This year, we also launched our Green Bond Framework which sets out guidelines for our bond issuance, in which the proceeds would be used to finance or refinance new or existing green projects which meet the Eligibility Criteria. In line with this, we issued our first Green Additional Tier 1 ("AT1") Bond worth RM 900 million in April 2022, marking a key milestone as the first issuance of a green AT1 bond by a bank in Malaysia.

Since rolling out our Energy Efficiency & Conservation ("EE&C") measures, the Bank has achieved a 6% reduction in our Scope 2 emissions compared to FY2021. We have also embarked on a carbon offsetting project, where we collaborated with Malaysian Nature Society ("MNS") under the Greening Malaysia Programme to restore degraded forest land in Kuala Selangor Nature Park by planting approximately 50,000 new mangrove trees. To date, we

Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review

have germinated more than 37,000 seedlings and planted over 15,000 mangrove trees. In addition to that, through our Junior Account and Junior Account-i's Earth Hero initiative, we were able to plant 2,500 trees in 2021 and HLISB will continue this effort by planting another 2,500 trees by the end of 2022. Partnering with a social enterprise based in Sabah, the Animal Projects Environmental Education Sdn. Bhd. ("APE Malaysia"), the initiative aims to create awareness on the positive impact of planting trees, for both the environment and the livelihood of the local community in Kampung Sukau, Kinabatangan.

We also partnered with the Malaysian Green Technology and Climate Change ("MGTC") in building a Greenhouse Gas ("GHG") Emissions calculator for our customers to calculate their vehicular emissions, as well as developing and disseminating educational material to increase awareness on managing carbon footprint. Further, through our partnership with EARTH, one of HLB Launchpad winners, we successfully recycled and disposed 10 tonnes of electronic waste. In FY2022, we launched a Windows 10 deployment programme to enhance our devices and used the e-waste guidebook, developed together with EARTH, to properly dispose and recycle our electronic wastes across our Malaysian operations.

EMPOWERING COMMUNITIES

Given our long history as a Bank serving diverse communities across Malaysia, community investment is deeply embedded within our organisation. Over the years, the Bank, along with its employees, has contributed in many ways to the communities with which we do business. Our people have always shown a deep

sense of social responsibility, reflecting our value of being here for the long term.

This year, in our efforts to further promote employee volunteerism, we launched our HLB Employee Corporate Social Responsibility ("CSR") Programme that will provide year-long activities for employees to participate in, including HLB JumpStart, HLB DuitSmart and other community engagement activities aligned with our ESG pillars. Our Malaysia Day 2021 campaign saw employees across the country working together to volunteer their time and efforts to provide 76.1 tonnes of dry food aid, benefitting 4,952 students nationwide, as well as 9,000 individuals, in need of food aid and meal support across the country.

ACCELERATING OUR ESG JOURNEY

With sustainability becoming an integral part of our operations, there is growing importance for us to align our collective efforts across the Bank to reflect holistically our sustainability commitments. We believe that all of us are major stakeholders in our sustainability journey because the entrenchment of sustainable practices can only happen if each one of us embraces accountability throughout the journey.

Every one of us plays a crucial role in creating and sustaining a vibrant ecosystem of communities and supporting the transition to a low carbon economy. A more resilient and sustainable world is a collective responsibility requiring collective effort, to make the changes we want to see for the benefit of our planet and hence, the legacy we want to leave for our future generations - because change starts with us.



About Hong Leong Bank

Hong Leong Bank Berhad together with its subsidiaries form a part of the Hong Leong Group (“the Group”) - Hong Leong Bank Berhad is a leading financial services institution headquartered in Kuala Lumpur, Malaysia. We are a community and customer-centred bank, with a focus on providing innovative digital solutions for the financial services industry.

Our organisation’s focus is to deliver customer-centred solutions by integrating cutting-edge technology with our entrepreneurial background. We offer a comprehensive selection of conventional and Islamic financial products and services while keeping to our Brand Promise, “Built Around You” and powered by digital innovation - making us a leading financial services provider in the country.

The Bank’s Core Values

As we navigate the rapidly evolving financial services industry, we remain true to our organisation’s core values and principles as we continue to develop financial solutions that bring about positive impacts on the environment, economy and society. Aligned to our increased prioritisation and strengthened focus on sustainability efforts, this year, we have integrated ESG as part of our core values framework.

HERE FOR THE LONG TERM



Embedding strong Environment, Social and Governance (ESG) values in our operations, strengthening our commitment to:

- Customers
- Employees
- Communities we work in & CSR activities

INNOVATION



- Embrace change
- Challenge the status quo or prevailing assumptions when warranted, and suggest better approaches
- Don’t be afraid to do things differently, take smart risks

COLLABORATE TO WIN



- Consistently demonstrate performance that others can rely on
- Treat people with respect independent of their status or rank
- Seek win-win relationships

DECISIVENESS



- Take ownership despite ambiguity
- Make things happen (Think/Act/Own)
- Minimise complexity

HAVE FUN

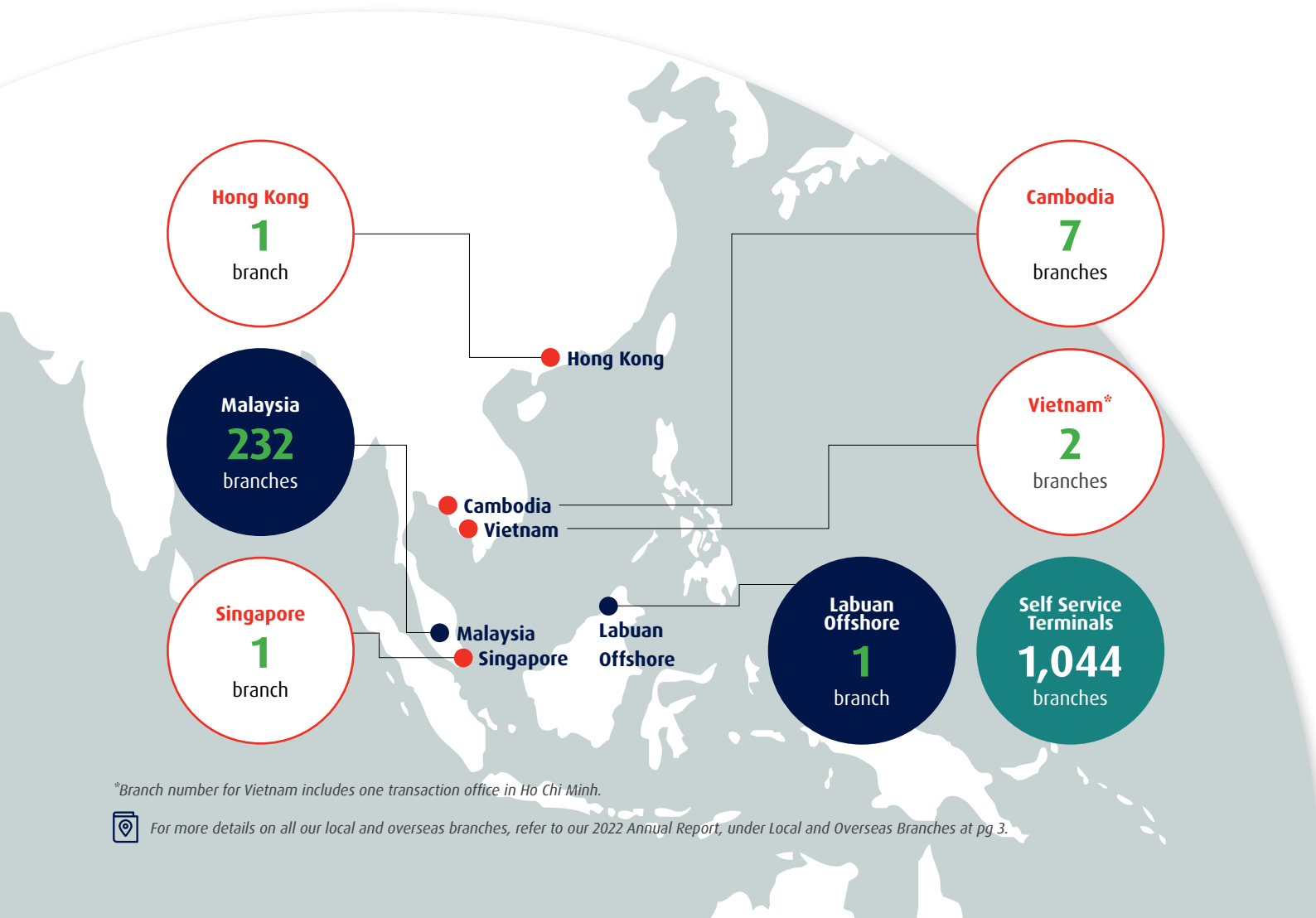


- Embrace new experiences
- Celebrate learning opportunities
- Celebrate wins

Our Business

	PERSONAL FINANCIAL SERVICES	Principal business activities include providing banking services and financial products such as property, auto, personal loans/financing, card and payment, share financing, investment and insurance, deposits and remittance, comprehensive wealth management services as well as digital banking solutions for individuals and small businesses.
	BUSINESS AND CORPORATE BANKING	Principal business activities include the provision of banking solutions, such as deposit and loan/financing services covering business current account, interest/profit-bearing auto sweep and fixed deposit, as well as financing options ranging from asset acquisition, working capital, and debt capital market structures for our corporate, commercial and Small Medium Enterprises (“SME”) customer base. HLB also specialises in the provision of transaction banking solutions via cash management solutions, trade financing and cash services. Hedging facilities are provided in collaboration with our Global Markets business.
	GLOBAL MARKETS	Global Markets assists our institutional and corporate customers on their investment and hedging needs across asset classes, including Foreign Exchange, Fixed Income, Derivatives and Structured Products. On top of managing customers’ treasury requirements, Global Markets also manages the Bank’s excess liquidity and risks arising from the Bank’s transaction and payment flows.
	ISLAMIC FINANCIAL SERVICES	Islamic Financial Services are offered by Hong Leong Islamic Bank, a wholly-owned subsidiary of HLB which is focused on providing Shariah Compliant Personal Financial Services, Business and Corporate Banking, and Global Markets products and services.

Regional Footprint



*Branch number for Vietnam includes one transaction office in Ho Chi Minh.

For more details on all our local and overseas branches, refer to our 2022 Annual Report, under Local and Overseas Branches at pg 3.

Partnerships and Collaborations

We are members of and work closely with a wide range of organisations and associations which not only bolster our core business operations, but allow us to maintain strong ties with our stakeholders.

Association/Organisation ▼	Benefits to our stakeholders ▼
 <p>PERSATUAN BANK BANK DALAM MALAYSIA THE ASSOCIATION OF BANKS IN MALAYSIA</p> <p>The Association of Banks in Malaysia ("ABM")</p>	<p>Through the association, we are actively involved in initiatives to promote and strengthen the commercial banking industry.</p>
 <p>AICB</p> <p>Asian Institute of Chartered Bankers ("AICB")</p>	<p>Through the courses provided by AICB, our employees are equipped with extensive critical knowledge of the banking sector and are able to develop skills and abilities to make professional judgements and informed decisions.</p>
 <p>PayNet PAYMENTS NETWORK MALAYSIA</p> <p>Payments Networks Malaysia Sdn Bhd ("PayNet")</p>	<p>Through PayNet infrastructure, we provide various payment options to cater for varying business and individual needs.</p>
 <p>Credit Guarantee Corporation ("CGC")</p>	<p>Through our partnership with CGC, SMEs without collateral have access to financing through schemes such as BizJamin.</p>
 <p>SJPP</p> <p><i>Wholly owned by Minister of Finance Incorporated</i></p> <p>Syarikat Jaminan Pembiayaan Perniagaan ("SJPP")</p>	<p>Through collaboration between the government and financial institutions such as HLBB and HLISB, SJPP helps SMEs gain access to finance by encouraging financial institutions to provide more financing facilities and with better rates, terms and conditions for SMEs.</p>
 <p>RAM</p> <p>RAM Holdings Berhad ("RAM")</p>	<p>Through the services offered by RAM, we have access to obtaining business profiles and company details from Companies Commission of Malaysia ("SSM"), three-year financial summaries and other critical information pertaining to the financial standing of companies and their directors, assisting us with customer assessment.</p>
 <p>IBFIM</p> <p>Islamic Banking and Finance Institute Malaysia Sdn Bhd ("IBFIM")</p>	<p>Partnership with IBFIM allows us to keep track of Shariah developments, especially those regarding finance and banking. It also enhances the Shariah services we offer our customers.</p>

Partnerships and Collaborations

Association/Organisation ▼	Benefits to our stakeholders ▼
 <p>Ombudsman for Financial Services ("OFS")</p>	<p>Provides a channel for our customers to lodge complaints about our products and services and resolve them without incurring costly legal fees.</p>
 <p>Cagamas Holdings Berhad ("Cagamas")</p>	<p>We benefit from Cagamas' Purchase With Recourse, Purchase Without Recourse, and Mortgage Guarantee activities. The company purchases mortgage loans/financings, personal loans/financings, and hire purchase/hire purchase-i and leasing debts from primary lenders/financiers and issues bonds/sukuk and notes to finance the purchases.</p>
 <p>The Association of Islamic Banking Institutions Malaysia ("AIBIM")</p>	<p>As a member of AIBIM, HLIBS actively supports AIBIM to promote sound Islamic banking systems and practices in Malaysia, and to seek advice and assistance in the development of Islamic banking and finance at the local, regional and global levels, while promoting public awareness.</p>
 <p>Financial Industry Collective Outreach ("FINCO")</p>	<p>Through HLB's collaboration with FINCO, the Bank supports the implementation of programmes for sustainable community outreach through shared funding and resources for children and youth. The initiative focuses on the improvement of English language literacy, providing life aspiration, increasing financial literacy, enhancing education and supporting disaster relief and preparedness.</p>
 <p>Financial Services Information Sharing and Analysis Center ("FS-ISAC")</p>	<p>Our subscription to FS-ISAC allows us to enhance the protection and proactively block cyber threats and it provides intelligence on the latest cyber risks that affects the financial sector.</p>
 <p>The Malaysian Business Angel Network ("MBAN")</p>	<p>Our collaboration with MBAN allows us to promote local entrepreneurs and the start-up ecosystem under our HLB LaunchPad programme.</p>
 <p>Syarikat Jaminan Kredit Perumahan Berhad ("SJKP")</p>	<p>The Bank participates in SJKP's Housing Guarantee Scheme programme that provides loans and financing to gig workers to purchase affordable homes.</p>

ACCELERATING SUSTAINABILITY INTEGRATION

Our Sustainability Approach

“Good and robust ESG practices have been fundamental to the Bank as we continue to accelerate our sustainability efforts in creating more positive impacts to the community and generate meaningful returns for our stakeholders.

With the participation in various global ESG assessments, we were able to benchmark ourselves against industry leaders globally, enabling us to identify gaps which we need to focus on to ensure that we meet the investment community expectations with regard to these ESG indices, making it crucial for us to ensure clear communication and transparency in our ESG disclosures. We will continue to strengthen our efforts to ensure we contribute to the sustainable ecosystem of businesses, communities, and the environment.”

Malkit Singh Maan
SWC Co-Chairman & Chief Financial Officer

“Accountability has been a key driver in our journey to create sustainable business practices within our organisation. Our aim is to improve our implementation of ESG practices within our ecosystem and create more value for our stakeholders.

Continuous review of our performance also allows us to identify areas for improvement and engage with our stakeholders to find and develop more sustainable solutions that we can then rollout, contributing back to society.”

Zalman Zainal
SWC Co-Chairman & Chief Marketing & Communications Officer

We are driven by our ambition of becoming a financial institution that creates long term value for all our stakeholders. Accelerating the integration of ESG practices into our business strategy allows us to better manage our operations to ensure a better future for our customers and stakeholders. Our Sustainability Themes guide our strategy in incorporating impactful measures and raising accountability in the foundation of our business operations, thereby ensuring operational resilience and longevity.



Strategising Our ESG Priorities

Stakeholder Engagement

We realise the importance of stakeholder engagement in the pathway to better sustainability, which is why we frequently communicate with our stakeholders to keep abreast of current trends and to remain updated on any changes in their priorities. Engagement with our stakeholders provides us with essential input which helps us to identify, prioritise and address our most important ESG priorities.

Collaborating with our Key Stakeholders

BNM and the Securities Commission have established the Joint Committee on Climate Change (JC3) with industry representation to pursue collaborative actions for building climate resilience in the Malaysian financial sector. The key mandates of the joint committee are to:

Build capacity through the sharing of knowledge, expertise and best practices in assessing and managing climate-related risk


Identify issues, challenges and priorities faced by the financial sector in managing the transition towards a low carbon economy

Facilitate collaboration between stakeholders in advancing coordinated solutions to address arising challenges and issues




HLB is a participating member of the sub-committees under JC3 to accelerate and build industry capacity. In 2021, HLB together with other pilot Malaysian Banks contributed to the development of the BNM CCPT and are actively involved in its implementation through the industry group meetings. Through this, the Bank has provided constructive feedback and suggestions to enable greater clarity and ensure a standardised approach in adopting the BNM CCPT Classifications. Additionally, we also actively participate in Sub-Committee 3 (“SC3”) engagements through the contribution of box articles (i.e. on products and innovation); which will later be incorporated in the JC3 report.

The Bank also contributed in drafting the Malaysian TCFD Application Guide for Malaysian Financial Institutions issued by BNM which outlines key recommendations that could be utilised as practical resources to facilitate the adoption of TCFD Recommendations by the Malaysian financial industry.




Strategising Our ESG Priorities

Stakeholder	Engagement Channel	Frequency	Areas of Interest	How HLB Responds
 Employees	Bank-wide Communications		Our employees want to know that their concerns are being heard by management and want to see transparency in our business priorities. They also voice interest in the availability of opportunities for upskilling and professional development, programmes for employee retention, a conducive workplace as well as a systematic rewards programme that recognises and rewards initiatives, contributions and achievements squarely based on meritocracy.	Good Business Conduct Pg 38 - 42 Workforce Readiness Pg 54 - 71
	Town Hall sessions	Minimum twice yearly		
	Group Managing Director Messages on Email and Google Currents	Monthly		
	Human Resources ("HR") Comms Emails	Ongoing		
	Senior Management Virtual Coffee Chat Session	Quarterly		
	HR Initiatives			
	Performance management process	Goal setting, mid-year review and year-end appraisal, supported by Individual Development Plan discussion		
	Learning and Development	Ongoing, via bank-wide and role-based training		
	Curated bite-sized learning	Weekly		
	Disprz e-Learning platform	Subscription basis for minimum of 1,000 employees		
	Graduate programmes	Graduate programmes cater to 25 departments across the Bank		
	HALI helpdesk chatbot	24/7		
	Employee Engagement			
	Appreciation Day and e-Touch appreciation platform	Annually and Quarterly basis respectively		
	Breast Cancer Awareness Month	Annually		
	Career Day	Annually		
	International Women's Day	Annually		
	International Men's Day	Annually		
	International Children's Day	Annually		
	HLB Virtual Fitness Activities & Virtual Games	As per annual employee engagement calendar		
	Biggest Loser Challenge	Annually		
	Brown Bag Virtual Lunch & Learn	Monthly		
	HLB Cares Infographics	Monthly		
	Sustainability Month	Annually		
	Sustainability Expert Engagement Session	Bi-annually		
	Driving the People Agenda	Monthly for new and existing people managers		
	Other			
Whistleblowing channel	Upon initiation of whistleblowing cases. Contact information available at Whistleblowing Policy on HLB's website			
Group Scholarship Programme	Annually			

Strategising Our ESG Priorities

Stakeholder	Engagement Channel	Frequency	Areas of Interest	How HLB Responds
 Customers	At our branches	Daily	Our customers are interested in the protection of their personal data, ease accessibility of banking services and secure experiences when dealing with us physically or through digital channels. We regularly communicate with existing and prospective customers the principles that are upheld by the Bank around these important topics.	Digital at the Core Pg 43 - 53
	Self-Service Terminals	18/7		Socially Responsible Business Pg 72 - 80
	Internet and mobile banking	24/7		Financial Inclusion and Empowerment Pg 81 - 87
	Customer surveys	Daily		Addressing Climate Impact Pg 88 - 97
	Telephone and email	24/7		
	Social media (e.g. HLB Facebook, Twitter, LinkedIn, Youtube)	24/7		
	Customer events organised by HLB	Multiple engagements a year, including festive season celebrations		
	Whistleblowing channel	Upon initiation of whistleblowing cases. Contact information available at Whistleblowing Policy on HLB's website		
Sustainability Roundtable Series	As and when applicable			
 Investors	Annual General Meetings ("AGMs")	Annually	Our investors want to know about the stability and growth prospects of the Bank. They are interested in the enhancement of stakeholders' value overtime and sustainability initiatives that the Bank is prioritising as well as goals set and progress made overtime.	Good Business Conduct Pg 38 - 42
	Meetings with investors and analysts	More than 300 investors & analysts engaged throughout the year		
	Quarterly Results Briefing	Quarterly		
 Regulatory Bodies and Government Agencies	Bank Negara Malaysia (BNM)	As and when required	Industry regulators seek to ensure that the Bank has strong capital base and liquidity ratios to be able to sustain business operations through different economic cycles, our operations are fully compliant with relevant laws and regulations, including compliance with Shariah requirements where applicable.	Good Business Conduct Pg 38 - 42
	Bursa Malaysia			
	Perbadanan Insurans Deposit Malaysia ("PIDM")			Socially Responsible Business Pg 72 - 80
	Securities Commission			
	Federation of Investment Managers Malaysia ("FIMM")			
	Personal Data Protection ("PDP") Commissioner			
	Ombudsman for Financial Services (OFS)			
	Securities Industry Dispute Resolution Centre ("SIDREC")			
	Payments Network Malaysia Sdn. Bhd. ("PayNet")			
	Malaysian Anti-Corruption Commission ("MACC")			
	Labuan Financial Services Authority			
	Shariah Advisory Council ("SAC")			
	Inland Revenue Board ("LHDN")			
	Accountant General's Department			
	Royal Malaysian Police ("PDRM")			
Royal Malaysian Customs Department				
Department of Insolvency				

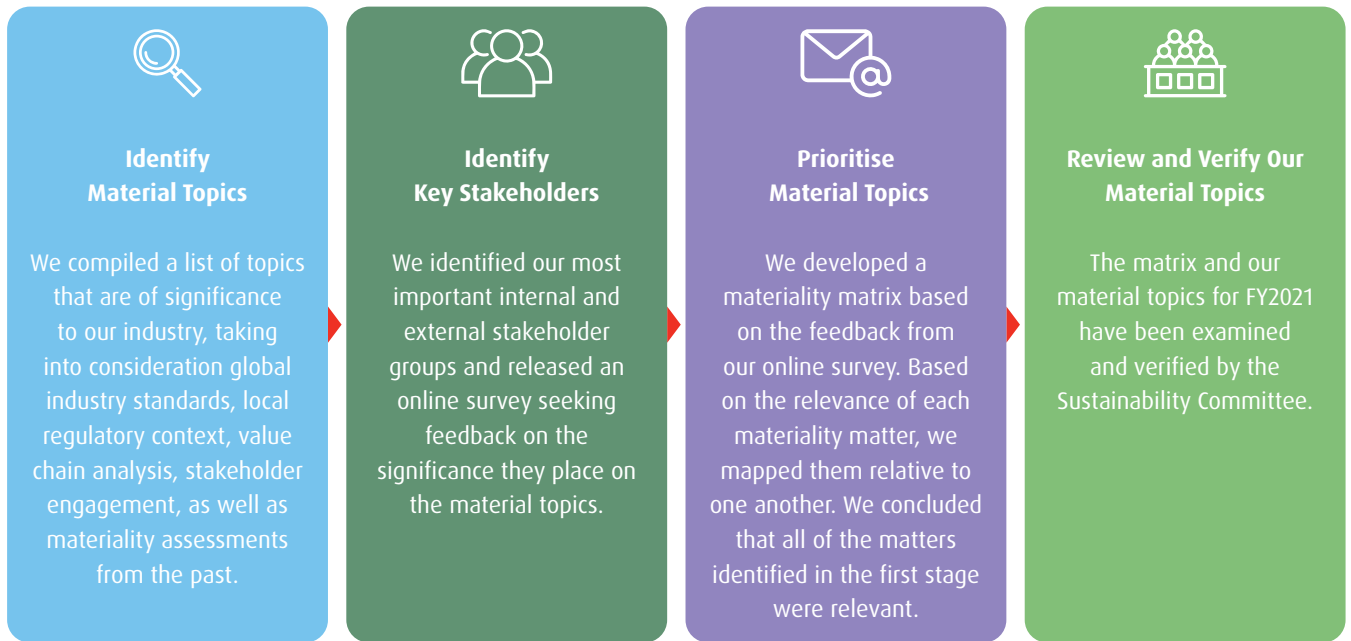
Strategising Our ESG Priorities

Stakeholder	Engagement Channel	Frequency	Areas of Interest	How HLB Responds
 Suppliers	Supplier engagement rating process	Minimum once yearly	Our suppliers and outsourcing service providers seek transparency in HLB's procurement process and want to ensure that they are fulfilling the Bank's "service level agreement", and where issues do arise, the Bank proactively discusses those with them as well as actions needed to rectify them so that contractual as well as service levels commitments can be met.	Socially Responsible Business Pg 72 - 80
	e-Bidding (live auction)	As and when required		
	Tender process	As and when required		
	Proof of Concept engagements	Based on the project. Ongoing		
	Supplier onboarding programme	Ongoing		
	Supplier due diligence review	Annually		
	Supplier performance review	Annually		
	Outsourcing Service Provider onboarding programme	Ongoing		
	Outsourcing Service Provider due diligence review	Annually		
	Outsourcing Service Provider performance review	Annually		
	Supplier and vendor Whistleblowing channel	Contact information published on HLB's website as and when channeled by whistleblower to the Bank		
 Community	HLB Jumpstart programme for the social enterprises	Ongoing support with varying frequencies (weekly, monthly, or quarterly)	Community members are interested in the availability and accessibility of funds and programmes for those in need, so that they can work with and partner the Bank in our CSR/Community activities.	Community Investment Pg 98 - 103
	HLB DuitSmart programme:			
	a. FB Social Media (bite-sized content)	Two social media postings per month		
	b. Schools	Two workshops per month		
	c. Visually-Impaired community	On going		
	d. Underprivileged communities	One workshop per group		
Engagements with NGOs and other related charitable organisations via online meetings and participation in donations	As and when required			
 Media	Press conferences/media briefings	Press conference/media briefings: a. Financial results announcement: 2 times a year b. Products/Services launch: As and when applicable c. CSR initiatives: As and when applicable	Media groups require adequate communication platforms and expect to see proactive media engagement from the Bank.	Via HLB Media spokesperson, guided by HLB Public Relations Policy Via Corporate Affairs & Public Relation ("CAPR") email set up to handle media-related enquiries
	Interviews	As and when applicable		
	Media get-togethers – Appreciation dinners	As and when applicable		
	Media festive greeting and care pack delivery	Minimum 2 engagements a year		

Strategising Our ESG Priorities

Materiality




As a financial institution that has progressively embedded sustainability into our operations, our approach to creating long-term value is guided by the material matters that impact us and our stakeholders. We conduct regular materiality assessments as they influence how we manage and mitigate the impacts of ESG evolving issues and priorities. In FY2021, we conducted an in-depth materiality assessment which was driven by a four-step process.






The materiality assessment revealed 15 topics of importance to our stakeholders, which were revised and placed under our 5 sustainability themes. These topics continue to guide our efforts in managing ESG risks and opportunities.



Strategising Our ESG Priorities

HLB Sustainability Themes	Material Topic	Description
 Digital at the Core	Digital Banking	Digitising products and services, ensuring our offerings are tightly aligned to customers preference and marketplace changes; therefore, increasing competitiveness by providing seamless financial solutions to new and existing customers, underpinning business sustainability.
	Cyber Security and Data Privacy	Protecting our organisation and customer data from unauthorised access, attacks or threats aimed at exploiting confidential, personal customer and proprietary data, hence promoting trust and confidence in our business operations.
	Customer Experience	Placing customers at the centre of all we do. Customer-focused experiences in our banking operations will allow us to continue to meet customer's dynamic demands, delivering the highest level of customer satisfaction in our high quality, innovative products and services.
 Workforce Readiness	Talent Attraction, Development and Retention	Encouraging a growth mind-set in our employees by providing 'anytime, anywhere' learning and development opportunities. Empowering our people to continuously develop skills that equip them for ever-changing business and technological landscapes. Continuing to attract, develop and retain the best talent while embracing the fundamental need to drive change so that we remain competitive, and the business thrives, providing growing employment opportunities.
	Employee Well-being, Health and Safety	Creating an optimum and positive work environment which supports employee safety, promotes their well-being and enables work-life balance to create a healthy and engaged workforce.
	Diverse and Inclusive Workforce	Embracing diversity and cultivating an inclusive workforce provides access to a greater talent pool and attracts the best talent. A diverse and inclusive workforce provides equal opportunities and equal pay for the same work, fosters creativity and innovation, which is crucial to the business' long-term success.
 Socially Responsible Business	Responsible Financing	Develop innovative products and services that incorporate ESG and sound sustainability considerations that will promote our contribution to sustained community growth and reduced environmental impacts, whilst ensuring sound business models.
	Fair Banking	Offering products and services that meet customers' expectations, are fair and responsible and take into consideration the interests of our customers and the Bank.

Strategising Our ESG Priorities

HLB Sustainability Themes	Material Topic	Description
 Socially Responsible Business	Sustainable Supply Chain	Screening and assessing our suppliers to ensure they are in compliance with the relevant laws and regulations as well as meet our economic, social and environmental assessment requirements before onboarding, and during annual reviews. Assisting our suppliers to enhance their mitigation plans on identified ESG risks and disclosure of such risks.
	Financial Inclusion	Efforts to promote and facilitate financial literacy, inclusiveness and accessibility to financial services for the underserved or unserved individuals and businesses, alleviating financial hardships and thus enhancing opportunities for all.
	Good Governance	Committed in conducting our business and operations professionally, while adopting the highest standards of ethics, integrity and compliance. Investing in people, technology, policies and processes to ensure a fit-for-purpose governance framework and robust operational readiness to prevent financial crimes such as money laundering, terrorism financing, fraud, bribery and corruption.
 Environmental Management	Addressing Climate Impact	Identifying and integrating climate-related risks into HLB's strategies, business operations and across our value chain through our risk management framework. Reviewing and refining our corporate ESG framework to allow us to better manage our portfolios and transitioning customers to climate change resilient business operations.
	Managing our Environmental Footprint	Using the planet's resources efficiently to reduce Greenhouse Gas ("GHG") emissions and carbon footprint whilst reducing reliance on material resources through the inculcation of responsible consumption in our operations. Working with customers and partners to ensure continuous improvements and best practices adaptations.
 Community Investment	Building Communities	Supporting local communities through initiatives that foster social entrepreneurship and conducting social outreach programmes that provide access to financial education and welfare, whilst empowering the community with knowledge, skills and tools needed to secure economic development and advance their quality of life, creating long-term positive social impacts.
	Financial Literacy	Improving understanding of financial services, including Islamic finance, through knowledge sharing and financial literacy programmes aimed at driving inclusiveness by assisting and empowering the community to achieve financial goals.

Sustainability Governance

Accountability in embedding sustainable practices into the business is driven from the top. The Bank's Board of Directors leads the company's approach to sustainability, including the management of ESG risks and opportunities. The Board Risk Management Committee complements the Board in its responsibility for ensuring that sustainability efforts and policies are in line with the core principles and objectives of our institution.

Governing Body	Roles and Responsibilities	Frequency of meeting related to Sustainability in FY2022
Board of Directors	To establish a sound governance structure for the implementation of sustainability efforts and practices in business operations, to ensure that sustainability is embedded in business operations.	Two meetings
Board Risk Management Committee (BRMC)	Supports the Board in overseeing the management of the Bank's sustainability strategy and ESG risks.	Seven meetings
Board Audit and Risk Management Committee (BARMC)		Two meetings
Shariah Committee	Tasked with the main responsibility of providing independent advice to the Board and management on Shariah rules and principles.	Three meetings
Sustainability Committee (SC)	Composed of senior management and act as the enabler of the Bank's sustainability and VBI strategies and initiatives.	Four meetings
Sustainability Working Committee (SWC)	Comprised of managers/senior officers from Business Units and Support Units who will execute Sustainability/VBI.	Nine meetings

The various bodies governing sustainability at the Bank regularly convene to discuss and deliberate key topics that rapidly drive our sustainability agenda. The key topics that we discuss revolve around our Sustainability Themes, as they provide us with a strategic guide for our efforts in sustainability to be more focused and meaningful.

Our dedicated teams focus on sustainability integration within the organisation to further strengthen our governance structure. Our Sustainability Department, led by the Head of Sustainability acts as the secretariat to Sustainability Governance in the Bank. Additionally, our Sustainability Risk department supports the Bank's risk management initiatives and is led by the Head of Sustainability Risk.

Sustainability Department Roles and Responsibilities	Sustainability Risk Department Roles and Responsibilities
<ul style="list-style-type: none"> • Ensure bank-wide alignment of strategic sustainability intent and goals • Plan, facilitate and execute bank-wide sustainability awareness initiatives • Act as the secretariat to the Bank's Sustainability Governance and coordinate the sustainability reporting to all stakeholders • Conduct sustainability research and analysis 	<ul style="list-style-type: none"> • Promote sound sustainability and climate risk management • Drives the formulation and development of the ESG Risk policies • Provides advisory for and conducts validation of bank-wide ESG initiatives • Facilitates the identification, measurement and monitoring of sustainability risk-related matters, as well as subsequent escalation to Senior Management and BOD • Strengthen the management of climate-related risks (i.e. physical and transition risks)

Sustainability Governance

Knowledge sharing and capacity building on ESG matters are also driven by the meaningful discussions that our Senior Management team have on a quarterly basis. These topics revolve around our Sustainability Themes which guide us in our strategy. Key sustainability-linked items deliberated in FY2022 include:

DIGITAL AT THE CORE

- Progress updates on the establishment of a Sustainability Dashboard as a tool to track ESG-related metrics.

ENVIRONMENTAL MANAGEMENT

- The Bank's Carbon Neutrality ambition and initiatives, to achieve Net Zero Scope 1, 2 and 3 GHG emissions by 2050.
- Carbon reduction and carbon offsetting initiatives such as the roll-out of our EE&C measures and mangrove rehabilitation programme.
- Sustainable investments and the Bank's approach towards ceasing green fields coal-fired power plants based on the commitment we made effective 1st July 2021.
- Compliance and integration of BNM CCPT into the business.
- Assessment of the Bank's gap and preparedness for the application of TCFD and the BNM Climate Risk Management and Scenario Analysis.

SOCIALLY RESPONSIBLE BUSINESS

- The establishment of our Regional Wealth Management Services (RWMS) ESG Framework.
For more information, please refer to pg 77.
- Strengthening sustainability across our value chain via a Vendor Sustainability Self-Assessment for vendors and suppliers.
For more information, please refer to pg 80.
- Monitoring the progress of our renewable energy, developer end and green car financing.
For more information, please refer to pg 89.

COMMUNITY INVESTMENT

WORKFORCE READINESS

- The HLB Employee CSR Programme (HECP), a year-long calendar of activities for employees to give back to the community.
For more information, please refer to pg 58.

Embedding Sustainability Awareness at Board and Senior Management level

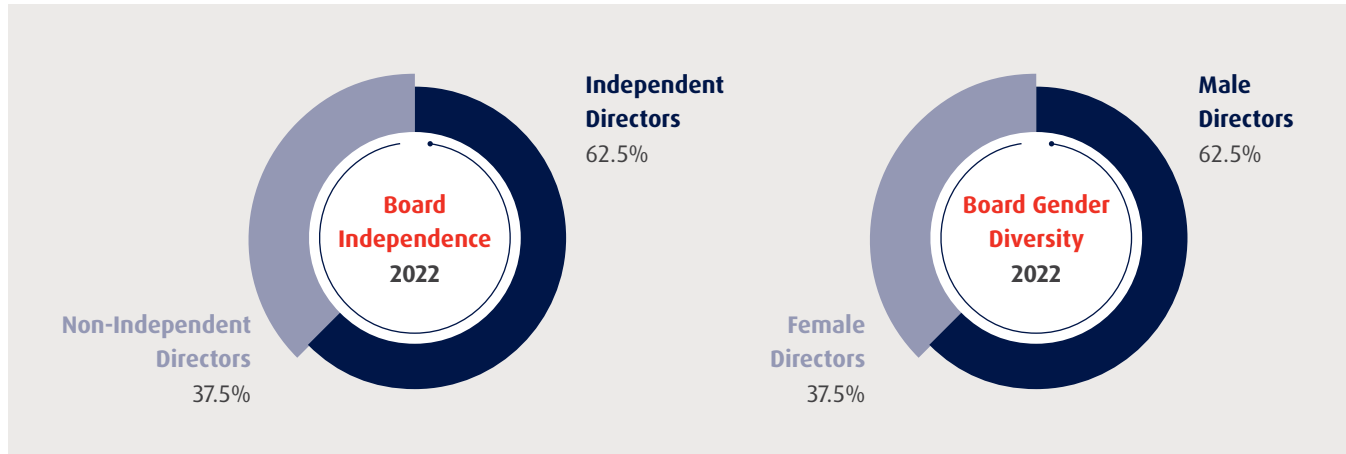
Training on sustainability knowledge including climate-related risks and opportunities is regularly conducted to enable our Board and Senior Management in making sound decisions that direct the Bank's progressive sustainability journey. At the end of FY2021, an in-house session was conducted for the Board of Directors and Senior Management with the primary objective of equipping them with the knowledge on how to embark on a strategic sustainability journey towards driving the Bank's ESG agenda. It was attended by 7 Directors and 14 Senior Management personnel. This session focused on sustainability and provided our Directors and Senior Management with relevant knowledge to stay updated on current sustainability issues that are relevant to our business.

