



 **HongLeong** Bank Berhad

Sustainability Report **2023**



1: OVERVIEW

- 2** About This Report
- 3** Global ESG Indices and Assessments
- 4** About Hong Leong Bank
 - 4** The Bank's Core Values
 - 5** The Bank's Core Business
 - 5** Regional Footprint
- 6** Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement

2: MAKING THE SUSTAINABILITY CONNECTION

- 10** Sustainability & Climate Approach
- 10** Sustainability Themes
- 11** Contribution to UN SDGs
- 12** FY2023 Sustainability Highlights
- 13** Our Net Zero Ambition
- 14** Materiality
 - 14** FY2023 Material Topics
 - 16** Materiality Matrix
- 18** Partnership, Collaborations, and Stakeholder Engagements

3: GOVERNANCE

- 19** Our Governance Approach
- 20** Corporate Governance
 - 20** Board Roles and Responsibilities
 - 21** Board Skill Matrix
 - 21** Sustainability Awareness at the Board and Senior Management Level
- 22** Ethics, Integrity, and Compliance
 - 23** Upholding Ethics and Integrity
 - 23** Promoting a Culture of Compliance
 - 24** Building a Culture of Shariah Compliance
 - 24** Prevention of Financial Crime
 - 25** Mechanisms to Uphold Good Business Conduct
 - 25** Fair Dealing and Treatment of Customers
- 26** Sound ESG Risk Management
 - 28** Effective Governance for Climate Resilience
 - 28** Climate Strategy
 - 28** Climate Governance
 - 29** Climate Risk Management
 - 29** Climate Change and Principle-Based Taxonomy (CCPT)
- 30** Potential Climate-related Risks and Its Impacts

- 32 Climate-related Opportunities
- 32 Climate-resilient Operations
- 33 HLB ESG Integrated Policies
- 34 Scenario Analysis

4: BUILDING RESILIENCE

- 36 Building Climate Resilience to Facilitate the Low-Carbon Economy
- 36 Turning Climate Ambition into Action
 - 36 Promoting Cleaner Energy
- 37 Managing the Transition to a Low-Carbon Economy
- 39 Enabling Access to Green Transportation
- 40 Driving Green and Sustainable Developments
- 41 HLB Green Bond
- 41 Green Bond Portfolio
- 42 Building a Sustainable and Responsible Business
 - 42 Value Based Intermediation (VBI) for Islamic Banking
 - 43 BCB ESG Policy & Assessment Framework
 - 46 BCB Portfolio Exposure
 - 48 ESG Customer Engagement
 - 49 Global Markets ESG Assessment

5: SUSTAINABILITY IMPACT

- 50 Digital at the Core
 - 50 Innovative Digital Solutions
- 51 Sustaining Our Digital Momentum
 - 51 Retail Banking Options
- 52 Digitalisation Initiatives
 - 52 HLB@Kampung
 - 52 Digitising Shariah Knowledge
 - 53 Financial Empowerment for the Youth
 - 53 HLB@School
 - 54 Enhancing SME and Consumer Access to Financing
 - 54 Keeping Digitally Vigilant
- 55 Customer Experience and Satisfaction
 - 55 Innovating and Enhancing Customer Experience
- 56 Supporting Social Enterprises and Communities
 - 56 HLB JumpStart
 - 58 HLB JumpStart - Micro Business
- 59 Financial Literacy
 - 59 DuitSmart
- 60 Financial Inclusion and Empowerment
 - 60 Providing Access to the Visually Impaired Community
 - 61 Flood Relief Assistance
 - 61 Cashless Zakat
 - 61 Community Business Manager

6: SUSTAINABLE OPERATIONS

- 62 Managing Our Operational Environmental Footprint
 - 62 Managing Our Resources
- 63 Optimising Resource Efficiency
 - 63 Greening Our Buildings
- 66 Our Carbon Footprint
- 68 Sustainable Supply Chain
- 69 Privacy, Data Protection and Cybersecurity
 - 69 Cybersecurity Awareness

7: OUR PEOPLE

- 70 Nurturing a Sustainable Employee Experience
- 71 Workplace Readiness
 - 72 Building the Talent Pipeline
- 73 Workforce Readiness
 - 74 Upskilling Our People
- 76 Talent Management
 - 76 Talent Management Policies
 - 77 Performance Management and Individual Development
 - 77 Talent Review and Succession Planning
 - 77 Remuneration Policy Framework
- 78 Employee Benefits
- 80 Employee Well-being, Health & Safety, Environment
 - 80 Prioritising Employee Well-being, Health and Safety
 - 80 Fostering Employee Engagement and Satisfaction
 - 82 Meaningful Employee Appreciation
 - 83 Committing to Employee Wellness
- 84 Cultivating Diversity and Inclusion
 - 84 HLB Workforce Diversity Highlights
 - 85 Maintaining a Diverse Board
- 86 Fostering a Sustainability Driven Culture
 - 86 Sustainability Awareness and Training Initiatives
 - 86 Capacity Building Through Knowledge Sharing
 - 87 HLB Sustainability Month
 - 87 Employee Volunteerism

8: APPENDIX

- 88 Appendix I: HLB in Numbers
- 92 Appendix II: HLB Policies with Integration of ESG Elements
- 106 Appendix III: Stakeholder Engagement
- 109 Appendix IV: Our Commitment to the UN SDGs
- 112 Appendix V: GRI Content Index
- 118 Appendix VI: TCFD Content Index
- 119 Appendix VII: SIRIM Independent Assurance Statement
- 121 Appendix VIII: PwC Limited Assurance Report

About This Report

The HLB Sustainability Report 2023 provides insights into our sustainability journey and performance for the financial year 2023. It presents disclosures on our sustainability initiatives and updates on material matters that are substantial to our stakeholders.

This report has been prepared in accordance with the following regulations, standards and guidelines:

- Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements on Sustainability Reporting
- Global Reporting Initiative (“GRI”) Standards
- United Nations Sustainable Development Goals (“UN SDGs”)

Aside from adherence to the above regulations, standards and guidelines, our climate-related disclosures have been further guided by the Recommendations of the Bank Negara Malaysia (“BNM”)’s Task Force on Climate-related Financial Disclosures (“TCFD”) Application Guide for Malaysian Financial Institutions (“FI”), along with the Climate Change and Principle-based Taxonomy (“CCPT”) and Climate Risk Management and Scenario Analysis (“CRMSEA”) reporting requirements. Through these frameworks and guidelines, we aim to disclose the efforts and impacts of our Environmental, Social and Governance (“ESG”) performance via metrics and targets we believe to be relevant for the financial services industry. References to specific topics covered by the report are available in the GRI Standards Content Index on pages 112 to 117.

The report covers our financial year from 1 July 2022 to 30 June 2023 (“FY2023”), unless otherwise stated. The report should be read along with our Annual Report 2023, which provides a more comprehensive disclosure on our financial and operating performance.

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, Hong Kong and Singapore.


This report has been reviewed and approved by HLB’s senior management and the Board of Directors (“Board”). 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 Board.

This report’s content has been externally reviewed and evaluated by Malaysia’s leading certification, inspection and testing body, SIRIM QAS International Sdn Bhd and selected indicators were independently assured by PricewaterhouseCoopers (“PwC”) PLT based on limited assurance. In preparing this report, we have adhered to best practice disclosure standards of our assurers and of the reporting field.

For more concise information about our sustainability practices, please refer to the Sustainability Statement in the Annual Report 2023 on page 83. The statement summarises our Sustainability Report 2023 that details our strategies and achievements, guided by local and international reporting and disclosure standards mentioned above.

For more information on this report, or to provide your feedback, please contact:

Sustainability Department, Hong Leong Bank Berhad

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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 continue to be recognised in leading sustainability ratings and indices, which use comprehensive standards to evaluate sustainability efforts. These include:



FTSE4Good

FTSE4Good

- Constituent of FTSE4Good Bursa Malaysia index for the 6th 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 3.9 out of 5.0, ahead of the overall banking sector's average of 3.1



Morgan Stanley Capital International ("MSCI") ESG Rating

- Achieved an ESG rating of A, with a score of 5.0 during the 2023 MSCI ESG rating assessment, an improvement of ranking bands from our previous year's assessment, at par with the banking industry average of 5.0 (which includes foreign banks)



S&P Global Corporate Sustainability Assessment

- Scored 54 out of 100 as at 31 December 2022, which signifies a 2-point improvement from the previous year of assessment and compares favourably to banking industry average of 28
- Currently placed in the 87th percentile within the banking industry



Sustainalytics

- Achieved a Low Risk rating score with an ESG risk rating of 18.6 for the year 2023, a marginal drop compared to the previous year and is significantly below the year's industry average of 27.2

About Hong Leong Bank

Hong Leong Bank Berhad together with its subsidiaries, form a part of the Hong Leong Financial Group (“the Group”) - Hong Leong Bank Berhad is a leading financial services institution headquartered in Kuala Lumpur, Malaysia. As a community and customer-oriented bank, we are determined to build a brand that focuses on innovating the digital landscape within the financial services industry.

We aim to be at the forefront of digital transformation by harnessing innovation and providing pioneering solutions to our customers. Centred around our Brand Promise of ‘Built Around You’, our extensive range of financial services and products are customer-focused, as our customers are valuable partners and instrumental in our journey to be a leading financial services provider in the country.

The Bank’s Core Values

Driven to contribute positively towards the environment, economy and society, we have incorporated ESG into our core values framework. We believe that our organisation’s core values will provide a strategic focus in leading our corporate purpose of building a more sustainable future.

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

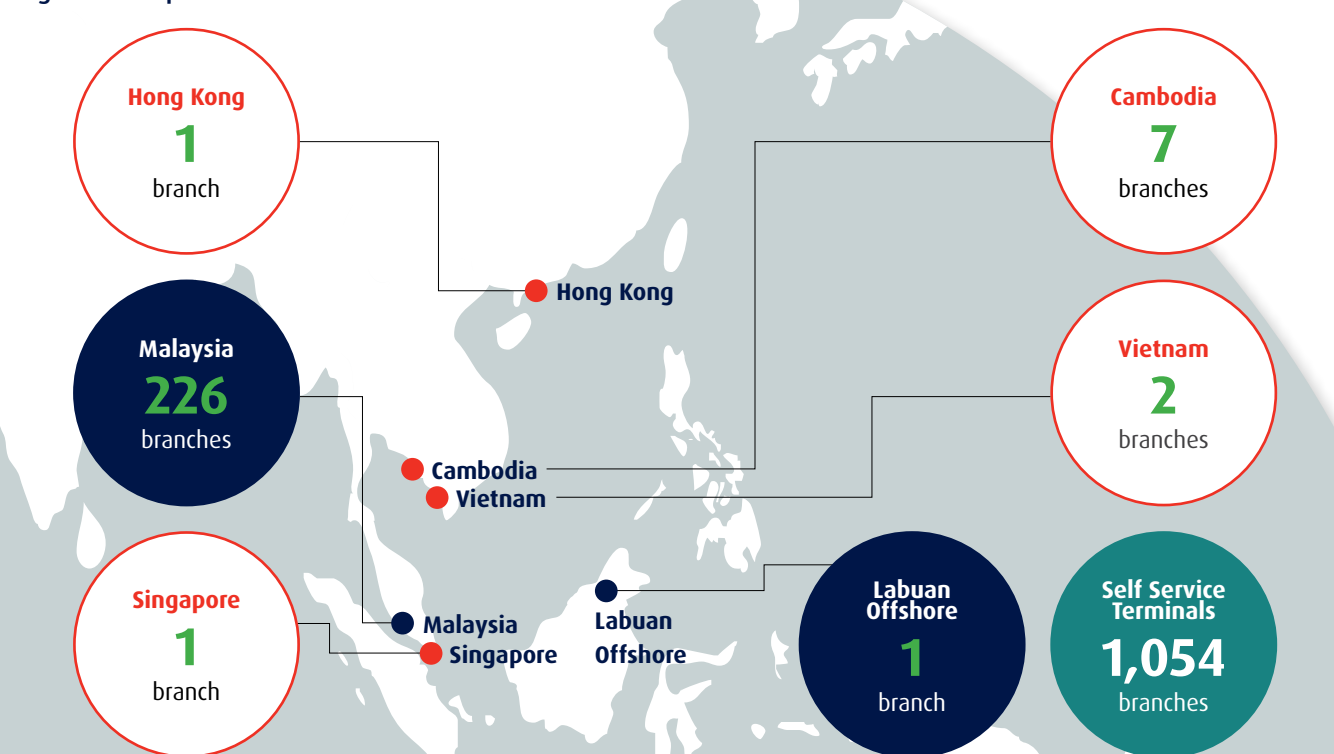
About Hong Leong Bank

The Bank's Core Business

PERSONAL FINANCIAL SERVICES ("PFS")	Principal business activities include providing banking services and financial products to individuals so they can fulfil their needs for property and auto loans/financing, personal loans/financing for their periodic household needs, card and payment products to facilitate everyday spending and transactions, investment and insurance solutions for wealth management and protection needs, deposit and remittance products and services to individuals and small businesses for their liquidity, savings and payment needs, as well as digital banking solutions including internet and mobile banking services. Wealth management has been expanded to provide comprehensive services through solutions tailored to our customers' individual and business needs, spanning across Malaysia and Singapore. These services are delivered by certified Wealth Advisors and a network of experienced Relationship Managers with the aim of achieving sustainable, multi-generational, multifaceted wealth progression through Investments, Insurance, Deposits and Asset Financing.
BUSINESS AND CORPORATE BANKING ("BCB")	Principal business activities include the provision of banking solutions to Small and Medium-sized Enterprises ("SMEs"), commercial and corporate customers, such as deposit and loan services covering business current account, liquidity management, autosweep as well as fixed deposit. Financing options available range from asset acquisition, working capital, business expansion and business automation. HLB also specialises in the provision of transaction banking solutions via cash management, corporate internet banking platform, trade financing and services and merchant payment solutions.
GLOBAL MARKETS ("GM")	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 ("HLISB")	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, Wealth Management, Business and Corporate Banking, and Global Markets products and services.

 For more details on all our core businesses, refer to our Annual Report 2023 at pg 2.

Regional Footprint



 For more details on all our local and overseas branches, refer to our Annual Report 2023, under Local and Overseas Branches at pg 3.

Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement

**KEVIN LAM**

Sustainability Committee Chairman,
Group Managing Director/
Chief Executive Officer

Building Climate Resilience and Strengthening Sustainability Commitments

The Bank continues to advance our sustainability journey across a multitude of fronts. In addressing climate risks across the board, we collaborate with our industry peers and support regulators, aligning to our Net Zero commitment by 2050 and further integrating ESG considerations within our products, services and operations.

Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement

We actively participate in the sub-committees under the Joint Committee for Climate Change ("JC3"), continuously assessing our areas for improvement to meet the disclosure requirements and recommendations of TCFD. Furthermore, we are also members of the CCPT Implementation Group, in line with our ongoing support of BNM's CCPT, as we strive towards a seamless adoption of the policy amongst all FIs.

With guidance from BNM's CRMSA Policy Document, the Bank has submitted gaps and implementation strategies to BNM in May 2023. We look forward to address climate risks with appropriate measures and controls, embarking on initiatives to identify and assess our physical risk of our collaterals and assets. This would allow us to offer better advisory and guidance to our existing and new customers as well as our operations in mitigating flood risks.

In the year under review, HLB continued to advance the sustainability agenda among our customers as we introduced products and services containing elements of ESG across various business segments. We have set targets and are committed to growing our green financing for corporate and retail customers as we look to transition to a low-carbon economy.

In line with this, we have approved over RM3 billion in financing for bioenergy, solar, hydro plants and various other Renewable Energy ("RE") projects to date. This has led to an increase in our renewable energy financing target from RM500 million within 5 years, set in 2019, to RM4 billion by 2025.

Our efforts have been recognised by the National Energy Awards for 2 years consecutively, having been awarded the Special Award for Sustainable Energy Financing by Domestic Bank in 2022 and winner of the Conventional Financing category in 2021.

EXPANDING BOUNDARIES AND ENHANCING OUR ENVIRONMENTAL DISCLOSURES

In our journey to decarbonise our operations, we continue to expand our boundaries to include our overseas markets as well as enhance our carbon disclosures. This year, we have added two more Greenhouse Gas ("GHG") Scope 3 Emission categories for improved disclosure: Category 7 Employee Commuting, which is also a disclosure requirement under the Bursa Malaysia Sustainability Reporting Guideline and TCFD; and Category 13 Downstream Leased Asset, expanding on our indirect GHG emissions.

We made steady progress towards our Net Zero ambitions and carbon reduction targets last year, reducing our operational carbon emissions (Scope 1 & 2 in Malaysia) by approximately 21% from FY2019, in line with our targeted reduction of 15% to 25% by the year 2026.

Reduced our operational carbon emissions (Scope 1 & 2 in Malaysia) by approximately **21%** from FY2019, in line with our targeted reduction of 15% to 25% by the year 2026.

Renewable Energy

- For FY2023, we set a target of cumulative approved **RM2.9 billion worth of financing** for renewable energy sector
- Achieved **RM3.2 billion financing** by June 2023
- Renewed target to approve **RM4 billion in renewable energy financing** by FY2025

Green Car Financing

- For FY2023, we set a target of **RM240 million worth of new green car financing** for Battery Electric Vehicles ("BEV"), Plug-in Hybrid Electric Vehicles ("PHEV") and Hybrid Electric Vehicles ("HEV")
- **Achieved RM392 million financing** by June 2023

Green Building/Township and Affordable Property Financing

- For FY2023, we set a target of **RM12 billion worth of financing** for green building/township and affordable housing
- Achieved **RM13.17 billion financing** by June 2023

Contributing factors to this reduction are our Energy Efficiency & Conservation ("EE&C") Measures and Energy Audits carried out at our operational facilities in Malaysia. To date, we have successfully completed all EE&C Measures for Hong Leong Tower and PJ City Tower A, including the installation of solar panels on the rooftop of our PJ City Tower A building. We have also retrofitted our HLB-owned branches with energy efficient air conditioning systems and LED light fittings. In March 2023, our new Data Centre in Hong Leong Tower was officially certified as a Green Computing Facility with a Titanium+ ranking from the Green Climate Initiative ("GCI").

As we strive to continuously strengthen our commitment and focus on transitioning to a low-carbon economy, building climate resilience through our financial solutions and services remain pivotal to our efforts. In line with TCFD's Stretch recommendations, we are planning to expand our carbon emissions assessment to include Scope 3 Category 15 covering Investment/Financed Emissions of our Corporate Banking, Project Financing, Mortgage Financing, and Auto Loan Financing portfolios. To achieve this, we have become a signatory to the Partnership in Carbon

Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement



Accounting Financials (“PCAF”) this year, as we step up our efforts to calculate our Financed Emissions along with the identification and assessment of physical risks of our collaterals and assets.

In addition, we have also included leased asset emissions from Hong Leong Tower and operational, business travel, and employee commuting emissions from our branches in Hong Kong and Singapore. We also intend to include our Cambodia and Vietnam subsidiaries in FY2024.

To supplement our efforts in transitioning towards a low-carbon economy, our Mangrove restoration project with the Malaysian Nature Society (“MNS”) aims to capture and store carbon emissions – as we look to offset and reduce our carbon footprint. To date, 50,000 trees have been planted through this initiative across over 7 hectares of land at the Kuala Selangor Nature Park.

STEPPING UP WHEN IT MATTERS MOST, AS WE ARE HERE FOR THE LONG TERM

In the year under review, we witnessed the nation grapple with the twin challenges of the endemic and the devastating floods that struck in early 2023, causing billions of ringgit worth of economic damage. The Bank stepped up to provide timely and relevant assistance to both customers and communities as we sought to do our part to help them navigate these trying times. We supported individuals and businesses affected by the floods with a range of relief assistance programmes while also facilitating government-initiated programmes.

Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement

We are also committed to be an all-inclusive organisation while serving 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 Self-Service Terminals ("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. In FY2023, we introduced 12 new HLB Talking ATMs across the country, bringing our total number of HLB Talking ATMs to 17 to date.

As of FY2023, we have **17** HLB Talking ATMs in Kuala Lumpur, Melaka, Negeri Sembilan, Johor, Perak, Penang, Kedah, Perlis, Kelantan, Terengganu, Pahang, Sarawak, and Sabah.

As a financial institution, we want to play an active role in promoting financial literacy and inclusion, as well as provide tailor-made tools that help children on their financial education journey. We want everyone, no matter their situation, to have the same opportunity to learn about money management and take control of their finances. Our DuitSmart Kids collaboration with Smart Reader® Worldwide was recognised by the Malaysia Book of Records as having a record-breaking 1,789 students, the most students graduating from a financial literacy programme. Through DuitSmart and other programmes, we look forward to empowering the next generation with the knowledge and tools to build their own secure financial futures.

SUSTAINABILITY CULTURE ACROSS THE ORGANISATION

Building a strong sustainable culture among our people is important to develop future sustainability champions within the Bank. We have made this our priority by providing access to knowledge on key sustainability issues, engagements on practising sustainable lifestyles, and recruiting talents with environmental backgrounds and expertise.

In the last couple of years, we employed a comprehensive strategy to promote sustainability awareness and empower our employees to embrace a positive attitude towards ESG principles. This effort aligns with our commitment to provide innovative ESG and Values-Based Intermediation ("VBI") solutions. This year, we have continued to use training programmes, brown bag sessions, and internal communication tools to actively involve our employees in discussions about sustainability-related matters.

In addition, we have also continued to host our Hong Leong Bank Sustainability Roundtable sessions to engage and keep our customers and stakeholders abreast of the latest developments in ESG matters. Our tenth roundtable was organised in collaboration with the Small and Medium Enterprises Association ("SAMENTA") focused on exploring and building competitiveness through green supply chains. This roundtable series will continue to serve as a platform to foster networking, collaboration, and knowledge-sharing among the participants. Moving forward, we will continue organising more of these roundtables with the aim of creating a knowledge base of relevant and comprehensive information surrounding sustainability practices.

Through our commitment towards ESG into our business, HLB continues to be acknowledged by renowned global indices and sustainability assessments for our efforts in strengthening our sustainability and ESG practices. This includes being ranked into the FTSE4Good, MSCI, and Dow Jones Sustainability Indices (DJSI) indices.

We consistently uphold our ESG commitments as integral pillars of our responsible business practices. In line with the growing interest in ESG responsibility, we strive to be transparent in this process by disclosing our efforts throughout the year, in compliance with internationally recognised benchmarks and actively participating in various global ESG initiatives. Through this, we hope to integrate sustainability practices into our operations, stay updated on global trends, and achieve steady growth through impactful initiatives.

KEVIN LAM

Sustainability Committee Chairman,
Group Managing Director/Chief Executive Officer

Sustainability & Climate Approach

Given our significant reach and impact, HLB strives to do business in a responsible manner to better address the needs of our stakeholders. This has driven us to ensure that sound business practices are embedded across the organisation, underpinned by our robust governance structure. Spurred by our efforts to provide a customer-centric and seamless digitally driven experience, we continue to enhance our business practices, governance structures, and standards of conduct to deliver meaningful impact to all of our stakeholders.

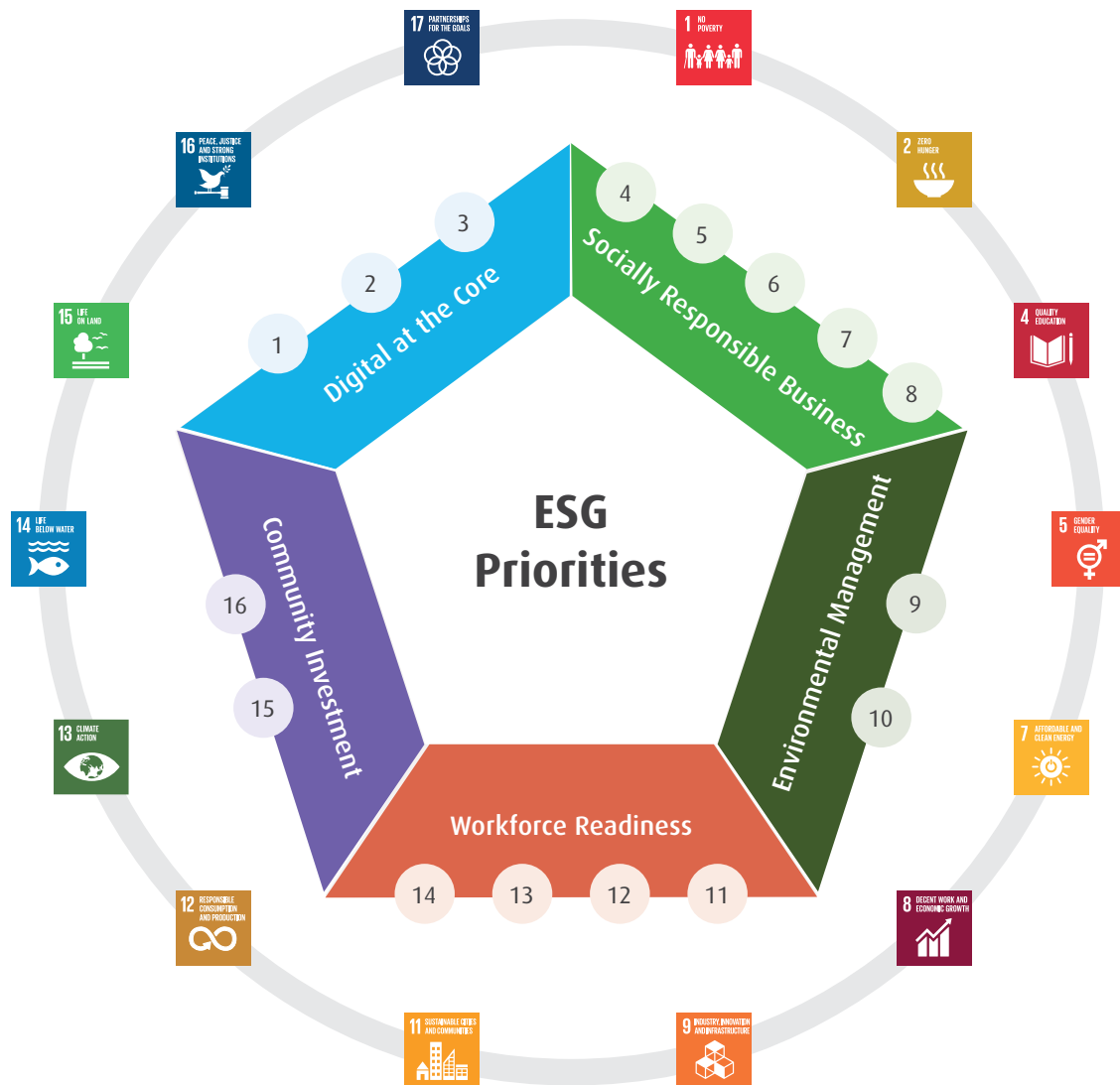
Sustainability Themes

Our corporate vision remains to be an ASEAN financial services company that leverages digitalisation and innovation through our products and services. We are determined to help customers succeed through personalised fair banking services. Apart from that, we aim to create stakeholder value and provide our people with the best opportunities to reach their potential. As we strive to embed our Sustainability Themes into the business, we have taken proactive steps that reflect our commitment to sustainability and responsible practices.



Contribution to UN SDGs

As part of the financial ecosystem, we are conscious of our commitment to meet the UN SDGs. The global objectives of the SDGs are intricately tied to our endeavours to enhance our initiatives in embedding sustainability into our business, fulfilling our mission to contribute to the environment, economy and society. As part of our SDG commitment, we have identified SDG targets to which we are in the best position to contribute towards.



Material Sustainability Topics

Digital at the Core

1. Digital Finance and Innovation
2. Customer Experience & Satisfaction
3. Privacy, Data Protection & Cybersecurity

Socially Responsible Business

4. Good Governance & Ethical Business Conduct
5. Sound Risk Management & Compliance
6. Sustainable & Responsible Financing

7. Fair Treatment & Dealing of Customers
8. Sustainable Supply Chain

Environmental Management

9. Managing Our Operational Environmental Footprint
10. Building Climate Resilience to Facilitate a Low-Carbon Transition

Workforce Readiness

11. Talent Attraction, Development and Retention
12. Diverse and Inclusive Workforce
13. Employee Well-Being, Health & Safety
14. Fostering a Sustainability-Driven Culture

Community Investment

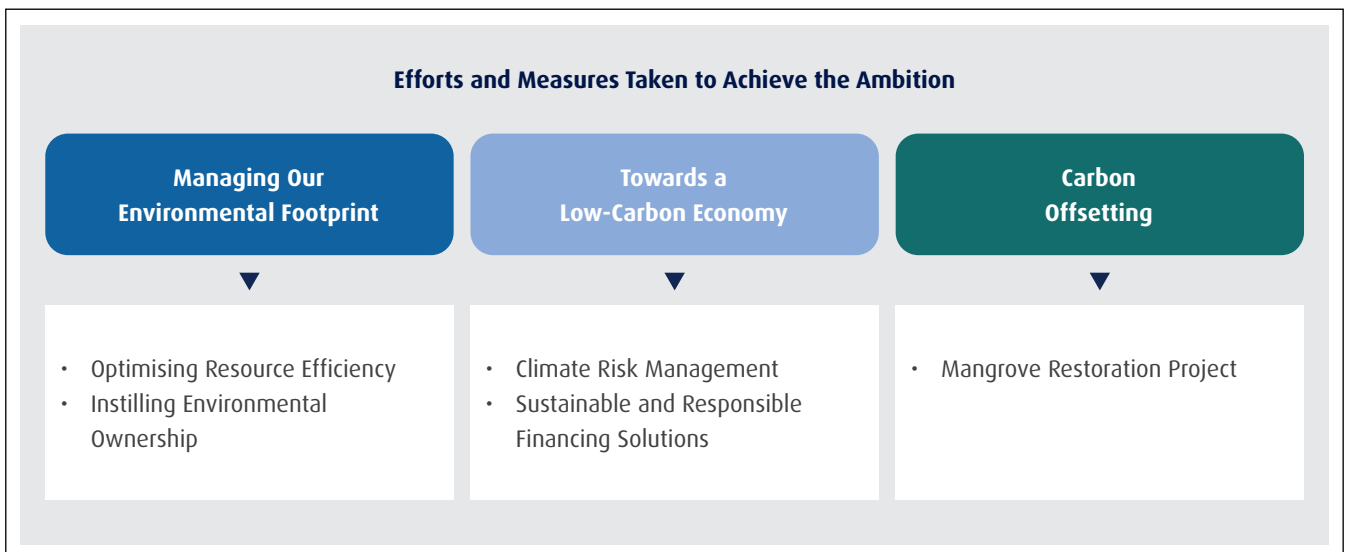
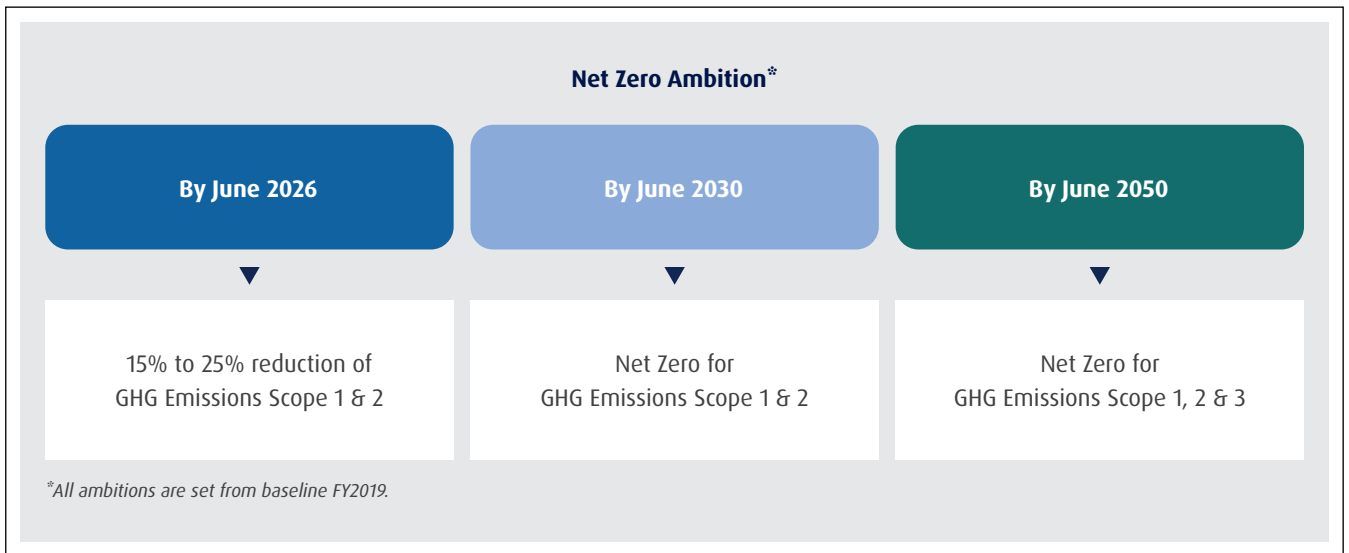
15. Supporting Social Enterprises and Communities
16. Financial Inclusion & Literacy

FY2023 Sustainability Highlights

Focus Area				
GHG Emissions (Malaysia)	Auto Loan/Financing	Mortgage Loan/Financing	Renewable Energy Financing	
Key Performance Indicator				
Scope 1 & 2 (Operational Emissions)	Scope 3 (Business Travel, Leased Asset - Downstream & Employee Commuting)	New Green Car Financing for BEV, PHEV & HEV	Green Building/ Township & Affordable Property Financing	Solar, Bioenergy, Small Hydro & Any RE (customers with facilities that is not concentrated on a single RE resource)
FY2023 Target				
Baseline FY2019 is 34,703 tCO ₂ e and target is 15% to 25% reduction by FY2026 & Net Zero by 2030	Baseline FY2019 is 12,699 tCO ₂ e and target is Net Zero by 2050	Newly approved RM240 million	Cumulative approved RM12.13 billion	Cumulative approved RM2.9 billion
FY2023 Performance				
Total emissions recorded: 27,545 tCO ₂ e	Total emissions recorded: 12,216 tCO ₂ e	Newly approved RM391.96 million	Cumulative approved RM13.17 billion	Cumulative approved RM3.23 billion

Our Net Zero Ambition

Our Net Zero 2050 commitment has driven our carbon reduction journey in spearheading our efforts in managing our environmental footprint, transitioning to a low-carbon economy and exploring measures to offset our carbon emissions. As such, we recognise the need for purposeful and effective strategies in these avenues and have honed our approach in related areas.

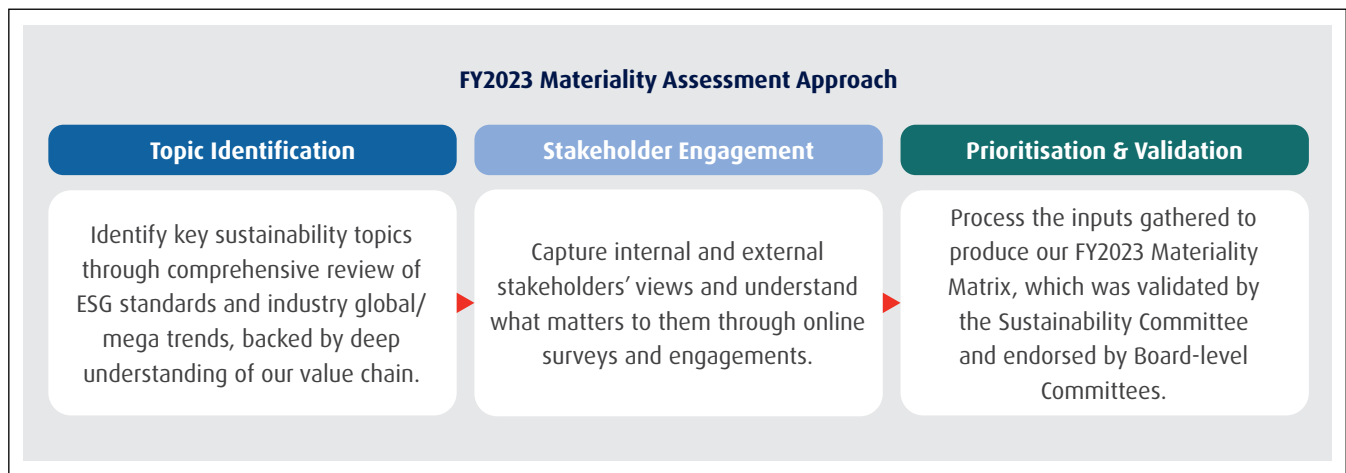


Our Sustainability Themes serve as a foundation for a strategic approach to integrating effective initiatives and enhancing accountability throughout our business operations.

Materiality



The ever changing landscape of the global banking sector gives rise to mounting economic, environmental, and societal pressure. To that end, we recognise the need to constantly keep abreast of emerging sustainability risks and opportunities, especially those most material to us and our stakeholders. By leveraging these material matters, we are able to strategise and prioritise concerted efforts for the Bank to create long-lasting value.

In FY2023, we undertook a materiality assessment to validate and inform the Bank's current and forward-looking strategy as well as develop a more profound approach to ESG reporting and disclosure. The exercise took into account the diverse views of a broad range of stakeholders across our operating entities, including the Board, senior management, employees, regulators, investors, analysts, customers, media, vendors, suppliers, and the community.



FY2023 Material Topics

HLB's materiality assessment approach encourages recognition and communication of the impact of sustainability topics on our performance, as well as the impact of our business activities along the value chain on the community and environment. This year, the Bank has identified 16 topics material to our operations, which are mapped in the materiality matrix and further explained in the following table.

HLB Sustainability Themes	Material Topic	Description
 Digital at the Core	Digital Finance and Innovation	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, whilst simultaneously increasing accessibility of our offerings to new and existing customers.
	Customer Experience & Satisfaction	Embedding a customer-centric culture within the organisation and undertaking initiatives to improve end-to-end customer experience as well as customer satisfaction; leading to increased customer retention.
	Privacy, Data Protection & Cybersecurity	Protecting employees' and customers' data from unauthorised access, cyber attacks and threats via responsible collection, handling, storage and protection of personal and proprietary data.
 Socially Responsible Business	Good Governance & Ethical Business Conduct	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency and accountability, in order to maintain stakeholders' trust in the organisation.

Materiality

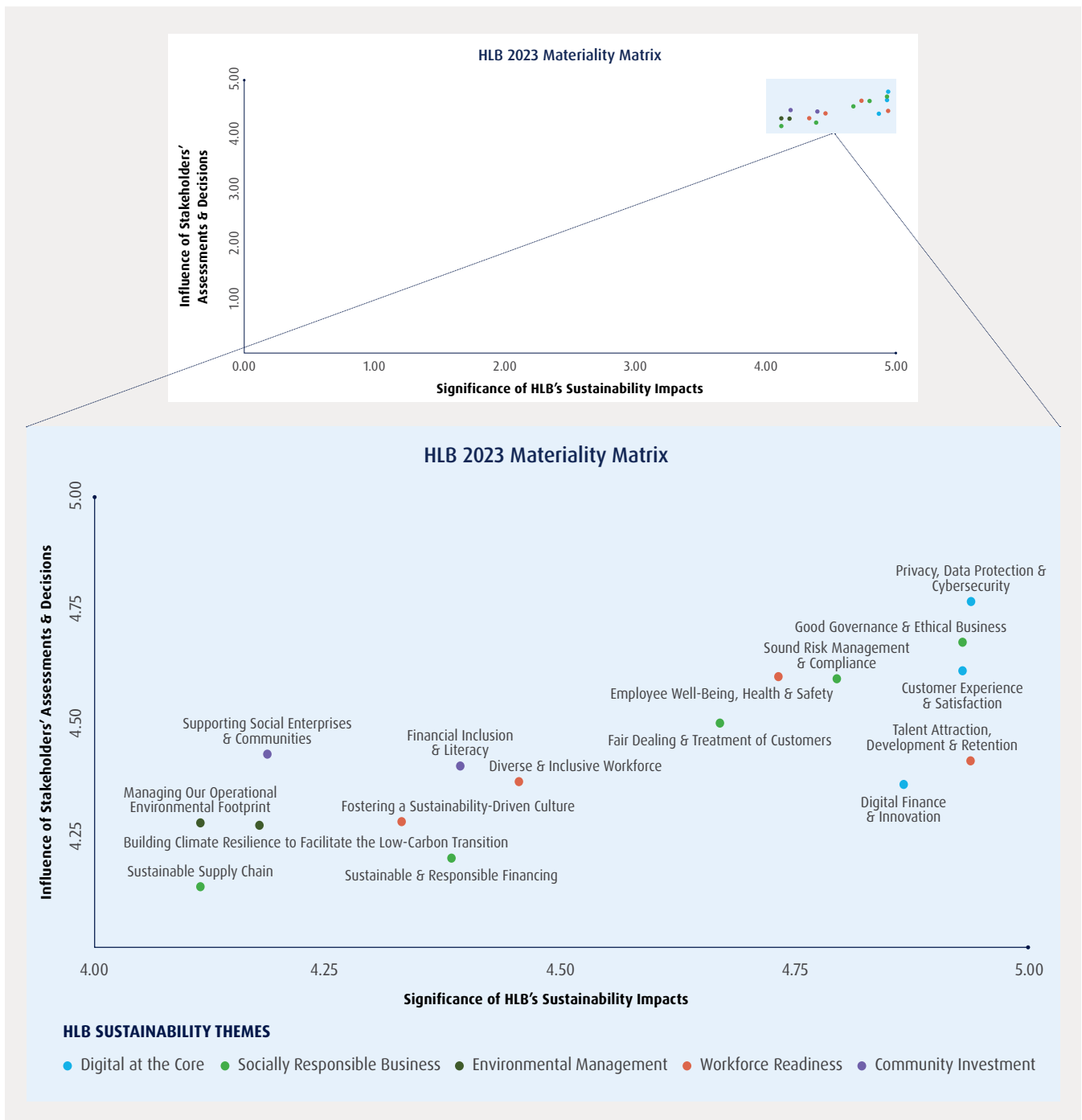
HLB Sustainability Themes	Material Topic	Description
 Socially Responsible Business	Sound Risk Management & Compliance	Upholding a strong compliance culture throughout the organisation to ensure compliance to applicable laws, regulations, and standards as well as the prevention of financial crime (e.g. money laundering, terrorism financing, fraud, corruption and bribery). Adopting a systematic and comprehensive risk management approach in identifying and mitigating emerging risks to our business activities by investing in people, technology, policies and processes.
	Sustainable & Responsible Financing	Integrating ESG factors into the design, evaluation, and management of our financial products and services (e.g. green loans, green bonds, islamic finance for sustainability) to encourage higher adoption of sustainability principles by customers.
	Fair Treatment & Dealing of Customers	Ensuring fair treatment of our customers and clients in the conduct of our business by prioritising their financial needs and risk appetite, as well as providing them transparent, accurate, sufficient and easily understood information about our products and services.
	Sustainable Supply Chain	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment and engagement practices, whilst also encouraging supplier diversity to include local businesses.
 Environmental Management	Managing Our Operational Environmental Footprint	Responsibly optimising resource consumption to effectively manage the environmental footprint of our operations (e.g. energy management, waste management, water consumption, GHG emissions).
	Building Climate Resilience to Facilitate a Low-Carbon Transition	Identifying and integrating climate-related risks into our strategies, business operations and across our value chain via our risk management framework, in order to facilitate a just transition to a low-carbon economy (e.g. reducing exposure to high-risk sectors, supporting low-carbon solutions).
 Workforce Readiness	Talent Attraction, Development and Retention	Investing in talent attraction, development and retention to cultivate a pool of high-quality talent, whilst also fostering a growth mindset in our employees to ensure their adaptability in today's ever-changing business and technological landscape.
	Diverse and Inclusive Workforce	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus fostering productivity and innovation.
	Employee Well-Being, Health & Safety	Creating an inclusive and supportive work environment which supports employee health and safety, promotes their well-being and improves work-life balance via effective policies, processes and labour standards.
	Fostering a Sustainability-Driven Culture	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation (e.g. encouraging employee volunteerism, implementing ESG capacity-building programmes).
 Community Investment	Supporting Social Enterprises and Communities	Developing strategic partnerships with social enterprises to implement community empowerment programmes that create long-term environmental and social impact for underserved communities across our operations.
	Financial Inclusion & Literacy	Enabling the accessibility of affordable financial services to all segments of society and promoting financial literacy, thus empowering individuals and businesses to improve their financial well-being.

Materiality

Materiality Matrix

The 2023 Materiality Assessment outlined the priorities of the Bank’s stakeholders on matters relevant to ESG. This exercise enabled a more informed decision-making process, leveraging topics that are important to the Bank’s stakeholders as well as HLB to further our sustainability journey in depth and reach.