In FY2022, to further strengthen the awareness of sustainability within the organisation, particularly at senior management level, we established the Sustainability Expert Sessions, which is a series of engagements that features subject matter experts on thematic and trending topics that are most relevant to the Bank's sustainability initiatives and strategy. These engagement sessions will allow the Senior Management and members of the SWC to be empowered with sound knowledge on key areas of sustainability.

Sustainability Governance

Maintaining a Diverse Board







We believe that diversity in our organisation provides us with a competitive edge. Maintaining a diverse Board is in line with our focus of encouraging diversity and inclusivity at every level of our organisation. All of our directors are nominated and appointed fairly, with no discrimination made based on gender, race or religion. By prioritising an inclusive culture, we are able to maximise the strengths of a diverse workforce in creating a lasting and meaningful impact through our business.



Board Skill Matrix

We seek to ensure that we operate as a team regardless of the different director strengths and expertise that contribute to achieving the strategic ESG priorities of the Bank.

The table below depicts the key skill sets and expertise of our Board of Directors both for HLB and HLIB.

Skills and Experience	Number of Directors
 Banking and/or Financial Services <ul style="list-style-type: none"> - Has experience outside HLB in components of the banking or financial service industry 	11
 Technology <ul style="list-style-type: none"> - Has education or academic qualifications in technology or data-related studies - Has previous experience working in a senior management role in a technology-related organisation - Attended cyber security, technology and data application-related courses 	7
 Leadership Role in the organisation <ul style="list-style-type: none"> - Has held a CEO/Senior Management position in a listed company or large/complex organisation or Government body 	12
 Corporate Governance, Risk Management/Compliance and/or Sustainability <ul style="list-style-type: none"> - Including, but not limited to experience in the design and application or corporate governance, risk management, compliance and/or sustainability frameworks and related practices. This includes, experience as a Director/Executive of a listed company or large/complex organisation or Government body 	12
 Financial Acumen <ul style="list-style-type: none"> - Good understanding of financial statements of large corporations and businesses, including the ability to probe the adequacies of financial-related risk controls 	11
 International Business Experience	8

Sustainability Risk Management

There is a growing need for organisations to embed sustainability ideals in ensuring the long-term viability of businesses. As it continues to evolve, it is vital for the Bank to continue growing its business in a sustainable and environmentally friendly manner through conscious consideration of potential impacts on our customers, stakeholders, communities and the planet.

This drives us to advance in tandem with these sustainability developments and aspirations. Our dedication and efforts in promoting sustainability both in our business operations as well as to our suppliers and customers has provided us with the foundation to achieve our responsibilities with regard to ESG, and in doing so, align with investor expectations and regulatory requirements.

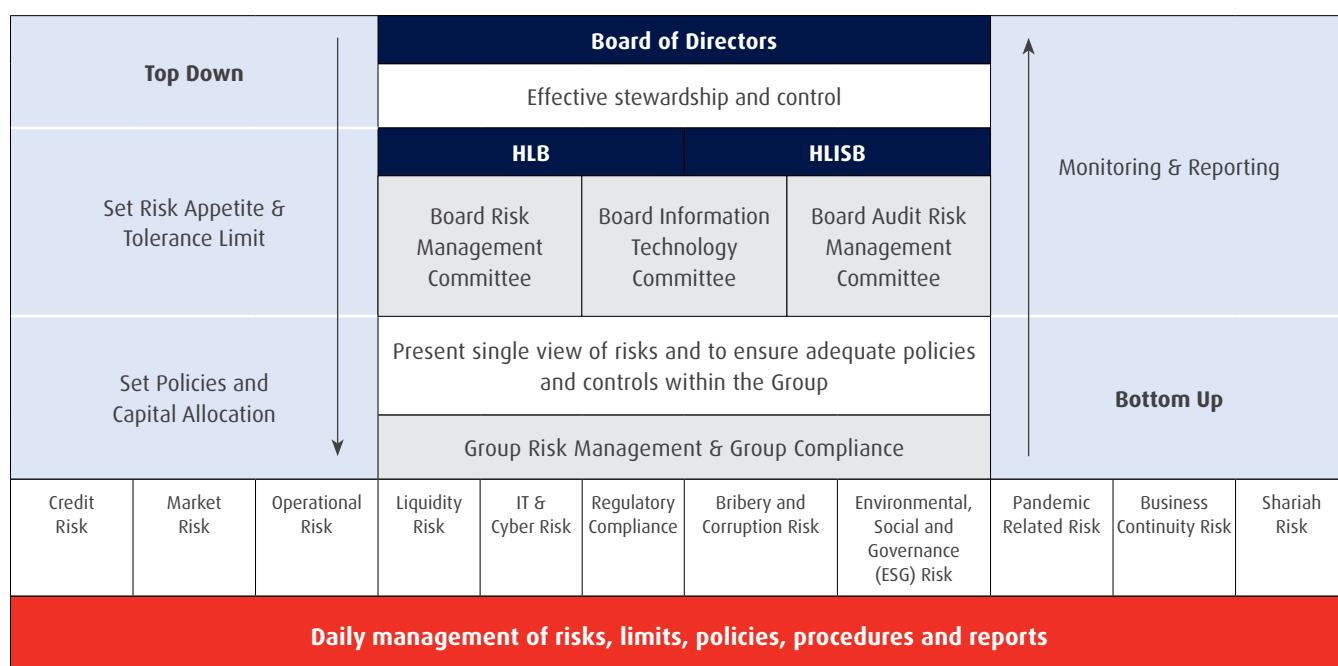
We understand that the organisations and individuals which we do business with will create both social and environmental impacts, whether directly or indirectly. In light of this, we apply a whole-of-bank approach towards integrating ESG risk considerations into our operational framework. This is to ensure we continue to deliver long-term value, while protecting both the future of the community and the environment, as we continue to grow our business.

Our sustainability journey is guided by deep and meaningful engagements with stakeholders to ensure that all of our sustainability initiatives and policies are aligned with business objectives and are consistent with the Bank’s values. Consequently, we have progressed in integrating ESG considerations into our daily business practices, products and services, and in our interactions with business partners and with our customers.

The Bank’s Sustainability Risk Governance Framework addresses potential ESG risks that may arise during the implementation of our business strategies, policies and initiatives. This framework provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for us to adopt pragmatic measures to ensure sustainable value to our stakeholders is delivered whilst generating a positive impact to the communities and environments that we operate in. As the Bank’s sustainability approach evolves, we will continue to improve transparency in our practices and policies as well as improve communication with our stakeholders.

Enterprise View and Management of Risks

As our Sustainability Risk Management journey progresses, we have elevated ESG risk from an emerging risk to a material risk to the Bank as we are aware of its impact in decision making.



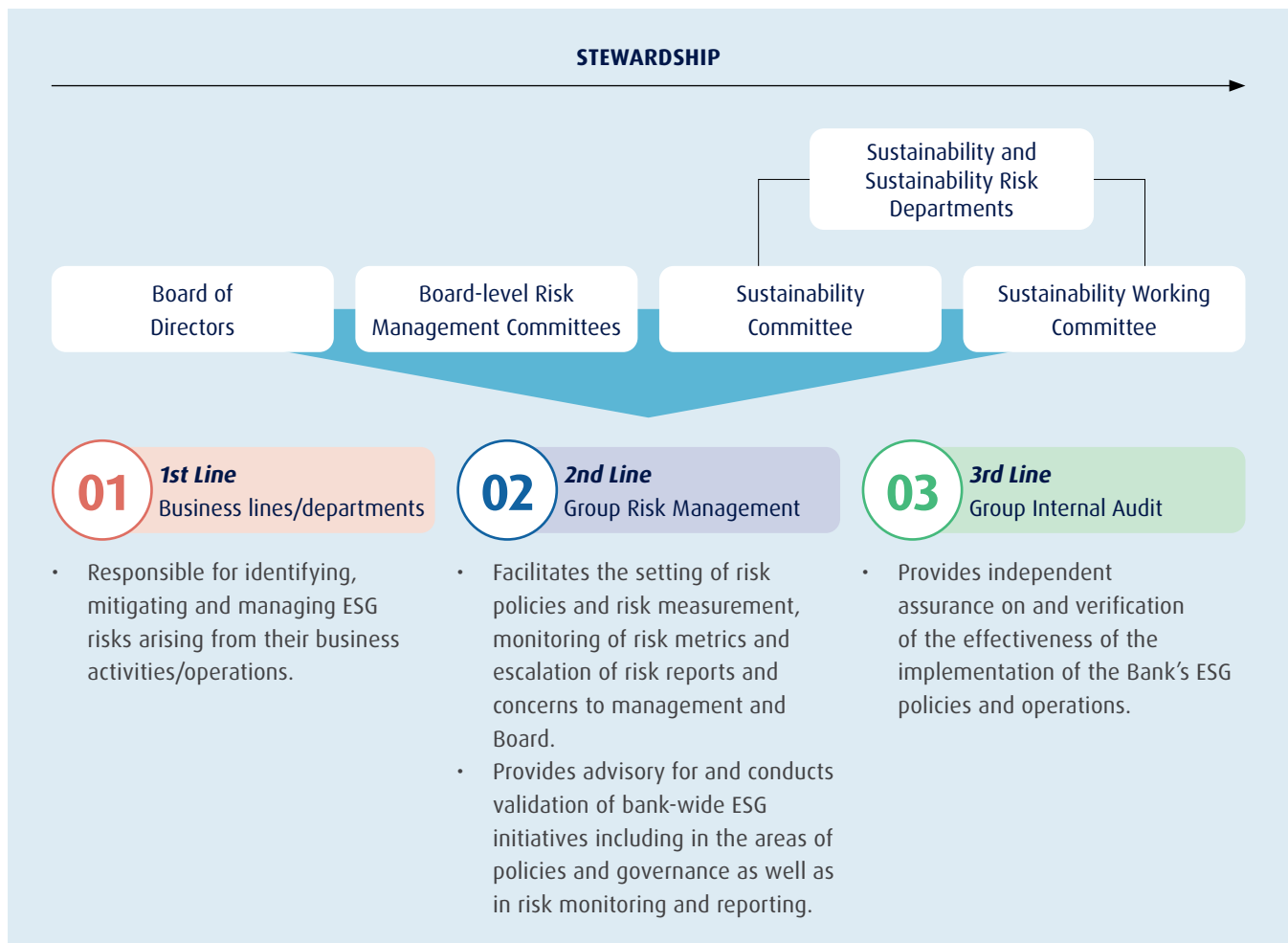
Sustainability Risk Management

Sustainability Risk Governance

Our organisation is built around robust risk governance mechanisms and already possesses a well-established Sustainability Risk Governance Framework for the management of ESG risks. In recent years, we have stepped-up our efforts in addressing climate change by progressively embedding climate considerations into these existing risk management mechanisms. This effort exemplifies our commitment to create a more holistic ESG risk governance approach.

Strategic sustainability priorities are set by the Board of Directors who are responsible for ensuring sound governance and effective oversight of the Bank's Sustainability Strategy. They delegate the review of management's implementation of the Bank's Sustainability Strategy to our Board-level Risk Management committees.

The Sustainability Committee and Sustainability Working Committee are both responsible for the implementation of Sustainability Strategies and in managing and mitigating identified ESG risks which includes physical and transition risks. Management provides periodic reporting to the BRMC on execution statuses as well as the results attained. This is coordinated and monitored by both the Sustainability department and the Sustainability Risk department.



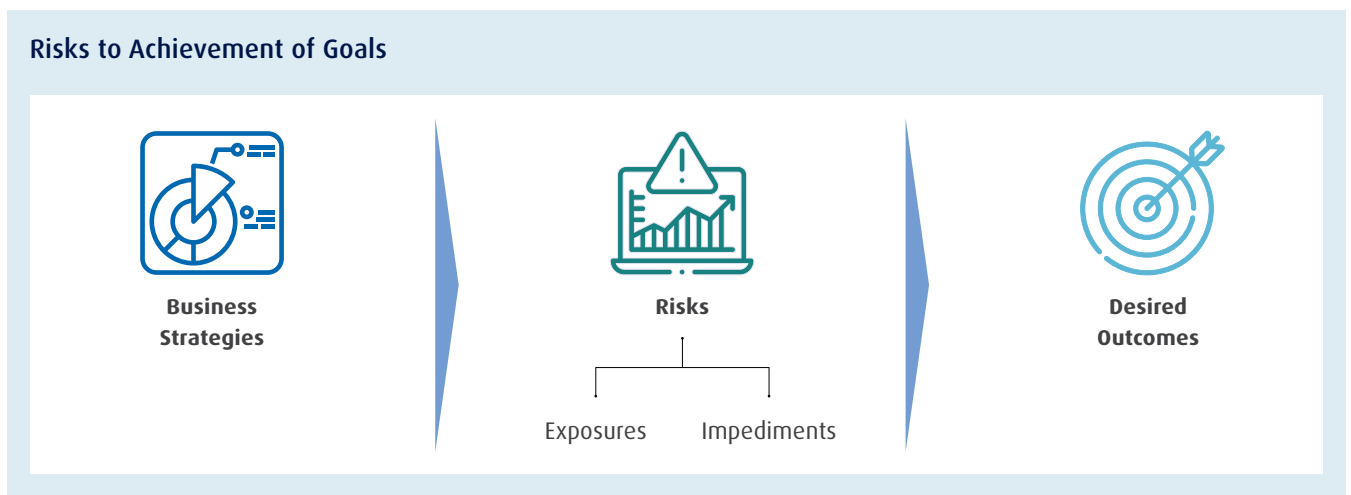
Sustainability Risk Management

Risk Appetite Statement

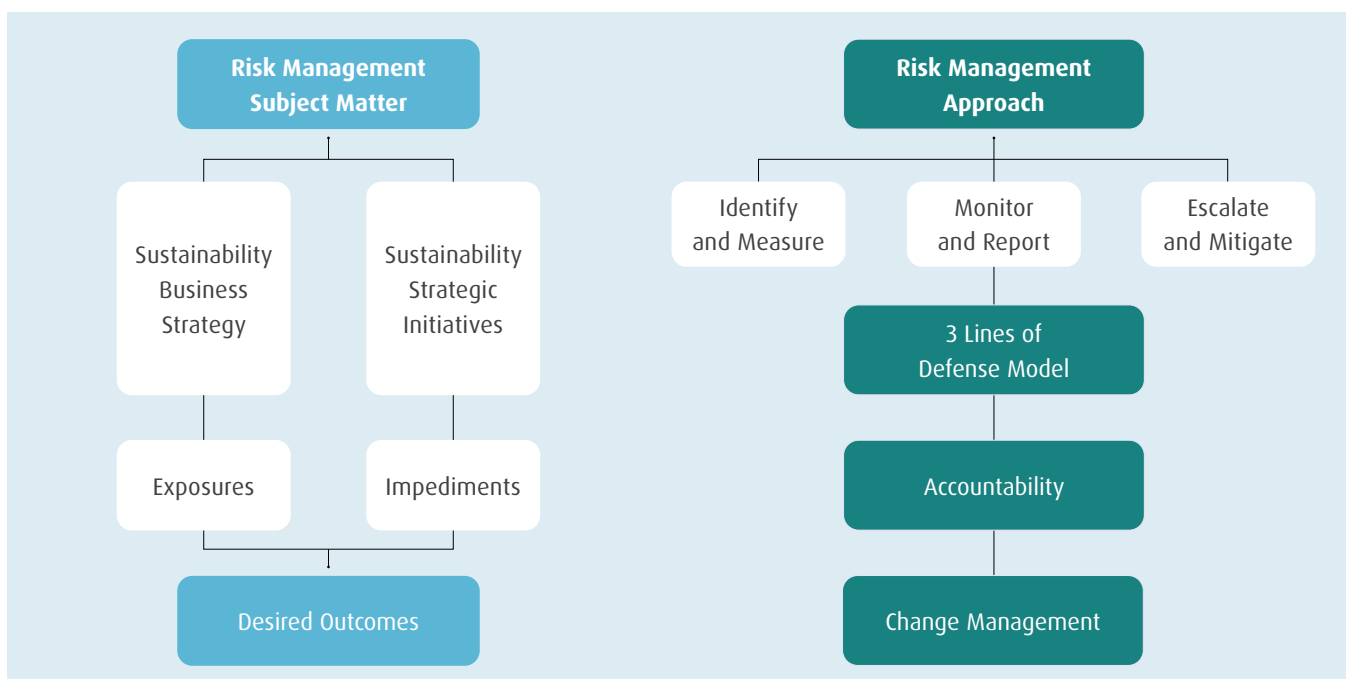
ESG risk will inherently increase in materiality for us, thus, the Bank’s BRMC has taken an essential step to endorse the incorporation of qualitative ESG considerations as part of the institution’s Risk Appetite Statement (“RAS”). This elevation of ESG risk is a key step forward for us, as it ensures that the decisions made throughout the organisation will consider ESG risks, which will innately support our sustainability efforts.

Moving forward, we are in the process of quantifying the impacts of our ESG risks by FY2024, which will allow us to establish baselines from which realistic and meaningful targets can be created.

Approach to Sustainability Risk Management



Our strategy towards mitigating sustainability risks involves managing the exposures and impediments that prevent the achievement of our corporate objectives, while ensuring that the outcomes of said mitigation are in line with our Sustainability Themes. In order to identify such exposures and impediments, we adopt a structured risk management approach, as displayed in the diagram below.

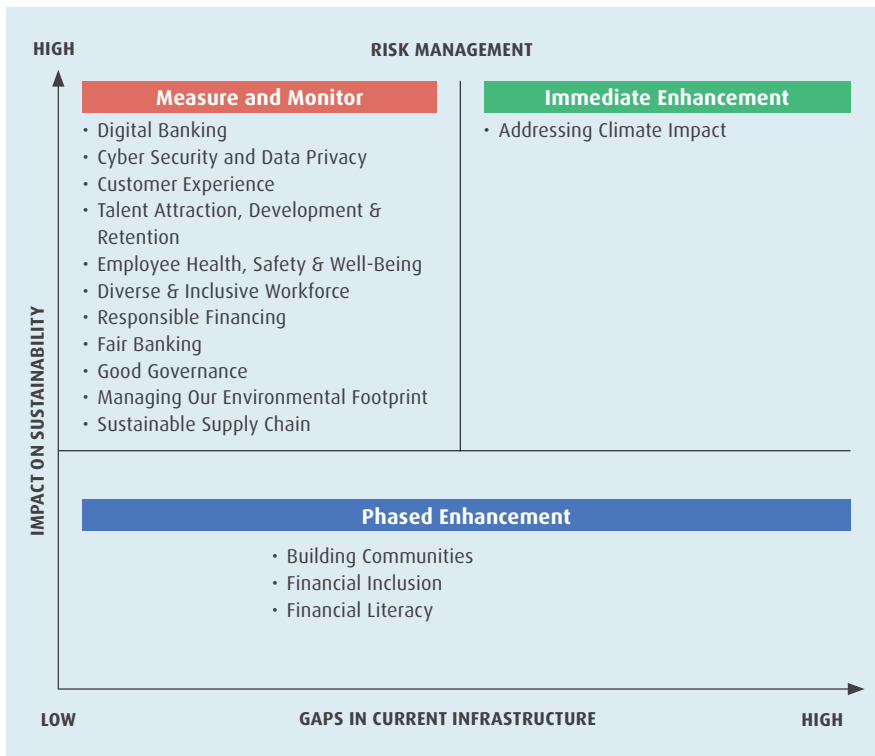


Sustainability Risk Management

Identifying and Prioritising Sustainability Risk

As part of the Bank’s sustainability risk management activity, we have mapped our material topics into a risk matrix, which helps us to assess the severity of these risks and understand the degree of risk mitigation required.

In FY2022, we identified and transitioned two material topics namely Managing Our Environmental Footprint and Sustainable Supply Chain from Phased Enhancement to Measure and Monitor as they have now been embedded as part of our operations and we are currently monitoring their progress and performance.



There are three resultant groupings in the risk matrix:

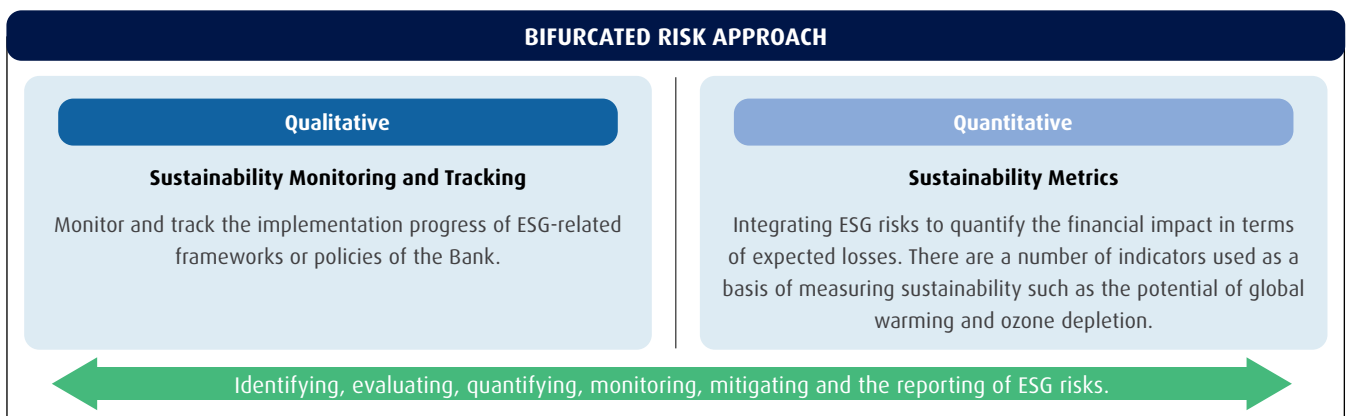
Measure and Monitor
 This section indicates topics that have low gaps in current infrastructure and a high impact on sustainability. These topics would be continuously measured, monitored and reported on periodically. Risk thresholds may be applied where appropriate.

Immediate Enhancement
 This section indicates topics that have some gaps in current infrastructure and a high impact on sustainability. Areas of improvement are required to be identified and immediate actions taken.

Phased Enhancement
 This section indicates topics that have gaps in current infrastructure and a low to medium impact on sustainability. Areas of improvement need to be identified for these topics. It is important for the Bank to “build for the future”.

Measuring and Managing Sustainability Risk

Upon the identification and prioritisation of the risks, the next step in the Risk Management Framework is the measurement and management of those risks. We adopt a bifurcated risk approach in which qualitative and quantitative metrics are taken into consideration.



Sustainability Risk Management

Sustainability Risk Assurance

The Sustainability Risk Assurance exercise involves conducting independent reviews of the Bank's credit evaluation processes on business customers, as well as programmes to promote sustainable practices in our operations. It seeks to validate whether our internal processes, those related to reviewing our customers' sustainability profile and standards, are being complied with as part of our customer onboarding, credit underwriting or other financing facilitation processes.

In 2021, the Independent Credit Review Function incorporated ESG aspects as a material assessment item within its Post Credit Approval Review of the Bank's corporate portfolio. Example questions include, whether the company falls under the sensitive or high risk environmental sector as per the Business & Corporate Banking ("BCB") Credit Management Policy, whether or not an ESG Enhanced Due Diligence Assessment has been conducted, whether certifications are in place and whether or not the ESG rating given was justifiable.

ESG considerations are increasingly being incorporated into decision-making, placing pressure on companies to take heed of the need to alleviate the impact of climate change and accelerate transition towards a low carbon and climate resilient economy. There is growing acceptance and acknowledgement by the industry that stronger ESG adoption is required to meet Malaysia's Nationally Determined Contributions ("NDCs").

Policies, procedures and checklists are all documents that must adapt to the advancements in the industry. Whilst core elements and the rightful intent remains the same, details on assessment and evaluation may need to be reviewed and revised in line with developments in the operating environment.

As part of the Bank's efforts to manage the environmental and social risks, we have integrated ESG aspects into our policies, procedures, and checklists such as in the Procurement Policy, Outsourcing Policy, Board Policy on Credit Risk Governance, Board Policy on Products and Value Propositions, BCB Credit Management Policy, Management Policy on Reputational Risk, Risk and Control Assessment Questionnaire ("RCAQ").

Monitoring and Reporting Sustainability Risk

We seek to remain adaptable in dealing with ESG efforts and initiatives amidst an ever-evolving landscape of sustainability trends and regulations. To that extent, we have been developing Sustainability Risk Monitoring Reports to track Bank-wide ESG initiatives and their implementation progress. The Sustainability Risk Monitoring Reports are also aimed at facilitating input and deliberations on significant impacts and opportunities that revolve around the initiatives, which are then periodically and presented at the SC and BRMC.

The Bank is currently in the midst of identifying our climate-related risks namely physical and transition risks. Due to the progressive nature of data within the ESG ecosystem and the climate-related risks involved, we will continue to refine and enhance our systems, data collection and methodologies to establish appropriate baselines for which targets can be ascertained, monitored and reported. Moving forward, the Bank will progressively add granularity and update external customer and industry data as these become available over time which will guide us to further refine metrics and targets alongside meeting disclosure requirements set by regulators.

As part of our ongoing efforts to manage HLB's internal climate risks, we measure and monitor the Scope 1, Scope 2 and Scope 3 GHG emissions of our entire Malaysia operations as a means of tracking relevant metrics. In relation to our Scope 3 emissions, we are monitoring all business travel emissions and are building a GHG emissions calculator, which will be used to measure Scope 3 emissions generated by our employees' commute, as well as our company vehicles.

To achieve our carbon reduction target, the Bank is embarking on carbon reduction and carbon offsetting initiatives. In FY2021, we have implemented a 5-year plan to upgrade and retrofit our Operational Facilities with EE&C Measures.

In FY2022, the Bank launched a 15-hectare mangrove rehabilitation and conservation project in collaboration with MNS to plant 50,000 mangrove trees at the Kuala Selangor Nature Park, Selangor as part of our carbon offset initiative.

For more information on how we monitor our climate risks, please refer to the Metrics and Targets section of our TCFD Executive Summary, at pg 28.

Task Force on Climate-related Financial Disclosures (TCFD)

Executive Summary

We continue to disclose our approach towards managing climate risks and opportunities aligned with recommendations of The Task Force on Climate-related Financial Disclosure (TCFD). This year, we have taken guidance from BNM's TCFD Application Guide in developing our climate-related disclosures around the four thematic areas: Governance, Strategy, Risk Management and Metrics and Targets. As outlined in the guide, we have addressed and discussed most of the Basic recommendations below.

Aspect	Governance	Strategy	Risk Management	Metrics and Targets
Executive Summary	<ul style="list-style-type: none"> The BOD (including the BRMC) and Senior Management oversee all strategic measures and implement climate-related initiatives across the Bank. The Bank's SC and SWC steer and execute the Bank's sustainability strategies, including climate-related ones. The Sustainability Department is responsible for the coordination and monitoring of the Bank's sustainability efforts while the Sustainability Risk function within Group Risk Management ("GRM") reviews and validates the progress of the initiatives and climate-related risks. The Bank's senior management team are assessed against scorecard objectives which are aligned with the Bank's sustainability and climate-related targets and strategy. 	<ul style="list-style-type: none"> Identified a number of risk factors and opportunities which we monitor over the short, medium and long-term horizon. Assessed the potential positive financial, business and operational impact arising from climate risks. Integrated the ESG aspects in the Bank's policies and procedures. Continuously develop climate-friendly products and services, while promoting sustainable investing. The Bank has begun quantifying the impacts of sustainability risks, by embedding climate considerations into its risk appetite statements and is progressively enhancing the systemisation of data capture. 	<ul style="list-style-type: none"> The process for identifying, measuring and managing climate-related risks and opportunities is defined and integrated into the existing risk management framework. The Bank has developed a Sustainability Risk Governance Framework that addresses the climate change risks that may arise as we implement our corporate strategy, policies and initiatives across the Bank. 	<ul style="list-style-type: none"> Developed metrics and targets to track and monitor progress against our sustainability strategy, including GHG emissions. Continue to refine our methodologies, including adding granularity and updating external customer and industry data, as these become available over time. Implemented a 5-year plan to upgrade and retrofit our operational facilities with EE&C measures.

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

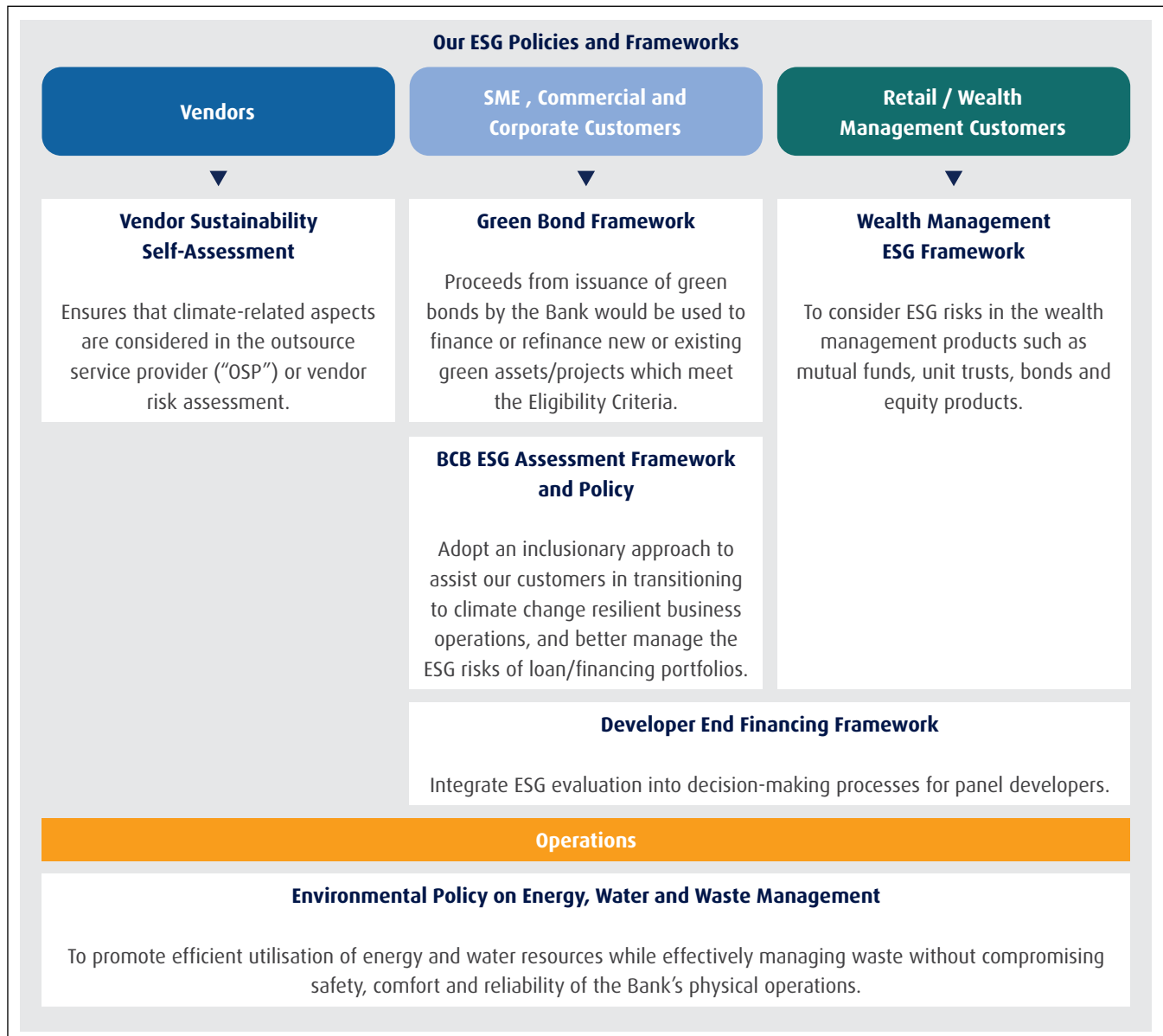
Aspect	Governance	Strategy	Risk Management	Metrics and Targets
FY2022 Highlights	<ul style="list-style-type: none"> Enhanced the governance structure and appointed respective Heads of Sustainability and Sustainability Risks. 27 sustainability-related meetings held throughout FY2022, where climate-related topics (e.g. carbon offsetting initiatives, physical risk identification and assessment) were discussed. All of our directors have knowledge and skills in corporate governance, risk management and/or Sustainability. SC, SWC and Employees' KRA is linked to sustainability and climate-related non-financial performance targets commencing FY2022. 	<ul style="list-style-type: none"> Launched Green Bond Framework to guide the Bank's bond issuance and launched first Green AT1 Bond, worth RM 900 million. Expanded green product offerings to include Solar Plus loan/financing for retail customers. Introduced Regional Wealth Management ESG Framework to guide our investment processes. 39 vendors assessed for ESG under the Vendor Sustainability Self-Assessment. Refined our lending assessment flow to systematically assess the potential ESG risks associated with property development projects and monitor their carbon footprint. Further enhanced our BCB ESG framework to have trifurcated assessment ratings for the respective environmental, social and governance components. 	<ul style="list-style-type: none"> Exploring opportunities with external service providers to develop a risk scorecard to identify our physical risks, and aim to establish a baseline, as well as targets, to meaningfully assess and measure our physical risks. 	<ul style="list-style-type: none"> Committed to achieve net zero for operational emissions by 2030 and overall emissions by 2050, aligned with Malaysia's Net Zero target by 2050. Measuring and monitoring Scope 1 and Scope 2 GHG emissions for all Malaysian operations as well as Scope 3 - business travel emissions. We are building a GHG emissions calculator, which will be used to measure Scope 3 emissions generated by our employees' commute, as well as our company vehicles. Kick-started a carbon offsetting project to plant 50,000 mangrove trees in collaboration with MNS.
Related Sections	Sustainability Governance, pg 20 - 22	TCFD Strategy, pg 28 - 37 Socially Responsible Business, pg 72 - 80 Addressing Climate Impact, pg 88 - 97	Sustainability Governance, pg 20 - 22 Sustainability Risk Management, pg 23 - 27	Addressing Climate Impact, pg 88 - 97

For more information on how we have addressed the Basic and Stretch recommendations of the J3 TCFD Application Guide for Malaysian Financial Institutions, please refer to pg 104.

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

TCFD Strategy

Aligned with our commitment to support the transition to a low carbon economy, we have begun to assess and consider climate-related risks and opportunities in our business strategy across our value chain. Guided by industry best practices, the Bank has developed and operationalised multiple frameworks and policies to incorporate ESG, including climate-related considerations, into everyday banking.



Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

Climate-related Risks

Based on our climate risk assessment, our assets and operations are exposed to physical, transition and liability risks. These risks may potentially have financial and non-financial impacts on our business and portfolio exposure.

We classify climate-related risks by time horizons of 5-year intervals, which is in line with the Paris Agreement whereby each participant is required to communicate their NDC every 5 years. In addition, we further take into account repayment behaviour maturity of our loan/financing portfolios, which typically last from 4 to 15 years, depending on the products.

 PHYSICAL RISKS		Arises from acute (event-driven) and chronic (long-term shift) climate-related events that damage property, reduce productivity and disrupt trade	
 Acute Risk	  	 Chronic Risk	 
Examples: Rising rate of extreme weather events such as floods and droughts.		Examples: Higher concentration of diseases in areas with increased temperatures.	
Financial Impact: Reduces profitability and potentially increases credit risk to lenders, inadvertently causing global supply chain issues.		Financial Impact: Rise in cost of capital and operational disruptions due to the physical damage of the facilities.	
 TRANSITION RISKS		Arises from the adjustment to a low carbon economy, including changes in public policy, legal framework, technology advancements and/or shifts in consumer & investor behaviour	
 Market Risk	 	 Policy and Legal Risk	  
Examples: <ul style="list-style-type: none"> Change in consumer sentiments and demand. Devaluation of assets such as fossil fuel reserves. Rising cost of production from higher material cost. 		Examples: <ul style="list-style-type: none"> Changes in policies and regulations, e.g. GHG emission reduction policies and mandates on the regulation of existing products and services. Legal liabilities, e.g. Penalties for involvement in illegal deforestation. 	
Financial Impact: <ul style="list-style-type: none"> Decrease in revenue due to the change in revenue mix and sources. Repricing of assets i.e. fossil fuel reserve, land and security valuation. 		Financial Impact: <ul style="list-style-type: none"> Write offs and impairments of existing corporate assets due to changes in regulations and increased litigation. Lower corporate earnings. 	
 Technology Risk	  	 Reputational Risk	  
Examples: <ul style="list-style-type: none"> Cost of transitioning to low carbon technology. Substitution of existing products and services with greener solutions. 		Examples: Shift in investor, consumer and community preferences.	
Financial Impact: <ul style="list-style-type: none"> Costs to deploy and adopt new practices and processes. Research and development expenditure in new and alternative technologies. 		Financial Impact: Rising negative perception on the Bank resulting in loss of customers, thus, reducing profitability.	