Prior to the assessment process, material topics were identified and developed based on global best practices to ensure matters most pertinent to us and our stakeholders were accurately reflected. 16 material topics were identified by the Bank, reflecting our ambitions in the sustainability space, and cascaded to our stakeholders, both internal and external, for deliberation. This process resulted in the following materiality matrix, where each material topic obtained a minimum rating of 4.1 out of 5.



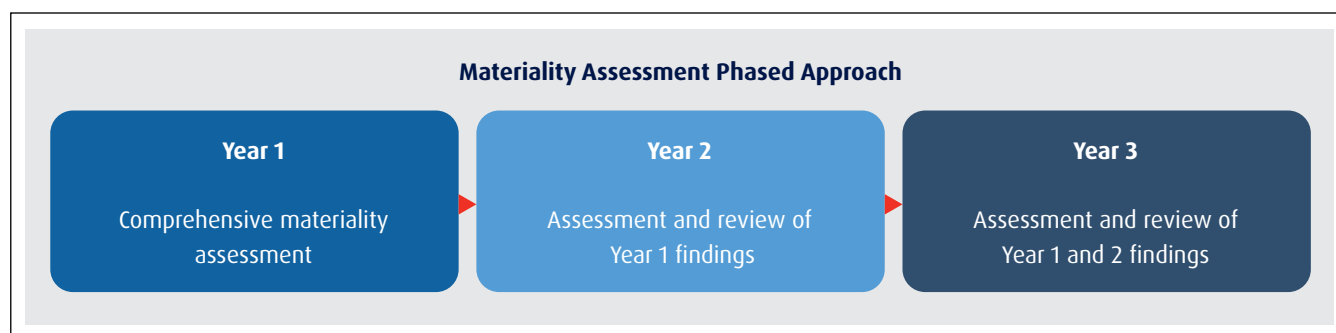
Materiality

In comparison to the 2021 Materiality Assessment results, the Bank’s priorities remain largely consistent with minor shifts in certain areas. As an integral pillar in the economy, Cybersecurity, Good Governance and Sound Risk Management and Compliance remain as priorities to the Bank, as evidenced in the materiality matrix, and further denoted by our progressive efforts to ensure measures are in place to address risks associated with these material topics.

Beyond stewarding effective governance, our efforts in Fair Dealing and Treatment of Customers and Sustainable Supply Chain material topics have also borne results as we note a decrease in priority from our stakeholders, from the previous assessment conducted in FY2021.

True to our theme of Workforce Readiness, we see strong value in developing and maintaining a productive and effective workforce as we look to deliver value to our customers. As an increasing priority to the Bank, this is reflected in our enhanced efforts to attract, train, and retain our talent, showcased throughout this report.

Elsewhere, our Community Investment material matters have also garnered increasing attention from our stakeholder groups across our value chain. In line with this, the Bank is ramping up efforts to foster engagement and continue delivering impactful value to the community.



Moving forward, the Bank is intent on enhancing our materiality assessment through a phased approach across three years beginning FY2023. Next year, we aim to conduct structured interviews and focus groups with HLB’s internal and external stakeholder groups to identify the risks, opportunities and impacts associated with all material topics. In Year 3, consolidation of these collective efforts will lead to a comprehensive materiality assessment, enabling the Bank to stay abreast of current trends and issues pertinent to us and our stakeholders.

Partnerships, Collaborations, and Stakeholder Engagements

The Bank is a member and close collaborators with a wide range of organisations and associations. These partnerships not only enhance our fundamental business activities but also enable us to cultivate and strengthen relationships with our stakeholders.

Associations/Organisation		
 <p>PERSATUAN BANK BANK DALAM MALAYSIA THE ASSOCIATION OF BANKS IN MALAYSIA</p> <p>The Association of Banks in Malaysia ("ABM")</p>	 <p>AICB</p> <p>Asian Institute of Chartered Bankers ("AICB")</p>	 <p>PayNet PAYMENTS NETWORK MALAYSIA</p> <p>Payments Networks Malaysia Sdn Bhd ("PayNet")</p>
 <p>IBFIM</p> <p>Islamic Banking and Finance Institute Malaysia Sdn Bhd ("IBFIM")</p>	 <p>Financial Ombudsman Service</p> <p>Ombudsman for Financial Services ("OFS")</p>	 <p>Cagamas Holdings Berhad ("Cagamas")</p>
 <p>قائم</p> <p>The Association of Islamic Banking Institutions Malaysia ("AIBIM")</p>	 <p>FINCO</p> <p>Financial Industry Collective Outreach ("FINCO")</p>	 <p>PCAF Partnership for Carbon Accounting Financials</p> <p>Partnership for Carbon Accounting Financials ("PCAF")</p>
 <p>MBAN MALAYSIAN BUSINESS ANGEL NETWORK</p> <p>The Malaysian Business Angel Network ("MBAN")</p>	 <p>SJKP Syarikat milik penuh Menteri Kewangan Diperbadankan</p> <p>Syarikat Jaminan Kredit Perumahan Berhad ("SJKP")</p>	 <p>FIMM Federation of Investment Managers Malaysia</p> <p>Federation of Investment Managers Malaysia ("FIMM")</p>

We also recognise the significance of involving stakeholders to generate a more substantial impact on sustainability and deliver greater value to them. This impels us to regularly interact with our stakeholders, staying attuned to prevailing trends and any shifts in their focal points. Our engagement with stakeholders furnishes us with vital insights that aid in pinpointing, ranking, and tackling our foremost ESG concerns.



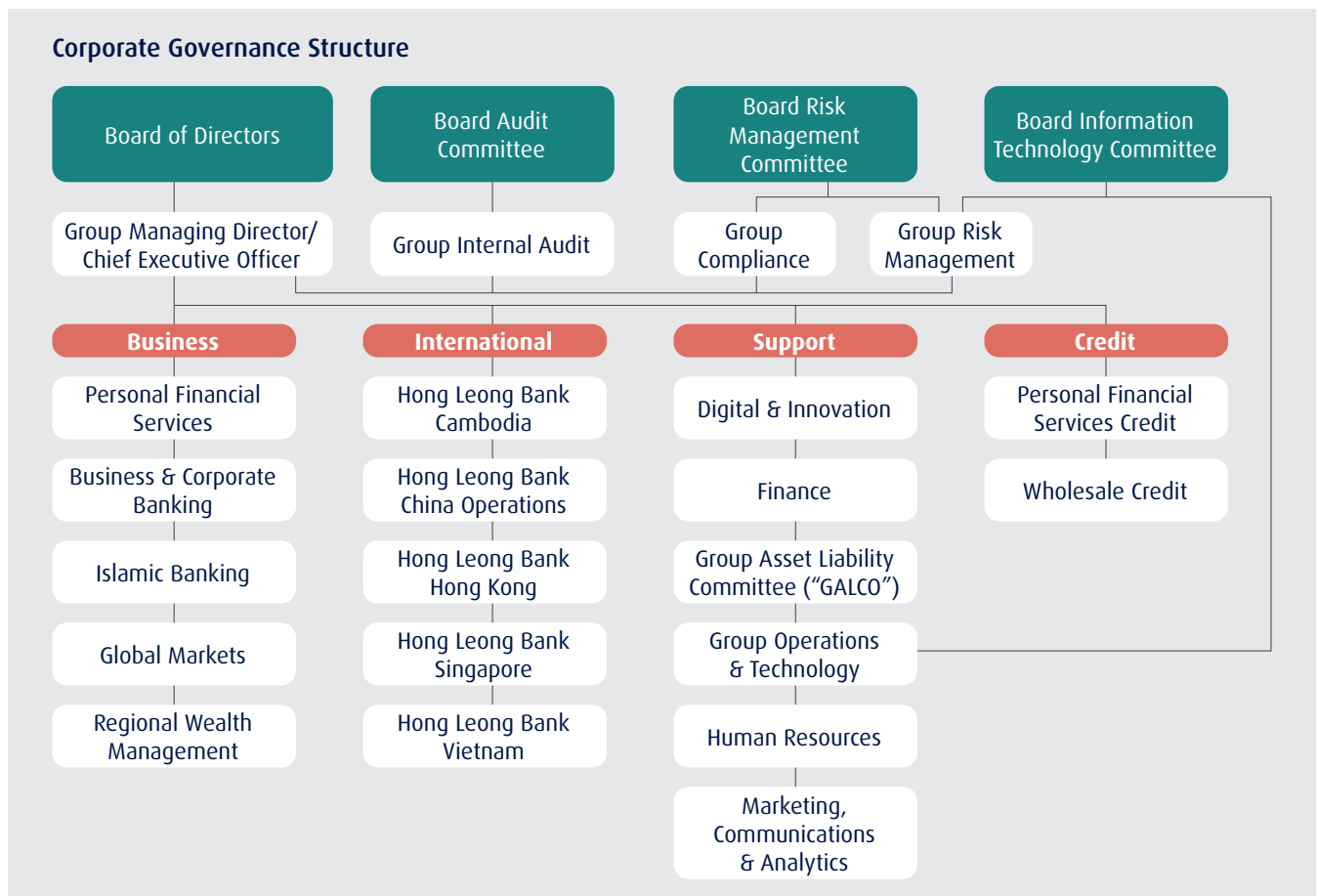
Please refer to Appendix III: Stakeholder Engagement on pages 106 to 108 for a detailed engagement with stakeholder groups.

Our Governance Approach

Robust corporate governance and clear leadership are crucial to our organisation’s success, paving the way towards achieving the Bank’s sustainability ambitions and enabling us to facilitate a smooth and just transition for the communities that we serve. To that end, HLB’s sustainability governance in integrating ESG practices throughout the bank is driven from the top with a strong sense of accountability.

We believe that strong leadership is the heart of our corporate philosophy. With a strong commitment to a robust governance framework, our Senior Management is able to closely monitor compliance requirements, which cover issues such as ethical behaviour, Anti-Bribery and Corruption (“ABC”), Anti-Money Laundering (“AML”), and whistleblowing, amongst others.

At HLB, we constantly strive to integrate ESG strategies into our operational framework. We are aware that an effective governance model is key to ensuring sustainable success of our business. A governance model that is built on sustainable goals is an indispensable foundation for ensuring the long-term sustainability and success of our business. We have taken decisive steps to actively build and embed this model into our corporate strategy.

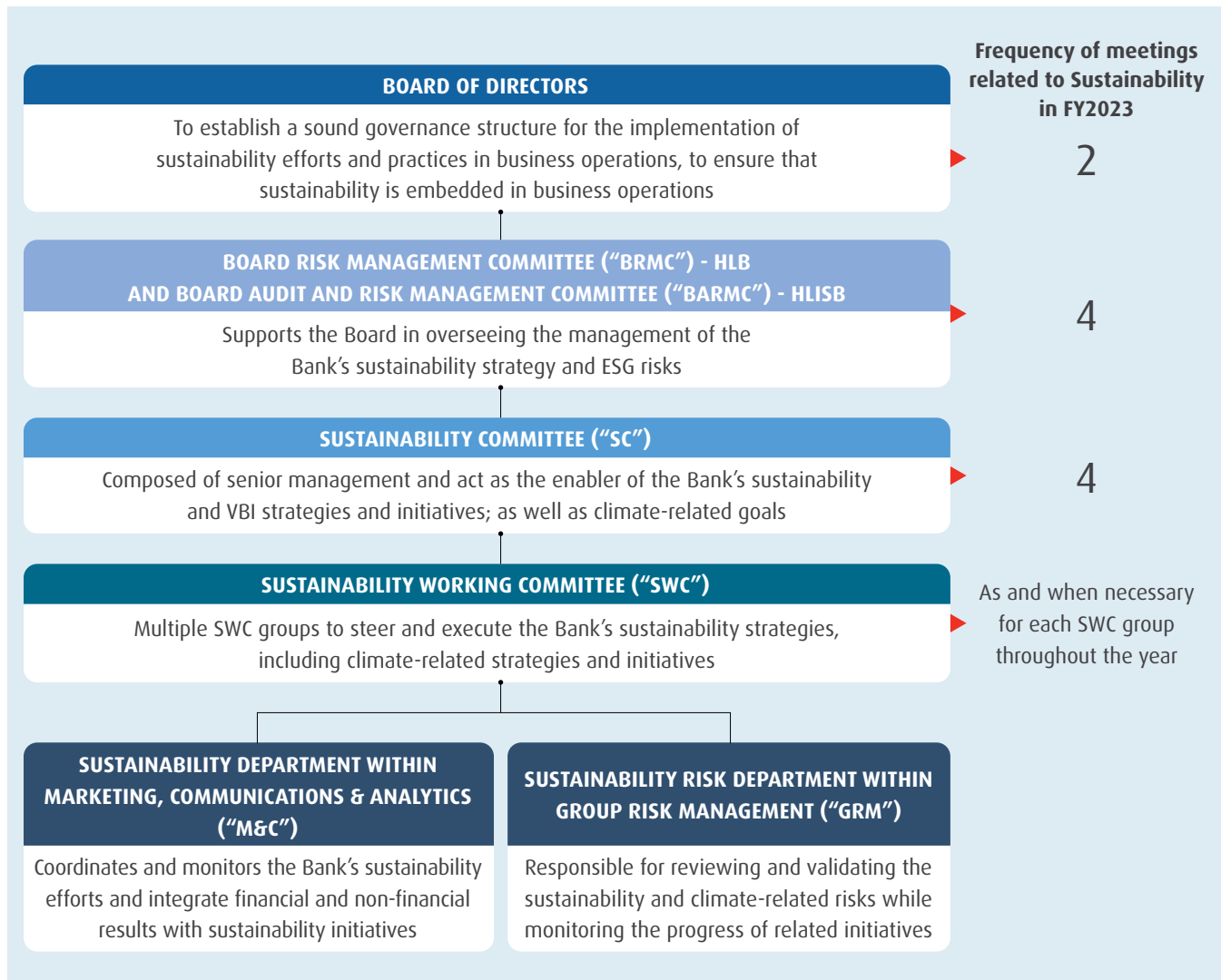


Corporate Governance

Board Roles and Responsibilities

Forward-looking sustainability goals and targets are fundamental steps in governing for a better future. By defining targeted and measurable objectives, we commit to implementing initiatives that promote environmental, social, and economic well-being. These goals serve as a compass, guiding decision-making and resource allocation towards more sustainable practices and outcomes.

HLB's Board of Directors leads the organisation's progressive journey towards sustainability, and is supported by the Bank's senior management and staff. The Board ensures the Bank's strategic initiatives support long-term value creation, taking ESG concerns and corresponding risks and opportunities into account. As the Bank's highest governing body, the Board is responsible for overseeing Board-level committees that have oversight on areas relating to sustainability, encompassing climate change. Supporting the Board in effectively carrying out its functions are the following governing bodies:



The Bank's governance includes oversight on capacity building and knowledge sharing on ESG matters as part of our sustainability strategy. Our Sustainability Committee, guided by our key Sustainability Themes, conducts regular meetings that drive the development and implementation of the Bank's sustainability strategy, framework and reporting.

In FY2023, a total of 4 meetings were conducted where the main agenda of the Sustainability Committee Meetings centred around the Bank's sustainability efforts and climate risk management. This included discussions on driving HLB's initiatives as well as expanding our disclosure boundaries to include Scope 3 Financed Emissions.

Corporate Governance

Board Skill Matrix

The Bank constantly strives to operate as a team of individuals with diverse skill sets, strengths and expertise that contribute to achieving our strategic ESG priorities, ensuring its sustained success in the long run. The table below depicts the key skills and expertise of our Board of Directors for HLB and HLISB.

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 	7
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 	10
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 of 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 	10
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 	9
International Business Experience	8

Sustainability Awareness at the Board and Senior Management Level

Cultivating sustainability awareness amongst the Board members and Senior Management includes the need for training on sustainability knowledge, including climate-related risks and opportunities, on a regular basis. In line with this, we have sent two of our directors to attend the Listed Entity Director Programme (LED) on ESG Essentials in September 2022, organised by the Singapore Institute of Directors. In March 2023, one of our directors attended the Asia School of Business's Leadership for Enterprise Sustainability Asia 2023 programme and four more directors went to the PwC ESG Briefing. This is our ongoing commitment in ensuring our directors gain more comprehensive knowledge and stay on top of sustainability-related developments.

To further strengthen the awareness of sustainability within the organisation, particularly at senior management level, our annual HLB Expert Session in FY2023 focused on Carbon issues. The session, which was originally planned for June 2023, was held in July 2023 with experts from the Green Building Council, Bursa Carbon Exchange, and Energy Commission sharing their knowledge and latest developments in their respective carbon and energy fields to our senior management and heads of departments. The annual HLB Expert Engagement Session 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.

Ethics, Integrity, and Compliance

Our Code of Conduct and Ethics ensures that all our employees, subsidiaries and affiliated business partners comply with the highest standards of professionalism and ethics in the conduct of our business. We make a conscious effort to ensure that the principles outlined in the Code are adhered to throughout our entire organisation.

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 drive 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 impact of our operational footprint on the environment 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 is mindful of its activities with employees, business partners, and the communities that we operate within to ensure human rights are safeguarded. Where there are any adverse impacts, we are committed to addressing these timely.

Ethics, Integrity, and Compliance

Upholding Ethics and Integrity

The Bank strives to establish a high quality work culture and is committed to comprehensive and positive work ethics and integrity. It is our utmost priority that our employees observe the highest standards of ethical and professional conduct.

In line with global best practices and good governance approaches, we conduct a corruption risk assessment of the Bank's overall operations at least biennially. Cases regarding misalignment to the ABC, if any, are deliberated by the Disciplinary Committee ("DC"), followed by the RCGC and the Board of Directors during the BRMC or BARMC meetings, which include appropriate action taken. We did not receive any reports of cases in FY2023.

HLB's Anti-Bribery and Corruption Compliance training initiatives solidifies 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 direction and objectives of our ABC Programme that focuses on comprehensive, practical, and effective policies for curbing bribery and corruption.

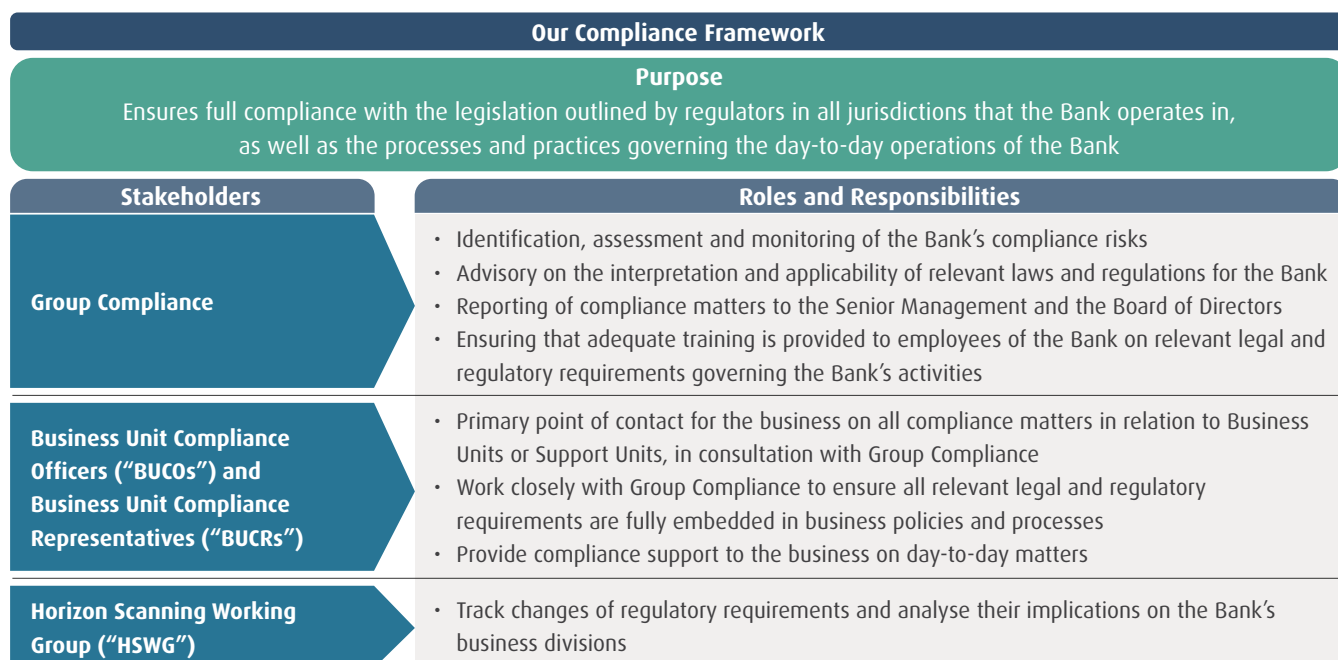
We actively provide training and awareness initiatives to our employees in regards to ABC-related matters. Employees are mandated to complete required e-Learning courses conducted via HLB@Workday, our people and performance management platform. These courses are delivered in a blended format encompassing videos, reading materials, and assessments, covering topics such as ABC, AML/Counter Terrorist Financing ("CFT"), Code of Conduct & Ethics, Banking Secrecy, Shariah Compliance and Data Protection.

In FY2023, we continued with our mandatory and role-based ABC training to all employees. With the HLB@Workday platform, we are able to provide training to all levels of the organisation, including our Board and Senior Management. This year, we rolled out mandatory bank-wide e-learning to more than 400 contract staff and over 8,000 employees bank-wide.

All employees are required to complete e-Learning courses on Compliance as part of mandatory e-Learning. In addition to the bank-wide mandatory e-learning, selected employees are assigned to additional role-based compliance courses to obtain the knowledge required for their respective roles. An assessment requiring a 70% pass score will be triggered 30 days post workshop and employees that do not pass within the given 5 attempts will be required to re-attend the training. In FY2023, 17 members of our senior management and Board of Directors completed a half-day refresher training on Corporate Liability Provision on Corruption under the MACC Act 2009. Additionally 50 Global Markets employees underwent role-based training for ABC and Corporate Liability under Section 17A of the MACC Act 2009.

Promoting a Culture of Compliance

We operate regionally in Malaysia, Singapore, Hong Kong, Cambodia and Vietnam, while our China operations are managed through an associate company. Our Compliance Framework ensures full compliance to the relevant local jurisdictions that the Bank operates in either as a legal entity or as a Branch.



The breadth and depth of our compliance framework are the foundation for building a culture of compliance. In ensuring a high level of compliance within the Bank, we conduct frequent training and learning courses for new and current employees.

Ethics, Integrity, and Compliance

The Board of Directors, along with our employees are obliged to undergo a mandatory affirmation of our Code annually to ensure knowledge remains current as well as show their commitment to maintaining a strong compliance posture.

FY2023 Highlights

Over 8,000 employees completed e-Learning compliance modules covering Sanctions, Foreign Exchange Policy Notices, Cyber Security & Cyber Risk Management, Foreign Account Tax Compliance Act ("FATCA"), AML/CFT, Banking Secrecy & Data Protection, Occupational Safety & Health Act ("OSHA"), Credit Exposures and Transactions with Connected Parties ("CPs")

Approximately 4,000 employees completed role-based AML/CFT training

56 employees obtained the AML/CFT and Regulatory Compliance Training Certification

Building a Culture of Shariah Compliance

In all our Islamic Banking activities, we aspire to embody Shariah principles in a comprehensive manner, which we refer to as our Shariah Compliance Culture. Within this framework, we strive to fully integrate Shariah principles into every facet of our business transactions and operations.

The Shariah Compliance Culture motivates our employees to engage in profound introspection regarding the core significance and consequences that influence our conduct and actions. To effectively embrace this culture, we conduct multiple training sessions each year, involving all employees across all branches of our organisation. These sessions are aimed at fostering a comprehensive understanding and implementation of the Shariah principles in our day-to-day operations. A key highlight in the employee engagement calendar is the Shariah Compliance Month where weekly huddles, One Point Lessons, and the Shariah Committee Sharing Sessions 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 how Shariah is contributing to society through strong Shariah governance and management foundations was conducted by a HLISB Shariah Committee member.

Prevention of Financial Crime

Financial intermediation has widespread implications for the economy and society at large. While the lending and financing that we provide is critical to economic development, we also take into consideration the potential risks involved, as the same financial system can be also used by criminals associated with serious crimes including drug trade, terrorism, and human trafficking.

Since the implementation of the AML SIRON system in FY2021, we have initiated our transition towards making our ecosystem more resilient to financial crime. The system enhances our screening capabilities for new and existing customers in onboarding and monitoring processes while also streamlining our operations. Our team has made continuous efforts to support the continuous transition to the enhanced system from both functional and technical perspectives. It is a testament to our organisation's firm commitment to making the banking ecosystem safer and better for our customers and stakeholders.

Ethics, Integrity, and Compliance

Mechanisms to Uphold Good Business Conduct

In an effort to fortify a culture of accountability and good business conduct within our organisation, we provide numerous channels for engagement and open communication with our employees. Aimed to empower our employees to escalate any unethical behaviour in the workplace, we have developed our Whistleblowing Policy that is 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.

Fair Dealing and Treatment of Customers

Through the incorporation of BNM's Fair Treatment of Financial Consumers ("FTFC") Policy Document into our operations, the Bank has enhanced 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 Bank is cognisant of the importance of managing conduct risk as part of our overall risk management framework. With our full adoption of the FTFC policy, we understand the need for alignment with FTFC and a resilient and progressive financial system created by financial service providers (FSPs) that are abreast of the needs of financial consumers. The FTFC huddle sessions have become a regular training and awareness initiative to strengthen our knowledge in order to uphold the principles of FTFC and enhance how we can play a role in ensuring the Bank upholds our fair treatment commitment to our customers.

As almost all existing employees have completed the mandated training, FY2023 saw FTFC training being conducted primarily for new hires. The training serves to be part of the induction process, nurturing high standards of responsibility and professional conduct as part of the Bank's workforce.

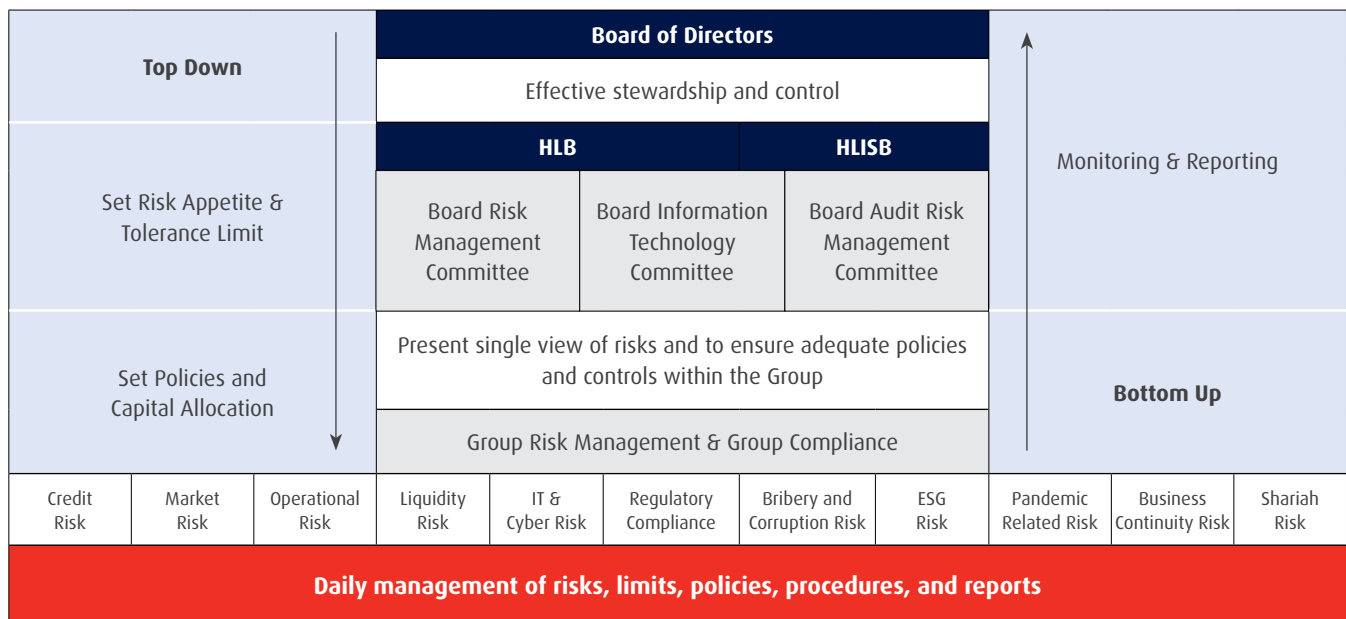
Sound ESG Risk Management

In FY2023, we continued to develop our Sustainability Risk Monitoring Reports to track bank-wide ESG initiatives and their implementation progress for long-term tangible benefits. These reports serve the purpose of facilitating discussions and gathering input regarding the significant impacts and opportunities related to these initiatives. Subsequently, the reports are presented at the SC and BRMC meetings.

We believe that aligning business growth with environmental protection goals is pivotal to generate a positive impact on the communities and environments that we operate in. We have progressed in embedding ESG considerations into our interactions with stakeholders and daily business practices as well as for our products and services. In addition to that, we are driven to implement an efficient risk management structure that balances risk mitigation while promoting growth.

This ideal drives our sustainability progress and aspirations, leading to our dedication in promoting sustainability within our business value chain and network of stakeholders. We are well aware that our business engagement with organisations and individuals creates social and environmental impacts, be it directly or indirectly.

Thus, ESG risk remains a material risk to the Bank as illustrated in our Enterprise View and Management of Risks diagram below.

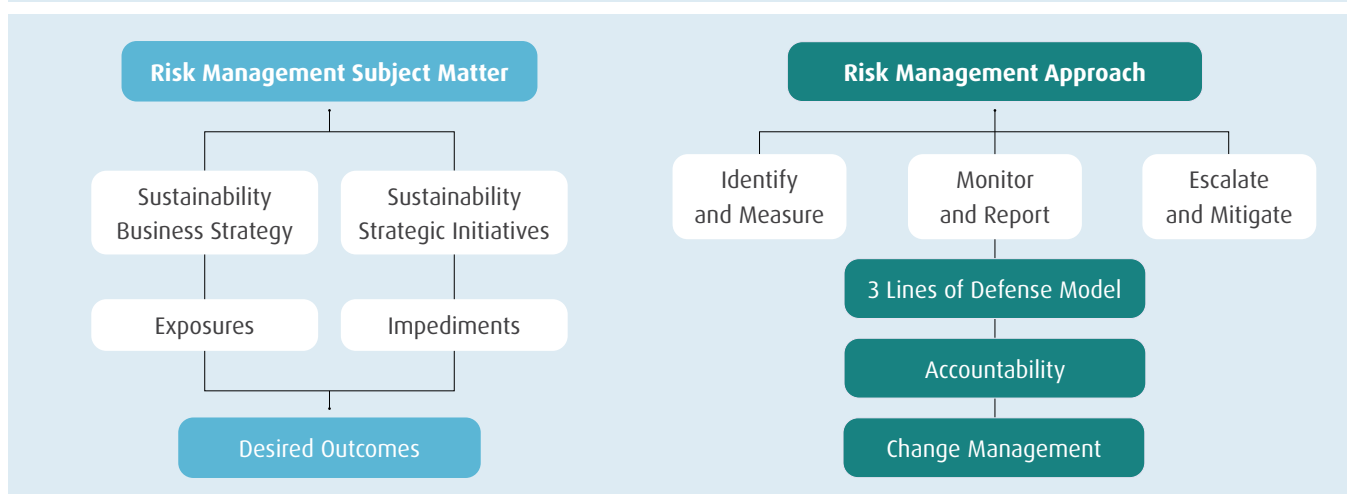
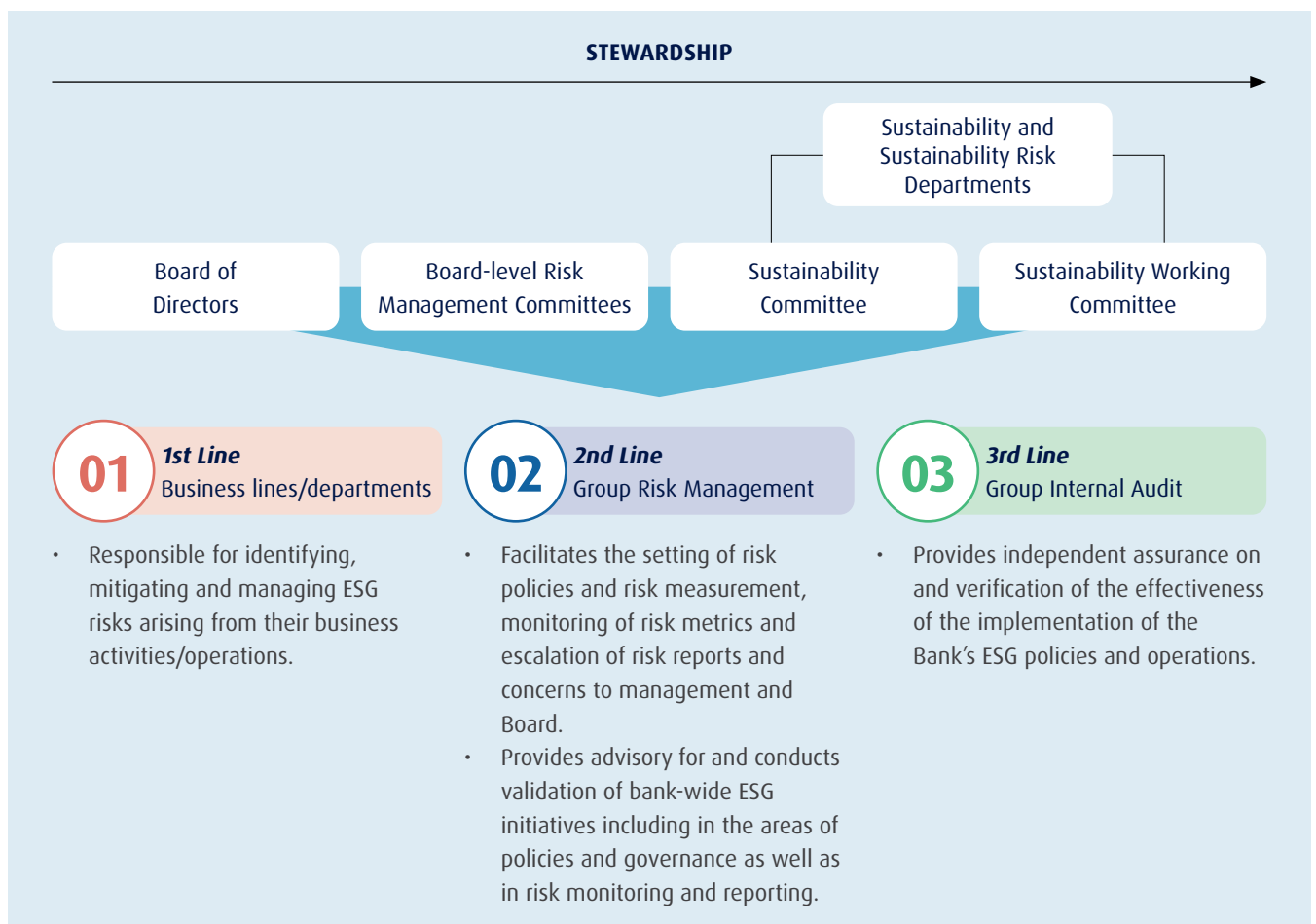


As such, a holistic approach of sustainability integration and the ESG risks that come with it are considered within the Bank's Sustainability Risk Governance Framework and risk management strategies.

We consider the Sustainability Risk Governance Framework an integral part of our sustainability journey in ensuring the continuous delivery of long-term value with community and environmental considerations. The adoption and implementation of this framework creates a systematic and structured approach in working towards a progressive sustainability journey.

Sound ESG Risk Management

In managing and mitigating identified ESG risks, which includes climate-related risks for example 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, using the Three Lines of Defense (“3LOD”) model. The 3LOD model serves as a conduit as we seek to manage the exposures and impediments that prevent the achievement of our corporate objectives, while ensuring the mitigation outcomes are in line with our Sustainability Themes. In order to address these challenges, we adopt a structured risk management approach as follows:



Effective Governance for Climate Resilience

Climate Strategy

Adopting industry best practices, we have formulated and implemented frameworks and policies with ESG and climate importance embedded. These frameworks apply to suppliers; SME, commercial, and corporate customers; and even retail and wealth management customers. In addition, we have also embedded the environmental framework into our operations.

Climate Governance

We are aware that incorporating climate risk considerations into our policies and sector standards forms the foundation for identification and management of climate-related risks across our company. In an effort to create long-term value for our stakeholders, strengthening climate risk management becomes our priority.

We continue to disclose our approach to managing climate-related risks and opportunities, aligned with the TCFD recommendations. The Bank has taken guidance from JC3's TCFD Application Guide for Malaysian FIs in developing our climate-related disclosures around the four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

To ensure robustness of HLB's climate governance, several measures have been implemented across the organisation, including:

Internal Reporting on Climate Progress

- Sustainability-related meetings held throughout FY2023, where climate-related topics (e.g. carbon offsetting initiatives, physical risk identification and assessment) were discussed.

Sustainability and Climate-related Risk Board training

- All of our directors have knowledge and skills in corporate governance, risk management and/or sustainability.

Senior Management Remuneration

- The Bank's senior management team is assessed against scorecard objectives which are aligned with the Bank's sustainability and climate-related targets and strategy.
- SC, SWC and Employees' KRA are linked to sustainability and climate-related non-financial performance targets commencing FY2022.

Effective Governance for Climate Resilience

Climate Risk Management

The Bank views climate change as an emerging risk that could impact our operations hence our ability to provide value to our customers and all of our stakeholders. We recognise physical, transition and liability risks may transfer through microeconomic and macroeconomic perspectives and subsequently impact the Bank’s performance. These risks may potentially have both financial and non-financial impacts on our business and portfolio exposures. We categorise climate-related risks based on 5-year intervals, aligning with the Paris Agreement’s stipulation that each member is required to communicate their Nationally Determined Contributions (“NDCs”) every 5 years. Furthermore, we consider the repayment maturity of our loan and financing portfolios, which generally ranges from 4 to 15 years, depending on the specific products.

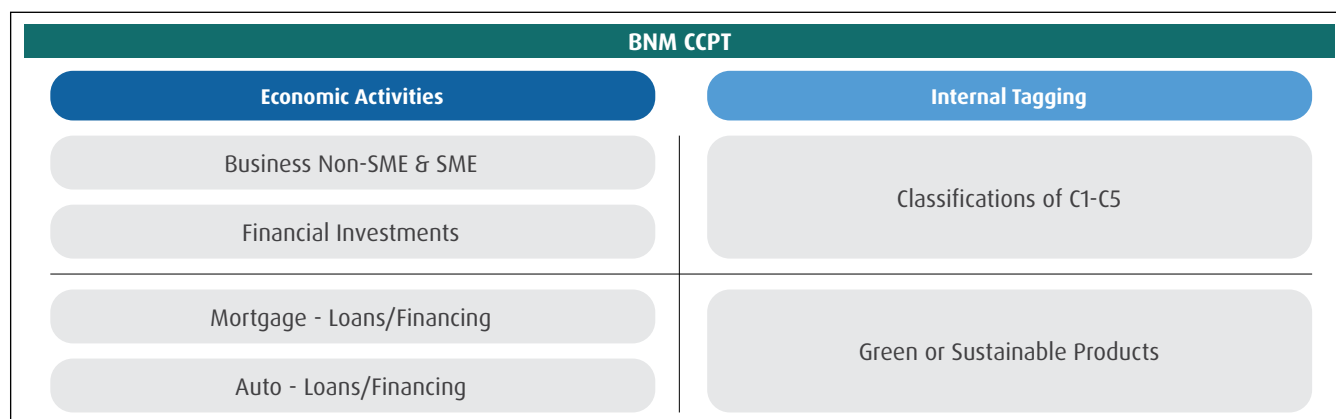
The Bank addresses climate-related risks and environmental degradation by embedding ESG practices into our daily business procedures and operations. Multiple layers of ESG screenings and assessments are conducted to identify all material considerations of our customers, including climate-related factors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


In FY2023, we started to identify key flood areas to map to our existing 330,000 operational and business assets and collaterals. These assets are mapped into the HLB Flood Risk Map which is aligned to the Department of Irrigation & Drainage (“DID”) flood map. The data will be published on HLB Flood Risk Web Portal starting January 2024 and will be updated with newly financed assets up until June 2025. This is one of the mitigation measures that we have embarked on in our physical risk assessment.

By adopting an inclusive approach, the Bank strives to guide existing high Environmental & Social (“E&S”) risk corporate customers, through our E&S due diligence assessment, towards achieving more sustainable business practices and standards, supporting them in mitigation plans and nurturing programmes. Our objective is to transition our SME, commercial and corporate customers from the “high” to “medium/low” risk rating.

Climate Change and Principle-Based Taxonomy (CCPT)

The BNM CCPT supports the efforts of financial institutions on their Net Zero journey through the facilitation of robust assessments on their economic activities and the corresponding impacts on the environment. The Bank has participated in the assessment of our economic activities as part of our due diligence in managing environmental impacts from day-to-day activities. We believe that our solutions play a pivotal role in accelerating the transition of customers towards more sustainable practices.



 For more details on the exposure breakdown for each economic activity, refer to their respective sections in BCB Portfolio Exposure page 46, Global Markets ESG Assessment page 49, Driving Green and Sustainable Developments page 40 and Enabling Access to Green Transportation page 39.

The application of the CCPT requires the integration of key elements from the Guiding Principles (“GP”) of the BNM CCPT into the customer due diligence assessment. This aims to aid the Bank in assessing and facilitating the prioritisation of financial flows to activities that support climate change and environmental objectives.

Potential Climate-related Risks and Its Impacts

We are aware that it is pivotal to address the identification and mapping of climate-related risks that have adverse impacts on our business. We strive to enhance our risk management strategies and awareness, aiming to prevent or minimise risk impact and ultimately maintain customer trust.

The Bank broadly categorises climate-related risks into physical and transition risk which we monitor over the short, medium and long term. The table below summarises the drivers and its potential economic effects of physical and transition risk.



Transition Risk	Physical Risk
<p>The risks related to the adjustments towards a low-carbon economy.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Changes in policies and regulatory requirements to transition to a low-carbon economy • Innovation and changes in the existing or new technologies • Reputational considerations to meet investor sentiments and consumer expectations 	<p>Acute risk</p> <p>Extreme climate change-related weather events such as flood, heatwaves, and etc.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Damage to assets, collaterals and infrastructures by climate-related events such as flood, wildfires, etc. <p>Chronic Risk</p> <p>Long-term changes in weather patterns such as increase in temperatures, rising sea levels, etc.</p> <p>Examples:</p> <ul style="list-style-type: none"> • Rising temperatures resulting in diminished productivity and health issues

Potential Climate-related Risks and Its Impacts

ST Short-term Risk (0 – 5 years)

MT Medium-term Risk (6 – 10 years)

LT Long-term Risk (Over 10 years)

Climate-Related Risk				
Category	Type of Risk	Examples	Impact	Time Horizon
 Transition Risk	Credit Risk	<ul style="list-style-type: none"> The physical assets of customers can be destroyed by physical hazards 	<ul style="list-style-type: none"> Impact on debt repayment that may lead to the possibility of default Reduce business profitability hence potentially increase credit risk of obligors 	<p>ST</p> <p>MT</p> <p>LT</p>
	Liquidity Risk	<ul style="list-style-type: none"> Rising liquidity issues from customers' inability to meet obligations Disruption in the Bank's cash flow 	<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 Reduction in liquid asset value as a result of Market-to-Market ("MTM") losses from investments held 	<p>ST</p> <p>MT</p> <p>LT</p>
	Market Risk	<ul style="list-style-type: none"> Decline in the values of securities or assets 	<ul style="list-style-type: none"> High volatility or abrupt decline of climate-incompatible securities held by HLB Repricing of assets that may lead to decrease in revenue MTM losses 	<p>ST</p> <p>MT</p> <p>LT</p>
	Policy & Legal Risk	<ul style="list-style-type: none"> Enhanced reporting obligations 	<ul style="list-style-type: none"> Increased operating cost for compliance requirements and to meet regulatory standards Increased costs due to penalties from damaging acts 	<p>ST</p> <p>MT</p> <p>LT</p>
	Operational Risk	<ul style="list-style-type: none"> Inadequate or failed internal processes that may damage HLB's physical assets (e.g. branches, data centres and buildings) due to an increase in weather-events such as flooding Supply chain management 	<ul style="list-style-type: none"> Force of office closures due to damages on the physical assets Infrastructure damages which may increase in supply chain disruption 	<p>ST</p> <p>MT</p> <p>LT</p>
	Technology Risk	<ul style="list-style-type: none"> Costs to transition to low emissions technology 	<ul style="list-style-type: none"> Increase in cost for research & development in new technologies Costs and write-offs for the stranded assets Capital investments in new technology 	<p>ST</p> <p>MT</p> <p>LT</p>
	Reputational Risk	<ul style="list-style-type: none"> Shifts in investor and consumer preferences 	<ul style="list-style-type: none"> Revenue reduction from decrease in demand for goods and services that does not meet investors and customers' expectations 	<p>ST</p> <p>MT</p> <p>LT</p>
 Physical Risk	Strategic Risk	<ul style="list-style-type: none"> Inability to transition from brown financing portfolios to green, thus, losing competitive advantage and market share to competitors 	<ul style="list-style-type: none"> Decrease in market share and profitability 	<p>MT</p> <p>LT</p>
	Enterprise-wide Risk	<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 	<ul style="list-style-type: none"> Inadequate capital for climate-related risks events which may result in losses financially and non-financially such as to maintain investor and consumer sentiments 	<p>MT</p> <p>LT</p>

Climate-related Opportunities

Numerous initiatives have been introduced and implemented with the aim of mitigating and adapting to climate-related risks. This, strengthened with the heightened awareness of climate-related risks, has led to the emergence of new climate-related opportunities throughout the Bank.