*When considering climate-related risks, HLB assesses them through the following time horizons:

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

The Bank addresses climate-related risks and environmental degradation by embedding ESG practices into our daily business procedures and operations. Multiple layers of ESG screenings and assessments are conducted to identify all material considerations of our customers, including climate-related factors and the broader impact to the environment.



We adopt an inclusive approach whereby the Bank will guide existing high Environmental & Social (“E&S”) corporate customers towards achieving more sustainable business practices and standards, supporting them in mitigation plans and nurturing programs. We are cognisant that financial institutions play an important role in promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes.

In relation to the classification of risk timeline for our customers, we will continue to take proactive and pragmatic measures according to the extent to which the activities or exposures meet the climate-related risk objectives.

The E&S inherent risks of each sector are identified and classified as either “low”, “medium” or “high” risk. Customers that fall within the high E&S risk sectors will undergo E&S due diligence assessment to evaluate their ability and plans to mitigate climate-related risks that they are exposed to. As a result, we expect the customers’ rating may migrate to a “medium” or “low” risk rating over time.

Our objective is to transition our SME, commercial and corporate customers from the “high” to “medium/low” risk rating. As we have embarked on our data collection journey, this will enable the Bank to develop fit-for-purpose products and services that serve to promote sustainable business practices and models. The entire process promotes a cultural shift in making ESG a prime consideration in our credit assessment.

Potential Climate Change Financial Risks to HLB

 Market Risk	 Strategic Risk	 Liquidity Risk	 Enterprise-wide Risk
<p>Examples:</p> <ul style="list-style-type: none"> Decline in the value of securities/assets. <p>Financial Impact:</p> <ul style="list-style-type: none"> Market-To-Market (“MTM”) losses. <p>Timeline:   </p>	<p>Examples:</p> <ul style="list-style-type: none"> Inability to transition from brown financing portfolios to green, thus, losing competitive advantage and market share to competitors. <p>Financial Impact:</p> <ul style="list-style-type: none"> Lower Market Share/ Profitability. <p>Timeline:   </p>	<p>Examples:</p> <ul style="list-style-type: none"> Rising liquidity issues arising from customers’ inability to meet obligations. Disruption in the Bank’s cash flow. <p>Financial Impact:</p> <ul style="list-style-type: none"> Reduction of cash inflow due to customer inability to service their loan obligations. Large withdrawal of deposits to fund capital spending on low carbon equipment or to repair the damages caused by floods, for example. Reduction in liquid asset value as a result of MTM losses from investments held. <p>Timeline:   </p>	<p>Examples:</p> <ul style="list-style-type: none"> Inadequate capital to buffer against climate-related risks and losses, which may impede the Bank’s long term business viability. <p>Financial Impact:</p> <ul style="list-style-type: none"> Lower Capital Adequacy Ratio/Core Equity Tier 1. <p>Timeline:   </p>

*When considering climate-related risks, HLB assesses them through the following time horizons:



Short-term Risk (0 – 5 years)



Medium-term Risk (6 – 10 years)



Long-term Risk (Over 10 years)

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

Climate-related Opportunities

The introduction and implementation of numerous initiatives assisted in the climate-related risks mitigation and adaptation process. Increased awareness of climate-related risks has led to the emergence of various new climate-related opportunities. At HLB, we are developing adaptive capacity for climate change mitigation while strengthening our ability to seize opportunities in responding towards physical and transition risks.

Greener Products, Services and Market

Aligned with transitioning consumer and investor preferences, we are developing new green and innovative products and services, as well as diversifying our business activities to become more climate-friendly. We are also exploring the increased opportunities to collaborate with local entrepreneurs as they shift to a low carbon economy.

Greener Products, Services and Market			
We offer green products and services across our customer spectrum in supporting their transition to a low carbon economy.			
	Commercial & Corporate Customers	SME Customers	Retail Customers
Green Financing	Renewable Energy Financing		Solar Plus Financing
	<ul style="list-style-type: none"> SME Solar Financing 		
Sustainable Investing	Property Mortgage		Hire Purchase
	<ul style="list-style-type: none"> Developer End Financing 		
Green Securities			Green Car Financing
<ul style="list-style-type: none"> Sustainable Green Bonds and Sukuks ESG Funds 			

RAISING CLIMATE AWARENESS

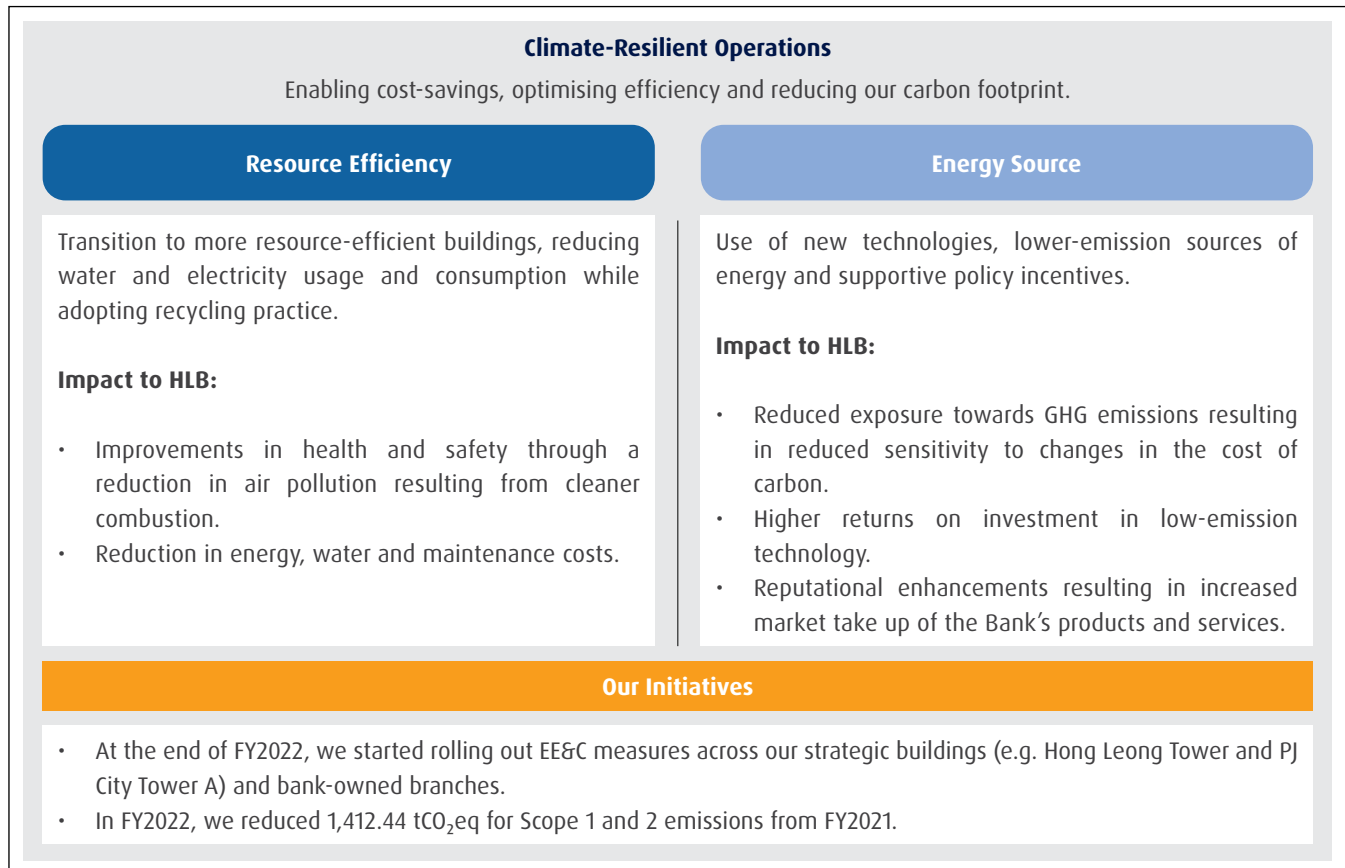
The Bank is seizing the opportunity to gain a more comprehensive understanding of the inherent risks and challenges that our borrowers are facing on the ground, as well as to better understand the appropriate measures for them to seamlessly transition. Their transition is vital and the Bank recognises that there may be companies or particular activities that may not be able to transition over time. Nevertheless, we will continue to work with customers in high risk sectors in an effort to ensure that no one is left behind, provided that we see reciprocal efforts from customers to transition to more sustainable and lower risk business models and activities.

Please refer to our Sustainability Roundtable section to learn more on how we engage with our customers on ESG issues, at pg 76.

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

Climate-Resilient Operations

Internally, we are also working towards transitioning towards a low carbon operations model through our carbon reduction and offsetting measures, while leveraging digital innovation and optimising our resource usage across our operations.



Scenario Analysis

Climate-related scenario analysis portrays the Bank's level of resilience to climate-related risks. The results of these exercises will help us establish preventive or corrective actions that will help the Bank respond to the risks imposed by these climate-related risks. In FY2022, there have been numerous guidelines and policies circulated by regulators to prompt organisations to prioritise embedding climate-related aspects into their scenario analysis exercise.

The Bank has considered climate-related risk aspects within its scenario analysis exercise, examples of which are the rising of global temperature and its impact on our loan/financing portfolios. We adopt preventive or corrective actions to mitigate these undue risks under simulated stresses, which includes the formulation of ESG frameworks or policies, from both business and operational perspectives, to ensure that the Bank is equipped with the necessary strategies and mitigation plans to manage climate-related risks.

In efforts to enhance its climate-related strategies and initiatives, the Bank is considering the application of reference scenarios published by the Network for Greening the Financial System ("NGFS") as a first step towards quantifying climate risks and uncertainties under various hypothetical scenarios.

We are cognisant of the challenges in translating transition and physical impact to financial risks, as well as the gaps in mapping scenarios to economic sectors, ensuring coherence and quantifying uncertainty. However, we make an attempt to quantify and apply ESG stress within our Stress Testing exercise, and are in the initial stage of determining and collecting data to determine the respective physical and transition risks.

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

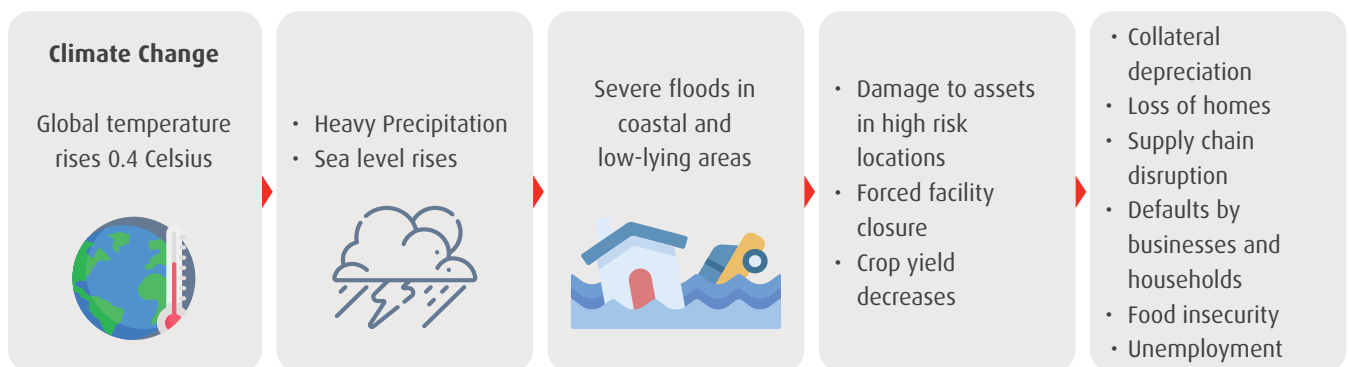
Guidance within NGFS, Intergovernmental Panel on Climate Change (“IPCC”) and International Energy Agency (“IEA”) is being adapted both globally and domestically. While application of its content is imminent, the availability of information and systemisation of data collection will take time. The Bank anticipates sufficient levels of granularity to be feasible by 2025-2026.

In 1H FY2022, a scenario analysis exercise was conducted whereby the risks emanating from the Bank’s Higher ESG Risk Corporate Sectors were assessed using the Herfindahl-Hirschman Index (“HHI”) measurement to quantify ESG concentration risks. The ESG Credit Concentration Risk takes into account customers that are active and performing who are assessed as High E&S risk.

Based on the HHI recommendations, the HHI Granularity Adjustment was calibrated for credit concentration risk through four concentration levels as depicted below:

Concentration Level	Lower Bound	Upper Bound	Granularity Adjustment (“GA”)
Very Low	0.000	≤0.001	2%
Low	>0.001	≤0.0010	4%
Medium	>0.010	≤0.040	6%
High	>0.040	≤1.000	8%

A lower concentration level was derived at 2% for HLBB and 4% for HLISB. This illustrates that an additional 2% (HLB) and 4% (HLISB) would be applied on the economic capital charged for our corporate customers respectively.



In the event that the temperatures rise by 2 degrees Celcius, there may be significant impact to the environment, community, customers we do business with and the ecosystem. Negative consequences such as the following, may arise:

- **Severe Heatwave/Drought** – Extreme El Nino events may occur, which could result in poor yields of rice and cash crops, declining biodiversity, coral reef bleaching and forest fires etc. These are progressively reflected in our stress testing/scenario scoping and analysis. The impact is not material at the current juncture due to the highly diversified portfolio composition of the Bank and the small discrete exposures (relative to portfolio) at the individual obligor levels.
- **Rising Sea Levels** – Sea levels are projected to rise by 0.36 – 0.87 meters by the year 2100. The repercussions of this occurrence will eventually lead to flooding in coastal areas, soil contamination with salt, and loss of aquatic, flora and bird habitats. The impact is not material in the current term and potential future term effects are progressively being mitigated with the introduction of the climate risk management initiatives by the Bank where new financial underwriting across business and consumer banking is assessed against said climate change risks.

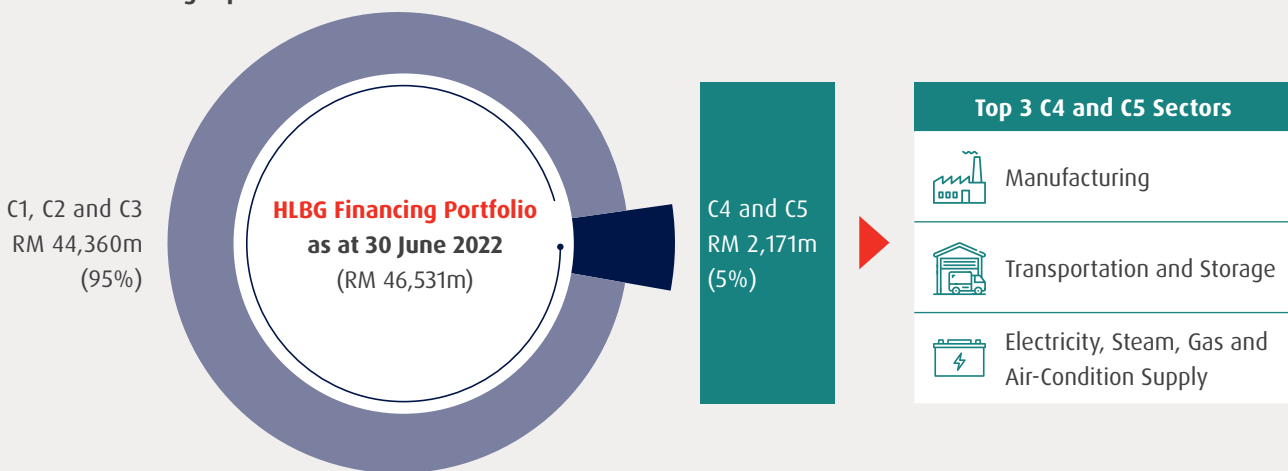
To mitigate the undue risks under simulated stresses, the Bank takes preventive or corrective measures, including the formulation of ESG frameworks or policies to ensure that the Bank is well-equipped with the necessary strategies or mitigation plans to manage climate-related risks. Moving forward, the Bank aims to integrate global temperature rises in future stress test exercises as it could lead to negative consequences such as collateral depreciation, stranded assets, supply chain disruption, loss of income, and defaults.

Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

Green Portfolio Exposure

The Bank has participated in the inaugural BNM CCPT regulatory reporting referencing June FY2022 position for both HLB and HLISB. The BNM CCPT classification process has assisted the Bank to map customers based on our internal classification of their risk profile of low, medium or high risk to the BNM CCPT C1-C5 classification of economic activities. The BNM CCPT publication has guided the Bank in classifying our exposures more systematically in the areas of our core business operations through our business and corporate banking segment, property mortgages and auto financing as well as our financial investments within the market. In line with Sustainability Risk's roles and responsibilities, the division has coordinated and performed a validation exercise on this submission to ensure the level of accuracy of the reports for HLB and HLISB separately.

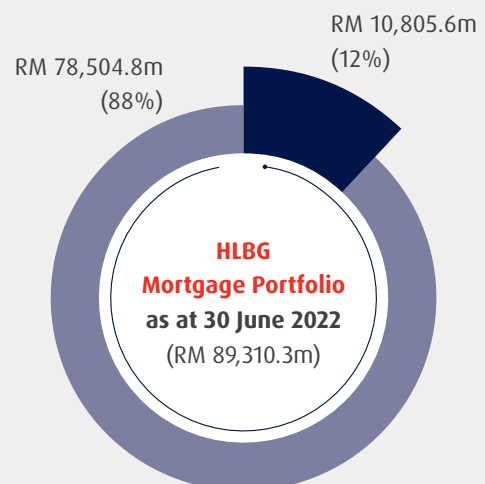
Business Banking Exposure



- The Bank's internal classifications of E&S risk sectors, which translates to CCPT C1 to C3, accounts for 95% (RM 44,360m) of the Bank's FY2022 business banking portfolio.
- Based on the BNM CCPT classifications for economic activities, C4 and C5 are activities that do not display any commitment or are not serious in their commitment to remediate the harm identified and/or do not undertake any initiative to transition to more sustainable practices. The Bank has internally classified the high E&S risk sectors customers, which falls under C4 and C5 (RM 2,171m, 5%), and they will be constantly engaged for appropriate measures to transition over coming years, in line with the Bank's efforts to nurture our customers towards sustainable business operations.
- The top 3 sectors (Manufacturing, Transportation and Storage and Electricity, Steam, Gas and Air-Condition Supply) of C4 and C5 customers make up about 88% of the RM 2,171m credit exposure.

Property Mortgages Exposure

- The Bank's transition efforts towards a greener or more sustainable property mortgage portfolio is evident through higher proportions of green and/or sustainable loans/financing against our existing portfolio.
- The loan/financing portfolio accounts for RM 89,310.3m of the Bank's overall portfolio with green exposures accounting for RM 10,805.6m (12%).
- Given the new normal towards a more sustainable business model, the majority of property developers are now progressively moving towards implementing sustainability in their development projects.
- However, smaller developers generally do not consider sustainable development as a priority due to high development costs as well as lack of expertise and technology to meet the green/sustainable status. As part of our efforts to improve knowledge and know-how, we will engage these developers in our sustainability education and training programmes.

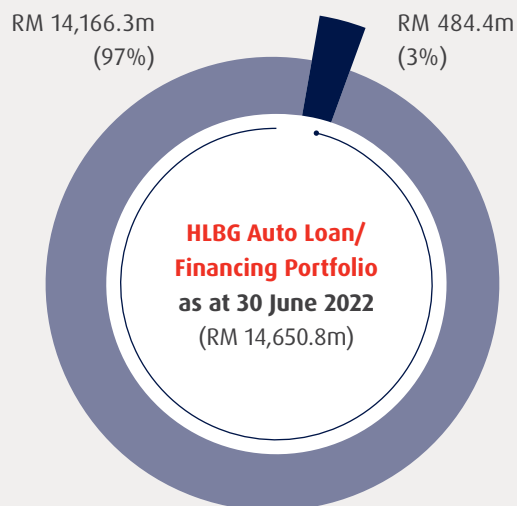


Task Force on Climate-related Financial Disclosures (TCFD) Executive Summary

Hire Purchase Exposure

Note: Hybrid Electric Vehicles (“HEV”), Battery Electric Vehicles (“BEV”), Plug-in Hybrid Electric Vehicles (“PHEV”) and Electric Vehicles (“EV”)

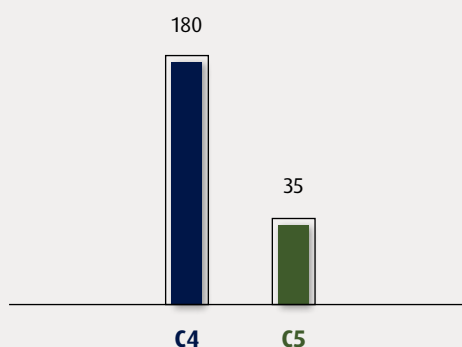
- It is observed that the Bank’s market share in the new hybrid and EV segment are increasing.
- As at 30 June 2022, the Bank financed a total of RM 484.4m (3%), comprising of 2,636 new, 2,870 used and 27 reconditioned vehicles (Green/Sustainable vehicles HEV, BEV, PHEV, EV).
- With the increase in demand for greener or more sustainable products, the Bank is committed to promote greater green car financing to continue to raise the numbers of hire purchase’s total financing year-on-year.



Global Markets Exposure

- As at 30 June 2022, our Global Market exposure is mainly concentrated within the BNM CCPT classifications of C1 to C3 of RM 9,506.6m (>99% against total bond holdings).
- The C4 and C5 classifications for financial investment at fair value through other comprehensive income (“FVOCI”) are concentrated within two sectors namely, the Electricity, Gas and Water (RM 180m), as well as Mining and Quarrying (RM 35m). Collectively, they make up less than 0.01% of our balance sheet.

HLBG C4 and C5 Financial Investments as at 30 June 2022 (RM’mil)



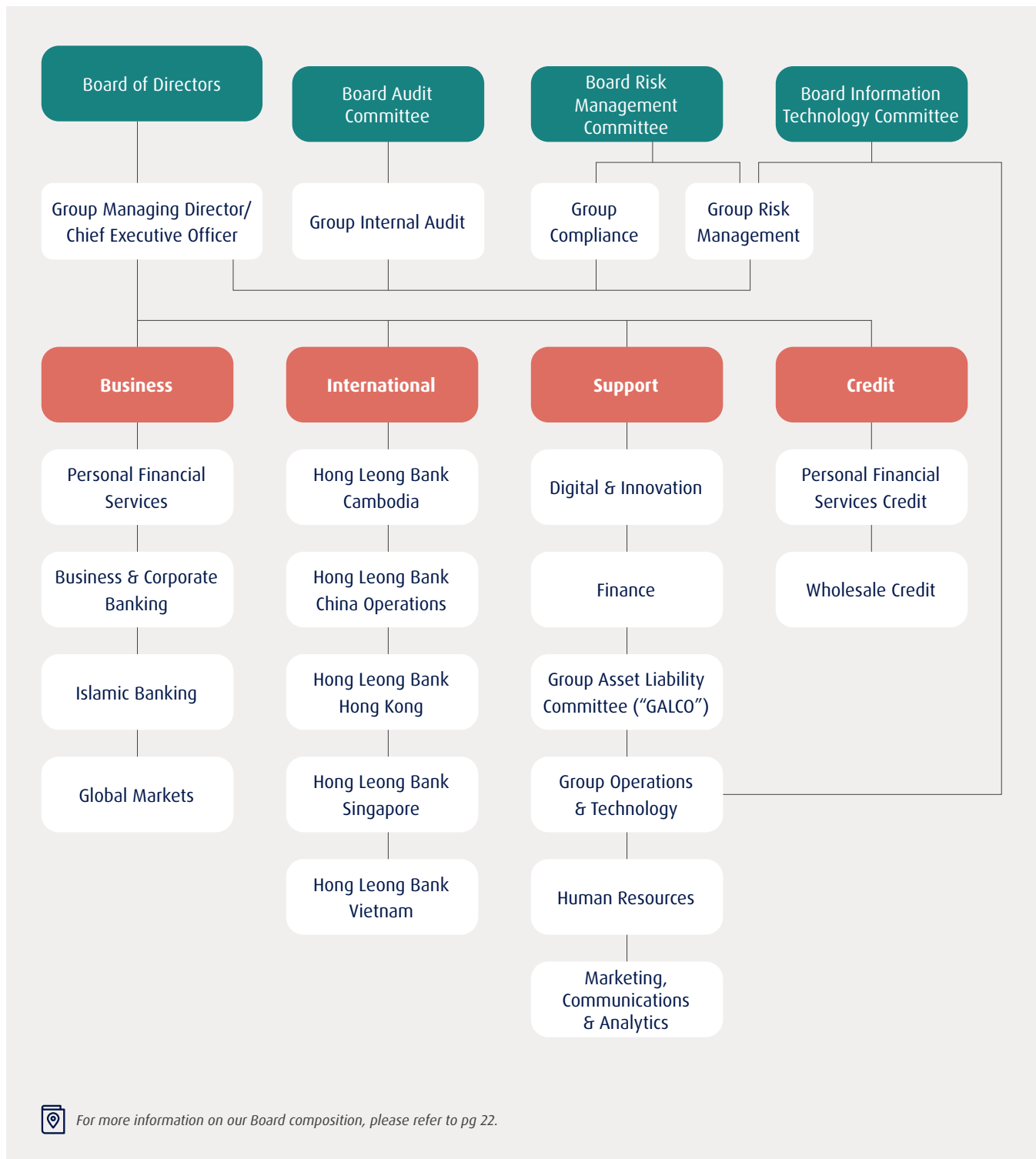
Note: Financial investments illustrated above includes Financial Investments at fair value through other comprehensive income (FVOCI) and Financial Investments at amortised cost. The figures in the table excludes Malaysian government securities and its equivalent; and hence only includes private debt securities.

GOOD BUSINESS CONDUCT

Corporate Governance

We believe that strong leadership is the key to ensuring that our sustainability efforts are aligned with our corporate governance. With a strong commitment to a robust governance framework, our Senior Management are able to closely monitor compliance requirements which cover issues such as ethical behaviour, ABC, AML, whistleblowing, amongst others.

Corporate Governance Structure



Ethics, Integrity and Compliance

Ethics, Integrity and Compliance

Our Code of Conduct and Ethics ensures that all our employees, subsidiaries and business partners affiliated with us comply with the highest standard of professionalism and ethics in the conduct of our business. We endeavour to ensure that the principles of the Code are adhered to across our organisation.

Pillars of Hong Leong Bank Group's Code of Conduct and Ethics

PRINCIPLE 1: COMPETENCE



The Bank is committed to ensuring that its employees develop and maintain the relevant knowledge, skills and behaviours such that our activities are conducted professionally and proficiently.

Our employees must possess and maintain the skills and knowledge needed to perform their roles in accordance with the standards required by the Bank to meet its legal, compliance and regulatory obligations.

PRINCIPLE 2: COMPLIANCE



The Bank operates in a highly regulated environment and our employees are responsible to ensure that they fully understand and comply with all applicable laws, regulations and regulatory requirements.

PRINCIPLE 3: INTEGRITY



The Bank's Vision, Mission and Values identifies a strong values-based culture to guide decisions, actions and interactions with stakeholders as a key enabler for the success of the Bank. The Bank relies on our employees to practice sound decision-making with integrity and take actions that will preserve our Bank's values.

PRINCIPLE 4: FAIRNESS



A core mission of the Banking Group is to help our customers succeed through simple, relevant, personal and fair banking. We must act responsibly and be fair and transparent in our business practices, including treating our colleagues, customers and business partners with respect. We must consider the impact of our decisions and actions on all stakeholders.

PRINCIPLE 5: CONFIDENTIALITY



The Bank is committed to providing a safe, reliable and secured banking experience for our employees, customers and business partners.

PRINCIPLE 6: OBJECTIVITY



Employees must not allow any conflict of interest, bias or undue influence of others to override their business and professional judgment. Employees must not be influenced by friendship or association in performing their role. Employees are to exercise good judgment at all times and avoid any actions that would create an actual, perceived, or potential conflict of interest.

PRINCIPLE 7: WORK ENVIRONMENT



The Bank is committed to provide a safe and non-violent working environment and will remove any unacceptable behaviours from the workplace. The HLB Group will not tolerate any form of discrimination, harassment (including sexual harassment) or intimidation.

In addition, the Bank is committed to reduce the effect of our operations on the environment so that we are able to build our franchise in a safe and healthy environment. We aim to do this by managing the resources we use across the Bank and raising employee awareness about the importance of caring for the environment.

The Bank will be mindful of its activities with employees, business partners and the community we operate within to ensure human rights are safeguarded. Where there are adverse impacts, we are committed to addressing these timely.

Ethics, Integrity and Compliance

Upholding Ethics and Integrity

We hold high professional standards for our employees as part of their continuing commitment towards improving our business. In light of this, the Bank is dedicated to ensuring that our employees are well-equipped and competent enough to handle the responsibilities that come with their respective roles and that they exhibit the highest standards of behaviour and professionalism.

To uphold and maintain a high ethical standard, we conduct an ABC risk assessment of the overall Bank's operations at least biennially across the organisation. ABC cases, if any, are deliberated by the Disciplinary Committee ("DC") followed by the RCGC and the Board of Directors during the BRMC or BARMC meetings regarding the appropriate action taken until successful resolution. We did not receive any reports of cases in FY2022.

The Bank's Anti-Bribery and Corruption Compliance Programme cements our zero-tolerance policy towards corrupt activities, including bribery. The Ethics and Integrity Unit led by the Bank's Ethics and Integrity Officer ("EIO") monitors the implementation of our ABC Programme, dealing with all anti-bribery and corruption matters.

We regularly engage with our management teams, employees and external business partners to provide sufficient communication and training on ABC-related matters. Employees are mandated to complete e-Learning courses conducted via HLB@Workday, the Bank's people and performance management platform. These courses are delivered in a blended format encompassing videos, reading materials, assessments, covering topics such as ABC, AML/CFT, Code of Conduct & Ethics, Banking Secrecy, Shariah Compliance and Data Protection.

For this FY we provided mandatory ABC training to all employees and 534 external business partners. Via the HLB@Workday platform, we also provided training to Board and Senior Management. Beyond the mandatory ABC training, monthly thematic huddles focusing on ABC enabled us to engage with more than 6,300 employees, or 82% of our workforce. In addition to the mandatory ABC training and huddles, role-based Corporate Liability training was rolled out to more than 4,900 employees, 8 Board of Director members, 5 Shariah Committee members and 145 Senior Management members and more than 370 external business partners.

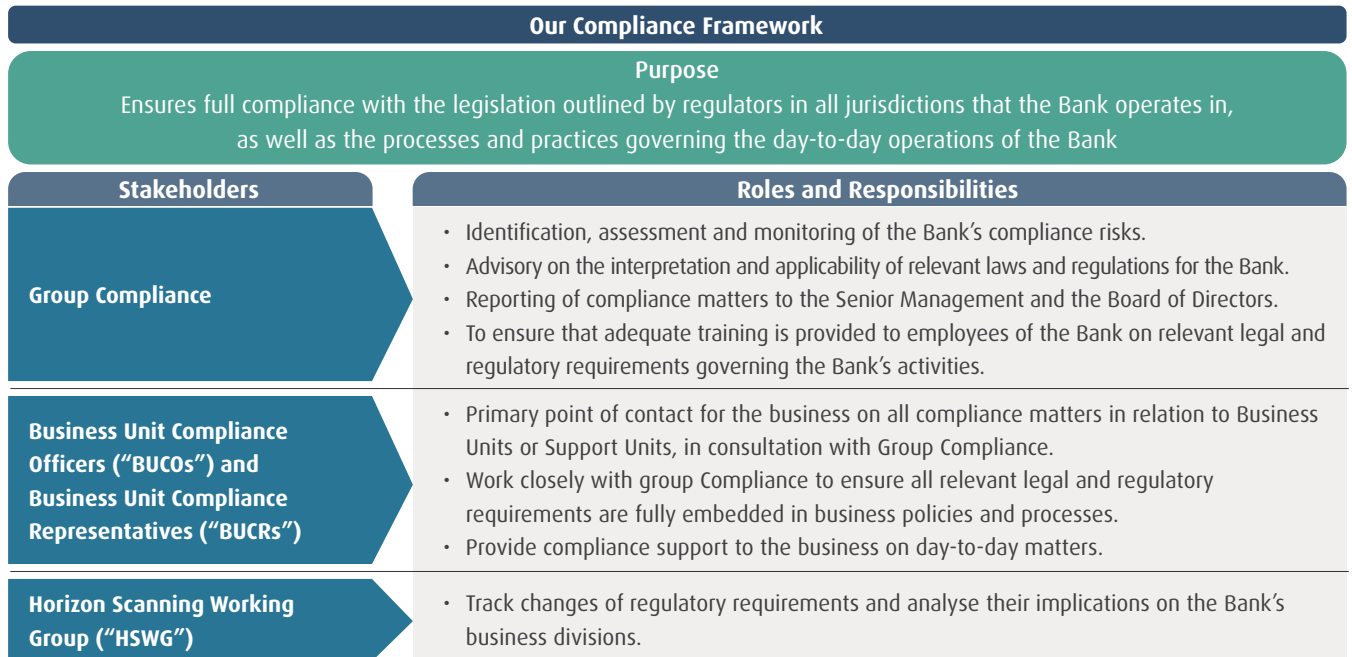


For more details on how the Bank manage our bribery and corruption risks please refer to our ABC policy

Ethics, Integrity and Compliance

Promoting a Culture of Compliance

The Bank has operations regionally in Malaysia, Singapore, Hong Kong, Cambodia and Vietnam, whilst the China operations is through an Associate company. The Compliance Framework ensures that each of the five businesses that we operate as either a legal entity or as a Branch comply with the legislation and regulations applicable to the relevant jurisdictions. We influence the operations of our China Associate through constant senior level engagement as well as through its Board of Directors via our two nominated board representatives.



In an effort to maintain high levels of engagement and compliance within the Bank, we regularly and actively conduct frequent training sessions and refresher courses, both for new and current employees. Besides this, the Board of Directors, along with our employees are obliged to undergo a mandatory affirmation of our Code every year to ensure knowledge remains current as well as show their commitment to maintaining a strong compliance posture.

<p>e-Learning Courses</p> <ul style="list-style-type: none"> • All employees are required to complete e-Learning courses on Compliance as part of Mandatory eLearning. Topics covered include ABC, AML, Counter Financing of Terrorism (“CFT”), Targeted Financial Sanctions (“TFS”), Banking Secrecy, Shariah Compliance, Foreign Exchange Notices, Common Reporting Standards (CRS), Foreign Account Tax Compliance Act (FATCA) and Data Protection. 	<p>Role-based Training</p> <ul style="list-style-type: none"> • Beyond the bank-wide e-learning, selected employees, depending on their roles, will be assigned additional role-based compliance courses in order to obtain the knowledge required for their respective roles.
<p>In FY2022, over 8,000 employees completed e-Learning compliance modules.</p>	<p>In FY2022, approximately 2,000 employees completed role-based AML/CFT training with 90 employees completing AML/CFT and Regulatory Compliance certification training.</p>

In addition to our training programmes, we conducted compliance team huddles for a total of 10 months, which covered AML/CFT, ABC, fraud, Shariah compliance, cyber security and other compliance subject matters. Our employees hold professional qualifications that are key to their job roles, where required. We have established a target to achieve 782 certified employees in areas of Risk, Audit, Compliance, Credit, and AML/CFT by FY2024. To date, 226 employees have achieved their certification, accounting for around 29% of the Bank’s target.