By capitalising on climate-related opportunities, the Bank has embraced an integrated operations model that seamlessly aligns with our shift towards a low-carbon transition through enhancing our ability to seize opportunities in responding to physical and transition risks. This journey has driven the review and transformation of our operations, with no compromise on safety, comfort and reliability of the Bank's physical operations.

Green and Sustainable Products, Services & Market	SME, Commercial and Corporate Customers	Retail Customers
Green Financing	Renewable Energy Financing	Solar Plus Financing
	Green Mortgage and Affordable Property Financing	
Sustainable Investing	Green Securities: Green Bond/Green Debt Financing	
		Green Car Financing

Climate-resilient Operations

As we transition towards a low-carbon operations model, we aspire to optimise efficiency by leveraging digital innovation initiatives. To this end, we are actively exploring ways to optimise our internal processes and streamline our operations, which in turn would minimise resource consumption. With the latest technologies integrated, we are committed to driving greater efficiency and resource utilisation, while maintaining the highest standards of service for our valued customers.

Climate-resilient Operations	
Enabling cost-savings, optimising efficiency and reducing our carbon footprint	
Resource Efficiency	Energy Source
<p>Transition to more resource-efficient buildings, reducing water and electricity usage and consumption, while adopting recycling practice.</p> <p>Impact to HLB:</p> <ul style="list-style-type: none"> Improvements in health and safety through a reduction in air pollution resulting from cleaner combustion Reduction in energy, water and maintenance costs 	<p>Use of new technologies, lower-emission sources of energy and supportive policy incentives.</p> <p>Impact to HLB:</p> <ul style="list-style-type: none"> Reduced exposure towards GHG emissions resulting in reduced sensitivity to changes in the cost of carbon Higher returns on investment in low-emission technology Reputational enhancements resulting in increased market take up of the Bank's products and services
Our Initiatives	
<ul style="list-style-type: none"> Completed EE&C Measures in Hong Leong Tower and PJ City Tower A; and in the midst of completion for bank-owned branches In FY2023, we reduced 844 tCO₂e for Scope 1 and 2 emissions for our Malaysian operations compared to FY2022 	

HLB ESG Integrated Policies

Our organisational philosophy believes sustainability integration needs to be spread across our business. To that end, the Bank advocates granularity in the implementation and integration of sustainability considerations across the organisation. This involves the assimilation of ESG influence into our operational policies which dictate our conscious day-to-day operations and decision-making. We believe a diverse ESG integration provides more impact on our sustainability journey through the use of dedicated policies across the Bank.



Refer to Appendix II: HLB Policies with Integration of ESG Elements for summary on each of the policies above.

Scenario Analysis

Scenario analysis helps the Bank make strategic and risk management decisions under complex and uncertain conditions such as climate change, therefore leading us to contribute to the development of greater strategy resilience and flexibility. In FY2023, there have been numerous guidelines and policies circulated by regulators to prompt organisations to prioritise embedding climate-related aspects into their scenario analysis exercise.

We have included climate-related risks in our scenario analysis, considering factors like the rise of average global temperature and their potential impact on loan and financing portfolios. To mitigate these undue risks under simulated stresses, the Bank has formulated 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.



For illustration, global temperature increase could profoundly affect the environment, community, and ecosystems. This might lead to adverse outcomes such as severe heat waves/drought or rising sea levels which may bring negative financial impact to the Bank through individual obligor levels.

As we are aware of the challenges in translating transition and physical impact to financial risks, as well as the gaps in mapping scenarios to economic sectors, we actively measure and apply ESG stress within our Stress Testing exercise. Currently, we are in the initial stage of data collection to determine the respective physical and transition risks.

Since FY2022, the Bank has conducted a scenario analysis exercise by which 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, assessed as High E&S risk.

Scenario Analysis

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 both HLBB and HLISB. This illustrates that an additional 2% would be applied to the economic capital charged to our corporate customers respectively.

Based on BNM's CCPT, economic activities are classified based on Guiding Principles (GP) 1 to 5. GP1 to GP4 is sub-divided into three broad categories (Climate Supporting, Transitioning and Watchlist), whereas GP5 outlines Prohibited Activities, hence, does not fall within the classification criteria for determining C1 to C5.

Following this premise, the Bank has also assessed its BCB customers tagged as High E&S risk under C4 and C5 classification and applied relevant stress test parameters and assumptions to account for its respective Additional Provisions under the Bank's regulatory Stress Testing exercises. Furthermore, the Bank also considers ESG stress on bonds held in GM portfolios with high ESG risk investment i.e. Bond issuer classified under C4 and C5 as per CCPT's requirement (for financial investments only).

To address risks during simulated challenges, the Bank adopts preventive or corrective actions, including the formulation of ESG frameworks to equip itself with strategies for managing climate-related risks. Moving forward, the Bank aims to integrate global temperature rises into 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.

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. 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.

Building Climate Resilience to Facilitate the Low-Carbon Economy

Turning Climate Ambition into Action

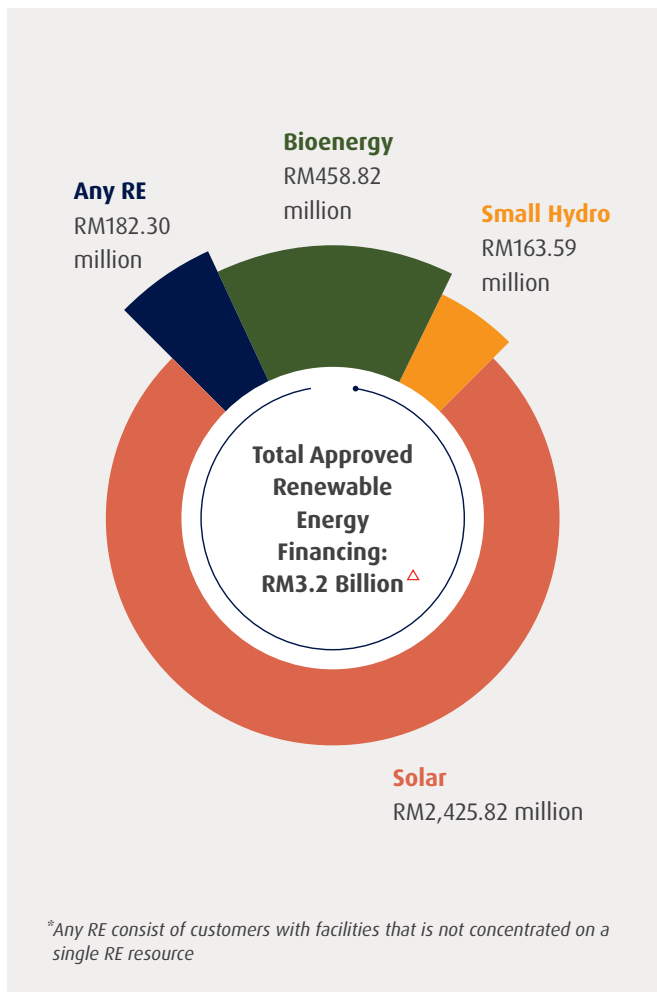
As a financial institution, we recognise that we are well-positioned to influence the transition towards a low-carbon economy. We are cognisant that operationalising our ambitions is essential to our business growth and ability to create long-term value. Therefore, we have developed robust action plans that effectively translate our ambitions into tangible steps towards achieving our sustainability goals and targets.

We are guided by our carbon-neutrality ambition, including our commitment to achieve Net Zero emissions by 2050, as a way of strengthening our climate pledge. Our ambition forms the foundation to demonstrate our dedication to sustainability and responsible corporate citizenship. In FY2023, we have taken significant strides towards enhanced sustainability reporting by becoming a signatory to PCAF as we dive into the calculation of financed emissions.

To achieve our Net Zero goal, we have adopted a multifaceted approach that encompasses various aspects of our business. This includes the provision of green debt financing through financing access to renewable energy, green transportation, and supporting green developments as well as further enhancing our EE&C measures across the organisation.

Promoting Cleaner Energy

The transition to a low-carbon economy relies heavily on moving away from high carbon emitting sources to more sustainable avenues. To this end, we have revised our RE Financing commitment, which was initially set at RM500 million for a period of 5 years starting in 2019, to RM4 billion by FY2025 which includes working capital, term financing, contract financing and trade lines. By the end of FY2023, we have approved over RM3.2 billion of financing, encompassing various projects including bioenergy, solar, hydro power and other Renewable Energy projects. The result of our RE Financing is expected to save over 800,000 tonnes of CO₂ equivalent emissions a year.



[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Managing the Transition to a Low-Carbon Economy

Global Energy Mix

The global energy mix has predominantly been attributed to non-renewable sources including oil, coal and traditional biogas. With combustion of fossil fuels and biomass being the largest contributor to climate change and a detriment to human health, demand for renewable energy sources has been steadily growing. Despite having a majority portion till date, non-renewable sources are steadily declining in market share, being channelled to renewable and low-carbon sources.

Malaysia's State of RE

Malaysia is well on its way in the adoption of Renewable Energy with the rollout of the policy vision to achieve 31% RE share in the national installed capacity mix by 2025. This is implemented through Malaysia's Feed-In Tariff ("FIT"), Net Energy Metering ("NEM"), Large Scale Solar ("LSS"), Self-Consumption ("SELCO"), and Corporate Green Power Programme ("CGPP").

HLB Renewable Energy Financing

The Bank is playing its part in contributing to Malaysia's Renewable Energy Roadmap through the provision of access to RE Financing solutions. The provision of these financing solutions in the country drives accelerated growth of RE usage.

At present, the Bank's RE Financing mix sees the largest contribution from solar energy financing.

HLB RE Proposition

Customised Financing Solutions for Renewable Energy Projects with our in-house Renewable Energy Specialists.

Carbon-Saving Case Study

The Bank's diverse financing options ranging through several clean energy alternatives is expected to save over 800,000 tonnes of CO₂ equivalent emissions savings.

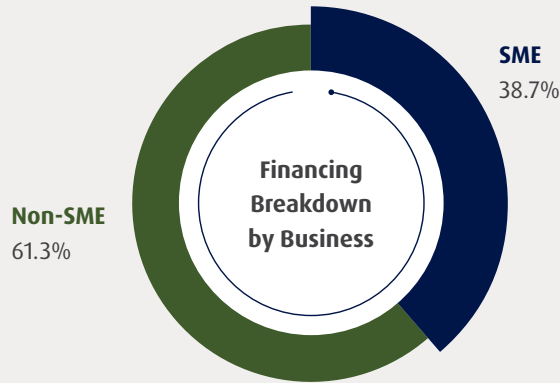


What does this mean?

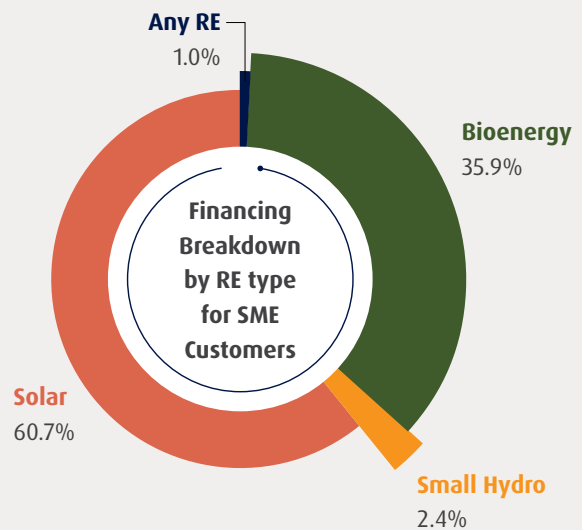
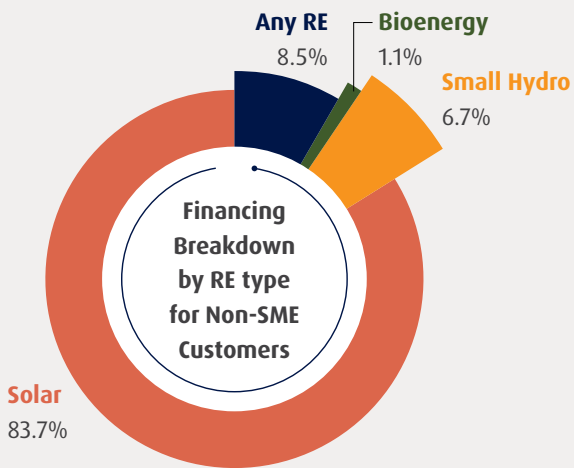
According to the Malaysian Green Technology Corporation ("MGTC"), 1 mature tree (that is more than 5 years old) can absorb on average 0.04 tonnes of CO₂ equivalent a year.

This means that the emissions avoided through our RE Financing has an equivalency to carbon emission absorption capacity of about 20,000,000 trees.

Managing the Transition to a Low-Carbon Economy



Note: The above are based on the SME definition set by BNM



Recognition at the National Energy Awards

For the second consecutive year, HLB won the Special Award for Sustainable Energy Financing | Domestic Bank at the National Energy Awards (“NEA”) 2022 announced in March 2023.

This is certainly a recognition of our commitment in facilitating the growth of the renewable energy sector in the country, supporting the national aspiration to increase the installed capacity for renewable energy to 31% by 2025 and 40% by 2035.



Managing the Transition to a Low-Carbon Economy

Enabling Access to Green Transportation

With HLB facilitating the transition to Net Zero, we have strived to innovate and roll-out green car financing solutions in Malaysia. The HLB Green Car Financing initiative aims to increase the financing for battery electric vehicles (BEV), hybrid electric vehicles (HEV), and plug-in hybrid electric vehicles (PHEV) through constant engagement with electric vehicle manufacturers and distributors, as well as education on electric vehicles (“EVs”) to our customers.

To date, our cumulative total in green car financing has reached RM812.77 million, with RM391.96 million financing for EVs mobilised in FY2023, exceeding our initial target of RM240 million. A breakdown of financing mobilised in FY2023 is provided below:



Scan QR code to find out more on our Green Car Financing page, equipped with an Emissions Calculator to calculate your vehicle’s emissions.

[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Managing the Transition to a Low-Carbon Economy

Driving Green and Sustainable Developments

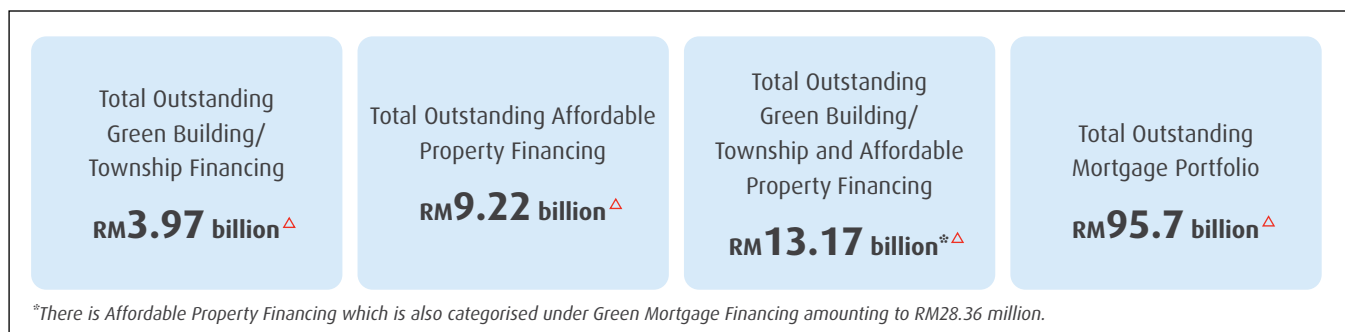
HLB's Developer End Financing policy, introduced in FY2021, guides and streamlines the empanelment process for property developers. The policy incentivises the integration of ESG where proposed development projects are categorised based on their risk profile from their sustainability scores. Our core values drive us to provide solutions for everyone, including those who do not meet the Green Developer benchmark by helping them address their gaps and improve their ESG risk profile.

Beginning FY2023, all projects are required to be assessed under the green building criteria as we look to drive the incorporation of ESG practices across industries. Aligned to our commitment to inclusion, we encourage developers to adopt and integrate ESG practices into their businesses by sharing the Bank's low-carbon economy aspirations and our sustainability strategy. Through these measures, we have observed an increase in the projects assessed under this framework.

A total of **804** companies and projects have been assessed under the ESG Assessment for Developer End Financing in FY2023

The Bank's commitment to providing green building/township and affordable property financing is driven by our ambition to accelerate both, our customers' and developers' transition towards more affordable, energy efficient and low-carbon developments to the wider community.

With that in mind, we have set a target of RM12 billion for Total Green Building/Township and Affordable Property Financing within our Mortgage Portfolio. To date, we have successfully financed RM13.17 billion, equivalent to 13.7% of our entire mortgage portfolio.



[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Managing the Transition to a Low-Carbon Economy

HLB Green Bond

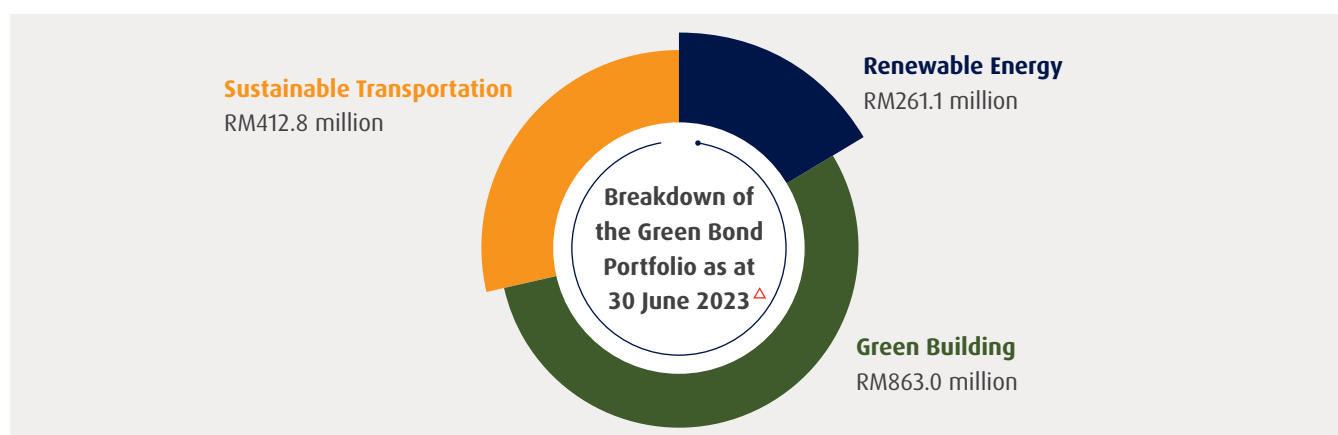
Our green debt financing was introduced through the HLB Green Bond Framework, as part of our efforts to ramp up the adoption of sustainability and the strategies and provision of ESG-compliant financing options. Developed in FY2022, the framework is in accordance with the ASEAN Green Bond Standards issued by ASEAN Capital Markets Forum and the globally recognised Green Bond Principles issued by the International Capital Market Association.

The proceeds from the green bond issuances are used to finance or refinance new or existing green projects and assets, ranging from Renewable Energy, Energy Efficiency, Green Building, Waste Management and Sustainable Transportation which meet the eligibility criteria outlined in the framework (“Green Bond Portfolio”). This channel of proceeds usage is distinct from the individual green financing commitments by HLB.

As of June 2023, the nominal value of green bonds issued stood at RM900 million, while the Green Bond Portfolio has since grown in outstanding balance from RM1,056.6 million in FY2022 to RM1,536.9 million in FY2023. These assets and projects fall within the categories of Renewable Energy, Green Building and Sustainable Transportation.