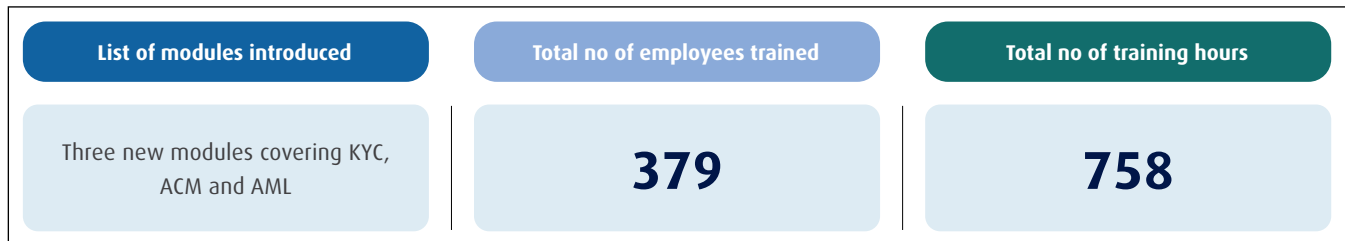
Ethics, Integrity and Compliance

BUILDING A CULTURE OF SHARIAH COMPLIANCE

Across our Islamic Banking operations, we adopt a strong compliance with Shariah principles, otherwise known as our Shariah Compliance Culture. Under this Compliance Culture, we endeavour to embody Shariah principles throughout all aspects of our business dealings and operations, beyond simply meeting basic requirements. Shariah Compliance Culture encourages our employees to reflect deeply on the underlying meaning and impact that govern our actions and behaviour. In an effort to successfully adopt this culture, we organise numerous training sessions throughout the year for all our employees, from all branches of our organisation. A key highlight in the employee engagement calendar is Shariah Compliance Month where weekly huddles, Friday Reminders, One Point Lessons, and the Shariah Committee Sharing Session were conducted throughout the month of October to strengthen employees' understanding and awareness of Shariah principles that govern Islamic financial institutions. A virtual Brown Bag on the common misconceptions of Islamic Banking was also conducted by a representative from the Shariah Advisory Committee of Lembaga Tabung Haji.

Prevention of Financial Crime

In FY2021, we made significant progress in making our ecosystem more resilient to financial crime with the launch of the new and improved AML system. The system improves our screening capabilities for onboarding and monitoring our customers as well as streamlines our operations, thereby enabling us to better serve our customers. In FY2022, we introduced new modules to this system and continued our capacity building engagement efforts with our employees.



Following the rollout in Malaysia, the AML System was launched for our Cambodia, Singapore and Vietnam operations. The implementation of the new system marked a milestone for our regional operations as it acts as an integrated automated platform that not only improves our due diligence processes but also enhances our transaction monitoring controls. The AML System became fully operational in FY2022.

Our team has made continuous efforts to support the smooth transition to the AML System from both functional and technical perspectives, demonstrating one of our values: Collaborate to Win. The launch of the new system is our organisation's firm commitment to making the banking ecosystem safer and better for our customers and stakeholders.

MECHANISMS TO UPHOLD GOOD BUSINESS CONDUCT

The Bank has established various platforms of engagements with employees to further strengthen a culture of accountability and good business conduct from within. Complementing these efforts is the platform that we have created to empower our employees to escalate any unethical behaviour in the workplace.

Our Whistleblowing Policy was established to uphold the integrity of our operations, under which all employees, associates and customers of our organisation are encouraged to report any concerns relating to improper conduct involving or occurring within the organisation. Reports may be made anonymously and cover issues relating to integrity or criminal offences such as fraud, theft, criminal breach of trust, corruption, bribery and blackmail. Whistleblowers who make a disclosure in good faith will be protected from punitive measures to the extent that is allowed by law and subject to conditions stipulated in the Whistleblowing Policy.



Scan QR Code for the Whistleblowing Policy

DIGITAL AT THE CORE

Sustaining Our Digital Momentum

The rapid pace of digital adoption has had an impact on how our customers use financial services. Customers expect to access financial services at speed, on the go without compromising security. In order to cater to these evolving customer behaviours, we focused on a multi-faceted approach to develop cutting-edge digital solutions, form strategic partnerships, and enhance our digital infrastructure. These initiatives have improved our efficiency and competitiveness, enabling HLB to generate long-term value for our stakeholders while thriving as a business.

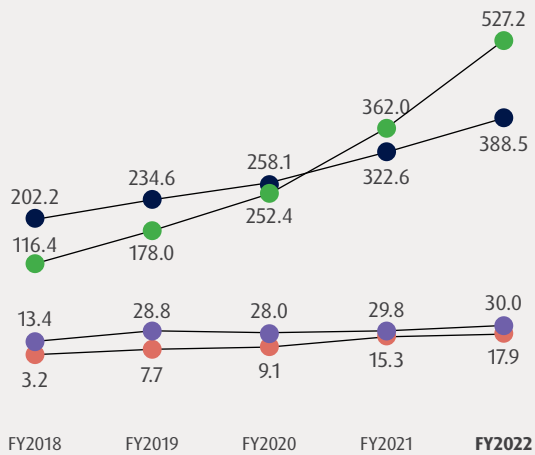


Sustaining Our Digital Momentum

In FY2022, we saw our internet and mobile banking customer base grow by 13% and 19%, with average monthly financial transactions going up by 28% and 43%, respectively. With economic activities picking up, this corresponded to strong growth in our business digital banking adoption. Our business mobile banking customer base grew by 284% year-on-year and our business internet banking customer base grew by 13% year-on-year. Encouragingly, 85% of all banking transactions today are conducted digitally across the Bank.

Digital Transactions

(in millions)



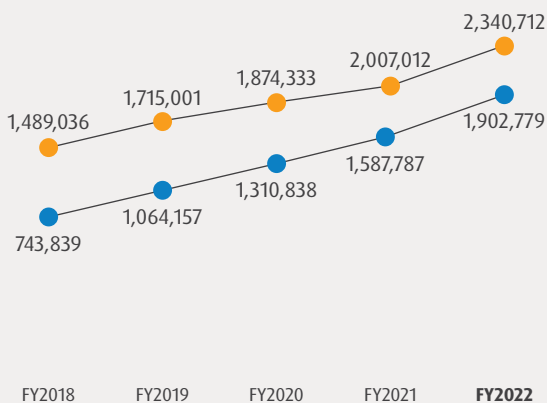
- No. of Retail transactions - Internet
- No. of Retail transactions - Mobile
- No. of Corporate Digital Financial Transactions
- No. of Corporate Digital Non-Financial Transactions

Total No. of Digital Transactions

(in millions)

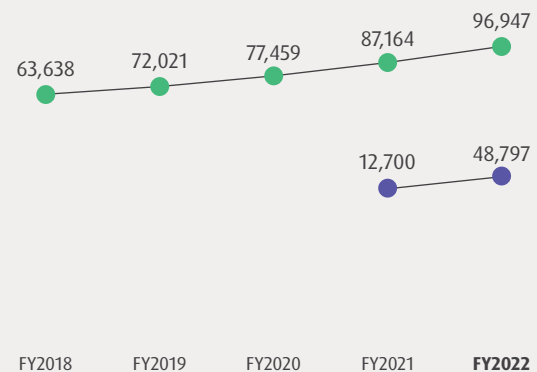


Our Retail Customers



- Retail Internet Banking Users
- Retail Mobile Banking Users

Our Corporate, Commercial and SME Customers



- Corporate Internet Banking Users
- Corporate Mobile Banking Users

Innovative Digital Solutions

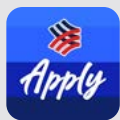
INNOVATIVE DIGITAL SOLUTIONS

We have always been a strong proponent of digital in line with our core principles of being ‘Digital at the Core’. By providing innovative digital experiences to our customers, we strive to create positive environmental impacts while delivering and improving financial metrics. Throughout the years, we have consistently expanded our current array of offerings by introducing numerous digital firsts.

Tailored Solutions in Sustaining a Digital Momentum					
For Retail Customers			For the Youth		For Corporate, Commercial and SME Customers
Apply@HLB	HLB’s Official Store on Shopee	HLB Connect Retail	HLB Connect App	HLB Pocket Connect	HLB ConnectFirst for Business
Introducing Digital Firsts in Malaysia		Continuously Improving Existing Digital Products			

RETAIL BANKING OPTIONS

In line with our objective of enhancing the customer experience through digitalisation, the Bank offers our retail customers flexible digital banking options via web and mobile applications to facilitate safe and convenient banking transactions.



Apply@HLB

Key Purpose

Malaysia’s first fully digital onboarding experience for Malaysians who want to create a bank account remotely.

How it adds value

Allows customers to create an account with us anytime, anywhere. Upon account activation, their Debit Card is first made available digitally with the physical card sent to them wherever they are in Malaysia.

Key Enhancements in FY2022

User Interface/User Experience (“UI/UX”) upgrade to improve user experience and maximise customers’ satisfaction.

How it Has Grown in FY2022

As of June 2022, 32,590 new accounts have been registered via the Apply@HLB app which resulted in a 659% growth in customer base through this channel.



HLB’s Official Store on Shopee

Key Purpose

First Bank in Malaysia to establish an e-commerce presence by allowing customers to apply for a savings account online.

How it adds value

Allows customers to sign up for banking products and services on one of Malaysia’s most popular e-commerce sites without having to visit bank branches in-person.

Key Enhancements in FY2022

Options to complete account opening fully digital via Apply@HLB and introduction of credit card products.

How it Has Grown in FY2022

Since the launch, our online store has registered more than 103,000 followers and an average customer satisfaction rating of 4.8 out of 5.



Follow and Like us on our Official Shopee Store

Innovative Digital Solutions



connect HLB Connect Online

Key Purpose

The one-stop digital banking platform for our customers to conduct various banking transactions over the internet.

How it adds value

Allows customers to perform banking transactions from making payments and fund transfers to placing e-fixed deposits, setting up Islamic investment accounts to managing their credit card functions without the need to step out of their home.

Key Enhancements in FY2022

These key enhancements enable the customers to manage their banking seamlessly without stepping a foot into the bank's branch or calling the bank's contact centre.

We added more features under credit card services which allow the customers to request for a refund of their card's overpayment, receive timely notifications when their card is due for renewal, and to temporarily freeze their card to prevent unauthorised usage.

For Loan Customers we made more details available on HLB Connect so they can access updated information about their loan and monthly instalments post moratorium and overnight policy rate ("OPR") updates.

How it Has Grown in FY2022

Recorded a total of more than 2,340,000 customers which represents 13% year-on-year growth in our user base.

The digital transactions made by our online users recorded a 16% increase compared to FY2021.



connect HLB Connect App

Key Purpose

Our revamped mobile app enables our customers to conduct a wide range of banking transactions on mobile, while on the go.

How it adds value

We revamped the app in FY2021 with an updated user interface that delivers an enhanced banking experience.

Key Enhancements in FY2022

- Introduced AppAuthorise to replace SMS TAC, offering a more secure and convenient transaction authorisation for users.
- Introduced Connect Instant Rewards feature where customers receive instant notification and rewards in the form of cashback and e-vouchers when they perform certain transactions within the app.
- Dormant account activation using Connect Transaction where the customers simply need to perform a transfer of RM 1 to activate their dormant accounts within the app.

How it Has Grown in FY2022

Recorded a total of more than 1,900,000 app users, which represents 15% year-on-year growth in user base compared to FY2021 and contributed to more than 527,000,000 transactions.

HLB Connect app achieved a customer satisfaction score of 4.41, representing a 2% increase compared to FY2021.



Scan this QR Code to download our Connect App on iOS and Android

We leverage our internal ethos of being 'Digital at the Core' to capture opportunities brought about by digitalisation in the financial services industry. This is reflected in the continuous rapid growth of our retail customer base in FY2022. Moving forward, we aim to grow our Connect Retail customer base to above 70% in FY2023.

Innovative Digital Solutions

FINANCIAL LITERACY FOR THE YOUTH

We are cognisant of the importance of financial literacy as a key enabler for socioeconomic development and undertake initiatives to foster financial literacy knowledge and skills among the youth. Our HLB Pocket Connect app for Junior Savers, which was launched in FY2021, has grown from strength-to-strength. It is a market-first digital platform that caters to both savers under the age of 18 and parents. Through its patented Earn, Save, and Spend interactive features, it assists young savers to manage their pocket money and savings while encouraging parents to start early in instilling healthy financial habits in their children at an early age.

HLB Pocket Connect App

Key Enhancements in FY2022

Piloted the 'QR Pay' feature to a select group of Pocket Connect users. With this feature, Pocket Connect users will be able to pay and receive funds from another customer using a QR code.

How it Has Grown in FY2022

- 118% increase in New Junior Account
- 185% increase in HLB Pocket Connect sign up
- 267% increase in Junior Debit Card Issuance

The growth in users for the Pocket Connect App was driven by our newly introduced HLB@School initiative which is geared towards building a cashless society (details available on page 49). We also experienced growth in our Earth Hero project, one of the innovative programmes within the HLB Pocket Connect platform. The project is a component of the Bank's efforts to educate our customers and communities about sustainability and environmental conservation-related concerns. Designed with today's digital native youths in mind, Earth Hero's highly engaging platform inspires kids to develop thrifty and ecologically-friendly behaviours.

For more information on Earth Hero, please refer to Earth Hero @ HLB Pocket Connect on pg 95.

Enabling Digital ASNB Transactions

HLISB continues to strengthen its partnership with Amanah Saham Nasional Berhad ("ASNB") since the launch of our ASNB eChannel Services in FY2021. The platform helps customers manage their money as well as educate and promote awareness about the value of long-term investments. On the digital ASNB platform, customers can now perform additional subscriptions for all ASNB Funds, manage the funds, and check their balances using HLB Connect. In FY2022, a total number of 24,085 transactions for a total value of RM 48.5 million were transacted by 12,709 customers. Moving forward, we expect to increase our customer base by enabling subscriptions for new ASNB funds via this platform.

Innovative Digital Solutions

FOR CORPORATE, COMMERCIAL AND SME CUSTOMERS

HLB ConnectFirst is our digital platform for corporate and commercial customers with features that cater to SME customers as well. The platform provides a full range of banking solutions as well as the flexibility to meet the business needs of our customers.

HLB ConnectFirst

Key Enhancements in FY2022

- Launched in December 2021, our new digital business banking platform was designed from the ground up, co-created and extensively tested with our business customers.
- This new platform provides a consolidated view of customer payments, transactions and accounts together with an intuitive UX/UI interface that is responsive across all devices (mobile, tablet and desktop).
- Upgraded the HLB ConnectFirst login experience with a passwordless authentication solution. Customers can now login by simply scanning a dynamic QR code from our biometric enabled ConnectFirst mobile application.
- Expanded our HLB ConnectFirst mobile application (on top of iOS and Android) on the Huawei App gallery for Huawei devices.
- Promoted financial inclusion by expanding more language options to include English, Bahasa Malaysia and Chinese, allowing customers to select their preferred language.
- Enhanced our treasury FX Booking for customers to book FX rate online directly.
- Corporate customers are now able to make online payments through DuitNow and eWallets under Paynet's Real-time Retail Payments Platform ("RPP") Phase 2, replacing the FPX system.

How it Has Grown in FY2022

97% of all business banking transactions were conducted online in FY2022. Our business mobile banking customer base grew by 284% year-on-year and our business internet banking customer base grew by 13% year-on-year.

This year, we launched Digital Onboarding which allows SME customers to apply for a current account via the HLB web page or InBranch Tablet followed by a scheduled appointment or visit from our relationship managers or Mobile Deposit Specialist at the customer's preferred location. This allows us to ease the customers' account opening process as they manage their busy schedule of running a business. We also integrated our digital onboarding module with the relevant credit agencies, business registrar, and AML screening system to minimise data entry and document submission by customers thus reducing the customer on-boarding and due diligence process from 48 hours to as fast as 30 minutes for simple cases. With this in place, 90% of all current account opening for this segment of customers will be completed via our Digital Onboarding solution.

We also rebranded our flagship SME current account offering from the existing Hong Leong PowerSME Current Account/-i to HLB PrimeBiz Current Account/-i to better cater to the payments, collections and transactional needs of our SME customers. Our HLB ConnectFirst Global Application Programming Interface ("GAPI") has integrated our business solution partners such as Kakitangan, Biztory among others to allow customers to perform payments and inquiries through these third party systems.

Our Digital Solutions for All

Customer centricity is key to our business ethos, which is demonstrated by the way we adopt and implement digitisation strategies to improve the banking experience for all of our customers, regardless of their needs.

To date, our three key digital branches in Kuala Lumpur, Penang and Johor continue to provide our customers from diverse segments of society with a seamless and convenient banking experience. Additionally, the reception to our InBranch tablet-based teller services have grown across our wider branch network in Malaysia. As of FY2022, we have deployed this system to 220 branches.

Transactions Conducted via our InBranch Tablet services in FY2022

90%
transactions
conducted via
InBranch Tablets

More than
311,000
accounts
opened

More than
13,900
applications for Credit
Card Portfolio Sales

More than
9,000
Personal Loan/
Financing applications

More than
23,000
Credit Card
applications

Our Progress from FY2021

10%
increase

67%
increase

13%
increase

183%
increase

195%
increase

The increase in the utilisation of digital solutions in our physical branches solidifies the deep understanding we have formed with our customers in addressing their needs and thus working towards improving their banking experience. Moving forward, we expect to sustain the momentum of digital adoption across our physical branch network.

Our Digital Initiatives

SUSTAINING THE MOMENTUM TOWARDS A CASHLESS SOCIETY

The Bank supports the digital development of the Malaysian banking sector in an effort to add value for our customers. We continue to encourage the development of an integrated financial ecosystem where digital payment methods facilitate simple financial transactions as cashless transactions gain traction.

HLB@School

Centred around our brand promise of 'Built Around You', the Bank introduced the HLB@School programme to promote financial literacy and to enable a cashless ecosystem in schools. The project was formed when a primary school with limited resources, and with just 400 students, in the east coast of Malaysia reached out to the Bank on their dream to transform their school into a cashless ecosystem.

We promptly formed a taskforce to turn their dream into reality and rolled out the project within six months. To date, the HLB team has presented the proposition to school leadership members of more than 200 schools.

HLB@School	
Our Impact	Our Future Commitments
<ul style="list-style-type: none"> Created a cashless ecosystem within schools' infrastructure (such as enabling cashless payments for purchase of food from school canteens). Promote financial literacy in participating schools. Provided school students with essential knowledge on handling finances. 	<ul style="list-style-type: none"> We are on track to roll out the project to 100 schools in FY2023 which will develop a cashless ecosystem and promote financial literacy to more than 30,000 students thus impacting the lives of more than 30,000 families.

HLB@Kampung

In FY2022, we partnered with PayNet to transform Sekinchan into the first 'Cashless Kampung' in Malaysia. The project was developed as part of our efforts to promote financial literacy and accessibility in non-urban areas, thus bridging the socioeconomic gap within the country.

As a first step, HLB aims to provide the Sekinchan community with easy access to debit cards and bank accounts without having to visit a bank branch. For the benefit of local businesses, the

Bank aims to provide 800 businesses with an HLB DuitNow starter kit, which includes an All-in-One Payment Terminal that accepts both card and QR payments as well as a DuitNow QR that enables businesses to accept contactless QR payments from mobile banking apps and eWallets. The Bank will first concentrate on hawkers and flea market vendors before outfitting other nearby establishments, such as schools, that do not yet accept cashless payments. Via this initiative, we are seeking to transform the lives of more than 24,000 residents, small businesses and schools.

We also support the momentum of customers shifting towards cashless Zakat. We drive this cashless transition predominantly by encouraging customers to perform Zakat-related transactions via our HLB Connect platform. In FY2022, we enabled 804 Zakat transactions via this platform, amounting to more than RM 163,000 and a 14% increase in total value compared to FY2021.

Additionally, we launched several initiatives in recent years to support our customers to adopt cashless Zakat payments as well as to educate and build their awareness on the subject of Zakat practices as a whole.

One of the cashless Zakat initiatives is Zakat payment via Cashless ATM, which enables customers to perform Zakat payment using their debit card at HLISB's Cashless ATM, situated at Lembaga Zakat Selangor premises. This service also allows customers to perform their Zakat payments outside of the normal Zakat counter operating hours.

The other service that we offer is Zakat Payment using JomPAY services, which allows customers to perform Zakat payment via internet banking platform.

DIGITALISING SHARIAH KNOWLEDGE

Digitalisation offers increased access to information. HLISB aims to leverage our digital platform to help customers and the general public to better understand Islamic finance. Our updated HLISB website has enabled us to increase public awareness of Islamic finance and promote the use of Islamic banking's products and services. The four pillars of Islamic Wealth Management which are Creation/Accumulation, Preservation, Distribution, and Purification, were used as a framework to redesign our website.

Our Digital Infrastructure

OUR DIGITAL INFRASTRUCTURE

Our focused efforts in strengthening the Bank's digital infrastructure underpins our constant drive to keep up with the rapid shifts in the technological landscape. We believe it is critical to constantly improve our data privacy and cyber security posture as we enhance our IT infrastructure, in line with the growing digital momentum in Malaysia.

CYBER SECURITY AND DATA PRIVACY RESILIENCE

As our customers increasingly transition towards digital banking channels, it has become even more pertinent for financial institutions to maintain robust cyber security controls. Data protection is a critical pre-requisite to maintaining trust amongst our stakeholders as it impacts the integrity of our systems. We continue to place emphasis on preserving customer privacy and personal information by ensuring we have deployed robust controls to ensure secure access and safeguard data security.

Our Robust Cyber Security and Data Privacy Controls



GOVERNANCE STRUCTURE

- The Board Information and Technology Committee ("BITC") jointly supports the Boards of HLB and HLISB in overseeing technology and cyber security-related matters.



POLICIES

- Board Policy on Technology Risk Management
- Board Policy on Cyber Resilience
- Board Policy on Data Management
- Board Policy on Data Protection and Customer Secrecy



SECURED INFRASTRUCTURE

- Multi-layered security implementations that safeguard the integrity of our systems and our customers' information.

Due to the constantly evolving and increasing sophistication of the threat landscape, we continue to strengthen our policies to manage technology risks and to achieve our resilience objectives. Additionally, we have in place and continuously evaluate, a defense-in-depth strategy that implements multi-layered security controls that span across our physical security perimeters, networks, endpoints, application systems and procedures.

Our Digital Infrastructure

Cyber Security Awareness

We actively advocate and continuously strengthen the Bank’s cyber risk awareness culture. Here, the emphasis is placed on every employee being accountable for ensuring that the information of our customers and the Bank is kept safe. To enhance the risk awareness culture, a series of cyber risk educational initiatives have been developed and launched.

Our Cyber Risk Awareness Initiatives

e-Learning

Conducted Bank-wide annual mandatory e-learning on Cyber Security and Cyber Risk Management. To ensure knowledge retention, employees are required to complete and pass an assessment with a score of 80%. In FY2022, all employees passed the assessment and we accumulated over 5,000 hours in training.

Thematic Huddles on Cyber Risk Awareness

Conducted thematic huddles on cyber risk awareness in the month of September 2021 where employees across the Bank get together to learn from each other through presentations and discussion.

Quarterly Cyber Security and Risk Awareness Videos

As part of creating continuous awareness among employees on the cyber security risk, our Cyber Security team sends quarterly awareness videos as part of Monthly thematic huddles on various topics including Phishing, Social Engineering and Working from Home data etiquette.

Promoting Gamification

To ensure continuous awareness on Cyber Security and Risk, HLB also introduced measures with engaging gamification elements including a cyber security pop quiz and a cyber security crossword puzzle. We also introduced a virtual cyber security ambassador in the form of an avatar that promotes cyber security best practices within our organisation.

Empowering Customers with Cyber Security Knowledge

The Bank is committed to protecting the privacy and safety of our customers across all our platforms, especially as an increasing proportion of our customers are embracing digital banking. We undertake efforts to educate our customers with the knowledge to identify and avoid fraudulent activities. Our HLB Website and the DuitSmart platform details how customers can protect themselves from scams, phishing, malware alerts, and other common online scams.



In FY2022, we recorded zero cases of substantiated complaints received regarding identity leaks, thefts and losses of customer data, further solidifying the resilience and effectiveness of our internal protocols towards protecting our customers’ privacy.

Our Digital Infrastructure

ENHANCING CUSTOMER EXPERIENCE

Customer expectations now centre on a more streamlined, practical and simplified banking experience due to the advancement of technology development. By using our Customer Experience (“CX”) Lab, we take advantage of the opportunities brought forth by evolving customer demands and rising digital adoption, to create experiences that are simply simple.

Our CX Lab is a collaborative hub in which the Bank’s customers and cross-functional business, operations & technology teams, and external partners (BigTechs, FinTechs, start-ups, academia & other value partners) can come together to explore and co-create next-generation customer journeys, products and services.

CX Innovation Lab Activities

Design thinking training and sessions

Customer co-creation workshops

User experience (UX) & user interface (UI) designing

Rapid prototyping and usability testing sessions

Connected with over 2,000 customers and non-customers with the intent to identify opportunities to enable their life moments and make banking more delightful

Key Outcomes from Our CX Lab in FY2022

27

customer research projects

59

usability testing sessions

13

post launch evaluation initiatives

Along with continuously enhancing the customer experience through digitalisation, we rely on internal customer management systems to ensure accountability for maintaining our unmatched services. The Complaints Management Standard Operating Procedure (“SOP”) is a manual for handling complaints. This SOP must be read in conjunction with and with reference to the pertinent BNM regulatory Acts and Guidelines, such as the FTFC, PDPA and FSA.

We use various platforms to actively interact and listen to our customers. Additionally, our internal chat platforms include a notification function called ‘Red Alert’ Closed Loop Feedback Mechanism that allows us to immediately alert frontline staff when we receive any unfavourable customer feedback.

Platforms Used to Assess Our Customer Experience

In FY2022, we gathered feedback from **over 540,000 customers** via our Voice of Customer (“VOC”) platform

Since the launch of ‘Designed by You’ Community Platform, **over 9,000 registered customers over 29,000 engagements** have shared ideas for HLB to improve customer experience

Complementing our multi-platform customer feedback channels are the role-specific training that we conduct to increase the accountability of our employees to provide a superior level of customer experience in all their interactions. These engagements are done via a combination of role-based training and e-learning to help us strengthen our customer centric culture among our employees. 406 of our Branch Managers as well as Customer Service and Operations Managers are provided with a structured learning path on business and communication skills.

Our multi-faceted approach of engaging with our customers while strengthening our internal customer centric culture has helped us maintain unparalleled banking experiences. In FY2022, we successfully resolved all 1,902 cases of customer complaints, thanks to these internal mechanisms that we have deployed. Additionally, we are proud to announce that our customer satisfaction scores have experienced an increase, a further testament to the effectiveness of our customer centric approach.

Our Digital Infrastructure

FY2022 Customer Satisfaction Score Highlights

4.41 OUT OF 5
on average
by our mobile banking users and
4.28 OUT OF 5
by our internet
banking users

4.46 OUT OF 5
on average by customers who called
our Contact Centre

4.49 OUT OF 5
on average
by customers who visited our
branches and
4.43 OUT OF 5
by our SST users

Our Progress from FY2021

Close to
2% and 0.5%
increase
respectively in mobile banking and
internet banking

4.7%
increase
in satisfaction scores amongst
customers who called the Contact
Centre

2.3% and 1.3%
increase
respectively in branch and SST users

WORKFORCE READINESS

Nurturing A Sustainable Employee Experience

Our overarching value of being 'Here for the Long Term' extends to how we care for our employees. At the Bank, we strive to create employee experiences that enable them to have a meaningful career experience with us. The following core pillars drive our efforts in nurturing a sustainable employee experience.



Workplace Readiness

Driving HR practices across the organisation with agility via HLB@Workday



Workforce Readiness

Incorporating ESG awareness into learning, recalibrating upskilling for a post pandemic world



Talent Management

Strengthen end-to-end talent management processes



Employee Well-being, Health & Safety, Environment

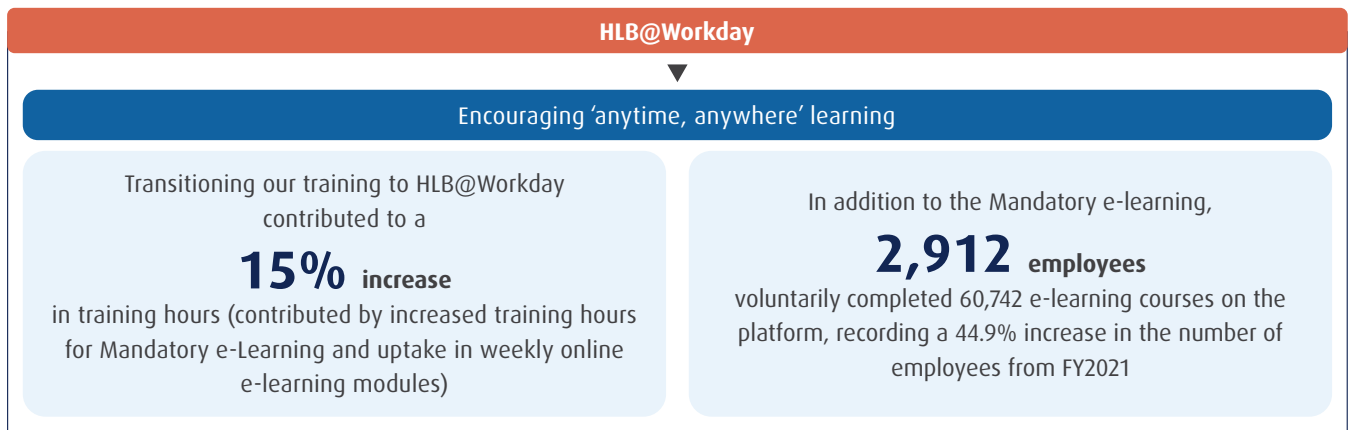
Safeguarding Well-being, Health & Safety with focus on mental and emotional resilience

"We remain focused on our people agenda to build depth and reinforce effectiveness. This holds true in all that we do across the talent management spectrum including talent branding, attraction and recruitment, training and development, performance management, coaching and succession planning and employee retention. Through our collective experiences with the pandemic over the past two years, we have learned to become more agile and flexible in the way we work. Our efforts to digitise HR processes in recent years have held us in good stead, in terms of coping with Covid-19 and the various lock-downs throughout the movement control orders. With these experiences still fresh in our minds, we continue to prioritise the health, safety and well-being of our employees."

Fiona Fong,
Head of Human Resources

Workplace Readiness

Our approach to enabling workplace readiness centres around our focus to digitalise core HR processes, and provide empowerment and positive user experience to our stakeholders. Key to our efforts is the HLB@Workday platform, which facilitates real-time information and decision-making on recruitment, onboarding, learning and development, through to compensation decision initiatives. This mobile-first strategy enables adaptability to how we engage directly with our employees.

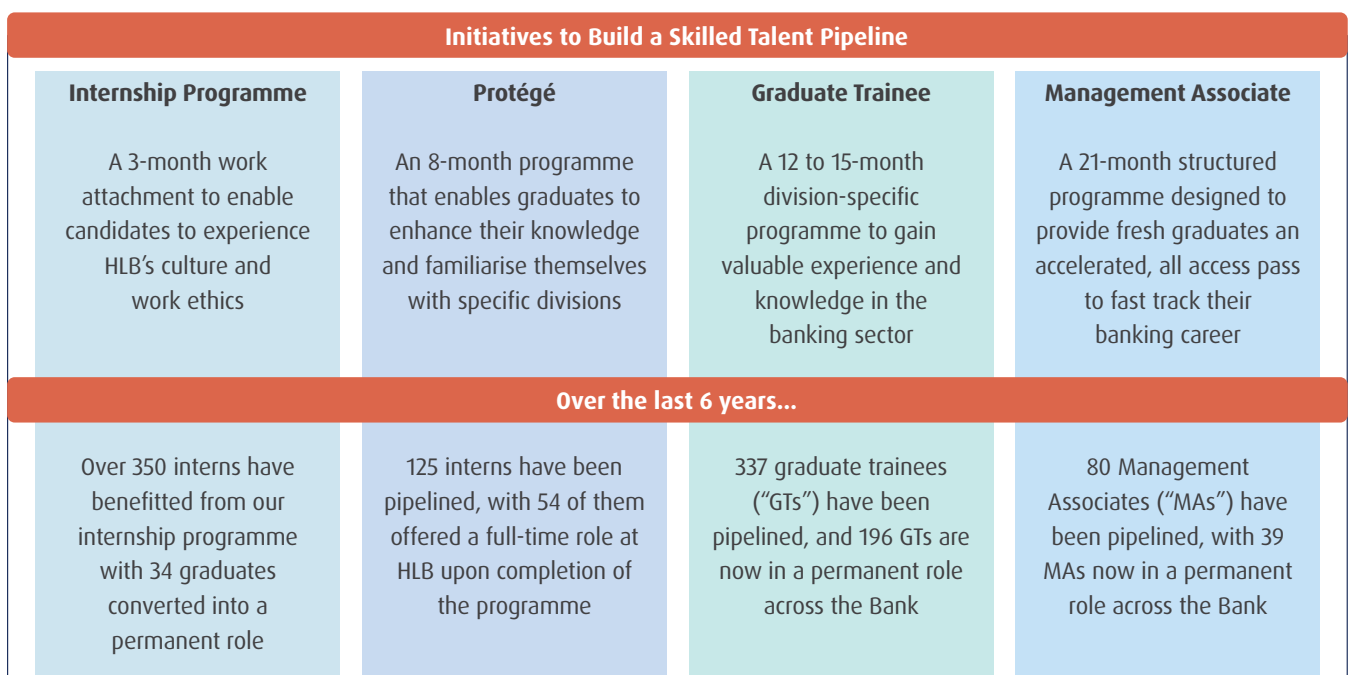


As we enter the third year of the pandemic, we have resumed selected in-class training sessions, balanced with our ongoing self-guided e-learning and virtual learning facilities offered via HLB@Workday, without compromising the quality and relevance of training content and delivery. As of FY2022, we offer over 50,000 e-learning courses via Disprz platform on HLB@Workday.

In light of our digital transformation agenda, the roll out of HLB@Workday since FY2020, has played a critical role in fostering a digital mindset among our employees and improved our overall organisational efficiency and productivity. As we move forward, we continuously look out for opportunities to automate our workflows to enhance our employee experience.

Building the Talent Pipeline

We are cognisant that talent plays a crucial factor in enabling our sustainability agenda. The Bank focuses on attracting and sustaining a diverse and inclusive talent pipeline, selected based on merit and potential. Towards building a robust talent pipeline, we offer structured internships and training programmes that empower candidates to be ready for our workplace.



Workplace Readiness

Our university outreach activities continue to gather momentum after we sought to establish deeper relationships with key academic institutions both within Malaysia and abroad to build a sustainable talent pipeline for the Bank. In FY2022, we hosted 20 virtual engagement sessions for senior management and business unit heads from across the organisation to drive awareness and recruitment for our internships and graduate programmes.

Moving beyond academic institutions, we reached out to training academies and talent resource companies and made a commitment to interview and hire their candidates, to strengthen our pipeline efforts for digital talent. Testament to this commitment, HLB was named as one of the top employers for the School of Mathematical Sciences at Sunway University. We have done the same in building our pipeline for personal bankers and priority banking relationship managers, collaborating with a wealth academy for one session.

What do our graduates say about our programmes?

A Healthy Learning Environment

"I learned a lot of things and gained lots of practical working experience that can aid me in my future work which I otherwise would not get during my time at the university. Not only that I get to develop better time management skills and constantly check the accuracy of my own work, I was also given the opportunity to explore product development and management. I was able to build good communication skills and work with different stakeholders as well."

Julian Teo Se An
Intern, Personal Financial Services (Deposits) 2022

"I decided to start my career with HLB because I had such a great internship experience. Seniors and teammates are always helpful from the beginning until now in clearing my doubts and guiding me. My ideas are valued and HLB gave me the independence to always try out something new."

Tiresa A/P Subramaniam
Protégé, PFS Credit Cards Collection 2020

A Collaborative Workspace

"The people here in HLB are very collaborative. We are always liaising with different departments and working as a team to bring the best outcome that we can. There was a steep learning curve, my colleagues didn't just teach me how to calculate the financial ratios but also how to analyse the Bank's performance based on the data and they emphasise the story that the numbers can tell."

Qoay Zhu Yi (Zoe)
Management Associate Programme 2021

A Holistic Experience

"Being in the programme has given me exposure to different key stakeholders and made me realise that stakeholder management is the key to navigate an organisation. This can be achieved by better knowing the stakeholders and managing them well through communication."

Mak Keat Seng,
Management Associate Programme 2021

Workforce Readiness

Towards advancing our sustainability agenda, the Bank acknowledges the importance of a highly engaged and motivated workforce. We are committed to nurture our employees through providing comprehensive learning and development opportunities to support their career growth and enable them to stay agile and competitive in the fast-evolving industry. As we recalibrate learning for the post-pandemic future, this year we ramped up our capacity building initiatives to increase ESG awareness and understanding among our employees.

To familiarise new hires to the Bank’s strategic agenda and facilitate their integration into our culture and organisation, we require them to undergo an onboarding programme within 60 days of their commencement date. The structured programme, delivered virtually, includes introducing them to our internal policies and processes, sustainability at HLB and fundamentals principles of ethical banking, among others.

Onboarding Programme Training Data	FY2020	FY2021	FY2022
Total No. of new employees trained on ‘New Hire Induction’	806	799	1,720
Total No of employees attended ‘Introduction to Sustainability’ & ‘Brand Promise’ training	N/A	384	1,875
Total No. of employees attended ‘Introduction to Ethics in Banking’ (Asian Banking School)	229	268	320



Workforce Readiness

Instilling Sustainability Awareness

Over the past two years, we have undertaken a multi-faceted approach to instil sustainability awareness and empower our employees to build a positive mindset towards ESG, in line with the Bank's commitment to deliver long lasting ESG and VBI solutions. In FY2022, we continue to utilise our training programmes, brown bag sessions as well as our internal communication tools to engage with our employees on sustainability-related issues.