Green Bond Portfolio

Eligible Assets/ Projects	Renewable Energy	Green Building	Sustainable Transportation
Description	Proceeds may be allocated towards the financing of Large Scale Solar Photovoltaic (“LSSPV”) projects	Purchase of highly-rated green properties by consumers (Gold and above)	Purchase of Electric Vehicle or Hybrid Vehicles by consumers (tailpipe CO ₂ emissions of less than 75g per km per passenger car)
Outstanding Balance	RM261.1 million [△]	RM863.0 million [△]	RM412.8 million [△]
FY2023 Impact	<ul style="list-style-type: none"> Capacity: 161 MW Annual Generation: 225.6 GWh Annual Carbon Avoidance: Close to 176,000 tonnes CO₂ based on current established national emission avoidance coefficient factor <p><i>Note: The figures on Solar PV assets/projects are based on the assumption that the plants commence operations and perform at the declared capacity.</i></p>	<ul style="list-style-type: none"> Enabled 2,049 retail customers to purchase homes with green building certifications with ratings of Gold and above awarded by recognised certification bodies Platinum Green Building Certified Properties: 495 Gold Green Building Certified Properties: 1,554 	<ul style="list-style-type: none"> Financed 2,578 electric and hybrid vehicles with CO₂ emissions of less than 75g per km per passenger car Battery Electric Vehicles - 527 Plug-in Hybrid Vehicles - 2,051



[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

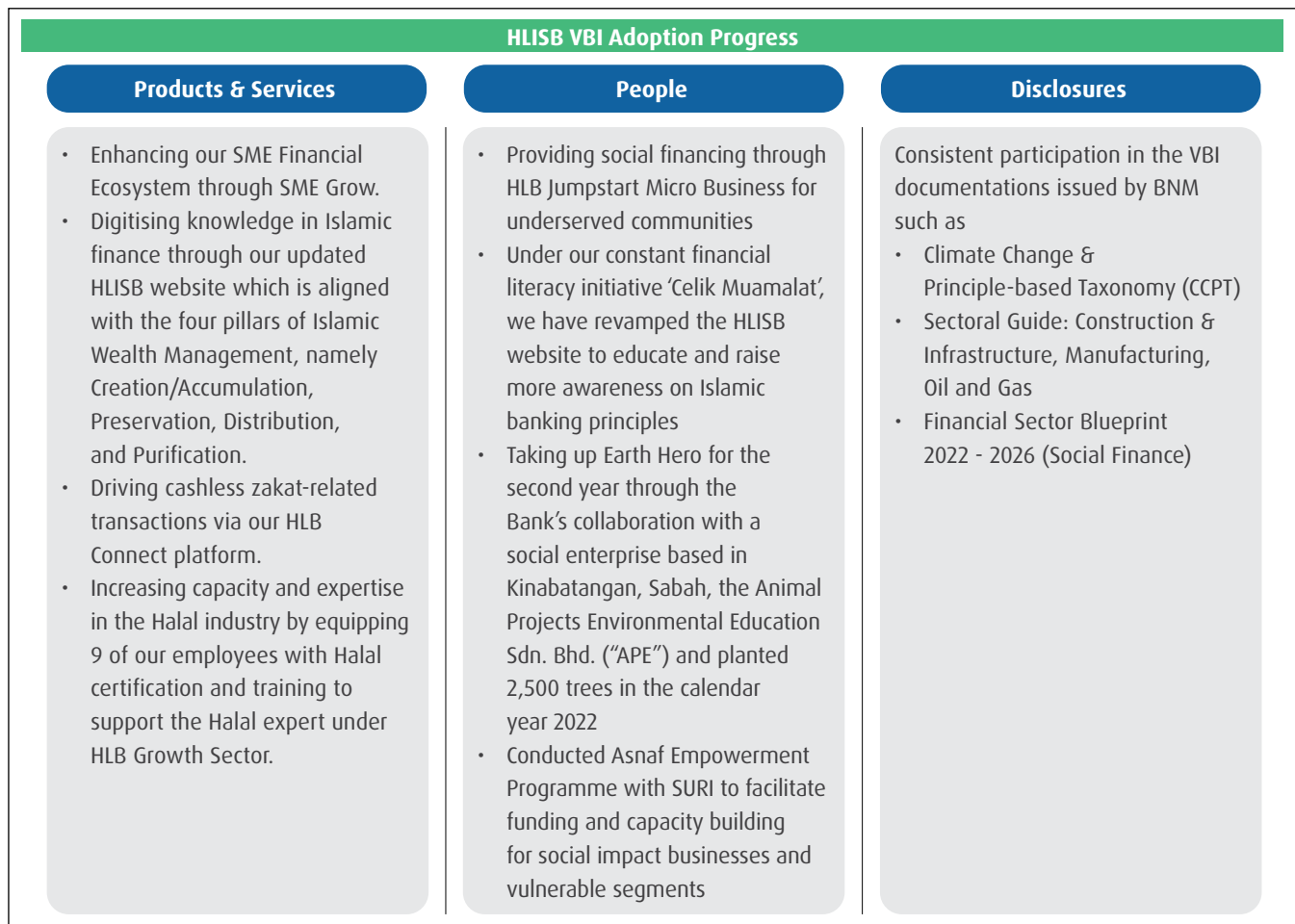
Building a Sustainable and Responsible Business

Value Based Intermediation (VBI) for Islamic Banking

HLISB affirms our strong support towards the overarching sustainability agenda “Here for the Long Term” by integrating VBI principles and considerations into our business strategy and operations. As a step forward in embracing VBI, we monitor and evaluate our initiatives against the 3Ps:



HLISB’s commitment to VBI is to enhance it further by focusing on the impact of Islamic banking on both, the people and the planet, whilst also ensuring profit returns for shareholders, with Shariah propositions embedded, as a priority. As we are now at our Engagement Phase, we are focused at scaling the opportunities in driving our VBI initiatives covering three key areas, Products and Services; People; and Disclosures.



The Bank is stepping up its efforts to improve our VBI and Shariah-related disclosures through several enhancements identified internally. This includes ongoing initiatives in FY2023 including the review of products and propositions and the inclusion of VBI Scoring Matrix in the Shariah Proposal Paper (“SPP”) as an approach towards a unique value proposition.

Building a Sustainable and Responsible Business

At HLB, we recognise the importance of sustainable practices in mitigating the effects of climate change on the environment. We are committed to helping businesses transition to more sustainable models and continue to emphasise the importance of incorporating ESG risks into our business strategies. We also believe that to achieve this ambition, knowledge sharing and awareness are important to spur actions with a larger positive impact on the environment and our stakeholders.

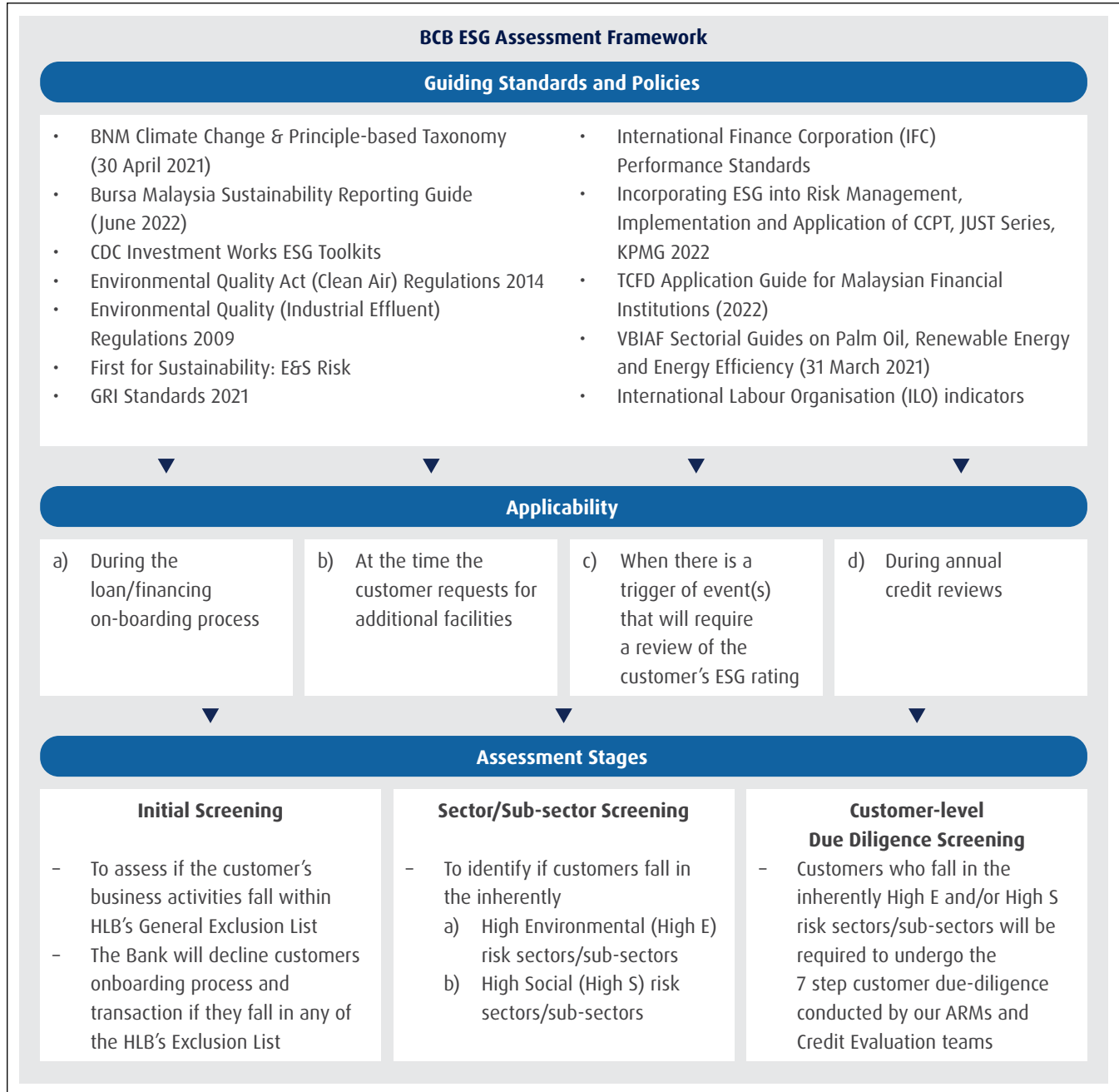
BCB ESG Policy & Assessment Framework

In FY2023, the HLB BCB ESG Policy and Assessment Framework has seen several refinements and improvements, to increase the overall quality of HLB’s E&S Risk rating methodology and processes. We expanded our High Social risk considerations to include health and safety; social impact; and foreign labour recruitment process as well as accommodation, guided by the International Labour Organisation (“ILO”) indicators. In addition to those refinements, we frequently engage in discussions with knowledge partners such as the Business Council for Sustainable Development (“BCSD”) and WWF-Malaysia to deepen our understanding of the various aspects of environmental and social risks. We had also been an active participant in focus and implementation group discussions with the regulators through the JC3 sub-committees as well as Securities Commission Malaysia and Capital Markets Malaysia to contribute towards harmonisation of the BNM CCPT classifications and materiality assessments across the industry. The Bank continues to engage its Account Relationship Managers (ARMS), Credit Evaluation teams, and customers through training and workshops to develop greater understanding of ESG risks and opportunities as well as latest developments in policies at home and abroad.

HLB is committed to these improvements and engagements to continuously identify material risk factors facing our borrowers over time as well as inform the Bank’s internal strategy to support the borrowers in their transition towards more sustainable business practices.



Building a Sustainable and Responsible Business



Building a Sustainable and Responsible Business

BCB ESG Assessment Framework (continued)

Assessments conducted on

HLB General Exclusion List¹

- Involvement in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management, illegal deforestation)
- Involvement in pornography or 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 plants⁴ beginning 1st July 2021 and financing of all-fired power plants effective 1st July 2026

1. *HLISB will also adhere to the exclusions in 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 investment/trading of bonds to finance any new coal-fired power plants*

High E&S Risk Sectors

- Palm Oil
- Forestry
- Mining & Quarrying
- Manufacturing of Chemicals, Plastics, Rubber
- Manufacturing of Metal and Metal Products
- Manufacturing of Wood and Woods Products
- Manufacturing of Paper and Paper Products

High E Risk Sectors

- Manufacturing of Other Non-Metallic Mineral Products
- Agriculture
- Fisheries
- Energy (Non-Renewables); Oil & Gas
- Recycling & Waste Treatment
- Transportation

High S Risk Sectors

- Manufacturing of Electronic Products

7 Step Customer Due-Diligence

- Step 1: Verification of Nature of Business (NOB)
- Step 2: Risk Identification
- Step 3: Risk Mitigation
- Step 4: ESG Checklist Completion
- Step 5: Assignment of E and/or S rating
- Step 6: Rating(s) Approval
- Step 7: Monitoring

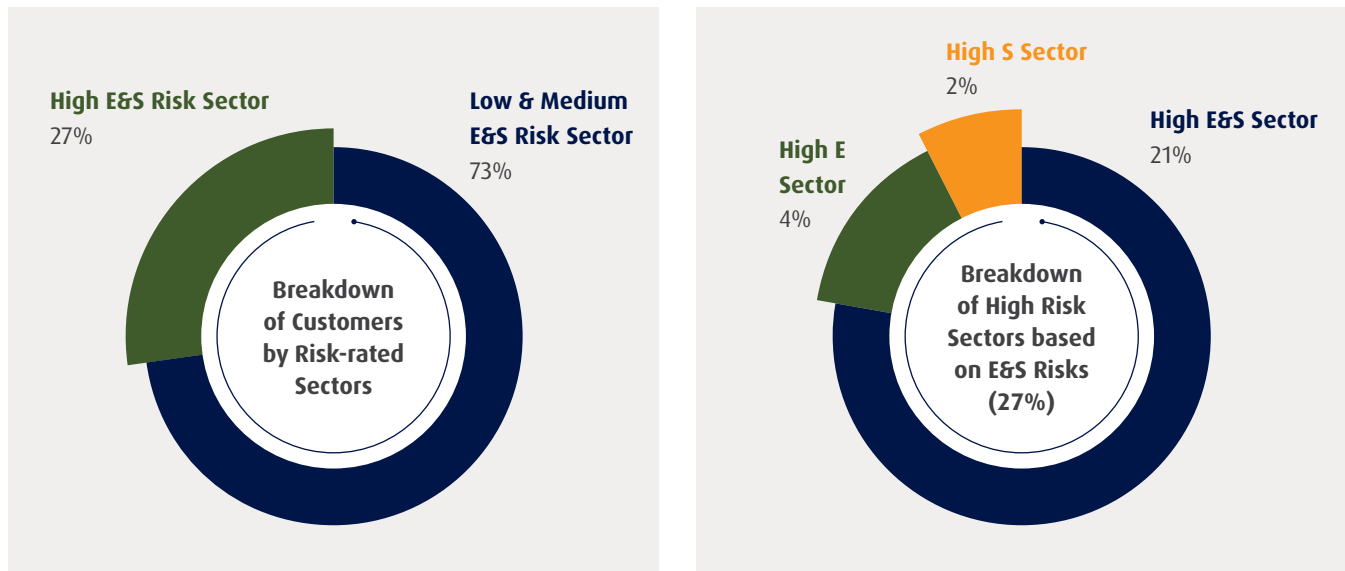
Building a Sustainable and Responsible Business

BCB Portfolio Exposure

The enhancement of our ESG Assessment Framework in FY2023 has allowed us to assess the risk level of our SME, commercial and corporate customers on a more granular level, which allows the Bank to better understand E&S risks.

Through the ESG Assessment Framework, the Bank ensures customers are subjected to a sector or sub-sector screening in order to categorise them into High E&S, High E and High S Risk sectors. Prior to conducting the ESG Enhanced Due Diligence, we identified 27% of our business portfolio falling under the HLB Identified Inherently High E&S risk sectors.

Before ESG Enhanced Due Diligence (EDD)



Breakdown of Customers in Inherently High E&S Risk Sectors (27%)

	FY2023
Agriculture, Forestry, Palm Oil (Upstream), and Fishing	5%
Electric, Gas, Steam, and Air-Cond Supply	1%
Manufacturing	18%
Mining and Quarrying	<1%
Transportation	2%
Water, Sewerage, and Waste Management	<1%

After ESG Enhanced Due Diligence (EDD)

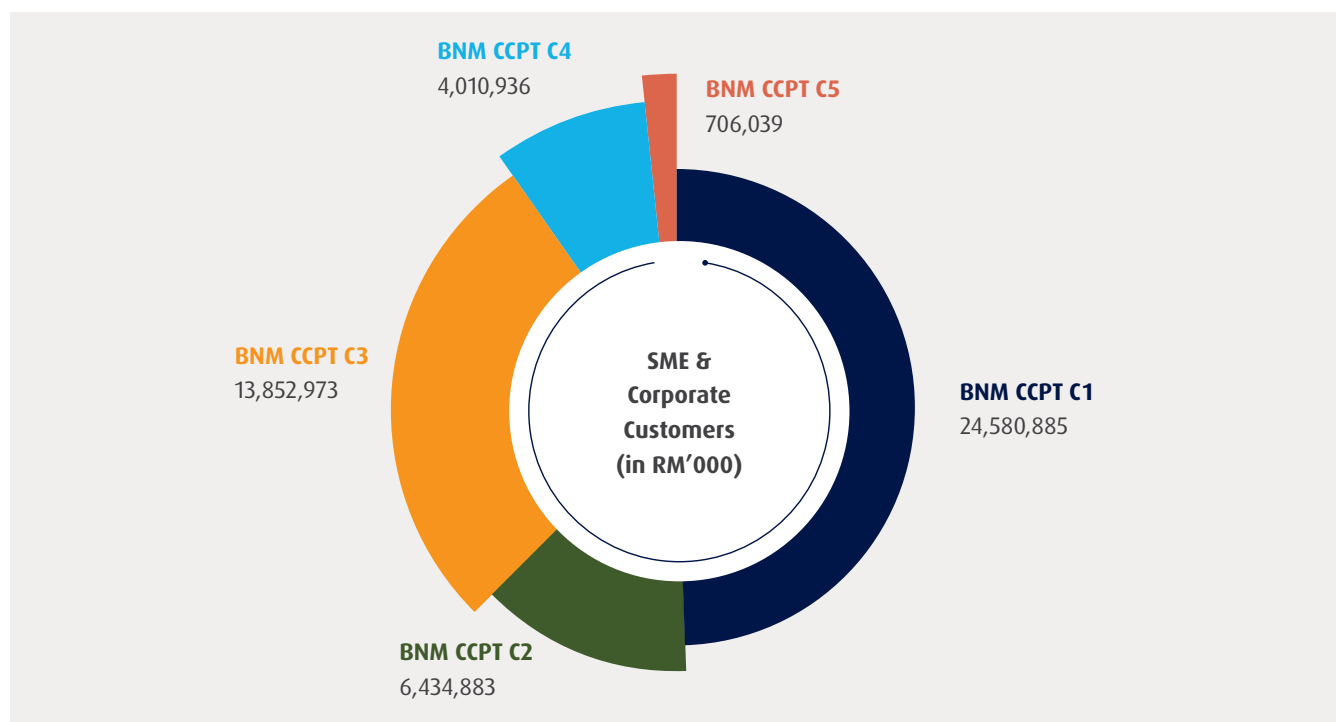
With the enhanced due diligence process, customers are required to undergo a 7-step risk management process that emphasises and includes strong risk identification and mitigation as well as the completion of an ESG checklist. After conducting the ESG EDD on the customers that fall under the High E&S risk sectors, we find that the customers who are rated Low Risk typically possess internationally and domestically recognised certifications (e.g. RSPO, MSPO, FSC, ISO management system) or have implementations of E&S risk controls and/or mitigation plans within their operations. Meanwhile, customers who were assigned a Medium risk rating embed moderate E&S good practices within their business and/or operations. The Bank also finds a composition of customers who presently have adopted good E&S practices, enabling them to be identified and rated as Low Risk despite operating within High E&S Sectors.

Building a Sustainable and Responsible Business

The risk rating of customers under the HLB Identified Inherently High E&S Risks is explained below:

ESG Risk Rating After Enhanced Due Diligence	High E&S Risk Sectors (21%)	High E Risk Sectors (4%)	High S Risk Sectors (2%)
Percentage of customers rated with Low Risk - These are customers with advanced E&S practices whilst possessing internationally/domestically recognised certification or implementation of E&S risks controls within business and/or operations	2.35%	1.72%	0.03%
Percentage of customers rated with Medium Risk - 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)	13.66%	2.18%	1.66%
Percentage of customers rated with High Risk - No visible E&S practices or in nascent stages of their ESG journey	5%	0.32%	0.05%

Aside from our internal ESG Assessment Framework, we also categorise our customers' exposure based on the BNM CCPT classifications. The Bank's internal classifications of high environmental risk sectors, which translates to CCPT C1 to C3, accounts for 90.5% (RM44,868 million) of the Bank's FY2023 business banking portfolio.



Based on the BNM CCPT classifications for economic activities, C4 and C5 are activities that do not display any 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 environmental risk sectors' customers, which falls under C4 and C5 (RM4,717 million which equates to 9.5%), and they will be constantly engaged for appropriate measures to transition over the coming years, in line with the Bank's efforts to nurture our customers towards sustainable business operations.

The top 3 sectors for C4 and C5 are (1) Manufacturing, (2) Agriculture, Forestry and Fishing, and (3) Transportation and Storage.

Building a Sustainable and Responsible Business

ESG Customer Engagement

Our social responsibility includes efforts to empower our customers in their sustainability journey. To achieve this, we are proactively involved in raising awareness among our SME, commercial and corporate customers in order to guide them in their sustainability journey and assist in their transition towards adopting sustainable business models.

The HLB Sustainability Roundtable session is our flagship customer engagement initiative which was introduced in FY2021 as a platform to raise awareness and inspire change through knowledge sharing on sustainability topics. A total of 10 roundtables were successfully organised since February 2021 featuring panellists ranging from industry experts to regulators.

In FY2023, we organised two physical sustainability roundtables on energy efficiency and green supply chain, with a total of 200 participants attending which comprises of our business and corporate banking customers.

Sustainability Roundtable in FY2023	Description	Panelists	No. of Stakeholders Engaged
Energy Efficiency: Solutions to Reach Net Zero 29 November 2022	<p>As the world and country begin its journey towards carbon neutrality and Net Zero, leveraging Energy Efficiency solutions to transition has become one of the key pillars of achieving these aspirations.</p> <p>The roundtable discussed the near and medium-term landscape of Energy Efficiency in Malaysia, the availability of incentives or grants for businesses to transition, and the wide selection of solutions and service providers available for engagement in the market today.</p>	<ul style="list-style-type: none"> • Tuan Ir. Zulkiflee Umar, Suruhanjaya Tenaga • En Ruzlisham Mat Diah, MIDA • En. Steve Anthony Lojuntin, SEDA • Ar. Zulkifli Haji Zahari, MAESCO • Koh Keng Sen, Hong Leong Bank 	50
Sustainability Meets Strategy: Building Competitiveness with Green Supply Chains 13 April 2023	<p>BCB's 10th "Hong Leong Bank Sustainability Roundtable" was organised in collaboration with the Small and Medium Enterprises Association (SAMENTA).</p> <p>The Roundtable, titled "Sustainability Meets Strategy: Building Competitiveness with Green Supply Chains", shed light on the key trends for the green supply chain in 2023 and shared customer's journeys in adopting ESG and sustainability.</p> <p>The event brought together speakers from government agencies, sustainability experts and Hong Leong Bank corporate customers to promote awareness and understanding of emerging regulations and policies, as well as shifting market demand that may affect supply chain activities in Malaysia, particularly SMEs, and how Hong Leong Bank can play a role in facilitating customer's ESG adoption.</p>	<ul style="list-style-type: none"> • Sikh Shamsul Ibrahim bin Sikh Abdul Majid, Investment Policy Advocacy, MIDA • Dr. Jessica Meenachi A/P Muniandy, MITI • S. Jai Shankar, MATRADE • Roberto Benetello, BCSD Malaysia • Margie Ong, Thoughts in Gear • Soon Hun Yang, Eco-Ideal Consulting • Koh Keng Sen, Hong Leong Bank 	150

In FY2023, we added more personalised engagements with our customers on top of the HLB Sustainability Roundtable. Five closed-door engagement sessions were conducted with selected customers from the Manufacturing, Chemicals, Real Estate and Construction sectors. These closed-door sessions aimed to provide personalised support on how the Bank can help them in their ESG transition journey.