**More than
8,000
employees**

completed the mandatory e-learning course on sustainability

1,875 new employees

have been trained on sustainability as part of their onboarding

Conducted **6** Brown Bag Lunch

& Learn sessions

on sustainability-related topics, with 551 attendees

Interactive Sustainability-Awareness Raising Initiatives

HLB's Annual Sustainability Month

Launched in 2020, our annual Sustainability Month event aims to raise awareness and expand ESG knowledge among employees from our Malaysian and overseas operations. In FY2022, the six-week long campaign included webinar sessions, contests, workshops and dissemination of sustainability-related infographics.

#HLBGreenBag

An initiative introduced in FY2022 to engage Bank-wide employees on a regular basis via sharing of sustainability-related information and virtual interactive contests.

HLB SUSTAINABILITY EXPERT ENGAGEMENT SESSION

In the third quarter of FY2022, we launched our inaugural HLB Sustainability Expert Engagement Session which served as a platform for senior management to participate in thematic knowledge sharing sessions and have access to subject matter experts. Conducted virtually, the session featured subject matter experts from Sunway University, WWF-Malaysia and Boston Consulting Group ("BCG") who shared their knowledge on climate change, covering topics such as climate impact and adaptation efforts, net-zero pathway for Malaysia, the current climate risk regulatory landscape as well as global climate frameworks. The session was attended by 70 personnel, including SC and SWC members.

Moving forward, we will be rolling out Introduction to Responsible Banking learnings to our employees in FY2023 and more role-based sustainability workshops for our people to have better understanding on sustainability, responsible banking and climate-related risk management.

DRIVING THE BANK'S SUSTAINABILITY AGENDA THROUGH OUR EMPLOYEES

In line with our sustainability commitments, we empower our employees to play a direct and active role to make positive, meaningful and measurable impacts in communities. In FY2022, we launched our HLB Employee CSR Programme ("HECP") which will provide year-long activities for employees to participate in. Employees can either choose to volunteer in our existing initiatives, such as HLB JumpStart and HLB DuitSmart, or design their own community-centric initiatives for their division, based on the HECP's Five pillars, aligned with the Bank's ESG goals.

FIVE PILLARS OF HCEP



ENVIRONMENT



FOOD SECURITY



FESTIVE (COMMUNITY)



FINANCIAL LITERACY

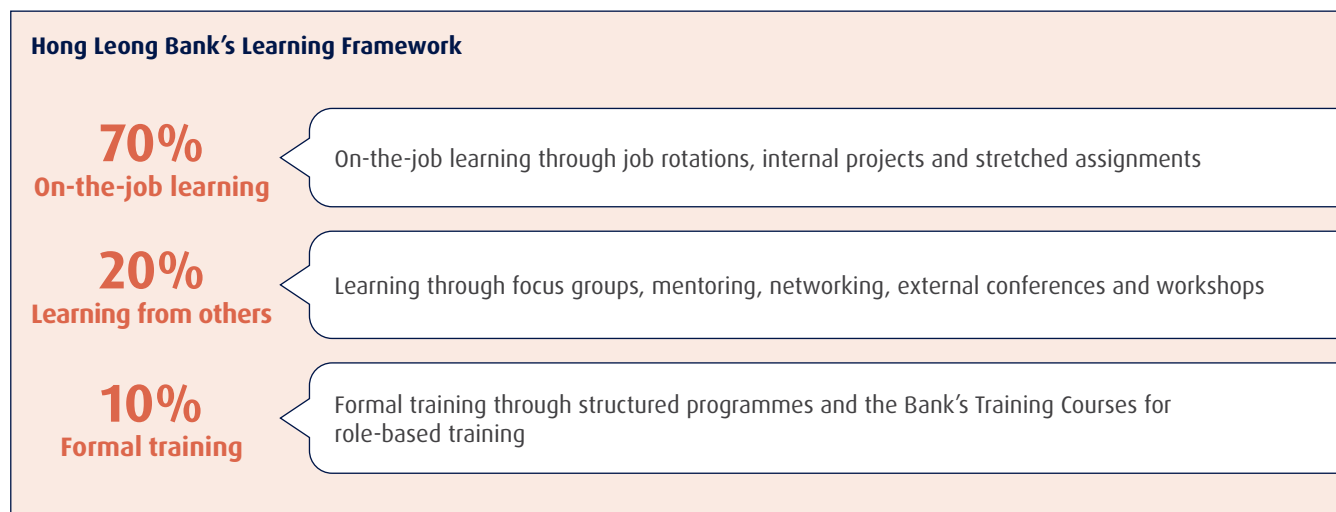


SOCIAL ENTERPRISE

Workforce Readiness

Upskilling Our Employees

We offer our employees on-the-job exposure and training programmes, as well as the flexibility to tailor their development pathway, provided they meet the minimum requirements of achieving 40 training hours annually. In line with our digitalisation efforts, we have mandated our employees to pursue at least one day of their training digitally.



Aligned with our 70:20:10 Learning Framework, we continue to encourage our employees to enhance their knowledge, experience and skill sets across a range of areas as part of their life-long learning journey with HLB. Outlined below in the next column are some of the selected learning and development opportunities we offer to our employees to upskill themselves.

Key Learning and Development Programmes Across The Organisation

<p>ROLE-BASED: ISLAMIC FINANCE TRAINING</p> <p>A comprehensive capacity building programme, with in-house training on Shariah and Islamic Finance, delivered by external expert trainers. The programme is mandatory for employees who handle Islamic transactions. In FY2022, 2,005 employees completed the programme.</p>	<p>PEOPLE MANAGERS: DRIVING THE PEOPLE AGENDA</p> <p>Driving The People Agenda ("DPA") provides a forum for managers to share and align on policies, processes and practices related to people management. Since 2019, we have engaged and aligned with 1,365 people managers through 69 sessions. The topics in the session take people managers through the entire employee life-cycle from talent branding, attraction, recruitment and on-boarding through to performance management, development and succession planning, equipping them with the skills to retain their best people.</p>	
<p>PEOPLE MANAGERS: COACHING FOR PERFORMANCE</p> <p>The programme aims to help people managers develop their coaching abilities, so that they are able to help team members drive positive outcomes in their work. In FY2022, 334 people managers benefited from the workshops.</p>	<p>BANK-WIDE: BROWN BAG "LUNCH & LEARN" SERIES</p> <p>Aimed at encouraging an "anytime, anywhere" learning mindset, we continue to roll out our Brown Bag "Lunch & Learn" sessions for our employees. In FY2022, we conducted 24 sessions, which saw over 4,000 employees attending them.</p>	<p>BANK-WIDE: CONTINUOUS DEVELOPMENT FOR EMPLOYEES</p> <p>Beyond mandatory and role-based learning, employees are encouraged to drive their own learning by undertaking a gamut of upskilling and reskilling courses on digital, technical, soft skills and more published in the bankwide training calendar to continuously develop their knowledge and skillsets and nurture a growth mindset.</p>

Workforce Readiness

Developing Industry Leaders

At HLB and HLISB, we continue to encourage our employees to participate in accreditation programmes to expand their industry knowledge and enhance their competency and professional standards, aligned with their roles at the Bank.

Accreditation Programmes

<p>The Chartered Bankers programme</p>	<p>A certification programme, jointly awarded by AICB and the Chartered Banker institute, UK to create a pool of competent and professional bankers.</p>	<p>To date in FY2022, 20 of our employees have obtained the certification.</p>
<p>AICB Certification in Risk, Audit, Compliance, Credit, and AML/CFT</p>	<p>As per the industry-wide commitment signed in October 2017 between AICB and the Member Banks of The Association of Banks in Malaysia (ABM), all key personnel in critical job functions in the five core areas are required to obtain the relevant certification within 5 years from their appointment date.</p>	<p>1,207 in HLB employees have been identified to complete the certification by 2027 - 33% are now pursuing certifications while 43% have completed their respective courses.</p>
<p>Islamic Accreditation Programmes</p>	<p>All employees, who are involved in Islamic transactions, are required to attain the Islamic Finance Qualification ("IFIQ"), which is a series of training sessions created for Shariah professionals working in the Islamic financial industry.</p>	<p>Since 2017, 867 employees have acquired their IFIQ certification after successfully completing the accreditation process. This is above and beyond the 2020 to 2022 year target of 500 employees.</p>
<p>Certified Shariah Advisor ("CSA") and Certified Shariah Practitioner ("CSP") Programmes</p>	<p>CSA and CSP are three-tiered certification programmes aimed at individuals with and without formal Shariah degrees, respectively. HLISB's Shariah Committee members, as well as its Shariah officers had joined this programme.</p>	<p>To date, 3 Shariah Committee members have obtained the CSA certification and 2 employees have obtained the CSP certification.</p>

Talent Management and Engagement

Talent Management and Engagement

The Bank is determined in our goal to develop our workforce to ensure employees are well equipped to fill in roles, as they become available. We consistently promote a developing mindset to our people, encouraging them to upscale themselves while contributing at work and within their communities. We place strong emphasis on developing team players that are agile and focused to meet the changing needs within the bank. In FY2022, 341 of 2,121 vacancies were filled by internal candidates.

Talent Management Policy

The Bank is committed to supporting our employees’ ongoing efforts in professional and personal development. Our Talent Management Policy establishes guidelines for our approach to recruitment and developing a diverse and competent workforce that can create value for our business, customers and community. The following talent management practices help to support the policy:

<p>Recruitment</p>	<p>Promote consistency, transparency and hiring the right people to fill the immediate needs of the role, as well as candidates that have potential for growth and hold themselves to the highest level of ethics and conduct. Our priority continues to be providing opportunities to our internal employees. Nevertheless we also aim to balance this with the recruitment of external candidates to ensure a good balance of skills and new ideas.</p>
<p>Performance Management & Individual Development Plan</p>	<p>Drive strong performance-oriented outcomes and develop an internal talent pool, consistently aligned to business priorities and goals. We continue to focus on meritocracy, embracing our values when we undertake our responsibilities, underpinned by the Individual Development Plan process that in turn supports the career aspirations of the employees.</p>
<p>Learning & Development</p>	<p>Drive L&D opportunities to continuously develop knowledge and skill sets, for a highly engaged workforce, focused on delivering strategic goals, and maintaining high standards of responsibility, professional conduct and behaviour.</p>
<p>Talent Review and Succession Planning</p>	<p>Develop internal talent and identification of external talent, to form part of the succession planning slate for leadership and business critical roles of the Bank.</p>

Performance Management and Individual Development

In FY2022, we built on our efforts to drive employee learning and development. Through the Individual Development Plan (“IDP”), we were able to determine our employees’ career aspirations, and subsequently identify and outline potential growth and development plans for each employee. Key to the Performance Management process is our managers’ understanding of how the performance rating system operates. Giving verbatim feedback is equally important and we incorporate this into our Driving The People Agenda workshops and performance review guides for managers.

Over the past three years we have seen a downwards trend in the attrition rate through our initiatives to engage employees and support their career aspirations. While the attrition rate has increased in FY22, we continue to focus our efforts on improving the quality of hires and retaining employees by supporting them in their career development.

Talent Management and Engagement

Talent Review and Succession Planning

The Bank's talent and succession planning framework sets out to ensure internal talent is developed whilst ensuring the right external talents are identified while also developing our workforce to maintain a highly skilled pool of candidates for the various positions within the Bank.

At the Bank, we are committed to offering our employees both lateral and vertical career growth opportunities by consistently advertising job openings internally as they become available, thereby providing each employee with multiple career opportunities within the organisation. As part of the talent review and succession planning process at the Bank, the HLB Leaders Programme grooms potential future leaders through a personalised development plan.

Key Pillars of the HLB Leaders Programme

Individual Development Plan discussion to ascertain goals and development needs

Developmental offerings customised to the talent's requirements

Opportunities for cross functional networking and collaboration

Remuneration and Policy Framework

Our Remuneration Policy Framework was established to encourage a high-performance culture that drives our employees towards operating with strong values, integrity and a clear sense of responsibility and high ethical standards. In FY2022, sustainability has become a key measure of progress for the Bank and as a result, has been integrated into the Performance Indicators for all employees. As part of HLB's core value of being 'Here for the Long Term', we are determined to realise these values by ensuring senior management officers have relevant sustainability targets integrated into their own KRAs and are responsible for embedding sustainability into all initiatives within their divisions.

All Hong Leong Bank Group permanent employees undergo an annual performance review via Workday with three annual checkpoints throughout the financial year. The performance review is supported by both formal and informal discussions with line managers.

Engaging Our Employees

At the Bank, we believe that consistent communication between senior management and employees can help to align business and organisational goals as well as maintain a productive level of engagement across the workforce.

We aim to provide a conducive work environment that genuinely takes into consideration the needs of our employees, regularly reviewing and developing policies to create a workplace supportive of the Bank's mission and values.

The Bank offers employees open lines of communication through multiple channels to engage with the senior management team and leaders throughout the organisation. This allows us to engage with our employees on the diverse topics of interest that matter to them and offer various forms of financial assistance and guidance on topics that are of concern to employees and the organisation.

Highlights of engagement activities include the Women in Banking series of virtual Brown Bag talks and our C-Level coffee chat sessions, where employees are able to connect with and receive work advice and mentorship from leaders. In addition to these sessions, we have added a financial counselling outreach channel on our Workday platform for employees who may want to speak to a qualified counsellor in person. We continue to provide formal channels for our people to submit any work-related concerns or grievances, which will subsequently be directed to the appropriate senior management team for resolution. In FY2022, five grievances and items of concern were raised and resolved.

We held a Virtual Learning Festival with invited speakers from diverse backgrounds – a start-up, an entrepreneur and a member of the visually impaired community – to share how they learn, as a means to maximise employee learning.

Employee Well-Being, Health and Safety

Employee Well-Being, Health and Safety

Our employees' health and safety has always been a key priority for the Bank and we are committed to nurture our people into a healthy and supportive workforce. To that end, we adopt a multi-faceted approach to care for our employees and their families, providing holistic support to address their physical and mental health.

Prioritising Wellness, Health and Safety

We have evolved and broadened our Wellness initiatives to meet the changing needs of our people. Physical, emotional and mental well-being continue to be a key focus of our wellness activities. The Bank has organised virtual runs and virtual exercise sessions as well as hosted virtual brown bag sessions and developed special health-themed infographics in FY2022.

PlusVibes, our mobile-first well-being platform, remains our key point of contact to help our employees build personal resilience and strength in both body and mind. In October 2022, PlusVibes will relaunch with new features and functionality for users.

We believe that we have a fundamental responsibility in providing a safe and healthy working environment for our colleagues. Developed in line with relevant health and safety-related national requirements, our robust Occupational Safety and Health Standard Operating Procedure ("OSHA SOP") guides the Bank to identify and manage its OSH risks.

Our OSH Committee, comprising the Bank's management and employee-representatives, oversees the implementation of OSH-related practices across our operations. In accordance with our OSHA SOP, our designated inspection team also conducts periodic risk assessments to identify, assess and control safety risks and hazards at the workplace. In FY2022, 195 employees completed the OSH training session 'Emergency Response Preparedness', achieving 1,365 training hours.

In the coming financial year, to ensure our employees stay informed on the health and safety measures in place, we will require all employees (including new hires) to complete an annual mandatory e-learning on the topic. In addition to that, we also provide mandatory role-based training to our OSH Committee members and representatives.

Health and Safety	FY2019	FY2020	FY2021	FY2022
Percentage of absenteeism rate (%)	28.57%	17.30%	15.96%	16.87%
Total No. of accidents with fatalities	NIL	NIL	NIL	NIL
Total no. of days lost due to accidents in and outside of workplace	1,311	799	740	119
Total no. of accidents in the workplace	5	5	8	3

Employee Well-Being, Health and Safety

Adapting to the New Normal

In line with MKN's Indoor Work Spaces SOP and Malaysia's transition into endemicity status, we continue to roll out various measures to safeguard the health and safety of our employees and provide them with necessary support as we adapt to the new normal.

COVID-19 Best Practice Measures

Ensuring Employee Safety in the Workplace

- Verifying employees' MySejahtera status upon entering the Bank's premises.
- Providing clear, actionable steps upon employees' identification as either a positive or close contact case.
- Reinforcing preventative actions through physical signage and email communication reminders such as wearing of face masks indoors, regularly washing hands with soap and water and testing if symptomatic.
- Ensuring a sufficient and continual supply of personal protective equipment as well as sanitation materials at all premises nationwide.
- Maintaining the presence of a doctor specialising in Occupational Health & Safety, stationed at our premises as an expert consultant to provide guidance and advice on ensuring the robustness of our policies and processes.

COVID-19 Testing and Vaccination

- Organised two vaccination drive for employees who were still pending appointments on their MySejahtera app, in support of the National Immunisation Programme. Over 800 people including business teams, building tenants and support staff were fully vaccinated by 15 August 2021.



Promoting Employee Well-Being

- Broadened our wellness efforts through organising virtual fitness and brown-bag sessions.
- Enabled employees' access to instant mental health support and motivation via PlusVibes, our mobile-first well-being platform. The application will be relaunched in FY2023 with new features and functionality for users.






Employee Benefits

At the Bank, we strive to ensure our employees are holistically supported throughout their career with us. In compliance with local labour standards, as well as standards related to minimum wage, non-discrimination and merit-based rewards structures, we provide a host of benefits, including leave and financial support programmes to our employees and their families to encourage a healthy work-life balance. We emphasise our commitment to the right to freedom of association and collective bargaining through our union's collective agreements. 18.15% of our total employees are covered by collective bargaining agreements.

In FY2022, we provide an extensive list of benefits to accommodate the growing needs of our employees nationwide.

Employee Benefits ▼	Description ▼
 MATERNITY LEAVE	<ul style="list-style-type: none"> • 120 consecutive days of paid maternity leave for a maximum of 5 surviving children. • Maternity leave benefits also apply in the event of a miscarriage that occurs after 22 weeks of pregnancy. • Option to extend leave by up to 60 days on a no-pay basis.
 PATERNITY LEAVE	<ul style="list-style-type: none"> • Paid paternity leave of 5 consecutive working days for firstborn. • Paid paternity leave of 3 consecutive working days for each subsequent child for a maximum of 5 surviving children.

Employee Well-Being, Health and Safety

Employee Benefits 	Description 
 CHILD FRIENDLY FACILITIES	<ul style="list-style-type: none"> Fully equipped nursing rooms for nursing mothers at both Hong Leong Tower and PJ City Tower A.
 PILGRIMAGE LEAVE	<ul style="list-style-type: none"> 10 consecutive working days of paid pilgrimage leave for one occasion. Employees are eligible after completing 3 years of service with the Bank.
 STUDY AND EXAMINATION LEAVE	<ul style="list-style-type: none"> 4 days of study leave per calendar year on non-examination days. No cap on examination leave taken on exam days. Only applicable to examinations approved by the Bank.
 SPORTS PARTICIPATION LEAVE	<ul style="list-style-type: none"> 10 consecutive working days for employees who are participating in national or international sporting events.
 BIRTHDAY APPRECIATION LEAVE	<ul style="list-style-type: none"> Employees are entitled to 1/2 day of paid leave on their actual date of birth if it falls on a working day to enable them to leave work early to celebrate over an evening meal with their loved ones.
 COMPASSIONATE LEAVE	<ul style="list-style-type: none"> 3 consecutive working days upon death of the employee's spouse, parent, parent-in-law or child. 2 consecutive working days upon the death of an employee's brother, sister or grandparents.
 HOUSING AND CAR FINANCING	<ul style="list-style-type: none"> The Bank provides the Employee Housing Financing and Car Financing Scheme at preferential rates for employees.
 SUNDRY LOAN/FINANCING	<ul style="list-style-type: none"> All officers, clerical staff, and non-clericals employees are entitled to apply for sundry loan/financing, subject to meeting the stipulated terms and conditions.
 FESTIVAL ADVANCE	<ul style="list-style-type: none"> Employees at Grade E1 and below, officers, clerical and non-clerical staff are entitled to apply for festival advance, subject to meeting the stipulated terms and conditions.
 EMPLOYEE STUDY AWARD	<ul style="list-style-type: none"> Employees who have completed 1 year of service with the Bank are eligible to apply for educational financing. Eligible programmes include: Professional Courses Certificate, Diploma, Advance Diploma, Bachelor Degree, and Masters Degree, subject to terms and conditions.
 HONG LEONG GROUP SCHOLARSHIP AWARD	<p>All permanent Hong Leong Group employees who have:</p> <ul style="list-style-type: none"> Served 5 consecutive years within the Hong Leong Group; Whose child does not have any scholarship, grant etc from other sources, except for a study loan from the National Higher Education Fund Corporation ("PTPTN"); and Whose child is not in the final semester of study is eligible to apply for the Hong Leong Group Scholarship Award once a year.
 DISABILITY CARE SUBSIDY	<ul style="list-style-type: none"> Entitled by employees covered by the Malayan Commercial Banks Association and the Association of Bank Officers, Peninsular Malaysia's Collective Agreement. An amount of RM 100.00 monthly per family will be paid as Disability Care Subsidy if a confirmed officer has a disabled spouse, child and/or children.

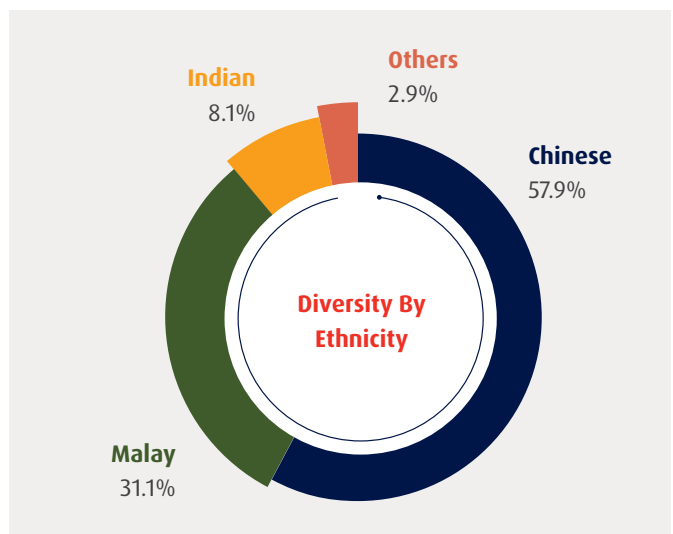
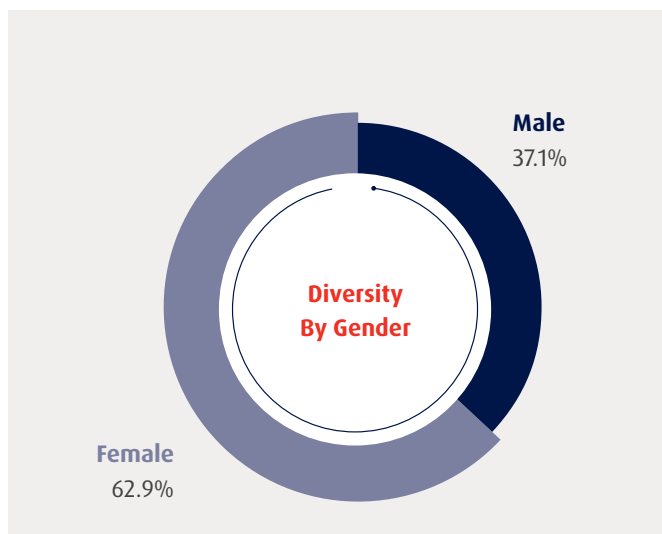
Diverse and Inclusive Workforce

Culture and gender diversity remain a founding principle of the Bank. We believe it strengthens businesses and stimulates diverse ideas, resulting in effective and innovative products and solutions. To that end, our Code of Conduct establishes the basis for creating a safe and inclusive workplace free of discrimination to ensure all our employees are well provided for regardless of their demography, age or background. We have implemented a meritocratic approach in all HR practices across the Bank including the recruitment, remuneration and training and development processes.

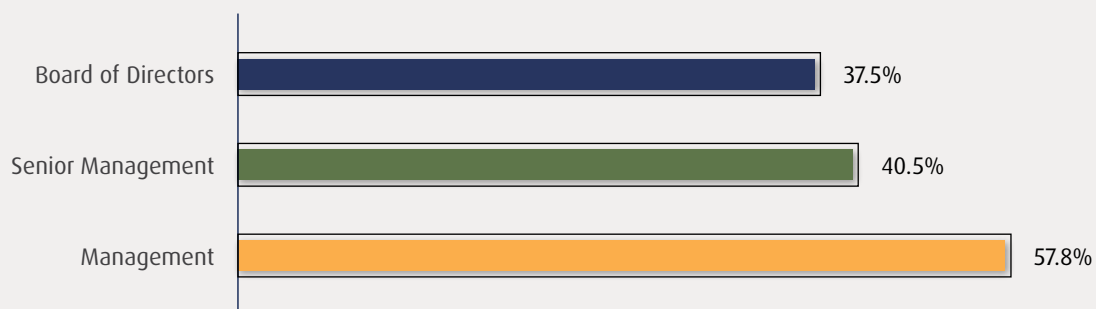
At the Bank, we continuously monitor and review our remuneration data. We calculate our pay ratio based on indexing Male to 1.00 and Female as a proportion to the Male index. In FY2022, the gender pay gap for Female Senior Managers and Female Managers are below by 0.12 and 0.10 points respectively compared to Male index. For Female Executives and Female Non-Executives, the gap is above 0.02 and 0.15 points respectively compared to Male index. Moving forward, we will continue to ensure that we close the gender pay gap at employee level, paying same salary for same/similar roles and skillsets, irrespective of gender.

Diversity At a Glance at HLB in FY2022













Gender Pay Ratio	Male	Female
Senior Manager	1.00	0.88
Managers	1.00	0.90
Executives	1.00	1.02
Non-Executives	1.00	1.15



Women Representation in Leadership Position



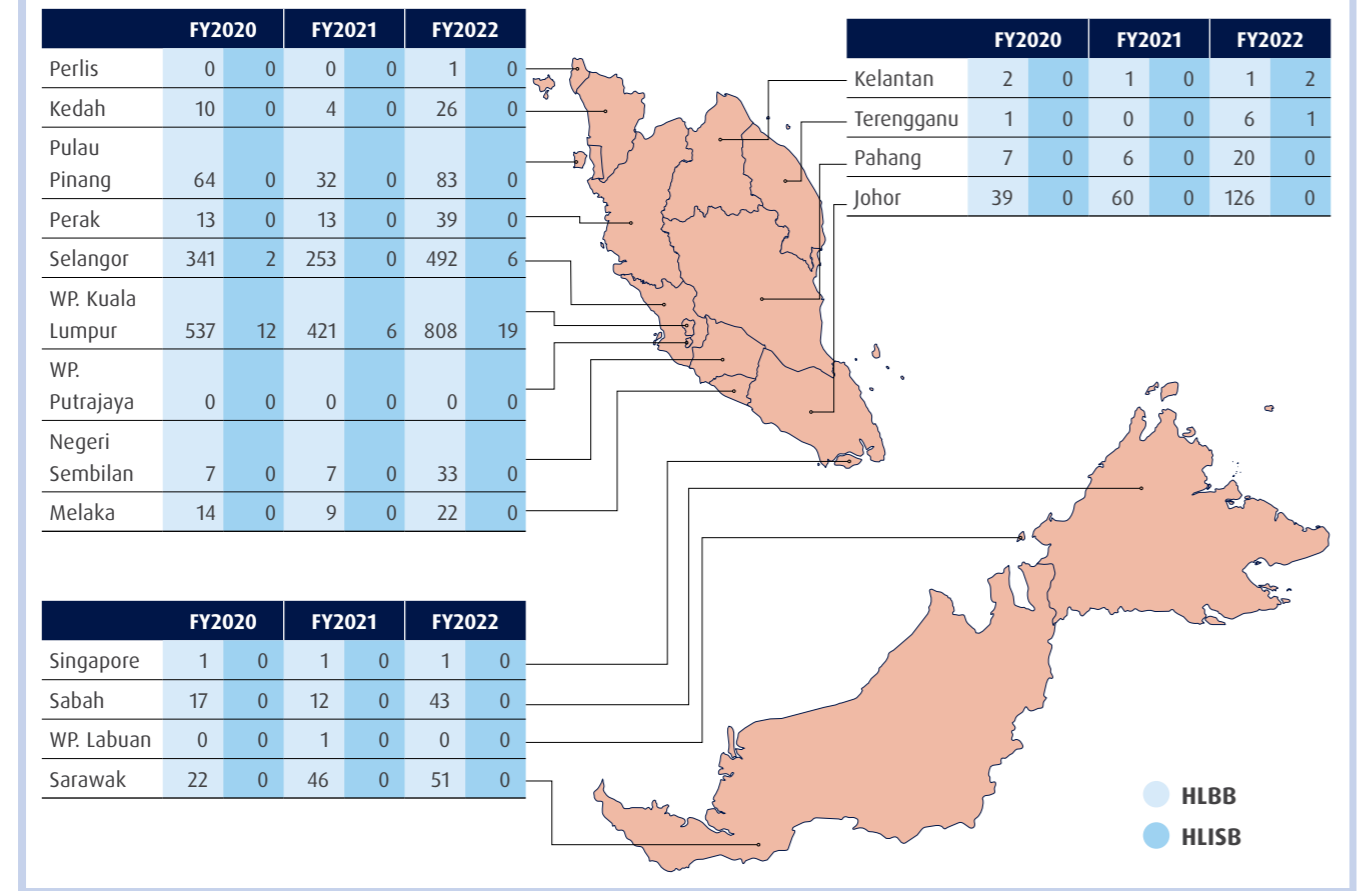
Employee Composition

	FY2020		FY2021		FY2022	
	HLBB	HLISB	HLBB	HLISB	HLBB	HLISB
Total No. of Employees	7,933	157	7,659	144	7,864	144
Total No. of Employees by Contract						
Permanent	7,810	155	7,510	141	7,759	143
 Male	2,877	74	2,767	64	2,858	63
 Female	4,933	81	4,743	77	4,901	80
Temporary	123	2	149	3	105	1
 Male	77	1	83	1	59	1
 Female	46	1	66	2	46	0
Total No. of Employees by Employee Category						
Senior Manager	257	17	256	17	244	15
 Male	156	11	152	10	144	10
 Female	101	6	104	7	100	5
< 30 years old	0	0	0	0	0	0
30 - 50 years old	175	14	167	14	151	11
> 50 years old	82	3	89	3	93	4
Manager	2,036	50	1,993	47	1,995	45
 Male	864	26	839	23	839	21
 Female	1,172	24	1,154	24	1,156	24
< 30 years old	40	0	42	0	48	1
30 - 50 years old	1,697	43	1,649	39	1,634	34
> 50 years old	299	7	302	8	313	10
Executive	3,989	63	3,910	57	4,199	61
 Male	1,372	26	1,349	24	1,460	25
 Female	2,617	37	2,561	33	2,739	36
< 30 years old	1,408	24	1,358	24	1,664	29
30 - 50 years old	2,381	36	2,370	31	2,349	29
> 50 years old	200	3	182	2	186	3
Non-Executive	1,651	27	1,500	23	1,426	23
 Male	562	12	510	8	474	8
 Female	1,089	15	990	15	952	15
< 30 years old	1	0	1	0	0	0
30 - 50 years old	1,427	24	1,284	23	1,179	23
> 50 years old	223	3	215	0	247	0

Employee Composition

	FY2020		FY2021		FY2022	
	HLBB	HLISB	HLBB	HLISB	HLBB	HLISB
New Hires						
Total No. of New Hires	1,075	14	866	6	1,752	28
Male	503	7	395	4	718	15
Female	572	7	471	2	1,034	13
< 30 years old	649	9	542	5	1,162	18
30 - 50 years old	408	5	313	1	582	9
> 50 years old	18	0	11	0	8	1

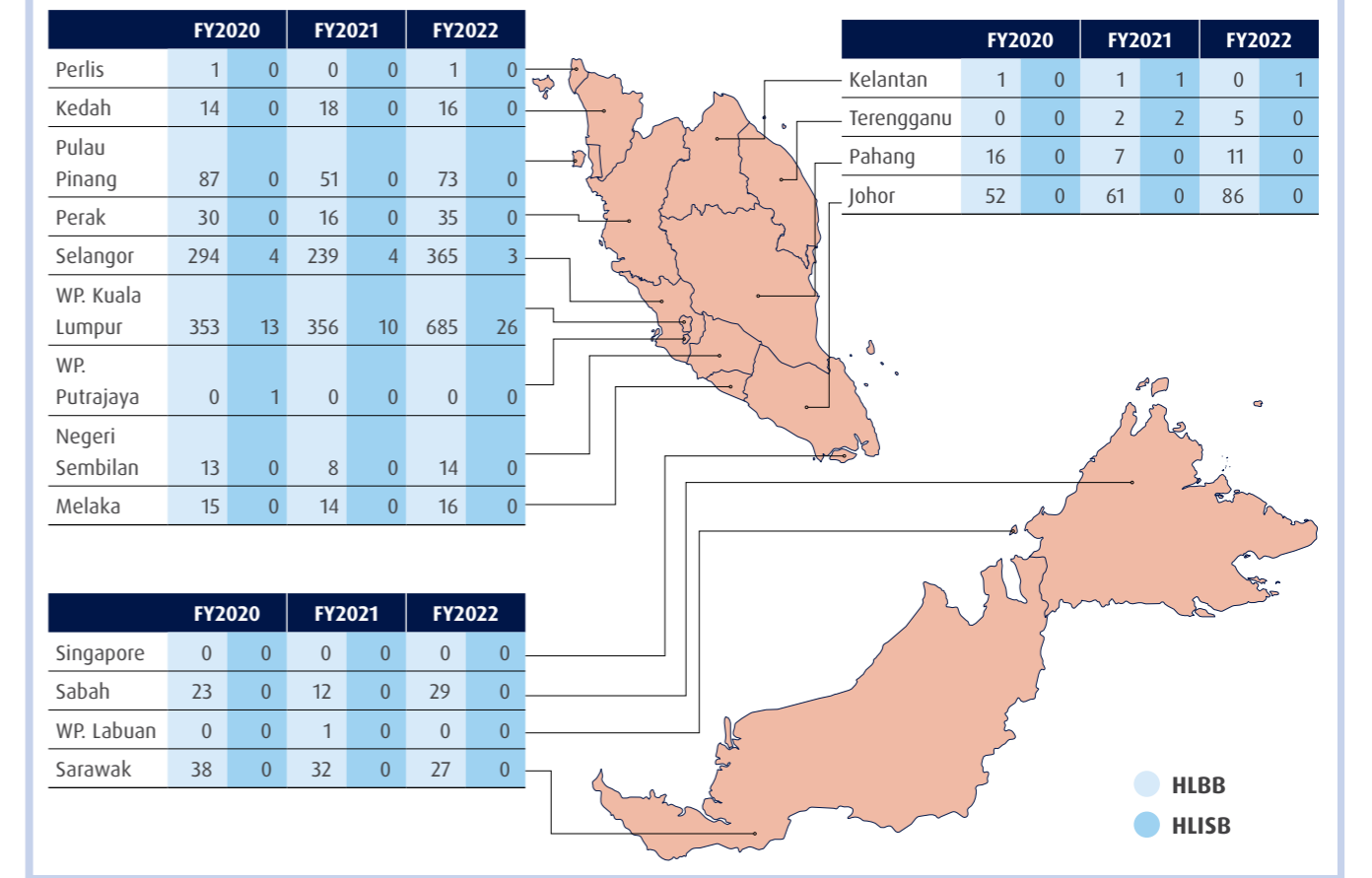
New Hires (By Region)



Employee Composition

	FY2020		FY2021		FY2022	
	HLBB	HLISB	HLBB	HLISB	HLBB	HLISB
Employee Turnover						
Total No. of Employee Turnover	937	18	818	17	1,363	30
Male	408	7	368	9	551	17
Female	529	11	450	8	812	13
< 30 years old	395	2	342	5	603	10
30 - 50 years old	506	16	444	11	712	18
> 50 years old	36	0	32	1	48	2

Employee Turnover (By Region)



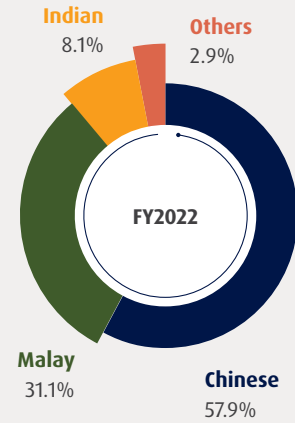
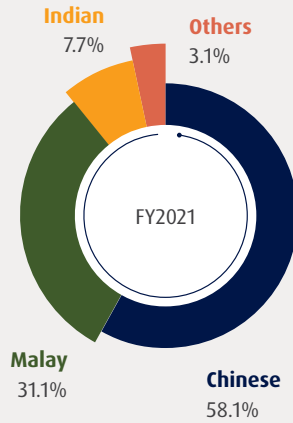
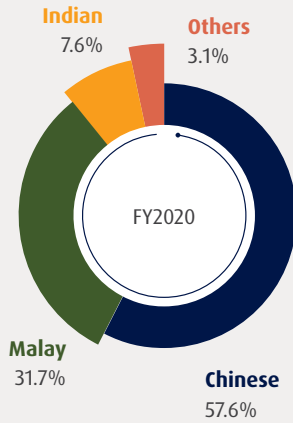
Training Data

Employee Categories	(A) HC	Classroom VILT			e-Learning				
		(B) Training Hours	Avg Training Hours per employee (B)/(A)	(C) Days (B)/8 hours	Avg Training Days per employee (C)/(A)	(B) Training Hours	Avg Training Hours per employee (B)/(A)	(C) Days (B)/8 hours	Avg Training Days per employee (C)/(A)
Senior Management (M1 and above)	259	16,950	65.4	2,119	8	3,015	11.6	377	1.5
Middle Management (M5 to M2)	2041	136,257	66.8	17,032	8	39,000	19.1	4,875	2.4
Executive (E4 to E2)	4260	256,587	60.2	32,073	8	87,938	20.6	10,992	2.6
Non-Executive (Clerical, Non-clerical, Officer)	1448	61,634	42.6	7,704	5	19,333	13.4	2,417	1.7

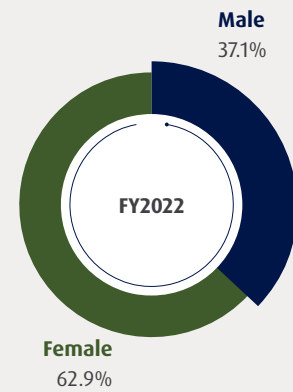
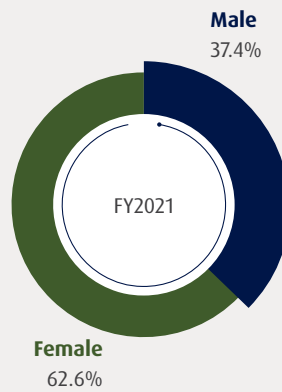
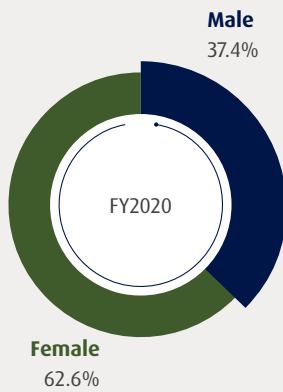
Employee Composition

Employee Diversity and Inclusivity

Diversity by Ethnicity

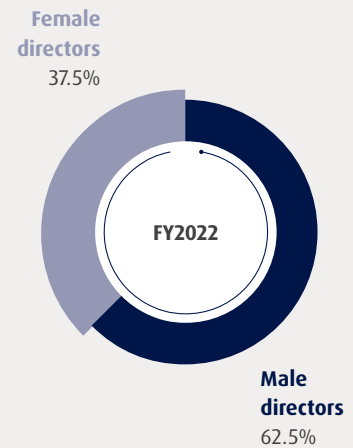
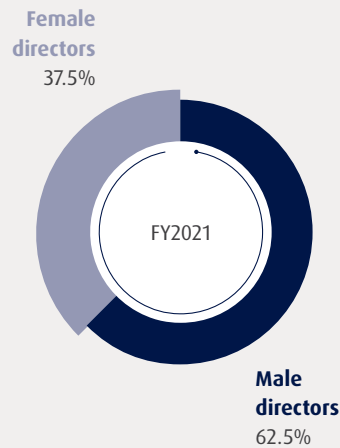
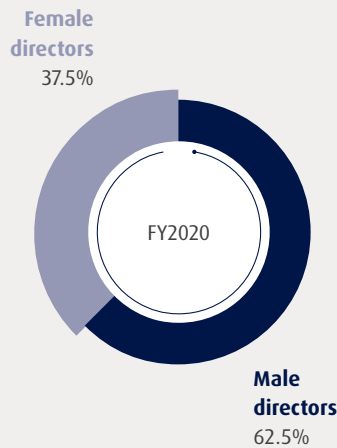


Diversity by Gender



Employee Composition

Board of Directors (BOD)



Gender Pay Ratio*	FY2020			FY2021			FY2022		
	HLBB	HLISB	Overall	HLBB	HLISB	Overall	HLBB	HLISB	Overall
Senior Manager									
Men	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Women	0.90	0.97	0.90	0.90	1.00	0.91	0.87	1.03	0.88
Managers									
Men	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Women	0.92	0.84	0.91	0.90	0.71	0.89	0.90	0.75	0.90
Executives									
Men	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Women	1.02	0.99	1.02	1.02	0.94	1.02	1.03	0.98	1.02
Non-Executives									
Men	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Women	1.15	1.28	1.15	1.15	1.29	1.15	1.15	1.16	1.15

* We have chosen to present the specific data in ratio format this year in alignment with industry trends and the gender pay ratio is calculated based on employees' basic salary.

SOCIALLY RESPONSIBLE BUSINESS

At Hong Leong Bank, we are committed to helping businesses transition to more sustainable models as we work towards mitigating the effects of climate change on the environment. The growing demand for sustainable banking activities and practices continues to emphasise the importance of incorporating ESG risks into our business strategies and operations. We seek to innovate and be mindful of our sustainability agenda as we manage the inherent risks effectively.

We believe capacity building and knowledge sharing is very important at this stage to engender more broad-based awareness and galvanise more affirmative actions for the environment from our communities. To this end, the Bank has initiated a number of programmes as part of our efforts to promote internal and community capacity building and sustainability knowledge sharing.

In FY2021, the Bank collaborated with the Jeffrey Sachs Centre to introduce a Sustainable Development Programme that provides a comprehensive training module and certification for our business relationship managers and credit risk managers. The Programme covers climate change, environmental and social themes, case studies of sustainable practices implemented by global and domestic companies, and the BCB ESG Policy & Assessment Framework that was developed by the Bank in consultation with WWF. To date, we have completed training for over 400 of our relationship and credit risk managers and executives.

The Sustainability Roundtable sessions serve as our stakeholder engagement platform with the objective of enabling our customers and business communities to learn more about current and future ESG related developments, issues and its impact on long-term sustainability and economic/social value creation. In addition, similar to digital transformation, many companies are keen to incorporate more sustainable practices in their operations, but the lack of know-hows as well as the uncertainty in relation to returns-on-investment may have discouraged them from making the shift.

The Bank made concerted efforts in engaging industry stakeholders such as regulators, governing agencies, trade associations and key industry players as part of our discussion panels to share their insights as well as their respective sustainability transformation and journey for the benefit of the roundtable attendees. Besides that, we collaborated with MGTC to introduce an informational section on our corporate website which will include infographics related to topics such as Types of Electric and Hybrid Vehicles and the Future of Electric Vehicles (“EV”) in Malaysia. MGTC also assisted the Bank to develop a GHG Carbon Calculator by providing the Bank with the calculation methodology. The aim of the calculator is to track and analyse our Scope 3 emissions from employees’ commute.

This is in line with the government’s plan to promote a more sustainable mode of transportation whereby the Bank will, based on the analysis, introduce initiatives such as lower interest/profit rates for auto loan/financing based on relative carbon savings.

As a key pillar of the Banking Group’s Code of Conduct, ‘Fairness’ is embedded into the organisation’s culture and products as we strive to ensure our customers are treated fairly, justly and responsibly. As part of our commitment to supporting fair and responsible business practices, we believe we play an important role in assisting our business partners and suppliers to identify their ESG risks and provide support towards their mitigation efforts and sustainability transition. The Bank is developing a supplier sustainability development toolkit which includes access to capacity building programmes and sustainability tools to improve their sustainability activities and practices.

BCB ESG Policy & Assessment Framework

In line with our Socially Responsible Business theme, our BCB ESG Policy and Assessment Framework embraces an inclusionary approach that focuses on providing support to our SME, commercial and corporate customers in the HLB identified Environmental & Social (E&S) high risk sectors to adopt more sustainable business practices and pivot towards a lower carbon footprint, thus supporting the local transition to a more sustainable economy.

To ensure comprehensive coverage and understanding of our approach to ESG risks, the BCB ESG Policy and Assessment Framework was developed with guidance from a number of national and international frameworks and standards which include the United Nations SDGs, Value-based Intermediation Financing and Investment Impact Assessment Framework (“VBIAF”), BNM CCPT guidance paper and IFC Performance Standards.



Our ESG Policy and Assessment Framework, embedded into the Bank's BCB Credit Policy, was refined in FY2022 to further enhance the Bank's mitigation efforts of ESG risks. The enhanced ESG policy serves as a guide to our ARMs and credit risk teams in evaluating the E&S risks associated with our customer's business activities as well as providing an assessment of our customer's ability to mitigate the aforementioned risks and thereafter assign an appropriate risk rating.

The framework and its components are guided by local, regional and global standards (as listed below) and its development has allowed us to capture, analyse and benchmark the E&S risk profiles of our loan and financing portfolios over time.

- BNM CCPT
- Bursa Malaysia Sustainability Reporting Guide, 2nd Edition
- CDC Investment Works ESG toolkits
- Environmental Quality (Industrial Effluent Regulations 2009
- Environment Quality Act (Clean Air) Regulations 2014
- First for Sustainability: E&S Risk
- GRI Standards
- IFC Performance Standard
- MSPO Standards
- RSPO Principles
- TCFD Recommendations

BCB ESG Policy & Assessment Framework

Our three-stage ESG Assessment Framework

Stages		
1	2	3
Initial Screening	Sector/Sub-sector Screening	Customer E&S Due Diligence Screening
Process		
<p>First ESG assessment to determine if the customer's business activity(ies) fall in HLB's general exclusions list.</p> <p>Businesses that do not fall in this list will proceed to the second screening stage.</p>	<p>Stage 2 of the screening exercise assesses if customer's business activities fall under HLB identified high E&S risk sectors.</p> <p>Businesses that fall under these sectors will then be subject to further assessment under the enhanced E&S due diligence screening in stage 3.</p> <p>Other businesses will proceed to the credit assessment process.</p>	<p>Screening conducted to understand the businesses' ability to mitigate the identified E&S risk areas associated with their business activities.</p> <p>Customers classified as high risk will be encouraged to undergo mitigation plans to address the residual E&S risks in their business activities.</p>
Details		
<p>ESG Framework Exclusion List¹</p> <ul style="list-style-type: none"> • Involvement in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management, illegal deforestation, etc.). • Involvement in pornography, prostitution. • Production or trade in military weapons or firearms. • Involvement in forced labour, exploitation of children and human trafficking. • Activities resulting in significant conversion or degradation of any high biodiversity value areas². • Operations which use fire for land clearance or preparation of land³. • Fishing activities using drift nets or explosives. • Financing of any greenfield coal-fired power plants and financing of all coal-fired power plants effective 1st July, (2026⁴). 	<p>High E&S Sensitive Sectors</p> <ul style="list-style-type: none"> • Forestry • Metals & Mining/Quarrying • Non-renewable energy • Palm Oil • Agriculture • Fisheries • Selected Manufacturing • Recycling & Waste Management • Transportation 	<p>Selected E&S Criteria</p> <ul style="list-style-type: none"> • Toxic materials emissions • GHG emissions • Energy use efficiency • Effluent monitoring & control • Water use efficiency • Human rights & labour working conditions • Hazardous waste, non-hazardous waste • Indigenous people, local communities & cultural heritage

The Assessment is conducted during the customer onboarding process, annual credit reviews to continuously track their performance, and/or when the customer requests for additional facilities.

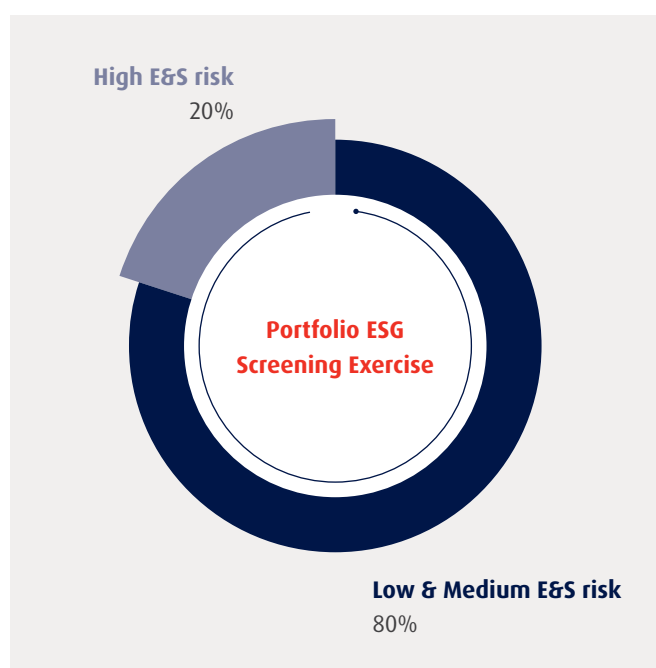
1. HLIBS will also adhere to the exclusions in the Shariah Compliance Policy as per the current practices.
2. Areas designated by law or relevant competent authority to serve the purpose of nature protection, unless the business activity is carried out in compliance with the National and/or State Biodiversity Legislation.
3. Use of fire for land clearance or preparation of land shall be avoided except in specific situations, such as obtaining the necessary authority approvals.
4. This includes purchasing bonds/sukuk to finance any green field coal-fired power plants.



For more info on the exclusion criteria applied in the assessment above, please scan this QR code

BCB ESG Policy & Assessment Framework

In FY2022, we identified 20% of the business loan and financing portfolios inherently falls under our internally identified high E&S risk sectors, which marked a 2% increase from the previous year. Notwithstanding, 15% of these exposures were eligible to transition to medium or low risk rating upon completion of customer-level due diligence through the provision of internationally/nationally recognised certification (i.e. RSPO, MSPO, FSC, MTCS, ISO management system, etc.) and/or evidence of the adoption of internal policies and controls to mitigate the inherent E&S risks associated with their business activities.



Breakdown of the High E&S Risk Sectors	
Percentage of Selected Manufacturing	13%
Percentage of Palm Oil (including Plantation and Millers)	5%
Percentage of Metals + Mining and Quarrying	1%
Percentage of Energy (Non-Renewable Energy)	<1%
Percentage of Forestry + Recycling and Waste Treatment	<1%

ESG Rating upon Customer Due Diligence Screening	
Percentage of customers that can be transitioned to high E&S risk rating - No visible E&S practices or in nascent stages of their ESG journey	5%
Percentage of customers that can be transitioned to medium E&S risk rating - Moderate E&S practices embedded in business and/or operations (e.g. visible internal company policies and controls implemented to address key E&S risks)	10%
Percentage of customers that can be transitioned to low E&S risk rating - Advanced E&S practices whilst possessing internationally/domestically recognised certification or implementation of E&S risks controls within business and/or operations	5%

Internal Capacity Building Programme / Thematic ESG Programme

In keeping with our goal to instil an ESG-embedded culture among our employees, we launched an internal capacity-building programme in FY2021. Since its inception, this programme has grown from strength-to-strength. In FY2021, we partnered with the Jeffrey Sachs Center on Sustainable Development at Sunway University to develop and roll-out a robust training module for business relationship managers and credit risk teams. To date, over 400 BCB frontliners and credit risk managers have completed the training. In FY2022, BCB conducted two targeted sessions of "Social Risks & Impact Assessment" accumulating over 132 hours of training to a selected pool of 30 employees from our customer coverage and credit evaluation team. We plan to roll out more training sessions in the following financial year to cater to more employees.

To learn more about our Sustainability Training, please refer to Workforce Readiness at pg 58.

BCB ESG Policy & Assessment Framework





ESG Customer Engagement

As a socially responsible bank, we are committed in our efforts to empower our customers in their sustainability transformation. The HLB Sustainability Roundtable, introduced in FY2021 to raise awareness and inspire change, has covered several different topics and sectors over the year, including palm oil, sustainable waste management and metals manufacturing featuring panellists ranging from the industry experts to regulators.

From our first virtual Sustainability Roundtable held in early February 2021, we continue to engage with our SME and corporate customers that are embarking on sustainability journeys within their own companies. The Roundtable event

continues to serve as a platform to promote awareness on sustainability best practices, as well as provide insights on the challenges faced by numerous companies as they move towards adopting sustainability in their business models.

In FY2022, we held five virtual roundtable dialogues, reaching circa 7,000 stakeholders, that included discussion topics on palm oil, renewable energy (biogas), waste management, chemical manufacturing and metals manufacturing. We will continue to expand our roundtable topics to cover relevant sectors and industries to further open up conversations from industry players and subject matter specialists.

Sustainability Roundtable Events in FY2022	Description	No. of Stakeholders Engaged in FY2022
 <p>Palm Oil: ESG Risks & Opportunities, an Industry Outlook</p>	Topics include ESG risks & opportunities in the palm oil industry, common misconceptions on the industry and what companies can do to strive towards better ESG practices.	~2,000
 <p>Renewable Energy: The role of Biogas in supporting Malaysia's energy mix in transitioning towards a lower carbon economy</p>	Topics discussed include the government's initiatives to increase the adoption of Biogas, opportunities and challenges from a biogas developer's perspective and opportunities and synergies within the biogas industry towards other sectors.	~1,500
 <p>Circular Economy, The Way Forward: Adopting Sustainable Waste Management in Malaysia</p>	Topics discussed include industry perspective on business practices to promote a circular economy, waste management practices from other countries that could be implemented in Malaysia as well as opportunities and challenges in moving towards a circular economy.	~1,300
 <p>The Chemicals Manufacturing Industry: Its Environmental & Social Risks & Opportunities</p>	Topics discussed include the Responsible Care certification, recent developments in ESG for the Malaysian chemical manufacturing industry, as well as the anticipated chemicals roadmap for Malaysia.	~1,200
 <p>Efficient Metals: Seizing opportunities in sustainability & developing ESG readiness</p>	Topics discussed include the national decarbonisation plan and its implication to the metals industry, industry sentiments on the current business ecosystem's effectiveness in encouraging energy-efficient practices as well as the industry's approach in being sustainable.	~1,000

Enabling A Sustainable Economy

Socially Sustainable Securitisation

Securitisation is the process of pooling certain assets to be repacked into securities, which are then financed through the capital markets via the issuance of asset backed security (“ABS”) bonds/sukuk or notes. ABS bonds/sukuk are collateralised or secured by classes of assets, a key differentiator to traditional bonds/sukuk, and typically include an income stream from those assets, thereby reducing the risk to the bonds/sukuk holder. Securitisation can be equally applicable for refinancing any environment-related assets and is a fast-developing and recent part of this market.

In FY2022, the Bank completed a securitisation exercise worth RM 300 million with Cagamas Bhd. The securitisation transaction was backed by affordable home financing assets of HLB and HLISB. This marked Cagamas’ first concurrent double-issuance of ASEAN Sustainability SRI Sukuk and the ASEAN Sustainability Bonds in Malaysia. These offerings based on affordable housing were assigned the highest social benefit rating of Tier-1 by RAM Sustainability Sdn. Bhd..

In addition to allowing the Bank to diversify funding and strengthen liquidity ratios, through this asset-backed transaction, we explored intrinsic value from an otherwise regular, and usually illiquid pool of home financing assets, transforming them into socially sustainable capital market commodities.

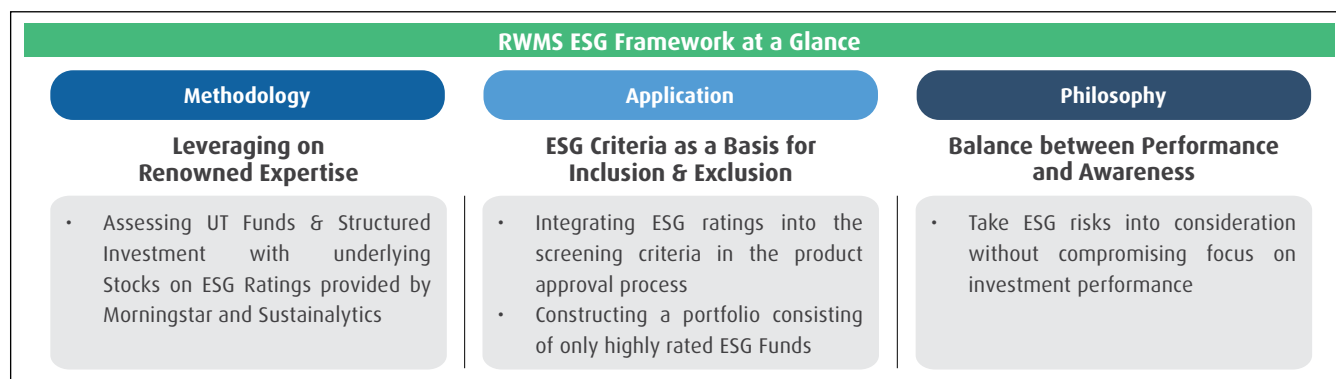
In doing so, the transaction helped increase the supply of socially sustainable bonds/sukuk in the Malaysian Ringgit bond/sukuk market. Besides giving domestic bonds/sukuk investors high-quality bond and sukuk offerings, it also attracts investors with ESG mandates to deploy capital towards socially responsible investing in the country.

The introduction of these sustainable securities furthers the Bank’s sustainability agenda. Our sustainability journey is guided by deep and meaningful engagements with stakeholders to ensure that all of our sustainability initiatives and policies are aligned with business objectives and are consistent with the Bank’s values.

Regional Wealth Management Services (RWMS) ESG Framework

As the Bank continues to demonstrate its commitment in the sustainable investing and ESG securities space, we have expanded our portfolio of sustainable products by establishing the Wealth Management Services ESG Framework in FY2022. The Framework was developed to ensure that we consider ESG risks in all wealth management products offered and distributed to our customers.

The Framework has been introduced as part of the Bank’s aspirations to offer more ESG-rated products as part of its Wealth Management services and outlines the methodology and process in place to investing in ESG funds and stocks.



We have partnered with industry experts Morningstar and its subsidiary, Sustainalytics to ensure that ESG considerations are taken into account for investment Assets Under Management (“AUM”) and third-party investment products offered from 1st July 2021, leveraging Sustainalytics Morningstar ESG ratings.

Overall Assets Under Management (AUM) as at June 2022	
38%	of our unit trust funds’ AUM held by our customers are ESG-rated.
100%	of our bonds’ AUM held by our customers are issued by ESG-rated issuers.
100%	of our Structured Products, with securities as the underlying reference, are structured with ESG-rated securities*.

* A portion of Structured Products issued uses financial instruments such as currency and interest/profit rate as underlying reference which are non-rated. Such Structured Products will be followed by the issuer rating. HLB is rated by independent ESG rating providers such as Sustainalytics.

Over time, the Bank aspires to only offer ESG-rated wealth management solutions and investment products for our customers, ensuring that our AUM meets the appetites and interests of our diverse range of customers as well as the growing demand for sustainable products and services.

Value Based Intermediation (VBI) For Islamic Banking

HLISB affirms our strong support towards the overarching sustainability agenda by embedding VBI principles and considerations into our business strategy and operations. As we progress towards embracing VBI, we assess and monitor our initiatives against the 3Ps:



HLISB is committed to the VBI agenda and is dedicated to enhance it further by focusing on the impact of Islamic banking on both the people and the planet, whilst also ensuring that profit returns for shareholders, with Shariah propositions embedded, remain a priority. HLISB affirms the VBI initiatives and integration of VBI principles and implementation strategies towards a sustainable financial ecosystem are consistent with Shariah principles.

HLISB's Progress in Adopting Value-based Intermediation

Adopted HLB's BCB Credit ESG Policy which incorporates BNM CCPT guidance paper, consistent with BNM's VBI approach

Over the last 3 years, HLISB has gradually incorporated VBI into its reports including our monthly VBI report, HLISB Annual Report, and HLB Sustainability Report. The collection of data over time is a core VBI element and aligns with HLB's Sustainability pillars and the UN SDGs.

Incorporated a VBI Framework as part of the Board Policy on Shariah Governance, Management Policy on Shariah Compliance and Shariah Department SOP

All new joiners are automatically enrolled in Sustainability and VBI Introductory Module as part of the Bank's mandatory onboarding exercise in our effort to push further awareness of the Bank's VBI agenda.

Notable Achievements in FY2022

Prosperity

- Enabled digital ASNB transactions to allow customers manage their money as well as educate and promote awareness about the value of long-term investments.
- Enabled customers to pay Zakat, Tabung Haji, Will and Bancatakafu online.
- HLISB Earth Hero - Through the programme, the Bank aims to plant 2,500 trees by the end of the fulfillment period.

People

- Develop HLISB professionals through the Islamic Graduate Trainee Programme which provides opportunities for fresh graduates to gain valuable experience and knowledge in Islamic banking.
- Distribution of 'Women Hygiene Kit' through Kelab Kasih Ibu Prihatin - an NGO which focuses mainly on running programmes for single mothers who are under the B50 category.
- Encouraged development of social enterprises through initiatives with The Asli Co. and Suri Enterprise by giving the single mothers opportunities to earn additional income.

Planet

- Green Earth initiative was introduced as the Bank moves towards paperless transactions.
- Continue to onboard customers via eKYC, electronic Know-Your-Customer for digital applications products and services.
- QR code enhancement in HLISB website to streamline fees and charges to a single platform.

Since the issuance of BNM's VBI Strategy Paper in 2017, HLISB has introduced multiple initiatives and projects to integrate VBI into the business' strategy and operations. Moving forward, we are developing a VBI Scorecard that aims to measure and evaluate the HLISB's VBI standing through the usage of both quantitative and qualitative metrics. The VBI Scorecard will be a tool to reposition the VBI strategy and agenda based on the scoring.

Fair Banking

The Bank is dedicated to treating customers fairly and adhering to environmentally sustainable business practices. In its efforts, the Bank has a Board Policy on Products and Value Proposition in place, which embeds Fair Banking and Sustainability as core principles into the business' operations.

As part of our commitment to ensure our products and services are transparent, the Bank has a Product Transparency and Disclosure Policy in place. This policy outlines the key principles for developing a comprehensive disclosure system to provide greater transparency around the Bank's business operations, products and services.

Both policies are governed by the Products and Value Proposition Committee ("PVPC"), which was set up to review and evaluate the value propositions of new business initiatives that are targeted for launch by the Bank in the near future as well as review existing products and services to ensure continued best practices are incorporated and adhered to.

Fair Treatment for Financial Consumers

Through the incorporation of BNM's Fair Treatment of Financial Consumers ("FTFC") Policy Document into our operations, the Bank has managed to enhance its existing policies to promote higher standards of fair, responsible and professional conduct when dealing with customers. The policy, made up of six core principles, outlines the expectations for financial institutions to manage fair practices and provide confidence to customers in their dealings. The FTFC has been fully adopted by the Bank.

The Bank has provided valuable feedback on an Exposure Draft about Fair Treatment of Vulnerable Consumers issued by BNM in June 2022. The input will aid the regulator in further developing the FTFC Policy Document to protect financially vulnerable consumers. It is an objective that the Bank is aligned to, as we are committed to deliver good financial outcomes to all our customers and we believe in building long-term and mutually beneficial relationships with our customers.

To ensure continuous compliance to FTFC, we introduced a mandatory e-learning module as well as monthly huddles on FTFC compliance. In FY2022, more than 8,000 permanent and contract employees completed the e-learning training. The monthly huddle sessions catered to more than 7,500 employees throughout the year, a significant jump compared to the participation garnered in FY2021.

Our Risk Appetite Journey

As part of our Brand Promise 'Built Around You', we remain committed to ensure we have a complete understanding of our customers and their needs. In this regard, the Bank maintains a mandatory risk assessment for investing customers to identify their unique risk appetites. This ensures that our products and services are tailored to their needs and allow customers to make well-informed decisions.

FTFC Training	FY2021	FY2022
Total No. of employees attended the mandatory e-learning training (permanent and contract)	8,430	8,228
Total No. of employees attended the huddle sessions	1,100	7,518
Total training hours completed for the mandatory e-learning course on FTFC	4,215	4,114

Sustainable Supply Chain

As part of our sustainability agenda, we are committed to integrating sustainable values and practices across our entire value chain. To that end, the Bank is determined to develop and enhance the approach to the procurement and distribution of goods and services, an important component of our value chain, to meet our sustainability goals.

The Procurement Policy, which incorporates ESG elements, drives the Bank's sustainability journey in this regard by establishing guidelines for developing commercial partnerships with suppliers that meet our sustainability standards. It also provides guidance to vendors, at varying levels of sustainability maturity, to enhance their ESG risk mitigation and disclosures.

Following the integration of the Vendor Sustainability Self-Assessment ("Assessment") into the Procurement Policy in FY2021, the Bank carried out and completed an initial Assessment involving 39 top vendors (Tier 1) in FY2022. Subsequent Assessments are in progress involving an additional 140 Tier 1 vendors and 581 Tier 2 vendors with an estimated completion timeline in the second and fourth quarters of FY2023.

Approximately 1,000 vendors supply us with products and services to support our business operations. We promote local businesses by ensuring 100% of non-IT suppliers are Malaysian companies. The Bank also appoints Malaysian vendors for security services, telecommunications services, office equipment, furniture and fittings, maintenance, cleaning services, real estate, data line, courier services, security devices and other services. To ensure that we procure the most up-to-date and efficient IT systems, we engage multinational suppliers with a local presence, which strengthens our drive to build a vibrant local business environment.

FY2022 Key Highlights

Overall, **97%** of the vendors from the pilot Assessment have demonstrated adequate ESG awareness and adopted ESG practices in their operations

62% of vendors from the initial self-assessment exercise scored Best in Class in their sustainability scores

Subsequent Assessments are in progress in staggered stages, for approximately **721** vendors, with completion targeted by end of FY2023

Vendor Sustainability Self-Assessment Pilot Programme				
Total No. of Suppliers Assessed	Pilot 1 (2021)			
	Best in Class	Satisfactory	Improvement Needed	Exit Within Duration
39 top tier vendors	13 (59%)	9 (41%)	0 (0%)	0 (0%)
	Pilot 2 (2022)			
	Best in Class	Satisfactory	Improvement Needed	Exit Within Duration
	11 (65%)	5 (29%)	1 (6%)	0 (0%)



For more info on how we integrate ESG assessment into our Procurement Policy, please scan this QR Code

FINANCIAL INCLUSION & EMPOWERMENT

Promoting Financial Inclusion

As a financial institution, we believe it is our responsibility to ensure that all segments of society have access to secure financial services and products. To this end, we are committed to offering banking services to all communities, particularly focusing on the underserved and the SME. We aim to enable financial inclusion for all especially those who have not had access to traditional banking as well as to address the financing gap for SMEs. We believe these efforts are particularly necessary after the impact that the COVID-19 pandemic had on businesses and individuals.



Financial Accessibility For SMEs

FINANCIAL ACCESSIBILITY FOR SMES

SMEs are the backbone of our nation's economy as they serve as important contributors to job creation and economic growth. Aligned to this need, we are committed to support and empower local SMEs, spurring their financial growth and development via tailored solutions and mentoring opportunities. To enable continuous communication with them, we conduct frequent webinars and regularly feature our updates and latest SME offerings on our social media channels. In FY2022, we continued to enhance our key SME programmes such as HLB LaunchPad and iStart@HLB.

PROVIDING TOTAL SME SOLUTIONS VIA ISTART@HLB

We endeavour to connect with and support underrepresented entrepreneurs and start-up businesses. Through the iStart@HLB platform, we are able to collaborate with partners like Cradle and MaGIC to offer comprehensive SME business solutions which will boost their businesses. We onboarded 360 SMEs through this initiative in FY2022, a 48% jump from the last financial year.

ISTART@HLB PROVIDES ACCESS TO	FY2022 HIGHLIGHTS
Digital business tools that simplify SME business needs across administration, marketplace, and logistics.	<ul style="list-style-type: none"> • HLB Business Online Banking has launched our Global API which provides more integrated solutions. • Ran a partnership with Food Market Hub ("FMH"), to collaborate on how we can offer both FMH and HLB business solutions.
Banking facilities, such as Business Current Account, micro-financing, POS terminal, e-payment gateway solutions among others	<ul style="list-style-type: none"> • Offering of SME Grow increased from RM 100k to RM 200k for eligible existing HLB customers, including start-ups. • Full nationwide Digital Onboarding via iPad for all SMEs to open Business Current Account and Business Online Banking.
Jumpstart@65 , a coworking and event space	<ul style="list-style-type: none"> • SME Association was invited on a tour of the Jumpstart@65 facility and have given access to use our facilities for any SME-related events.

#HLBSAPOTLOKAL

In line with our commitment to support local businesses, we launched a cashback campaign called the #HLBSAPOTLOKAL this year. Launched in conjunction with Deepavali celebrations, the campaign aimed to help local SMEs build a larger following and regain any business momentum lost over the pandemic period. Under this campaign, we aim to bring awareness to the public about local SMEs' products and services by incentivising

customers to spend at selected local merchants. We hope this initiative would give local merchants a little boost as they work towards rejuvenating their business post-pandemic.

Since the launch of the campaign, we have managed to support over 120 SME merchants and invested over RM 300,000 in efforts to support the SME business community.

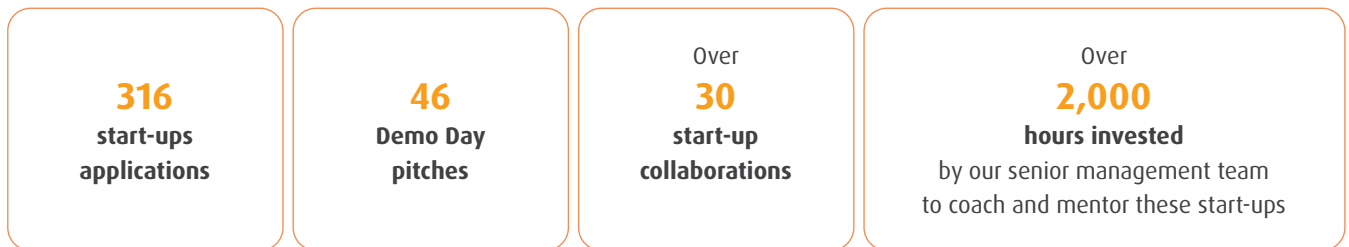
Financial Accessibility For SMEs

HLB LAUNCHPAD




At HLB, we are constantly seeking innovative ideas to reimagine banking services and we believe collaborating with thriving start-ups is the key to driving this goal. Launched in 2017, the HLB Launchpad programme is a mentorship programme aimed at nurturing young entrepreneurs and start-ups. Working in collaboration with ecosystem partners such as MBAN, Cradle, Malaysia Digital Economy Corporation (“MDEC”), PitchIn and MaGIC (now known as MRANTI), the programme serves as a platform for us to partner with high-potential start-ups to build our capabilities, expand into new markets and ultimately create a positive ESG impact in the long term.

Through our HLB LaunchPad programme, finalists are given the opportunities to participate in a 6-month pilot programme, during which selected teams within our organisation will work closely with the finalists to design, plan and execute their initiatives. Upon the success of the pilot project, we will likely scale up the partnership with a full-scale commercial engagement. To date, we continue to work with our previous year’s winners, in line with the aims of the programme.

Since the inception of the programme



Key Highlights of Our Partnership with Previous Winners

Food Market Hub	Paywatch	ERTH (e-Waste Recycling Through Heroes)
		
<p>Working to pilot a project to help businesses best leverage the digital banking ecosystem to run their business on-the-go</p> <ul style="list-style-type: none"> Received over 100 F&B merchant leads and deployed nearly 30 merchant terminals. Extended collaboration to include F&B suppliers referred from FMH. 	<p>Partnering to provide earned wage access (EWA) services to increase financial accessibility to employee</p> <ul style="list-style-type: none"> All SOPs, operational readiness, marketing plans are set up and ready for market launch. 	<p>Partnering to manage and recycle electronic waste (“e-waste”) from the Bank</p> <ul style="list-style-type: none"> Collected 10 tonnes of e-waste from Sg Buloh warehouse, Hong Leong Tower, PJ City A, Damansara Utama, and Perak branches. Donated 10 laptops to ARUS Academy. Developed and operationalised the Bank’s E-Waste Management Guideline.

Financial Accessibility For SMEs

Let's Build a Sustainable Future Together

Themed 'Let's Build a Sustainable Future Together', the 2021 HLB LaunchPad programme targeted start-ups in the FinTech and Technology space which were keen to create long-term ESG solutions. In line with our goal of embedding holistic ESG solutions into our business operations, this year we identified over 15 problem statements spanning HLB's 5 Sustainability themes. The problem statements ranged from solutions to promote financial inclusion to enhancing tracking of carbon emissions. This year, we received about 70 applications from various start-ups in multiple industries.

Startup Winners of HLB LaunchPad 2021

Alfie Tech



Builds alternative credit scoring algorithms based on smartphone-derived data points which can determine a borrower's likelihood of defaulting a financing payment

- Exploring opportunities with HLISB to set up a pilot micro/social financing for the B40 segment.
- Working to validate and enhance the Alternative Credit Scoring ("ACS") model to better assess credit worthiness.