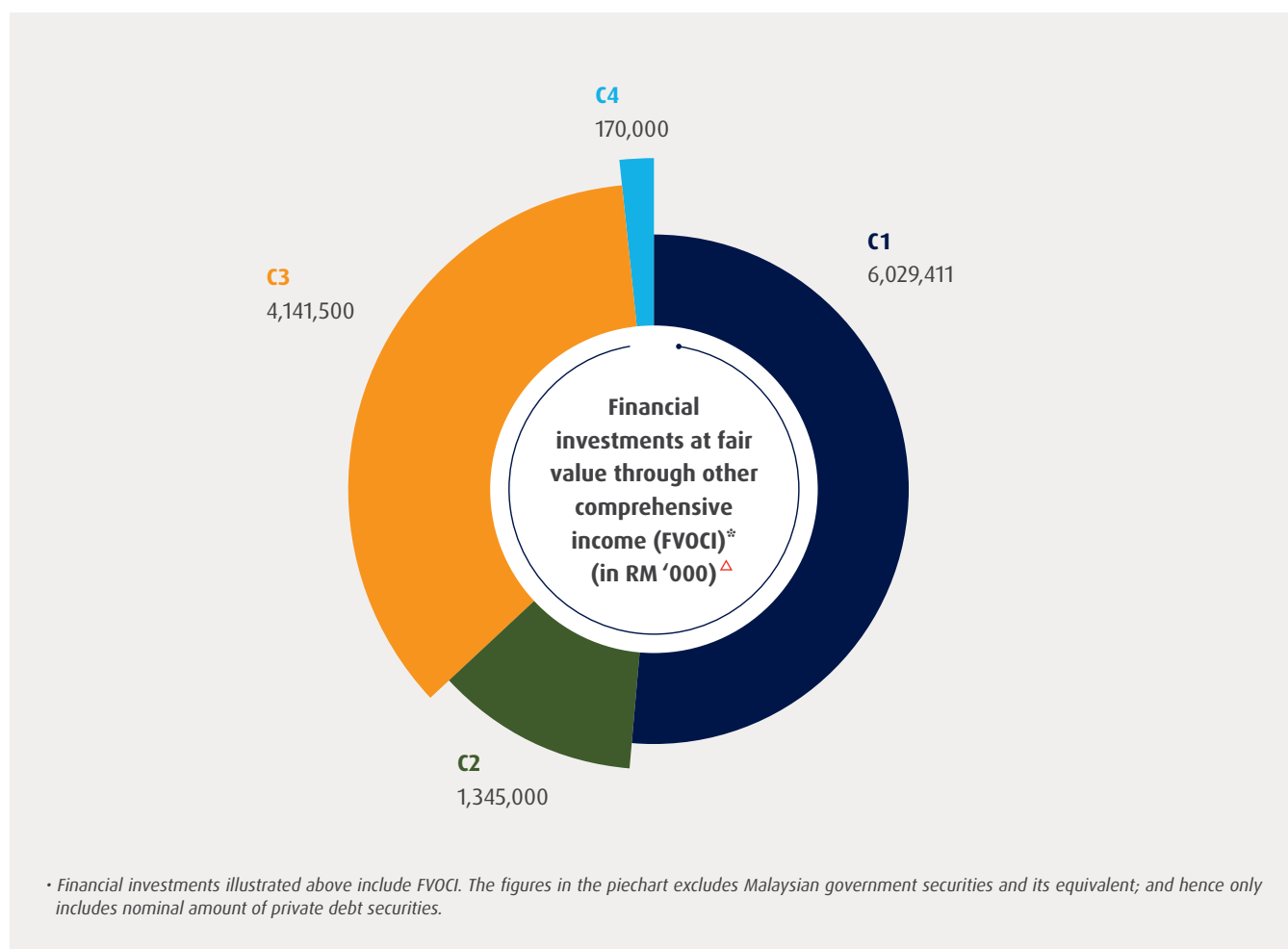
Building a Sustainable and Responsible Business

Global Markets ESG Assessment

Global Markets adopts the BCB ESG Assessment Framework to assess and build our understanding of global markets ESG risks on the Bank’s financial investments according to the BNM CCPT Policy Document.

As at June 2023, our Global Market exposure is mainly concentrated within the BNM CCPT classifications of C1 to C3 amounting to RM11,515.9 million (>98% against total bond holdings).

The C4 classification for financial investment at fair value through other comprehensive income (“FVOCI”) falls under the sectors of Electricity, Gas and Water (RM170 million).



[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Digital at the Core

The swift adoption of digital technology has significantly influenced how our customers engage with financial services. The demand for fast, on-the-go access with no compromise on security is prominent and prevalent. To meet these evolving demand patterns, we have pursued a multifaceted strategy, creating and innovating digital solutions, forging strategic partnerships, and enhancing our digital infrastructure. Through these initiatives, the Bank strives to generate long-term value for all stakeholders and enhance our efficiency and competitiveness, strengthening our position as a thriving business.

We remain cognisant of our digital banking performance, where in FY2023, we saw a 10% growth in corporate internet banking users, 12% growth in retail internet users and a 15% growth in mobile banking users from previous years. This marks more than 80% digital penetration across the Bank, an 8% growth from FY2022. The domestic economic growth indicates growing economic productivity and consequently, the need for more financing solutions.

Innovative Digital Solutions

The Bank's 'Digital At The Core' theme has been a guiding light in creating innovative digital solutions. Sticking true to the core value of the theme, we strive to develop and offer a range of solutions to enhance our customers' banking experience. Our range of solutions serves to create positive environmental impacts while giving us an avenue to develop and enhance the delivery of financial metrics.

Tailored Solutions in Sustaining a Digital Momentum			
For Retail Customers		For the Youth	For SME, Commercial and Corporate Customers
Apply@HLB & HLB Wallet	HLB@Kampung	HLB Pocket Connect	Cashless Lagi Senang
HLB Connect App	HLB Connect Retail	HLB@School	HLB ConnectFirst

Through these digital banking solutions, we are able to enhance our customers' experience through flexible and secure digital banking services via internet and mobile banking platforms for better convenience.

Our digital touch is also evident in our branches, aligning with our ethos of customer centricity. The deployment of our InBranch Tablet services, like our other digital solutions, is aimed at serving our customers, across all their needs.

Customer centricity is the core of our business philosophy and is demonstrated through the adoption and implementation of digitisation strategies to improve the banking experience for our customers. To date, our three key digital branches in Kuala Lumpur, Penang and Johor continue to serve our customers from diverse segments of society with a seamless and convenient banking experience.



Refer to Appendix I: HLB in Numbers on page 88 for the year on year digital users data.

Sustaining Our Digital Momentum

Retail Banking Options



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 FY2023

In FY2023, HLB Connect Online focuses on enhancing security measures to protect our customers' accounts while adding features that will improve their online banking experience such as:

- Clerk feature for sole proprietor users
- Temporary Freeze/Unfreeze Credit Card feature
- Temporary Online Purchase for Debit Card
- Cooling-off period after limit increase
- Emergency Lock

How It Has Grown in FY2023

HLB Connect Online users surpassed 2.5 million in FY2023, growing 12% year-on-year. HLB Connect Online users now make up 70% of HLB Retail Customer base. HLB Connect Online active user base has grown by 21% year-on-year.

Total Number of Users

2,632,795 users



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 FY2023

In FY2023, HLB Connect App focuses on enhancing security measures to protect our customers' accounts while also adding features that improve the customers mobile banking experience.

- Enablement of AppAuthorise as transaction authorisation to replace SMS TAC
- Cross Border QR
- Emergency Lock
- Single device as part of enhanced security measure
- Cooling-off period after app set up and AppAuthorise enablement

How It Has Grown in FY2023

HLB Connect App users surpassed 2 million in FY2023, growing at 19% year-on-year. HLB Connect App users now make up 86% of total HLB Connect users. Mobile banking transactions represent 61% of total HLB Connect transactions. HLB Connect App active user base has grown by 35% year-on-year.

Total Number of Users

2,273,147 users



Apply@HLB

Key Purpose

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

How it adds value

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

Key Enhancements in FY2023

Introduction of HLB Wallet and application extended to Malaysians aged between 12 to 17 with parental permission approval.

Total Number of Accounts Registered in FY2023

27,460 new accounts

Digitalisation Initiatives

We are aware that digitalisation is crucial to accelerating our journey towards progressive sustainable operations. Our internal ethos of being 'Digital at the Core' serves as an essential structure in guiding our digitalisation process to provide long-term value for our stakeholders. In addition to that, we have made conscious efforts to embed digitalisation into the community.

HLB@Kampung

Launch of Cashless Sekinchan to Appeal to Digital-Savvy Sightseers and Boost Town's Tourism Activity

- In partnership with PayNet, HLB rolled out digital payment tools that helped in transforming Sekinchan to be the first cashless kampung in Malaysia. This initiative is intended to popularise the town as a full-fledged holiday destination for locals and foreigners, in line with its 'Visit Sekinchan 2023' campaign.
- Equipping around 800 businesses in Sekinchan with a HLB DuitNow starter kit that aids cashless transactions, the Bank is dedicated to closing the digital gap between urban and non-urban areas.
- 258 businesses onboarded and transitioned to cashless under the HLB@Kampung Programme in Sekinchan.
- Our future commitment is to onboard 6 kampung under the HLB@Kampung Programme in FY2024.



Digitising Shariah Knowledge

As the process of digitalisation enhances accessibility to information, HLISB aims to leverage our digital platform to help customers and the general public gain a deeper understanding of 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 website is also structured and designed to align with the four pillars of Islamic Wealth Management which are Creation/Accumulation, Preservation, Distribution, and Purification.

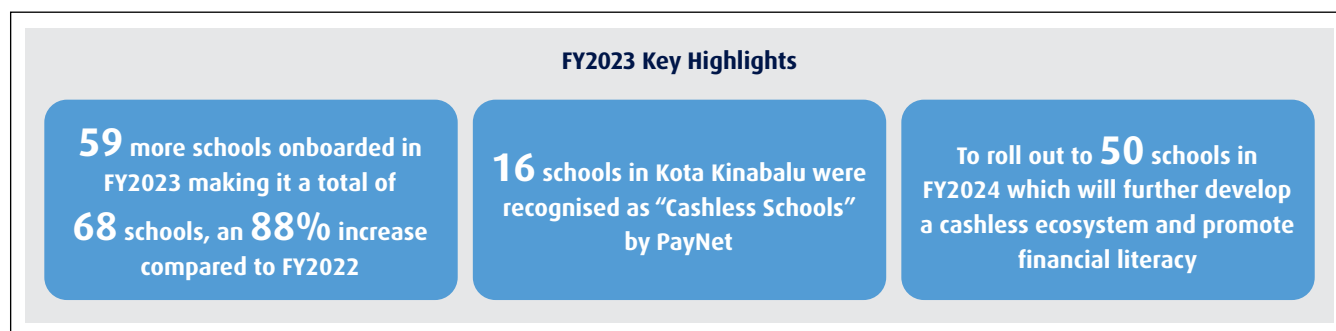
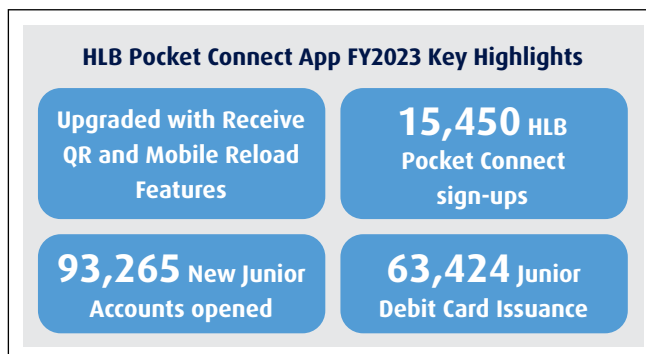
Digitalisation Initiatives

Financial Empowerment for the Youth

We are cognisant of the importance of financial literacy as a key enabler for socio-economic development, thus we 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 their 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@School

HLB@School programme offers a cashless ecosystem for schools, while nurturing financial and environmental literacy among students. Aimed to encourage financial literacy and financial inclusion and inculcate environmental stewardship at a young age, the programme facilitates digital transformation by equipping the students of these schools with the HLB 3-in-1 Junior Account, which comes with a savings account with fixed deposit, and a reloadable debit card that will allow them to make cashless payments in their schools. With the HLB/HLISB Debit Card, buying meals at the canteen, paying school fees or buying books becomes much easier for students just by tapping their cards at the POS terminals. It also comes with access to the HLB Pocket Connect app that enables students to track their pocket money, expenditure and savings which encourages them to gain a deeper understanding and appreciation of managing their finances from a young age.



HLB x Smart Reader® Worldwide "DuitSmart Kids" Enters Malaysia Book of Records for "Most Students Graduated From A Financial Literacy Programme"

In an effort to equip students with essential financial knowledge and money management skills, HLB collaborated with Smart Reader® Worldwide to organise DuitSmart Kids programme, which is designed to empower the next generation with the knowledge and tools to build their own secure financial future. As a part of the HLB DuitSmart platform, a flagship initiative from the Bank to provide financial literacy and inclusion workshops to various segments of society, a record-breaking 1,789 students graduated from the DuitSmart Kids financial literacy programme in July 2023.

Digitalisation Initiatives

Enhancing SME and Consumer Access to Financing

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 in addition to the flexibility to meet the business needs of our customers.

In FY2023, we introduced a new, robust online payment solution called DuitNow Online Banking/Wallets for our commercial customers, which aims to contribute to the advancement of the cashless economy. This innovative online payment solution facilitates seamless real-time payment acceptance for online merchants, offering a cost-effective and highly secure platform.

The DuitNow feature effectively supports e-commerce transactions by enabling online banking and e-wallets to facilitate real-time payments through a streamlined redirection process. It is important to note that DuitNow operates on PayNet, Malaysia's national payments network and shared central infrastructure for the financial market.

Furthermore, this new service expands the DuitNow ecosystem to include various digital wallets while maintaining compatibility with participating financial institutions, enhancing its versatility and accessibility.

HLB Jumpstart - Micro Business: Opening Up Financing Opportunities for Underserved Micro-Entrepreneurs

HLISB rolled out a brand new social finance programme, 'HLB Jumpstart - Micro Business' that serves to provide funding to individuals who may not have the opportunities and means to secure full-time employment or to aspiring entrepreneurs who lack credit history and the opportunity for them to start their own small businesses. HLISB disperses funding through its two partners - MADCash and AlfieTech, and provides zero-profit financing and capital opportunities to start a business, while also providing mentorship and business training. Targeted to assist underserved micro-entrepreneurs, the initiative is driven to improve their livelihoods by having a sustainable source of income.

For further information on HLB Jumpstart - Micro Business, please refer to the dedicated section at page 58.

Embracing Green Supply Chain Practices Key for Malaysian SMEs' Long-Term Sustainability

HLB organised an exclusive session with the SAMENTA themed "Sustainability Meets Strategy: Building Competitiveness with Green Supply Chain". Focusing on helping SMEs stay ahead of the curve and make informed decisions that will benefit not just their businesses but also contribute to the sustainability agenda of the country, the session highlighted expert insights regarding changing trends in regulation, finance and market demand on green supply chains, how key manufacturers can influence suppliers and promote green supply chains, as well as risks and opportunities for Malaysian SMEs.

For further information on HLB Sustainability Roundtable, please refer to the dedicated section at page 48.

Keeping Digitally Vigilant

We are witnessing an alarming rise in fraudulent activities within the active market for corporate internet banking. The convenience and efficiency offered by these systems have unfortunately attracted cybercriminals who exploit vulnerabilities for their gain, resulting in significant financial losses for the customers. In response to this concerning trend, we are taking decisive measures to enhance transaction monitoring capabilities to detect and prevent fraudulent transactions effectively.

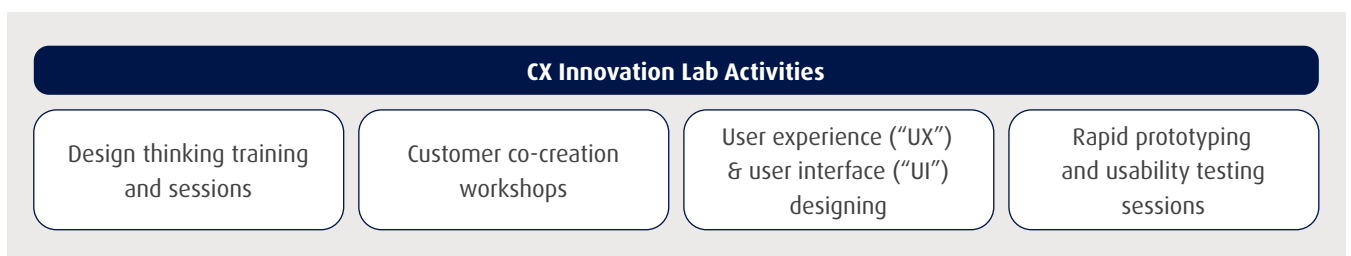
Transaction monitoring plays a pivotal role in identifying suspicious activities within our Corporate Internet Banking platform. By continuously reviewing and analysing transactional data, we can detect irregular patterns, unusual behaviour, and potential red flags associated with fraud. With robust and proactive monitoring systems in place, we aim to promptly identify and mitigate potential risks, safeguarding the interests of our valued corporate customers and maintaining the integrity of the banking system.

Customer Experience and Satisfaction

Innovating and Enhancing Customer Experience

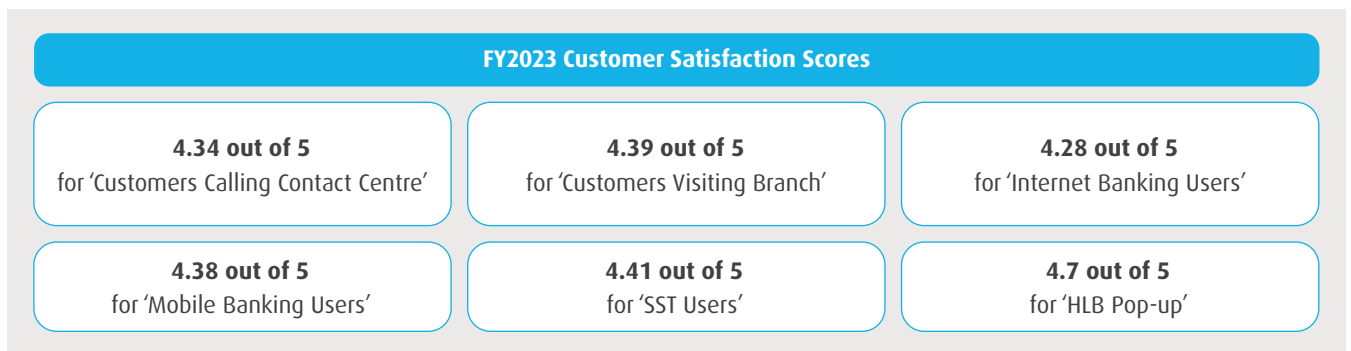
The influence of digital technology on the financial sector has parallelly influenced customer needs and expectations when engaging financial services. To ensure a seamless experience, we use our Customer Experience (“CX”) lab to reach out to customers, perceiving their growing and changing demands and digital adoption as opportunities to improve. We leverage this to create an experience that is simple.

The CX Lab is a culmination of contributions from stakeholders and collaborators to innovate and curate customer journeys as well as products and services. The fruits of the CX Lab are a result of the inputs from our customers, cross-functional business, operations & technology teams, and external partners (BigTechs, FinTechs, start-ups, academia & other value partners).



Our customers’ voice is pivotal to our business activities, we participate in frequent engagement to understand their priorities, expectations and experiences with us. In FY2023, we collected a total of 286,966 feedbacks via our Voice of Customer (“VOC”) platform. Based on our platform, we have gathered over 46,000 suggestions and ideas from our customers on CX improvements.

The Bank continues to monitor the impact of our initiatives in improving CX through Customer Satisfaction Scores.



Reaching Out to Customers

In FY2023, we piloted our HLB Pop-up to address the gaps in customers’ accessibility to brick-and-mortar branches while innovating new ways to explore and reach out to potential customers. 10 HLB Pop-ups were constructed in malls, exhibition halls, and trade expos with a comfortable relaxing set-up, providing free coffee and popcorn as conversation starters to encourage the public to engage us on their financial queries. The HLB Pop-ups received promising engagement with over 5,000 prospects and provided more than 1,000 financial advisory sessions collectively. Based on the Customer Satisfaction survey conducted with prospects who received financial advisory from the pop-ups, we were rated 4.7 out of 5 on average for overall experience satisfaction.

Supporting Social Enterprises and Communities

HLB Jumpstart

Social enterprises are pivotal in creating value to the society while also contributing positively to the economy. The HLB Jumpstart programme was created with the aim of making transformative societal improvements, connecting social enterprises with experts and professionals in finance, branding and advertising, business, innovation and volunteerism, in line with our 5 Pillars of Support.

HLB Jumpstart 5 Pillars of Support

Financial Knowledge

Tools and Digitisation

Branding and Marketing

Commercialisation

Volunteerism

To date, we have formed strategic partnerships with 5 social enterprises.

SURI

Our collaboration partner since September 2018

Focus

SURI focuses on denim upcycling. They turn used denim materials into fashionable bags, purses, plush pillows, designer-inspired denim slippers, kimonos, and even T-shirts. SURI currently employs 40 single mothers from the Klang community, empowering and equipping them with job skills and financial independence.

Growth

Since our partnership with SURI, we have witnessed the growth in:

- Sales increase by 29% in FY2023
- Selling Bags 819% more than FY2022, with 47,433 sold
- Provided job opportunities to 40 Single Mothers

GREEN HERO

Our collaboration partner since May 2019

Focus

Green Hero operates an online F&B business selling surplus food at a reasonable price. This ensures that food waste is reduced, and the less privileged community have access to nutritious food at an affordable price.

Growth

Since our partnership with GREEN HERO, we have witnessed the growth in:

- Sales increase by 271%
- 104,882 meals saved from landfills, a 6,012% growth since inception

COFFEE FOR GOOD

Our collaboration partner since December 2019

Focus

Coffee For Good aims to remove barriers faced by underserved youth in acquiring job skills and opportunities in the F&B industry. They provide trainings and employment opportunities to these aspiring youth to be skilled coffee baristas.