Datacultr



Offers Platform-as-a-Service enabling lending companies to significantly reduce their risk on 'New to Credit' customers, by having borrowers utilise their smartphones as collateral

- Currently exploring pilot opportunities with the different regional markets where HLB operates.

Qresit



Offers digital receipt solutions to customers and businesses, providing necessary data on consumer spending behaviour

- This start-up is still in exploratory stages within the payment terminal ecosystem.

JUMPSTART@65

Jumpstart@65 is a community hub that aims to inspire the communities by teaching them purposeful life and digital skills, as well as to build a network of people to co-create and collaborate to design innovative solutions for the communities, the Bank and for the Hong Leong Group.

Run by HLB's Digital Innovation Office, the repurposed 5-storey building located in Jalan Tun H.S. Lee in Kuala Lumpur, houses co-working spaces, three customer usability labs and a community centre.

The facility is equipped with state-of-the-art tools like eye-tracking technology and 3D printing capabilities and is aimed at being a place where our employees can observe and participate in customer immersion sessions such as focus groups and ethnographic studies, customer-bank employee co-creation sessions, as well as experience first-hand how customers interact with any new experience we create, as part of the concept and usability testing sessions.

Jumpstart@65 in FY2022

Engagements with our HLB Launchpad winners and Hong Leong Foundation's partners

13

co-creation sessions conducted
with customers

3

training sessions

with students in partnership with Hong Leong Foundation on digital skills, financial literacy and educational programmes

3

Community Workshops

with NGOs & Social Enterprises

Financial Accessibility For SMEs

Supporting the Halal Business Sector

With the Halal industry growing in importance, we continue to support the Bumiputera SME community. In line with this, we offer a range of financing options to facilitate their access to capital and boost their business.

Islamic Banking Options for SMEs

Shariah-Compliant SME Finance Scheme	Shariah-compliant Industrial Hire Purchase-I ("IHP-i")
<ul style="list-style-type: none"> • Provided financing assistance to eligible Malaysian SME customers, in partnership with SME Corporation 	<ul style="list-style-type: none"> • Provided Islamic financing solutions for SMEs and the halal industry, managed to assist SMEs with their capital investment needs

Community Business Managers

As part of our financial inclusion efforts, we believe that it is part of our responsibility to support the underserved SMEs in economically disadvantaged or rural areas that have limited access to key business-building tools. To address this, we continue to deploy Community Business Managers ("CBM") to assist SMEs in gaining access to capital. As of FY2022, over 180 trained CBMs were stationed nationwide.

How CBM Add Value to Our SME Customers

<p>Trained across a wide area of financial expertise for more meaningful engagements with SME customers</p>	<p>Work with trade/SME association to proactively engage local SME community to provide business banking financial advisory services</p>	<p>Invite local SME community to our roadshow as a platform for them to expand their business networking</p>
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Financial Accessibility For Underserved Communities

STANDING BY OUR CUSTOMERS

The COVID-19 pandemic continued to pose critical economic consequences to the livelihoods of our customers. Throughout the pandemic period, we sought to assist individuals, SMEs, and other corporate customers who suffered economic and financial impacts by setting up various financial relief programmes.

We are an organisation that deeply believes in inclusivity for all and strive to provide financial accessibility for every segment of society. In light of this, we want to ensure that all underserved parts of our community have digital and physical access to our range of banking services, regardless of their geographical restrictions or socioeconomic status. We have also developed initiatives to better serve specific segments of the community, including the visually-impaired and low-income communities.



For more details on our digitalisation efforts to promote accessibility, please refer to the *Digital at the Core*, pg 45.

Maintaining our Physical Presence

In an ever-evolving digital landscape, we still endeavour to maintain accessibility to physical banking infrastructures for our customers who may require them. We maintain a number of branch offices and SSTs across the country to ensure that all our customers have the option to access banking channels that they feel most comfortable with, be it digitally or in-person. During the pandemic, we made sure to take appropriate measures to prioritise the safety of our customers and employees.

We maintain a network of

232 retail branches
and

1,024 SSTs
across Malaysia

Providing Access to Societies in Need

Our commitment to being an all-inclusive organisation is evidenced by our efforts to serve communities in need of access to financial services. To that extent, we were the first bank in Malaysia to impact the visually-impaired community via our speech equipped SSTs. The HLB Talking Automated Teller Machines (“ATMs”), complete with a braille keypad and headphone socket, are designed to assist visually-impaired banking customers. Instructions can be heard in either English, Malay or Mandarin.

Currently, the Talking ATMs are installed in Brickfields, Kuala Lumpur and Pulau Tikus, Penang, with three more installed this year at Electra House in Sarawak and Jalan Kenanga, Kuala Lumpur.

Besides this, we continue to work to empower the visually-impaired community in financial literacy through our HLB DuitSmart programme.



For more details on the financial literacy initiative, please refer to the *DuitSmart* section on pg 101.

Additionally, as part of our responsibility to our community, we seek to assist our underserved communities through various financially assistive schemes or programmes. In furtherance of this goal, we offer financing solutions such as the Skim Rumah Pertamaku and special housing loans, which help first-time home buyers to purchase their first home.

Providing COVID-19 Relief Assistance

In September 2020, we launched the Payment Relief Assistance Plan (“PRAP”) in response to the Covid-19 pandemic. The main purpose of PRAP was to assist our customers with loan/financing and finance restructuring, payment deferrals and loan/financing installment reductions. We also provided business loans and financing to businesses who wanted to digitalise their operations.

To aid the efficiency and speed of the financial aid rollout, we digitised the application process for PRAP. All in all, a total of RM 42.3 billion was approved under the PRAP, which assisted more than 188,000 retail and corporate customers.

Besides initiating relief programmes, we also waived stamp duty and late charge fees, and to absorb principal shortfalls from initiatives such as the Car Surrender Programme, in an effort to ease the burden of our customers. Collectively, we provided total savings of RM 129 million for our customers through these efforts in FY2021 and FY2022.

For HLB credit card holders, we continued to offer them the Credit Card Conversion Relief Plan that enabled them to convert their outstanding balance into a term loan with the option to opt-in for a monthly installment plan.

B40 COMMUNITY

- 97% of applications approved since PRAP roll out.
- Nearly 60,000 customers supported via B40 PRAP.
- Relief assistance approved amounting to RM 5.74 billion.

SMEs

- Over 5,400 SMEs supported by PRAP.
- Relief assistance approved amounting to RM 9.2 billion.

Providing Flood Relief

Flooding has been a critical and recurring issue in Malaysia which has drastically damaging effects to the people and the community. In an effort to bring relief to some of the effects of such natural disasters, we have provided targeted support where necessary. We mobilised a ‘Flood Relief Assistance’ programme which offers a six-month deferment for loan and financing facilities for affected customers. The programme also assists our affected SME and commercial customers with additional funding to aid their business recovery. Customers are also able to request for complimentary replacement for damaged or lost debit and credit cards, bank statements and cheques.

HLB Flood Relief Contributions FY2022

Total Flood relief approved for our retail customers as of June 2022 is

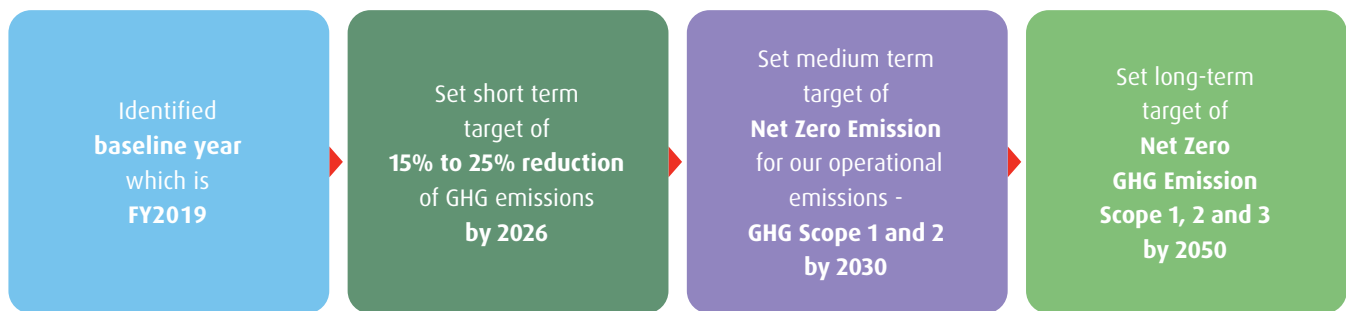
860

accounts
amounting to **RM 164 million**

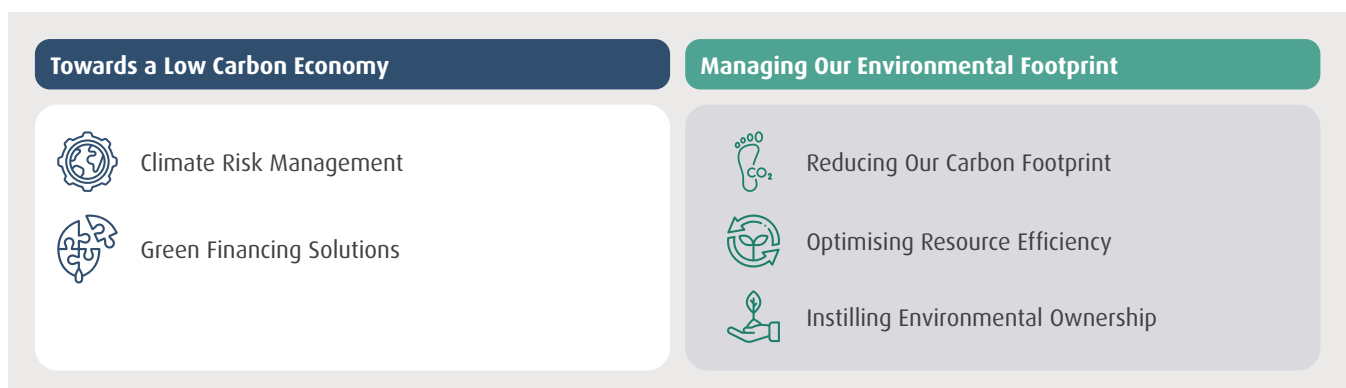
ADDRESSING CLIMATE IMPACT

Our Net Zero Commitment

FY2022 marks a significant year in our efforts towards strengthening our climate pledge. This year we updated our key GHG emissions reduction targets, including commitment to achieve Net Zero carbon emissions by 2050. These emissions reduction targets guide us to make meaningful strides towards our carbon neutrality ambition.



Our approach towards realising our Net Zero commitments revolves around our concerted efforts in enabling our customers and business partners to sustainably transition to a low carbon economy while managing and mitigating the direct impacts our business has on the environment. We have embarked on the process of establishing a framework for the measurement of our customers' carbon footprint and by extension, our financing portfolio emission impact as defined under Scope 3. We target to establish a baseline for our Scope 3 financing portfolio emission by end of FY2024.



Towards A Low Carbon Economy

Climate change is a pressing global challenge with widespread repercussions for sustainable development. Climate-related risks and opportunities affect the way we do our business and as such, it is pertinent that we effectively address them moving forward. As a financial institution, we recognise that we are well-positioned to influence the transition towards a low carbon economy.

We are committed to supporting green growth by mobilising our capital into sustainable financing options, towards greening our portfolio exposure. Aligned to this, we continue to look for opportunities to support our customers who are keen to mitigate their environmental impacts and support climate change adaptation.

Towards A Low Carbon Economy

HLB's Green Financing Solutions



INTRODUCED GREEN DEBT FINANCING IN FY2022

Existing Financing Schemes



Enabling Access to Cleaner Energy with Renewable Energy Financing



Promoting Green Transportation via Green Car Financing



Supporting Green Developments via Developer End Financing

ENABLING ACCESS TO CLEANER ENERGY

In support of the national aspiration to increase the installed capacity for renewable energy to 31% by 2025 and 40% by 2035, we have introduced several renewable energy financing solutions to assist our retail, corporate and SME customers in their transition towards clean energy options. To further support our customers, we have an in-house team of renewable energy specialists who work closely with them to provide value-added services, including advisory support on areas such as equipment warranties and guarantees, and helping them to determine the feasibility and generating capacity of their projects.

Total Approved Renewable Energy Financing
Over RM 2.4 billion



Solar

RM 1,830 million



Bioenergy

RM 402 million



Small Hydro

RM 149 million



Any RE*

RM 54 million

* Any RE consist of customers with facilities that is not concentrated on a single RE resource

Via our financing, we will help mitigate nearly 480,000 tCO₂ equivalent emissions in a year.

HLB Solar Plus Loan/Financing-i

Objective

Introduced in FY2022, this programme aims to promote the renewable energy lifestyle among homeowners. The green financing facility enables homeowners, including those with homes under construction, to apply for financing for solar power systems together with their home loan/financing. The Bank has also partnered with two solar power specialists to provide customers with a comprehensive one-stop solar PV solution.

Garnering Recognition at NEA2021

In recognition of our commitment in facilitating the growth of the sustainable energy sector in the country via green energy financing, we are pleased to announce that HLB has won the Special Award for Sustainable Energy Financing - Conventional Financing at the National Energy Awards ("NEA") 2021.

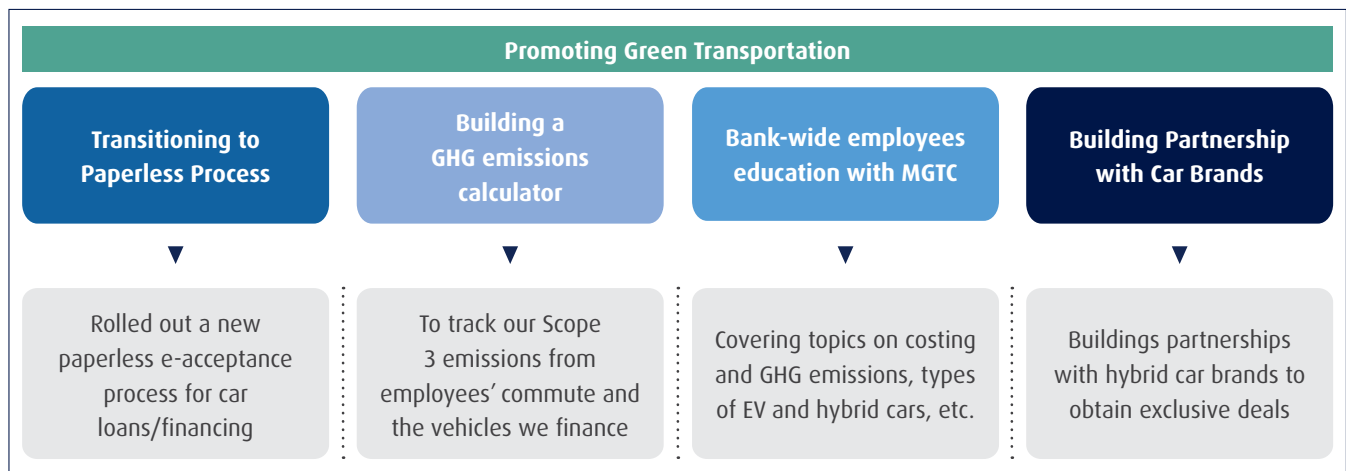
In addition to our achievement, Concord Energy Sdn Bhd, one of our customers, consecutively emerged as winners at the National Energy Awards this year, two years in a row. HLB continues to support Concord Group in their renewable energy journey towards being one of the top leading biogas developers in the country.

Towards A Low Carbon Economy

PROMOTING GREEN TRANSPORTATION

HLB has continuously worked to develop green car financing solutions as part of our efforts to decarbonise transportation in Malaysia. In line with our Green Car Financing Framework, we aim to increase the Bank's financing for battery electric vehicles ("BEV"), hybrid electric vehicles ("HEV") and plug-in hybrid electric vehicles ("PHEV") by 50% in FY2023 to facilitate a shift in consumer preferences. As part of our current initiative, we offer customers competitive loan/financing rates on their new green car purchases, as well as fast-track one-day credit evaluation and approval through our Green Lane.

In FY2022, we disbursed financing for over 1,090 hybrid and electric vehicles, which made up an estimated 3.7% of our total car hire purchase financing.



SUPPORTING GREEN DEVELOPMENTS

In FY2021, we introduced a Developer End Financing Policy which incorporates ESG principles into our financing policy for property development activities. Under this framework, scores achieved by the proposed development project will determine a developer's ESG risk profile. Property developers are encouraged to adopt greener practices as those with low ESG risk profiles are eligible for more attractive financing packages and expedited approval processes. For companies that do not meet the Green Developer benchmark, we will work together to address their gaps and improve their ESG risk profile.

This year, we are refining our lending assessment flow to systematically assess the potential ESG risks associated with the property development projects and monitor their carbon footprint.

Over 700 projects have been assessed thus far under the Framework in FY2022, a significant increase from the 189 projects assessed in FY2021.

Green Debt Financing

As part of our efforts to facilitate increased market adoption of sustainable growth strategies supported by ESG-compliant financing, the Bank developed a Green Bond Framework in FY2022 that sets out the guidelines for the Bank's green bond issuances. The framework was developed in accordance with the ASEAN Green Bond Standards issued by ASEAN Capital Markets Forum and the globally recognised Green Bond Principles issued by the International Capital Market Association.

HLB Green Bond Framework



Use of Proceeds

The proceeds will be used to finance or refinance new or existing green assets/projects categories below:

- Renewable Energy
- Energy Efficiency
- Green Building
- Waste Management
- Sustainable Transportation



Project Evaluation and Selection Process

- Process driven by HLB's sustainability objectives and aligned with relevant UN SDGs and UN Global Compact ("UNGC") Principles.
- Relevant business units are responsible for screening and selection of projects based on the eligibility criteria.
- The SC will review and approve the proposed projects, ensuring compliance with the Framework.



Management of Proceeds

- Proceeds from the issuances will be allocated to a portfolio of eligible assets/projects ("Green Portfolio"), selected as per the evaluation and approval process.
- Allocation of the proceeds and the Green Portfolio will be monitored through HLB's internal information systems.



Reporting

- A report, reviewed and approved by the SC and BRMC, will be published annually on our website for as long as there are outstanding Green Bonds issued under this Green Bond Framework.
- The report will include the following information:
 - > Allocated proceeds by eligibility criterion, together with a description of the types of projects or businesses that are being financed; and
 - > The remaining balance of unallocated proceeds at the end of the reporting period.

Our Green Bond Framework successfully achieved the highest attainable Environmental Benefit ("EB") rating of Tier 1 from RAM Sustainability for assets/projects involving renewable energy (solar, wind and hydropower), energy efficiency, green building and electric vehicles.

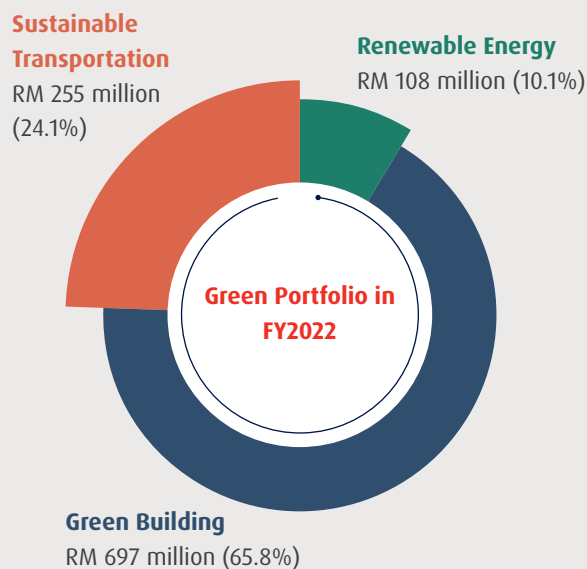
HLB's Inaugural Green Bond Issuance

In April 2022, the Bank issued its inaugural Green Additional Tier 1 ("AT1") Capital Securities ("Green Capital Securities") amounting to RM 900 million in nominal value, issued under HLB's existing multi-currency Basel-III compliant AT1 capital securities programme of up to RM 10.0 billion (or its equivalent in other currencies) in nominal value. The issuance of the Green Capital Securities also achieves the milestone of being the first issuance of a green AT1 bond by a bank in Malaysia.

In addition to fulfilling the Bank's AT1 capital requirements, HLB's maiden issuance of Green Capital Securities is to raise funds for the purpose of financing or refinancing new or existing green assets, projects or companies that meet the eligibility criteria outlined in the Green Bond Framework.

The total outstanding balance of the Green Portfolio will remain equal to or greater than its outstanding green bonds.

Breakdown of the use of proceeds as of 30 June 2022






Please scan the QR Code to read the full HLB Green Bond Framework including the eligibility criteria

Green Debt Financing

Green Portfolio

Eligible assets/projects are featured below:

 Renewable Energy	 Green Building	 Sustainable Transportation
<p>Description</p> <p>Proceeds may be allocated towards the financing of Large Scale Solar Photovoltaic (“LSSPV”) projects</p>	<p>Description</p> <p>Purchase of highly-rated green properties by consumers (Platinum or Gold-certified)</p>	<p>Description</p> <p>Purchase of electric or hybrid vehicles by consumers (tailpipe CO₂ emissions of less than 75g per km per passenger)</p>
<p>Outstanding Balance</p> <p>RM 108 million</p>	<p>Outstanding Balance</p> <p>RM 697 million</p>	<p>Outstanding Balance</p> <p>RM 255 million</p>
<p>FY2022 Impact</p> <p>We have earmarked 6 LSSPV projects that have a total installed capacity of 161 MW, which at full commissioning would have an indicative yearly generation of close to 226 GWh resulting in avoidance of close to 132,000 tonnes of CO₂ (tCO₂), based on current established national emission avoidance coefficient factor.</p>	<p>FY2022 Impact</p> <p>Enabled more than 1,500 retail customers to purchase their homes in various parts of Malaysia that were awarded green building certificates from recognised certification bodies such as Leadership in Energy and Environmental Design (“LEED”), Green Building Index (“GBI”), GreenRE and Green Mark with the following ratings:</p> <ul style="list-style-type: none"> • Platinum - 336 • Gold - 1,192 	<p>FY2022 Impact</p> <p>Financed more than 1,600 electric and hybrid vehicles with CO₂ emissions of less than 75g per km-passenger.</p> <p>Breakdown as follows:</p> <ul style="list-style-type: none"> • Battery Electric Vehicle - 37 • Plug-in Hybrid - 1,641

Managing Our Environmental Footprint

As we accelerate sustainability integration in our business, we are committed to making a positive impact on our environment, guided by our carbon neutrality ambitions. Beyond incorporating environmental considerations into our banking activities, we are also cognisant of the need to responsibly manage and offset our operational footprint. Aligned with our Environmental Policy on Energy, Water and Waste Management, we continue to work towards optimising our resource efficiency across our operations and inculcating a sense of environmental ownership among our stakeholders.

REDUCING OUR CARBON FOOTPRINT

In light of our Net Zero ambitions, we have stepped up our efforts to actively reduce our carbon footprint. In particular, the Bank is embarking on carbon reduction and carbon offsetting initiatives to achieve our carbon reduction targets from our FY2019 baselines.

EMBARKING ON OUR CARBON-OFFSET PROJECT

In FY2022, we kick-started our first major carbon-offset project. Working in collaboration with the Malaysian Nature Society (MNS), HLB embarked on a mangrove swamp ecosystem rehabilitation and conservation project at the Kuala Selangor Nature Park. HLB will help to restore degraded forest land by planting approximately 50,000 new mangrove trees in the area over the next three years.



Known for its effective capability to sequester substantial carbon emissions, mangroves have their own circular ecosystem with a multiplier effect in conserving the biodiversity and cultivating more sub-ecosystems.

As of July 2022, we have germinated more than 37,000 seedlings and planted over 15,000 mangrove trees. Based on an independent assessment of the carbon offset project, the estimated net anthropogenic GHG removal is an average of more than 1,200 tCO₂ annually over the next 20 years whereby thereupon, there would still be further net anthropogenic GHG removal but currently not accounted for.

We will continue to explore various other carbon offsetting initiatives to achieve our carbon neutrality ambition.

Please scan the QR Code to read more on our Environmental Policy on Energy, Water and Waste Management



Managing Our Environmental Footprint

GREENING OUR BUILDINGS

A major portion of our operational GHG emissions stems from our consumption of purchased electricity. To achieve carbon neutrality for our operational emissions by 2030, we are investing in our physical infrastructure to drive eco-efficiency and mitigate its environmental impact. Aligned to this plan, we have rolled out EE&C measures at our corporate buildings (Hong Leong Tower and PJ City Tower A) and this year we have expanded these initiatives to our branches across Malaysia.

In FY2021, we introduced a 5-year plan to upgrade and retrofit our operational facilities with Energy Efficiency and Conservation (EE&C) measures



Upgrading into inverter air-conditioning systems that consumes less power, provides effective cooling and is more environment-friendly



Installing energy-saving LED light fittings that have longer lifespan, efficient energy consumption and improved environmental performance

As we are still in the midst of rolling out our EE&C Measures in FY2022, the Bank will disclose its reduction results in FY2023.

GBI Certifications

Our Hong Leong Tower is certified (Silver rating) and in FY2022, it was successfully recertified. Moving forward, we aim to pursue green certification for our Southkey and Light Street branches and increase the number of GBI-certified buildings.

OPTIMISING RESOURCE EFFICIENCY

The Bank seeks to promote efficient utilisation of our resources while effectively managing waste without compromising the safety, comfort and reliability of the Bank's physical operations.



Reducing Our Paper Consumption

- Paper is one of the largest material resources consumed in our daily operations.
- Accelerated digitalisation across our operations has enabled us to shift towards paperless transactions and processes.

Our Progress

In FY2022, we reduced paper consumption by 37,675 reams across our Malaysian operations, representing a 34.6% reduction from FY2021.



Responsible Managing Our Water Consumption

- We continue to monitor and manage our water consumption across our main buildings and branches.

Our Progress

In FY2022, we recorded a decrease in the water consumed in our strategic buildings, amounting to a collective reduction of 19.03% compared to FY2021 levels.

Instilling Environmental Ownership

Sustainability and VBI Awareness and Training

We recognise that a core aspect of ensuring the success of our sustainability agenda lies in educating our employees on sustainability issues and developing a green-conscious mindset within them. To that end, we have continued to conduct multiple training sessions for our employees this year, to increase their awareness and knowledge of sustainability efforts and how these efforts can be best implemented and practised.

FY2022 Employee Sustainability Training and Awareness

8,790
employees completed the mandatory sustainability e-learning course

1,875
new employees were trained in sustainability and VBI as part of their onboarding process

6
virtual Brown Bag Lunch & Learn sessions conducted with **551** attendees

Organised our **annual Sustainability Month**, participated by employees bank-wide and from overseas operations

Introduced the **#HLBGreenBag** campaign to raise Sustainability awareness



For more details, please refer to *Instilling Sustainability Awareness* on page 58.

Earth Hero @ HLB Pocket Connect

Created with digital natives in mind, our HLB Earth Hero initiative aims to instill environmental responsibility, as well as foster financially sound habits among our junior bank customers. This digital initiative is part of our efforts to share knowledge and expertise on sustainability-related issues, especially on environmental conservation.

Leveraging the highly engaging HLB Pocket Connect platform, the initiative encourages young savers to participate in virtual gamification and educational tasks assigned to them and make a positive environmental change.

EARTHHERO



Reforestation

Planted over 2,500 trees, (achieving our FY2021 target), in collaboration with social enterprise Animal Projects Environmental Education Sdn. Bhd. ("APE Malaysia").



Wildlife Awareness

Uploaded content based on endangered animals on a monthly basis on our website to raise awareness on how the tree planting initiatives help sustain the food chains for the Borneo wildlife.



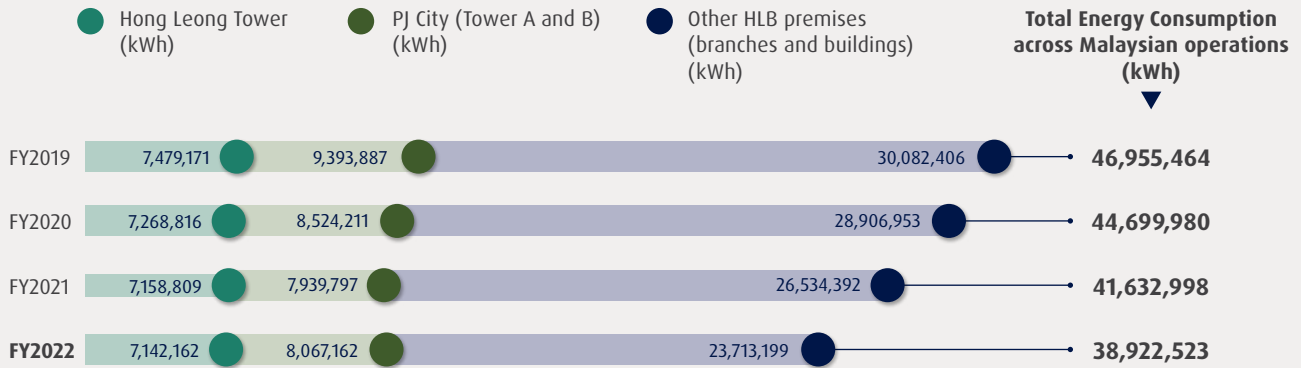
Local Community Engagement

Supported members of the local communities from the Sukau Village through providing employment and contributing to their livelihood.

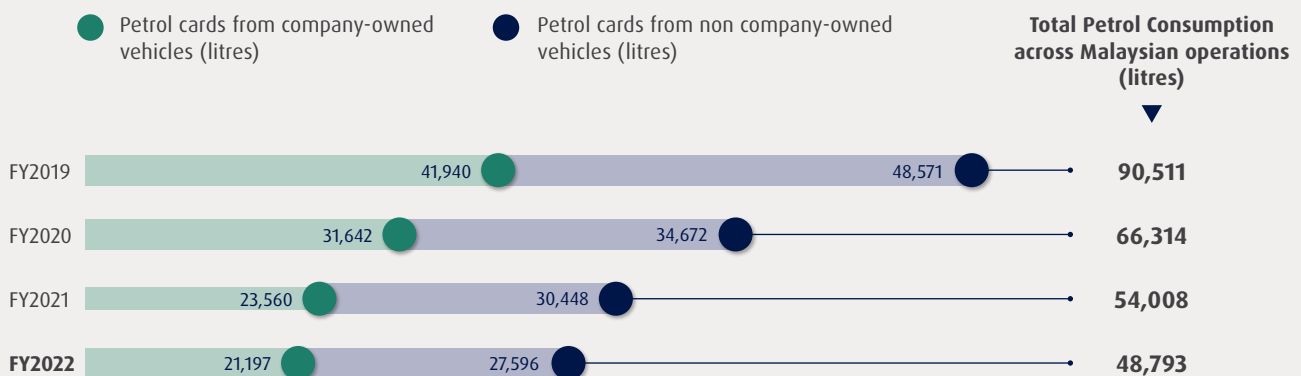
Our Environmental Performance Data



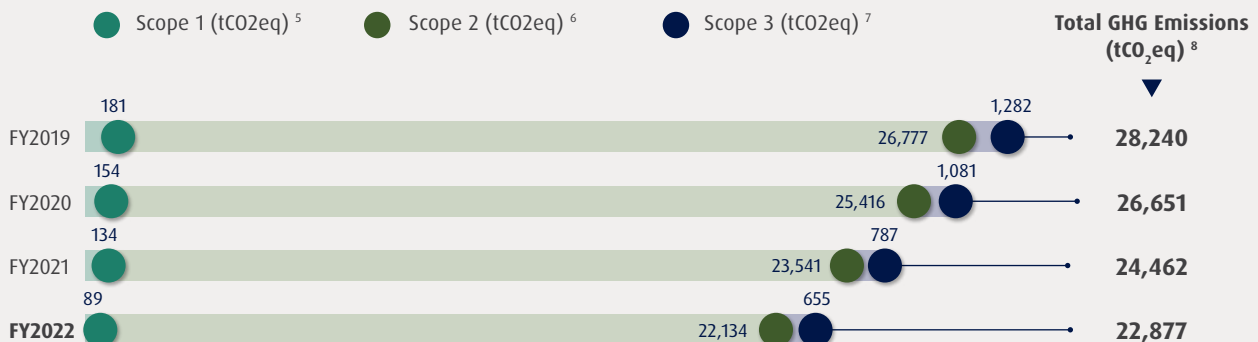
Energy Consumption¹



Petrol Consumption^{2,3}



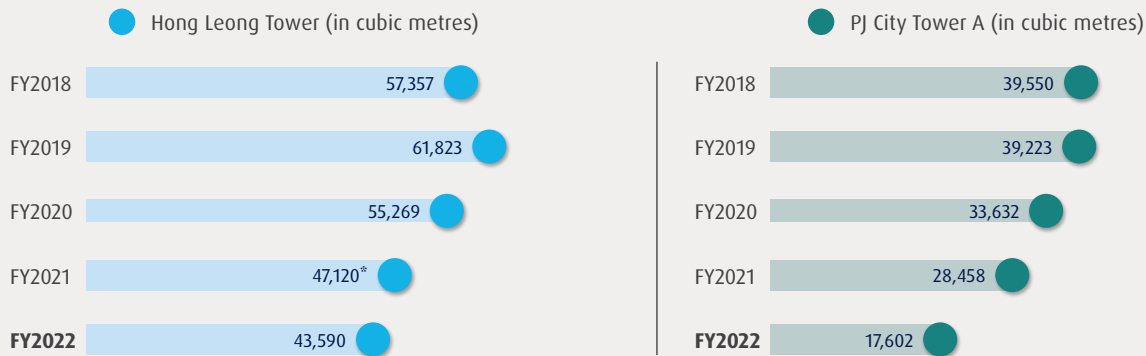
GHG Emissions^{1, 4, 9}



Our Environmental Performance Data



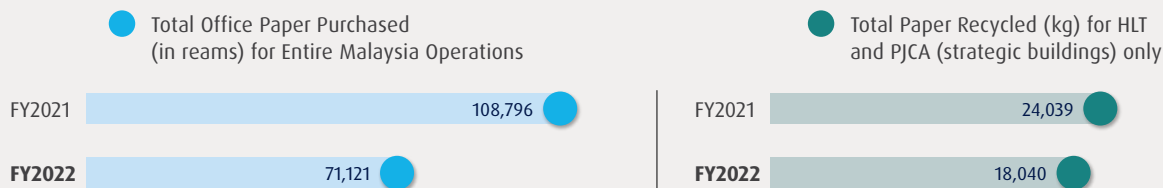
Water Consumption ¹



*Updated number



Paper Consumption



Notes

1. FY2022 results may have been impacted by the WFH arrangements deployed during the COVID-19 pandemic.
2. We track the petrol consumption through the petrol cards of company-owned vehicles and non company-owned vehicles. The tracking of company-owned vehicles is only limited to Menara Hong Leong since all vehicles owned by the company are located here.
3. Petrol consumption obtained from petrol cards of non company-owned vehicles are calculated under Scope 3 Business Travel as we do not control/own the vehicles.
4. We use the operational control approach based on GHG Protocol for our GHG Emissions Accounting.
5. Scope 1 emissions are direct GHG emissions attributed to sources controlled or owned by the company. We calculate our emissions based on fuel combustion in generators and vehicles owned or operated by the company, as well as air-conditioning systems in the office. All GHG are converted to CO₂ equivalent according to the terms set in 2006 IPCC Guidelines for National Greenhouse Gas Inventories, GHG Protocol HFC Tool (Version 1.0) Calculating HFC and PFC Emissions from the Manufacturing, Servicing, and/or Disposal of Refrigeration and Air-Conditioning Equipment Calculation Worksheets (Version 1.0) and the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) - Refrigerant Table: Explanation and Glossary of Terms.
6. Scope 2 emissions include purchased electricity for buildings across our entire Malaysian operations. Emission factors are based on the 2017 Clean Development Mechanism (CDM) Electricity Baseline for Malaysia, Malaysian Green Technology Corporation.
7. Scope 3 emissions include indirect emissions from business travel, by road and flight, across the entire Malaysian operations obtained from employee claims. Emission factors are based on 2022 Government Greenhouse Gas Conversion Factors for Company Reporting and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
8. Due to rounding differences, the numbers may not add up precisely to the total emissions disclosed.
9. GHG emission numbers from FY2019 until FY2022 were recalculated using updated emission factors accordingly.

COMMUNITY INVESTMENT

Building Communities

We are an organisation that believes in giving back to the community in a meaningful, impactful and inclusive manner. Relying on the expertise and resources available to us as a financial institution, we aim to prioritise the development of financial literacy, to bolster financial inclusion for all members of the community, and to create robust platforms to aid social enterprises. These principles stem from a strong sense of accountability towards our customers and larger community.

TAX PAYMENTS AS A CONTRIBUTION TO SOCIETY

As a socially responsible business, HLB Group is committed to pay our fair share of taxes in the countries in which we operate, in compliance with applicable laws and regulations. Payment of taxes supports initiatives or programmes that benefit the nation and community at large, contributing to the nation's economic development and community building. In the financial year under review, income tax expense amounted to RM 1.1 billion, inclusive of the prosperity tax, making us one of the largest tax contributors in Malaysia. We are pleased to have played our part in contributing to the Government's one-off prosperity tax programme with the additional tax payment of RM 309.7 million for the year under review, in support of the Government's efforts towards assisting those most adversely impacted by the pandemic and driving the economic recovery.

HLB JUMPSTART

Social enterprises are an essential part of our nation's socio-economic development as they have a dual function of generating economic value while creating social welfare opportunities for those in need. In an effort to provide these businesses with specialised assistance, we created HLB Jumpstart. The Jumpstart programme connects social enterprises with experts and professionals in finance, branding and advertising, business, innovation and volunteerism, so that we can be part of their long-term journey. To date, we have partnered with a total of 5 social enterprises, each of which have contributed to different causes in Malaysia.

HLB Jumpstart 5 Pillars of Support

Financial
Knowledge

Tools
and Digitisation

Branding
and Marketing

Commercialisation

Volunteerism

Building Communities

HLB JUMPSTART SPOTLIGHT

In FY2021, we partnered with Benak Raya, a social enterprise that provides employment opportunities for villagers in Sri Aman through the production of specialised rice and other rice-based products. Founded by Imelda Bragie Anak Jamie with the intention of upholding her family's tradition in Siminggang rice farming, the business has grown from strength-to-strength since its partnership with Jumpstart.

How we Supported Benak Raya's Growth in FY2022

Knowledge Sharing	Branding	Support and Sponsorships
Conducted a series of workshops totalling 8 hours on topics related to sustainability, social media know-how, financial knowledge for SMEs and HLB ConnectFirst training.	Engaged with Benak Raya for a brand revamp exercise, website development and brand video development that was completed and uploaded on Youtube in May 2022.	Supported ongoing business partnerships between Benak Raya and other social enterprises under Jumpstart. Additionally, we also support Benak Raya through ongoing social procurement and event sponsorships.

Our Impact

As a result of our continuous knowledge sharing and support, Benak Raya has achieved **a 192% increase in average yearly sales** since our partnership.

SURI

Our first collaboration partner since September 2018

Focus

Empowers 40 single and underprivileged mothers in the community of Klang with job skills and financial independence.

FY2022 Growth

Achieved a **346% increase** in sales since our partnership benefitting 40 mothers. SURI's future plans include increasing the number of beneficiaries to 70 mothers in the next 5 years.

Our Key Contributions

The Bank procured more than RM 90,000 of SURI's products for various events.

The Bank procured 75 sets of sustainable-themed Media Raya Gift Pack with SURI.*

**Procured goods were in collaboration with two other social enterprises - Green Hero and The Asli Co*



Scan this QR Code to learn more about Benak Raya



Scan this QR Code to learn more about SURI

Building Communities

Green Hero

Our second collaboration partner since May 2019

Focus

Dedicated to eradicating food waste across the nation.
Provides affordable and nutritious access to food for the budget-conscious community.

FY2022 Growth

Achieved a **370% increase** in average yearly sales since partnership began.
Green Hero has saved **34,666 meals** from ending up in landfills since the partnership began.
In FY2022, Green Hero is in the pilot testing phase of their surplus food-ordering app with its regular pool of merchants.

Our Key Contributions

The Bank procured 75 sets of sustainable-themed Media Raya Gift Pack with Green Hero*

**Procured goods were in collaboration with two other social enterprises including SURI and The Asli Co.*

Coffee For Good

Our third collaboration partner since December 2019

Focus

Provides job skills and employment opportunities for low-income youth via an on-the-job training as a coffee barista.

FY2022 Growth

Since the partnership, Coffee For Good has been able to provide training and employment opportunities to 3 additional youths, increasing the number by 60%.

Our Key Contributions

Ongoing social procurement support from the Bank, which includes catering and festive gift sets.

The Asli Co.

Our fourth collaboration partner since June 2020

Focus

Focuses on providing home-based sustainable income for 63 Orang Asli mothers, with the long-term goal to uplift them from poverty.

FY2022 Growth

Achieved a **373% increase** in average yearly sales since partnership began and grew its team from 10 to 63 Orang Asli mothers and 5 full-time Orang Asli youths working as sales and operations officers.

Our Key Contributions

The Bank contributed RM 34,400 to The Asli Co.'s sales. Additionally, we procured 75 sets of sustainability-themed Media Raya Gift Packs.*

**Procured goods were in collaboration with two other social enterprises including SURI and Green Hero.*



Scan this QR Code to learn more about Green Hero



Scan this QR Code to learn more about Coffee For Good



Scan this QR Code to learn more about The Asli Co.

Financial Literacy

Financial literacy is imperative to making better financial decisions for both the short and long-term. As such, we realise there is a pressing need to provide and strengthen financial literacy at every level of Malaysian society. We continue to invest in various financial literacy initiatives aimed at targeted stakeholders, which will allow them to have a better grasp on their finances and be in control of the financial decisions.

Our financial literacy initiatives ring true to our brand promise and fundamental value of “Built Around You” and “Here for the Long Term” where we empower our customers by providing the necessary financial solutions at times of need (COVID-19 support and PRAP) and provide information and guidance to the young generation to better manage money and financial choices.

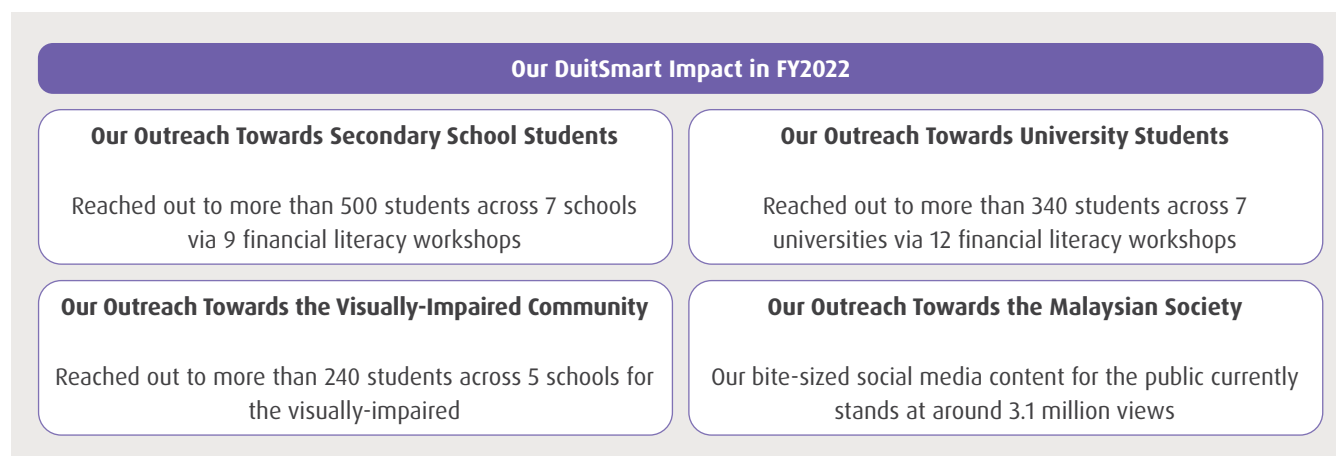
FINANCIAL LITERACY FOR ALL

In our effort to enhance the overall financial health of the country, our DuitSmart Platform which was launched in September 2021 aims to empower Malaysians with the relevant information which will enable them to make sound financial decisions.

Our DuitSmart Platform	The Communities We Impact
Launched in partnership with Debt Agency of Malaysia (“AKPK”) and the University of Malaya	Students (Universities and Secondary Schools)
Promotes financial literacy, aligned with the Bank’s core focus in community investment towards financial inclusion for all communities in Malaysia	Visually-Impaired Community
Outreach programmes conducted via online and physical face-to-face sessions	Broader Society via Digital Platforms

Financial Literacy

In FY2022, we conducted financial literacy workshops for the benefit of university and secondary school students. While our initial target was to reach 500 beneficiaries, we managed to surpass that figure to impact over 840 students across schools and universities in Malaysia. We have also curated online financial literacy content for the visually-impaired, and benefitting more than 240 students across 5 schools. Our social media financial literacy content reach grew to 3.1 million views, up from 213,000 views in the previous financial year.



Moving forward, we wish to expand our reach to include primary school students and targeted underprivileged societies by the first quarter of FY2023. With the support of our dedicated employees who volunteer to assist, we will continue to invest in the DuitSmart programme in the furtherance of ensuring financial literacy at all levels of society.

FINANCIAL LITERACY IN ISLAMIC BANKING

We also place importance on enhancing financial literacy in the Islamic Banking sector. To this end, we created the literacy programme known as Program Celik Muamalat. The programme involves a series of talks and forums aimed at educating and informing the public about Islamic Banking, touching on issues like product innovation and Shariah Governance. We also conducted a webinar which was attended by 80 Sunway University students. We have revamped our website to include a page dedicated exclusively to Islamic Banking principles, as we believe that digitising our informative content is the way to share knowledge and to expand our engagement reach.

Contributing to Our Communities

We believe that we are in a position to make a tangible difference to our communities in need. Being a responsible corporate citizen, we recognise that we have a duty and responsibility to assist those who are in need of support. In forming strategic collaborations, we endeavour to expand our reach to these communities and increase the long-term impact of our contributions.

Partnering with Financial Industry Collective Outreach (FINCO)

We are collaborators with one of the largest collective impact initiatives in Malaysia, known as FINCO, by supporting their implementation of sustainable community outreach programmes through shared funding and resources for children and young people.

In FY2022, we conducted two virtual strategic outreach events in which we engaged with school students and guided them on important topics of financial literacy. Our Senior Management and GMD participated in the events, to show our strong commitment to the promotion of financial literacy. These events allowed us to provide students with a chance to learn about the practical application of good financial habits and concepts through simulated real-life events. We also contributed upwards of RM 34,000 to communities impacted by COVID-19 through the FINCO COVID-19 Relief Initiative. Moving forward we endeavour to continue supporting similar initiatives.

Our efforts in giving back to the communities that support us are driven by our dedicated employees across the Bank. Within our organisation, there is a strong sense of volunteerism amongst our employees which is a key driver of our contribution back to the community. This sense of volunteerism stems from a sense of accountability that is felt by our employees to give back and do what is necessary to aid the community. This year, to further empower our employee volunteers, we launched the HLB Employee CSR Programme (HECP), a year-long calendar of activities for employees to participate in and give back to the community.

In FY2022, we experienced more than 3,700 instances of employee participation and volunteer efforts which helped drive the success of the community contribution initiatives we conducted throughout the year. Via these programmes, we contributed more than RM 1,140,000 to various causes.

FY2022 Highlights of our Employee Volunteering Efforts

Our Contributions

- 3,700 instances of employee participation and volunteer efforts
- Contributed more than RM 1,14 million to various causes

Stakeholder Impacted

- Welfare homes provided with essentials
- Schools and underprivileged students
- University students
- Communities in need
- Flood victims

To learn more about the HECP initiative, please refer to Workforce Readiness at page 58.

OUR CONTINUOUS COVID-19 SUPPORT

The impacts of the COVID-19 pandemic were felt throughout the world. The various movement restrictions and economic effects have changed the way we live and work. The world is now in a state of recovery from the after-effects of the pandemic, and we as a financial institution are committed to stand by our communities in their time of need. We have a strong sense of accountability towards our community and endeavour to be a continuing pillar of support.

CONTRIBUTION TO MERCY MALAYSIA



Contributed more than RM 55,300 to MERCY Malaysia to help communities impacted by the COVID-19 pandemic.

CONTRIBUTION TOWARDS COVID-19 VACCINATION PROGRAMME



Contributed RM 30,000 to UCSI University's COVID-19 Vaccination programme.

CONTRIBUTION TO SINGLE MOTHERS



HLISB distributed hygiene kits to 100 single mothers in the B50 category via a strategic partnership with Kelab Kasih Ibu Prihatin.

Appendix:

TCFD Content Index

TASKFORCE FOR CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

TCFD Recommendations	TCFD Requirement	Page Reference	Comments
Governance			
G1 (Basic)	Board Oversight of Sustainability and Climate-related Matters	pg 20-21, 23-24	The BOD is responsible for the establishment and effective implementation of sustainability governance structure and frameworks. BRMC and BARMC support the BOD to oversee the management of the Bank's sustainability strategy and ESG risks.
G2 (Basic)	Sustainability Governance Structure Including Climate-Related Matters at the Management Level	pg 23-24	<p>HLB has the Sustainability Risk Governance Structure which consists of the three lines of defence including business units, group risk management and group internal audit.</p> <p>The SC is in place to support BRMC, BARMC and BOD by overseeing the strategic direction of the Bank's approach to sustainability.</p>
G3 (Basic)	Sustainability and Climate-related Board Credentials	pg 21-22	The BOD has diversified skills and expertise that contribute to achieving the Bank's ESG priorities.
G4 (Basic)	Sustainability and Climate-Related Training	pg 21	The Bank has conducted in-house training for Board and Senior Management. Sustainability training is conducted for on-boarding sessions for new hires.
G5 (Basic)	Sustainability and Climate-Related Discussions in Board Meetings	pg 21	Frequency of sustainability and climate-related meetings are disclosed in the Sustainability Report.
G6 (Stretch)	Sustainability/Climate-linked Remuneration	pg 62	<p>The KRA's of the Bank's Senior Management includes sustainability and climate-related targets.</p> <p>Employees' KRA is linked to sustainability and climate-related non-financial performance targets commencing FY2022.</p>
G7 (Stretch)	Separate Committee on Sustainability and Climate-related Matters	pg 20-21	The SC and SWC are both responsible for the implementation of sustainability strategies and in managing and mitigating identified ESG risks which include physical and transition risks.
Strategy			
S1 (Basic)	Identification of Climate-related Risks and Opportunities	pg 28-34	<p>The process for identifying, measuring and managing climate-related risks and opportunities is defined and integrated into the existing risk management framework.</p> <p>https://www.hlb.com.my/en/personal-banking/about-us/sustainability.html</p>
S2 (Basic)	Impact of Climate-related Risks and Opportunities	pg 31-34	The climate-related risks identified may potentially have financial and non-financial impacts on our business and portfolio exposure.

Appendix: TCFD Content Index

TCFD Recommendations	TCFD Requirement	Page Reference	Comments
Strategy (Cont'd)			
S3 (Basic)	Strategy and Risk Appetite on Climate-related Risks and Sustainability Measures	pg 25, 28-29, 79	<p>Qualitative ESG considerations have been incorporated as part of the institution's Risk Appetite Statement (RAS).</p> <p>This elevation of ESG risk is a key step forward for us, as it ensures that the decisions made throughout the organisation will consider ESG risks which will innately support our sustainability efforts.</p>
S4 (Stretch)	Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	pg 34-36	The Bank has considered climate-related risk aspects within its scenario analysis exercise.
Risk Management			
R1 (Basic)	Process for Identifying and Assessing Climate-related Risks	pg 26, 28-29, 31-32	<p>HLB has disclosed its process for identifying and assessing climate-related risks through our frameworks and policies.</p> <p>https://www.hlb.com.my/en/personal-banking/about-us/sustainability.html</p>
R2 (Basic)	Process for Managing Climate related Risks	pg 26, 32-34	HLB adopts a bifurcated risk approach that illustrates risk management tools used in our management process of ESG and climate-related risk.
R3 (Basic)	Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management.	pg 28-32	The Bank has in place processes of identifying, assessing and managing climate-related risks.
R4 (Stretch)	Process for Identifying and Assessing Climate-related Risks	pg 28-29, 31-32, 73-76	<p>The Risk Management Framework outlines the measurement and management of the prioritised risks.</p> <p>Corporate Loan/Financing Portfolio Exposure identified using our E&S internal classification.</p> <p>The Bank has embedded our BCB ESG Policy and Assessment Framework within our BCB Credit Policy, to improve the Bank's assessment of and control over ESG lending and financing risks.</p> <p>Framework can be found in our HLB Corporate website: https://www.hlb.com.my/en/personal-banking/about-us/investor-relations/sustainability-report.html</p>

Appendix: TCFD Content Index

TCFD Recommendations	TCFD Requirement	Page Reference	Comments
Risk Management (Cont'd)			
R5 (Stretch)	Process for Managing Climate-related Risks	pg 28-29, 31-32, 73-76	<p>The Bank has embedded our BCB ESG Policy and Assessment Framework within our BCB Credit Policy, to improve the Bank's assessment of and control over ESG lending and financing risks.</p> <p>Framework can be found in our HLB Corporate website: https://www.hlb.com.my/en/personal-banking/about-us/investor-relations/sustainability-report.html</p>
R6 (Stretch)	Process for Integrating (i) Process for Identifying and Assessing Climate-related Risks and (ii) Process for Managing Climate-related Risks; into Overall Risk Management.	pg 28-32	<p>Have embedded climate-related aspects into our policies and frameworks which can be found in our HLB Corporate website: https://www.hlb.com.my/en/personal-banking/about-us/sustainability.html</p> <p>BCB Exclusion List: https://www.hlb.com.my/content/dam/hlb/my/images/About_Us/sustainability/hlb-bcb-esg-governance-policy.pdf</p>
Metrics & Targets			
M1 (Basic)	Key Climate-related Metrics	pg 28-29	Measuring and monitoring Scope 1, Scope 2 and Scope 3 (business travel emissions) GHG emissions for all Malaysian operations.
M2 (Basic)	Key Climate-related Targets	pg 28-29	HLB has set reduction targets to ensure that the Bank makes meaningful progress towards our goal of becoming carbon neutral.
M3 (Stretch)	Key Climate-related Metrics	pg 28-29	<p>The Bank measures and monitors Scope 3 GHG emissions.</p> <p>In order to work towards the recommendations within the Stretched targets, the Bank will progressively enhance its methodologies and data collection which will provide a basis to establish metrics that can be relied upon.</p>








Appendix: UN SDG Chapter Index

OUR COMMITMENT TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (“UN SDGs”)

SDGs	Targets We Support	Related Sections
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> 1.4 Equal Rights for All to Ownership, Basic Services, Technology and Economic Resources 	<p>Chapter 7: Financial Inclusion & Empowerment</p> <ul style="list-style-type: none"> Financial Accessibility for SMEs, pg 82 - 85 Financial Accessibility for Underserved Communities, pg 86 Providing COVID-19 Relief Assistance, pg 87 <p>Chapter 9: Community Investment</p> <ul style="list-style-type: none"> Building Communities, pg 99 - 100
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> 4.4 Increase the Number of People with Relevant Skills for Financial Success 	<p>Chapter 5: Workforce Readiness</p> <ul style="list-style-type: none"> Workforce Readiness, pg 57 - 60 <p>Chapter 7: Financial Inclusion & Empowerment</p> <ul style="list-style-type: none"> Financial Literacy for the Youth, pg 47 Sustaining the Momentum Towards a Cashless Society, pg 49 Digitalising Shariah Knowledge, pg 49 <p>Chapter 9: Community Investment</p> <ul style="list-style-type: none"> Financial Literacy, pg 102
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> 5.5 Women’s full and effective participation and equal opportunities for leadership 	<p>Chapter 2: Accelerating Sustainability Integration</p> <ul style="list-style-type: none"> Maintaining a Diverse Board, pg 22 <p>Chapter 5: Workforce Readiness</p> <ul style="list-style-type: none"> Diverse and Inclusive Workforce, pg 66
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> 7.1 Universal Access to Modern Energy 7.2 Increase Global Percentage of Renewable Energy 7.A Promote Access to Research, Technology and Investment in Clean Energy 	<p>Chapter 2: Accelerating Sustainability Integration</p> <ul style="list-style-type: none"> Climate-related Opportunities, pg 33 <p>Chapter 8: Addressing Climate Impact</p> <ul style="list-style-type: none"> Green Debt Financing, pg 92 Enabling Access to Cleaner Energy, pg 89 Promoting Green Transportation, pg 90
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> 8.2 Achieve higher levels of economic productivity through technological upgrading and innovation 8.3 Encourage the Growth of Micro-, Small- And Medium-sized Enterprises 8.5 Full and Productive Employment and Decent Work for All 8.10 Expand Access to Banking, Insurance and Financial Services for All 	<p>Chapter 4: Digital at the Core</p> <ul style="list-style-type: none"> Innovative Digital Solutions, pg 45 - 48 Our Digital Infrastructure, pg 50 - 53 <p>Chapter 5: Workforce Readiness</p> <ul style="list-style-type: none"> Workforce Readiness, pg 57 - 60 <p>Chapter 6: Socially Responsible Business</p> <ul style="list-style-type: none"> Fair Banking, pg 79 <p>Chapter 7: Financial Inclusion and Empowerment</p> <ul style="list-style-type: none"> Financial Accessibility for SMEs, pg 82 - 85 Financial Accessibility for Underserved Communities, pg 86 <p>Chapter 9: Community Investment</p> <ul style="list-style-type: none"> Building Communities, pg 99 - 100 Financial Literacy, pg 102

Appendix:

UN SDG Chapter Index

SDGs	Targets We Support	Related Sections
	<ul style="list-style-type: none"> 9.3 Access of Small-Scale Industrial Enterprises to Financial Services 9.4 Upgrade Infrastructure and Retrofit Industries to Make Them Sustainable 9.5 Encouraging innovation 	<p>Chapter 4: Digital at the Core</p> <ul style="list-style-type: none"> Innovative Digital Solutions, pg 45 - 48 Our Digital Infrastructure, pg 50 - 53 <p>Chapter 7: Financial Inclusion and Empowerment</p> <ul style="list-style-type: none"> Financial Accessibility for SMEs, pg 82 - 85 <p>Chapter 8: Addressing Climate Impact</p> <ul style="list-style-type: none"> Towards a Low Carbon Economy, pg 89 Managing our Environmental Footprint, pg 93-94 <p>Chapter 9: Community Investment</p> <ul style="list-style-type: none"> Building Communities, pg 99-100
	<ul style="list-style-type: none"> 12.5 Significantly Reduce Waste Generation 12.6 Encourage Companies to Adopt Sustainable Practices and Sustainable Reporting 12.7 Promote Sustainable Public Procurement Practices 12.8 Promote Universal Understanding of Sustainable Lifestyles 	<p>Chapter 6: Socially Responsible Business</p> <ul style="list-style-type: none"> Enabling A Sustainable Economy, pg 77 Sustainable Supply Chain, pg 80 <p>Chapter 8: Addressing Climate Impact</p> <ul style="list-style-type: none"> Managing our Environmental Footprint, pg 93-94
	<ul style="list-style-type: none"> 13.2 Integrate Climate Change Measures into Policies and Planning 13.3 Improve education, awareness-raising and human and institutional capacity on climate change 	<p>Chapter 2: Accelerating Sustainability Integration</p> <ul style="list-style-type: none"> Task Force on Climate-related Financial Disclosure (“TCFD”) Executive Summary, pg 28-37 <p>Chapter 4: Digital at the Core</p> <ul style="list-style-type: none"> Financial Literacy for the Youth, pg 47 <p>Chapter 6: Socially Responsible Business</p> <ul style="list-style-type: none"> Enabling A Sustainable Economy, pg 77 <p>Chapter 8: Addressing Climate Impact</p> <ul style="list-style-type: none"> Our Net Zero Commitment, pg 88 Towards a Low Carbon Economy, pg 89-90 Managing our Environmental Footprint, pg 93-94
	<ul style="list-style-type: none"> 14.7 Increase the Economic Benefits from Sustainable Use of Marine Resources 	<p>Chapter 6: Socially Responsible Business</p> <ul style="list-style-type: none"> BCB ESG Policy & Assessment Framework, pg 73-76
	<ul style="list-style-type: none"> 15.A Increase Financial Resources to Conserve and Sustainably Use Ecosystem and Biodiversity 15.B Finance and Incentivise Sustainable Forest Management 	<p>Chapter 6: Socially Responsible Business</p> <ul style="list-style-type: none"> Enabling A Sustainable Economy, pg 77
	<ul style="list-style-type: none"> 16.4 Combat Organised Crime and Illicit Financial and Arms Flow 16.5 Reducing All Forms of Corruption and Bribery 16.7 Responsive, inclusive, participatory and representative decision-making at all levels 	<p>Chapter 3: Good Business Conduct</p> <ul style="list-style-type: none"> Ethics, Integrity and Compliance, pg 39-42
	<ul style="list-style-type: none"> 17.16 Enhance partnership to mobilise technology and financial resources 	<p>Chapter 4: Digital at the Core</p> <ul style="list-style-type: none"> Innovative Digital Solutions, pg 45-48

Appendix: GRI Content Index

GRI STANDARDS CONTENT INDEX					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 101: Foundation 2016					
GRI 102: General Disclosures					
Organizational Profile					
GRI 102: General Disclosures 2016	102-1	Name of the organization	8	About Hong Leong Bank	
	102-2	Activities, brands, products, and services	9	Our Business	
	102-3	Location of headquarters	8	About Hong Leong Bank	
	102-4	Location of operations	9	Regional Footprint	
	102-5	Ownership and legal form	8	About Hong Leong Bank	
	102-6	Markets served	9	Our Business	
	102-7	Scale of the organization	9 67-71	Regional Footprint Employee Composition	
	102-8	Information on employees and other workers	67-71	Employee Composition	
	102-9	Supply chain	19 80	Stakeholder Engagement Sustainable Supply Chain	
	102-10	Significant changes to the organization and its supply chain	9	Regional Footprint	
	102-11	Precautionary Principle or approach	23-27	Sustainability Risk Management	
	102-12	External initiatives	10-11	Partnerships and Collaborations	
	102-13	Membership of associations	3 10-11 14-16	Global ESG Indices and Assessments Partnerships and Collaborations Stakeholder Engagement	
Strategy					
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	4-7	Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review	
	102-15	Key impacts, risks, and opportunities	4-7 25-27 28-35	Sustainability Committee Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review Sustainability Risk Management TCFD Executive Summary	
Ethics and Integrity					
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	8	The Bank's Core Values	
	102-17	Mechanisms for advice and concerns about ethics	39-40	Ethics, Integrity and Compliance	

Appendix:

GRI Content Index

GRI STANDARDS CONTENT INDEX					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 102: General Disclosures					
Governance					
GRI 102: General Disclosures 2016	102-18	Governance structure	20 38	Sustainability Governance Corporate Governance	
	102-19	Delegating authority	20	Sustainability Governance	
	102-20	Executive-level responsibility for economic, environmental, and social topics	20	Sustainability Governance	
	102-21	Consulting stakeholders on economic, environmental, and social topics	14-16	Stakeholder Engagement	
	102-22	Composition of the highest governance body and its committees	28	Corporate Governance	
	102-23	Chair of the highest governance body	38	Corporate Governance	
	102-24	Nominating and selecting the highest governance body	HLB AR2022 137	Hong Leong Bank Annual Report 2022 - Corporate Governance Overview, Risk Management & Internal Control Statement	
	102-25	Conflicts of Interest	HLB AR2022 119	Hong Leong Bank Annual Report 2022 - Board of Directors' Profile	
	102-26	Role of highest governance body in setting purpose, values, and strategy	20-21	Sustainability Governance	
	102-27	Collective knowledge of highest governance body	22	Sustainability Governance	
	102-29	Identifying and managing economic, environmental, and social impacts	17 26	Materiality Sustainability Governance	
	102-30	Effectiveness of risk management processes	25 - 27	Sustainability Risk Management	
	102-31	Review of economic, environmental, and social topics	20 24	Sustainability Governance Sustainability Risk Governance	
	102-32	Highest governance body's role in sustainability reporting	20 38	Sustainability Governance Corporate Governance	
	102-33	Communicating critical concerns	38 40 - 41	Corporate Governance Ethics, Integrity and Compliance	

Appendix: GRI Content Index

GRI STANDARDS CONTENT INDEX					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 102: General Disclosures					
Governance					
GRI 102: General Disclosures 2016	102-35	Remuneration Policies	HLB AR2022 141	Hong Leong Bank Annual Report 2022 - Corporate Governance Overview, Risk Management & Internal Control Statement	
	102-36	Process for determining remuneration	HLB AR2022 141	Hong Leong Bank Annual Report 2022 - Corporate Governance Overview, Risk Management & Internal Control Statement	
	102-37	Stakeholders' involvement in remuneration	HLB AR2022 141	Hong Leong Bank Annual Report 2022 - Corporate Governance Overview, Risk Management & Internal Control Statement	
Stakeholder Engagement					
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	14-16	Stakeholder Engagement	
	102-41	Collective bargaining agreements	64-65	Employee Benefits	
	102-42	Identifying and selecting stakeholders	13	Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	14-16	Stakeholder Engagement	
	102-44	Key topics and concerns raised	14-16	Stakeholder Engagement	
Reporting Practice					
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	2	About This Report	
	102-46	Defining report content and topic Boundaries	2	About This Report	
	102-47	List of material topics	18-19	Materiality	
	102-48	Restatements of information	-	Restatements of data are noted as and when they appear.	
	102-49	Changes in reporting	2	About This Report	
	102-50	Reporting period	2	About This Report	
	102-51	Date of most recent report	2	About This Report	
	102-52	Reporting cycle	2	About This Report	
	102-53	Contact point for questions regarding the report	2	About This Report	
	102-54	Claims of reporting in accordance with the GRI Standards	2	About This Report	
	102-55	GRI content index	109-116	GRI Standard Content Index	
	102-56	External assurance	117-118	SIRIM Assurance Statement Certification	

Appendix:

GRI Content Index

SPECIFIC STANDARD DISCLOSURES					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 200: Economic					
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	About Hong Leong Bank Our Sustainability Approach	
	103-2	The management approach and its components	17	About Hong Leong Bank Our Sustainability Approach	
	103-3	Evaluation of the management approach	17	About Hong Leong Bank Our Sustainability Approach	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	As wages are determined using standard par grades with no differentiation based on gender, the ratio is 1:1.	
Indirect Economic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	19	Strategising Our ESG Priorities	
	103-3	Evaluation of the management approach	19	Strategising Our ESG Priorities	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	98-100 103	Building Communities Contributing to Our Communities	
	203-2	Significant indirect economic impacts	81 98-100 103	Promoting Financial Inclusion Building Communities Contributing to Our Communities	
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38 39	Corporate Governance Ethics, Integrity and Compliance	
	103-2	The management approach and its components	38 39	Corporate Governance Ethics, Integrity and Compliance	
	103-3	Evaluation of the management approach	38 39	Corporate Governance Ethics, Integrity and Compliance	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	40-41	Ethics, Integrity and Compliance	

Appendix: GRI Content Index

SPECIFIC STANDARD DISCLOSURES					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 300: Environmental					
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	94	Managing Our Environmental Footprint	
	103-3	Evaluation of the management approach	94	Managing Our Environmental Footprint	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	96	Our Environmental Performance Data (Paper Consumption)	
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	94	Managing Our Environmental Footprint	
	103-3	Evaluation of the management approach	94	Managing Our Environmental Footprint	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	96	Our Environmental Performance Data (Energy Consumption)	
	302-4	Reduction of energy consumption	96, 94, 96	Managing Our Environmental Footprint Our Environmental Performance Data (Energy Consumption)	
Biodiversity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	19	Strategising Our ESG Priorities	
	103-3	Evaluation of the management approach	93	Managing Our Environmental Footprint	
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	93	Managing Our Environmental Footprint	
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	93	Managing Our Environmental Footprint	
	103-3	Evaluation of the management approach	93 - 94	Managing Our Environmental Footprint	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	96	Our Environmental Performance Data (GHG Emissions)	
	305-2	Energy indirect (Scope 2) GHG emissions	96	Our Environmental Performance Data (GHG Emissions)	

Appendix:

GRI Content Index

SPECIFIC STANDARD DISCLOSURES					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 300: Environmental					
Emissions					
GRI 305: Emissions 2016	305-3	Other indirect (Scope 3) GHG emissions	96	Our Environmental Performance Data (GHG Emissions)	
	305-5	Reduction of GHG emissions	96	Our Environmental Performance Data (GHG Emissions)	
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	80	Sustainable Supply Chain	
	103-3	Evaluation of the management approach	80	Sustainable Supply Chain	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	80	Sustainable Supply Chain	
	308-2	Negative environmental impacts in the supply chain and actions taken	80	Sustainable Supply Chain	
GRI 400: Social					
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	18	Strategising Our ESG Priorities	
	103-2	The management approach and its components	55	Nurturing a Sustainable Employee Experience	
	103-3	Evaluation of the management approach	55 - 56	Nurturing a Sustainable Employee Experience	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	67 - 69	Employee Composition	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	64 - 65	Employee Benefits	
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	18	Strategising Our ESG Priorities	
	103-2	The management approach and its components	63	Prioritising Wellness, Health and Safety	
	103-3	Evaluation of the management approach	63	Prioritising Wellness, Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	63	Prioritising Wellness, Health and Safety	
	403-6	Promotion of worker health	63	Prioritising Wellness, Health and Safety	
	403-9	Work-related injuries	63	Prioritising Wellness, Health and Safety	

Appendix: GRI Content Index

SPECIFIC STANDARD DISCLOSURES					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 400: Social					
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	18	Strategising Our ESG Priorities	
	103-2	The management approach and its components	57	Workforce Readiness	
	103-3	Evaluation of the management approach	57 - 58	Workforce Readiness	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	57	Workforce Readiness	
	404-2	Programs for upgrading employee skills and transition assistance programs	58 - 60	Workforce Readiness	
	404-3	Percentage of employees receiving regular performance and career development reviews	62	Talent Management & Engagement Data provided is based on permanent employees	
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	18	Strategising Our ESG Priorities	
	103-2	The management approach and its components	66	Diverse and Inclusive Workforce	
	103-3	Evaluation of the management approach	66	Diverse and Inclusive Workforce	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	66 - 71	Diverse and Inclusive Workforce	
	405-2	Ratio of basic salary and remuneration of women to men	66 - 71	Diverse and Inclusive Workforce	
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	98 101 103	Building Communities Financial Literacy Contributing to Our Communities	
	103-3	Evaluation of the management approach	99 - 100 102 103	Building Communities Financial Literacy Contributing to Our Communities	
GRI 414: Local Communities 2016	414-1	Operations with local community engagement, impact assessments, and development programmes	99 - 100 102 103	Building Communities Financial Literacy Contributing to Our Communities	

Appendix: GRI Content Index

SPECIFIC STANDARD DISCLOSURES					
GRI Standard	Disclosure	Description	Page Number (s)	References SR2022	Omissions
GRI 400: Social					
Supplier Social Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	19	Strategising Our ESG Priorities	
	103-2	The management approach and its components	80	Sustainable Supply Chain	
	103-3	Evaluation of the management approach	80	Sustainable Supply Chain	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	80	Sustainable Supply Chain	
	414-2	Negative social impacts in the supply chain and actions taken	80	Sustainable Supply Chain	
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	18	Strategising Our ESG Priorities	
	103-2	The management approach and its components	18	Strategising Our ESG Priorities	
	103-3	Evaluation of the management approach	50 - 51	Cyber Security and Data Privacy	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	51	Cyber Security and Data Privacy	

SIRIM Assurance Statement



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INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Hong Leong Bank Berhad (hereafter referred to as Hong Leong Bank) to perform an independent verification and provide assurance of Hong Leong Bank Sustainability Report 2022. The main objective of the verification process is to provide assurance to Hong Leong Bank, and its stakeholders of the accuracy and reliability of the information presented in this statement. This was established through checking and verifying claims made in the report. The verification by SIRIM QAS International covered all sustainability-related activities which had been included in Hong Leong Bank Sustainability Report 2022. Further details provided in Appendix 1 of this statement.

The management of Hong Leong Bank was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this assurance statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Hong Leong Bank Sustainability Report and Annual Report 2022.

Verification team

The verification team from SIRIM QAS International consists of:

- 1) Aernida Abdul Kadir : Team Leader
- 2) Kamini Sooriamorthy : Team Member
- 3) Farhanah Md. Shah : Team Member

Methodology

The verification process was carried out by SIRIM QAS International in August 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Hong Leong Bank Sustainability Report and its overall presentation against the BURSA Sustainability Reporting Guide, and other relevant frameworks such as UN-SDGs and GRI Standards requirements.



SIRIM

Assurance Statement

During the verification process, issues were raised, and clarifications were sought from the management of Hong Leong Bank relating to the accuracy of some of the data and contents contained in the report. The Sustainability Report was subsequently reviewed and revised by Hong Leong Bank in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the report has satisfactorily addressed all issues that had been raised.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Hong Leong Bank's Annual Report 2022;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The Hong Leong Bank corporate office, at Menara Hong Leong, Bukit Damansara, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Hong Leong Bank's operating sites; and,
- The verification team did not verify any contractor or third-party data.

Conclusion

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in Hong Leong Bank Berhad Sustainability Report 2022 is fairly stated;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability report provides a reasonable and balanced presentation of the sustainability performance Hong Leong Bank Berhad.

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 30 August 2022

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 2 September 2022

Note 1:

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (2 September 2022).

Hong Leong Bank Berhad

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*As part of Hong Leong Bank's support for environmental sustainability,
this Sustainability Report is printed on Forest Stewardship Council (FSC) certified paper.*