Growth

Since our partnership with COFFEE FOR GOOD, we have witnessed the growth in:

- Doubled the average daily sales, amounted to RM32,094
- Provided training to 10 youths from the B40 community

Supporting Social Enterprises and Communities

THE ASLI CO.

Our collaboration partner since June 2020

Focus

The Asli Co. aspires to empower indigenous mothers with a long term goal to uplift them from poverty and support their children's education. Currently, 42 Orang Asli mothers have been trained to produce and sell artisan soaps, indoor succulent pots, WHO-compliant fabric masks, hand sanitisers, disinfectant sprays, among others.

Growth

Since our partnership with THE ASLI CO, we have witnessed growth in:

- Sales increase by 402%
- Provided job opportunities to 70 mothers from the Orang Asli community

BENAK RAYA

Our collaboration partner since June 2021

Focus

Benak Raya Enterprise preserves the heritage of traditional Simanggang rice farming by uplifting the Iban farming community and providing them with a sustainable income. They currently employ 16 villagers within the local B40 farming community in rural areas, and a diverse range of rice-based products have been produced including beverages, beauty products and rice straws.

Growth

Since our partnership with BENAK RAYA, we have witnessed the growth in:

- Sales increase by 114%
- Provided job opportunities to 29 villagers



Supporting Social Enterprises and Communities



HLB Jumpstart - Micro Business

As part of the Bank's efforts to strengthen its VBI offerings as a means to positively and sustainably impact underserved communities, we rolled out a brand new social finance programme, "HLB Jumpstart - Micro Business" which creates financing access for individuals with limited access or to aspiring entrepreneurs with low to no credit score.

Being a programme that aligns with BNM's Financial Sector Blueprint 2022 - 2026 to elevate social finance as an integral part of the Islamic finance ecosystem, it is targeted to assist underserved micro-entrepreneurs and is driven to improve their livelihoods by having a sustainable source of income.

HLISB disburses funding through its two partners - MADCash, a microfinancing ecosystem for women entrepreneurs; and AlfieTech, a digital microfinance app; to provide zero-profit financing and capital opportunities to start a business, while also providing mentorship and business training. Participants can obtain two types of seed funding for their businesses.

Through MADCash, participants can obtain a startup fund of RM4,000 with a payback tenure of 12 months at a zero-profit rate. In addition to that, participants are also assigned a mentor who will provide guidance and share best practices to build a successful and sustainable business.

In FY2023, we received 41 applications for social financing under MadCash with 20 active borrowers.

AlfieTech, on the other hand, will disburse up to RM1,500 per applicant to be used as e-commerce credit to run the business by placing orders on their own proprietary platform.

Jumpstart@65

Jumpstart@65 is a community hub that aims to inspire the community by providing education on purposeful life and digital skills, as well as to build a network of people to co-create and collaborate in developing 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 coworking 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 facilities, and is aimed at being a place where our employees can observe and participate in customer immersion sessions. This includes 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, being part of the concept and usability testing sessions.

Financial Literacy

DuitSmart

The Bank is intent on improving the financial health in the country, which motivated the launch of our DuitSmart platform in September 2019. The objective of the platform is to equip and empower Malaysians with financial knowledge to influence sound financial decisions.

DuitSmart Achievements from FY2020 to FY2023



Students

Conducted **67** DuitSmart sessions and engaged with **2,497** students from primary, secondary and tertiary level.



Communities

- Conducted 6 sessions for 47 single mothers and 33 working adults
- Recorded 30 financial literacy audio content and disseminated to 55,000 members of the societies for the blind



Digital Content

- Developed 39 bite-sized content with a collective
- 440,000 reach
 - 3.19 million engagements
 - 3.42 million views

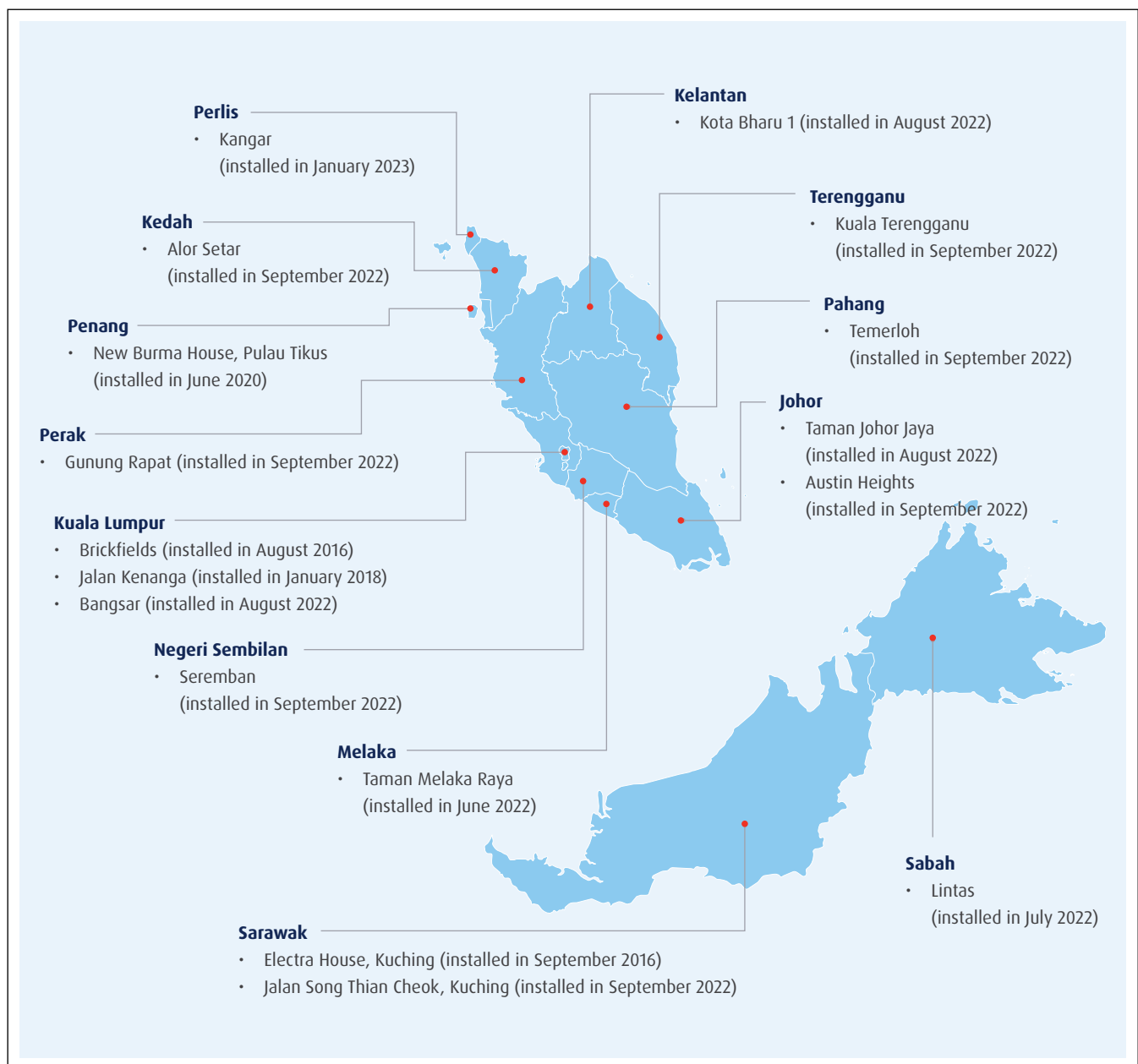
Financial Inclusion and Empowerment

Providing Access to the Visually Impaired Community

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 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.

In FY2023, we introduced 12 new HLB Talking ATMs across the country, bringing our total number of HLB Talking ATMs to 17 to date.



Financial Inclusion and Empowerment

Flood Relief Assistance

HLB seeks to improve the lives of the communities around us as we believe that long-term, sustainable progress is only possible when there are mutually beneficial outcomes. Determined to give back to the community, we initiated a 'Flood Relief Assistance' programme for customers affected by the floods, by offering payment deferrals on loan and financing facilities, including credit cards, of up to six months. The Bank also offered free replacements of debit and credit cards, cheques and bank statements that were damaged or lost in the floods. Additional financing was provided to existing SME and micro-enterprise customers that required working capital to facilitate their business recovery. We endeavour to continue to be a pillar of support to the communities, especially in their time of need.

Cashless Zakat

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 FY2023, we enabled 1,178 Zakat transactions via this platform, amounting to more than RM190,000 and a 17% increase in total value compared to FY2022. 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 our internet banking platform.

Community Business Manager

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 FY2023, we have 150 trained CBMs stationed nationwide.

How CBM Add Value to Our SME Customers

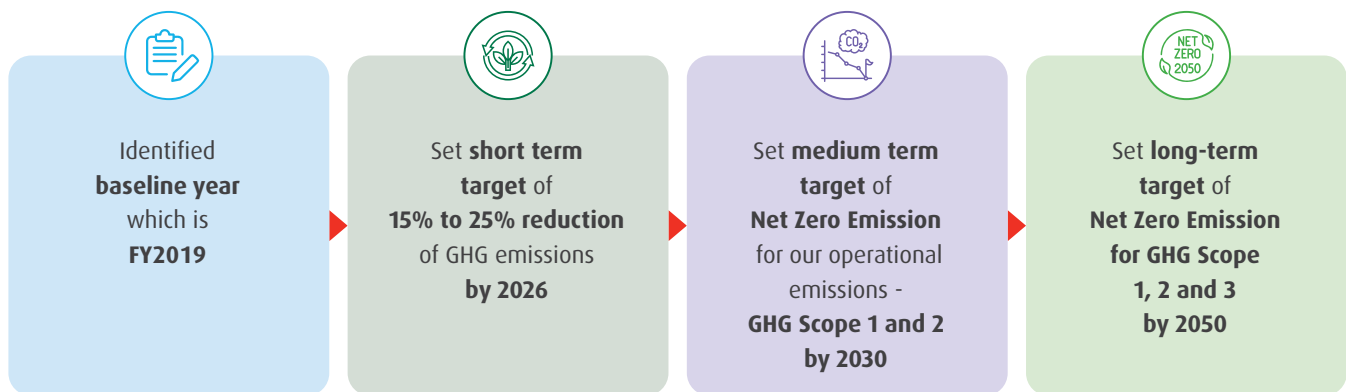
To grow community businesses around the branch, providing financial services to SME customers

To establish a relationship with the businesses and provide a better customer experience via HLB's holistic SME product solutions

Managing Our Operational Environmental Footprint

Emissions tracking is a crucial part of identifying and improving our operational impact on the environment. In light of our Net Zero ambitions, we have ramped up efforts in managing, tracking and mitigating our carbon footprint.

In terms of our carbon reduction goals, we have successfully reduced 21% of operational emissions (Scope 1 and 2 in Malaysia) since FY2019, which is on course with our target of reducing 15% to 25% of operational emissions by 2026. For Scope 3, we enhanced our boundaries to include employee commuting and downstream leased assets as well as operational and business travel emissions from our branches in Hong Kong and Singapore.



In FY2023, we are at the finalisation stage of our Mangrove restoration project at which we are expected to capture and store carbon through 50,000 mangrove trees. The initiative, in collaboration with MNS, is part of the Bank's commitment to mitigate the adverse impacts of climate change and reduce its own operations' carbon footprint. This is estimated to be achieved through an average of more than 1,200 tonnes of CO₂ equivalent annually over the next 20 years.

Managing Our Resources

Guided by the Bank's Environmental Policy on Energy, Water and Waste Management, the Bank is intent on optimising the utilisation of resources within business activities and effectively managing waste without any compromises on the Bank's physical operations.

It is imperative for the Bank to continue monitoring and promoting resource efficiency and conservation awareness to improve energy, water and waste management across our operational facilities.

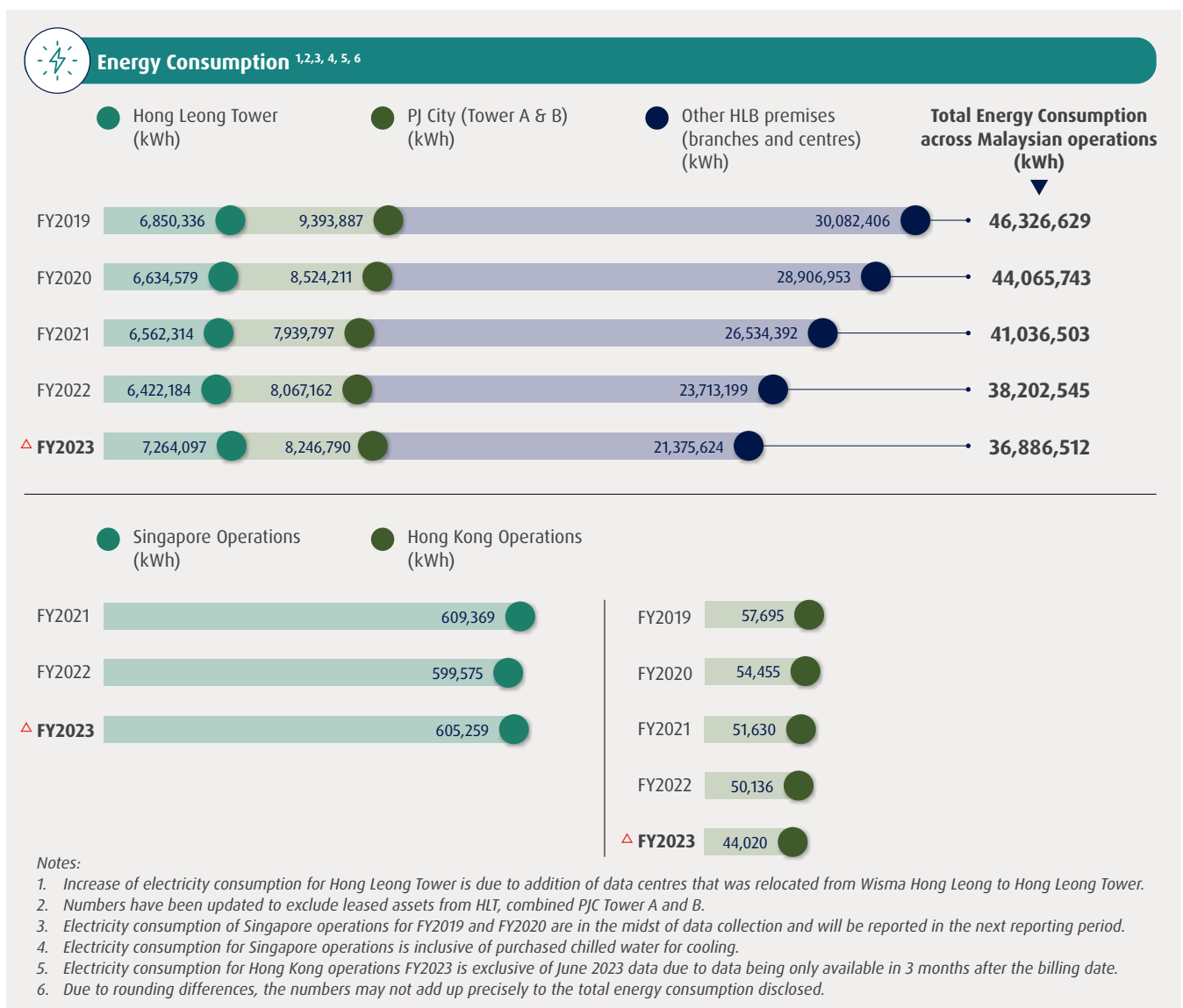
Optimising Resource Efficiency

Greening Our Buildings

As we work to integrate sustainability into our business practices, guided by our commitment to achieving carbon neutrality, we strive to enhance resource efficiency throughout our operations and foster a shared sense of environmental responsibility among all our stakeholders.

Aligned with our Environmental Policy on Energy, Water and Waste Management, HLB achieved significant milestones in FY2023, completing all EE&C measures for Hong Leong Tower and PJ City Tower A. We upgraded Hong Leong Tower’s Chiller Starter System to a Variable Speed Drive (“VSD”) system to regulate the tower’s energy consumption. We also installed solar panels on the rooftop of PJ City Tower A which supply about 0.7% of the entire building’s energy consumption. Additionally, we have retrofitted the LED light fittings in 21 of HLB-owned branches.

In March 2023, we fully relocated our Data Centre in Wisma Hong Leong to Hong Leong Tower and received a Titanium+ Tier nod from the Green Climate Initiative (“GCI”), an industry-leading green technology accreditation organisation. With this, the Bank’s data centre is officially a Certified Green Computing Facility and the only facility in Malaysia to achieve the prestigious Titanium+ ranking by scoring a near-perfect 99 out of 100 points in the Certified Green Computing Facility (“CGCF”) Weighted Scorecard.



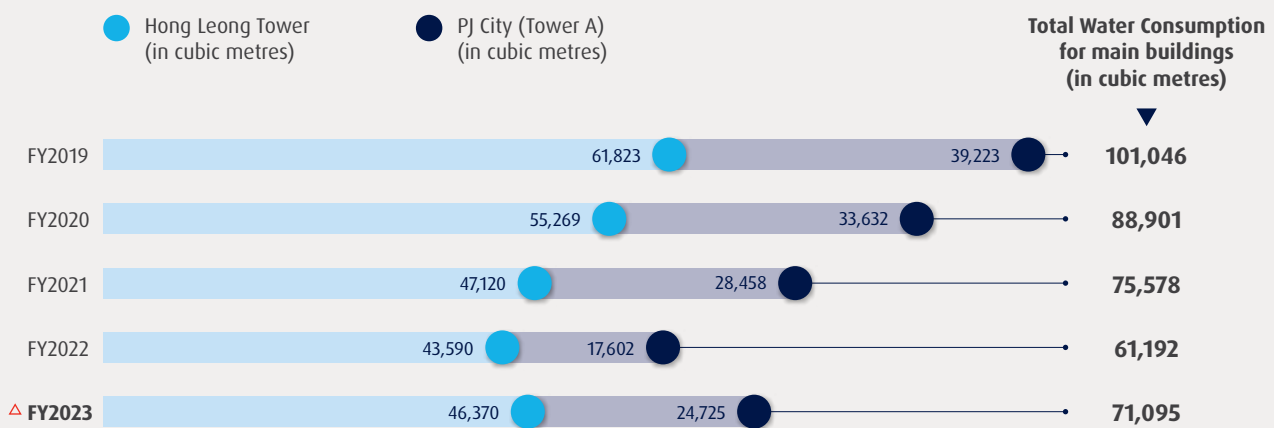
△ This data has been independently assured. Refer to independent limited assurance report on page 121.

Optimising Resource Efficiency



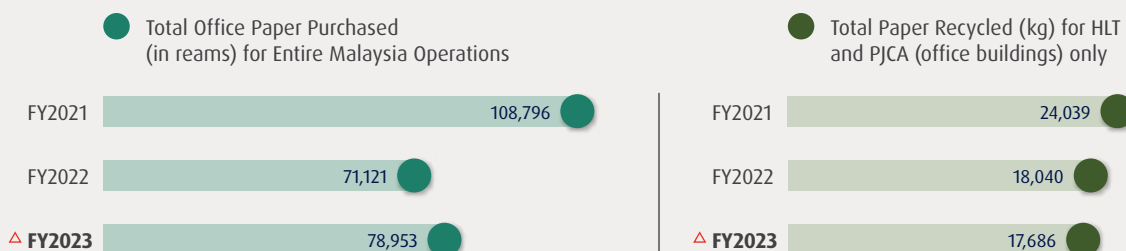
Water Consumption

The Bank seeks to promote efficient utilisation of our resources while effectively managing water consumption without compromising the safety, comfort and reliability of the Bank's physical operations. We are cognisant of the importance of water management in our journey towards sustainable business operations. Despite the increase in water consumption compared to the previous year, which is largely due to the normalised movement of people coming back to work post pandemic, water consumption at HLB has seen a 30% reduction since FY2019.



Paper Consumption

Paper is a key resource for banking activities and we believe that reducing paper consumption will significantly contribute to our sustainability efforts. While we have adopted practices that allow us to reduce wastage and optimise operating costs, we also acknowledge that growth in business would impact our resources as well. The increase in paper consumption in FY2023 is due to the increased opening of external accounts, ASN transactions, SME growth and disbursement of transactions and facilities. However, we have also made efforts to increase the purchase of Forest Stewardship Council ("FSC") and Programme for the Endorsement of Forest Certification ("PEFC") certified papers.



△ This data has been independently assured. Refer to independent limited assurance report on page 121.

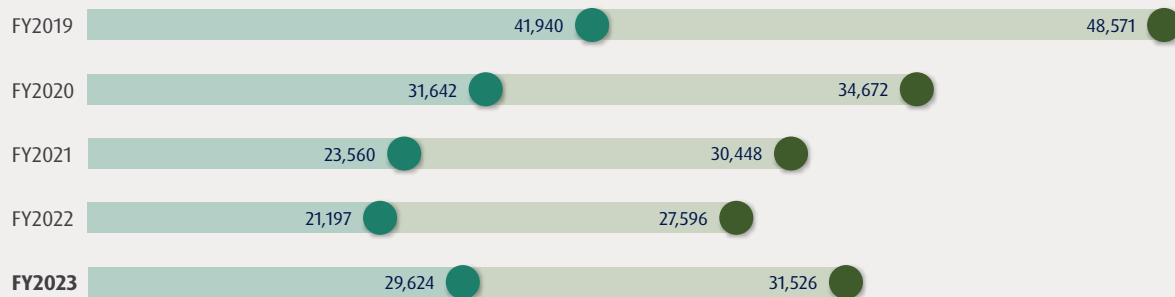
Optimising Resource Efficiency



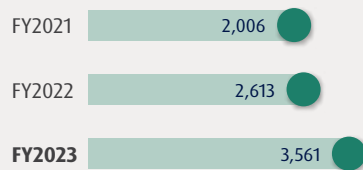
Petrol Consumption ^{1,2,3}

- Petrol cards from company-owned vehicles (litres)
- Petrol cards from non company-owned vehicles (litres)

Malaysia Operations



Singapore Operations



Notes:

1. We track the fuel consumption through the petrol cards of company-owned vehicles and non company-owned vehicles for Malaysian operations. The tracking of company-owned vehicles for Malaysian operations is only limited to Hong Leong Tower since all vehicles owned by the Bank are located here. Fuel consumption of non-company owned vehicles is inclusive of petrol and diesel.
2. 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.
3. We have expanded the tracking of petrol consumption through the petrol cards of company-owned vehicles in our Singapore operations. The petrol consumption of FY2019 and FY2020 are in the midst of data collection and will be reported in the next reporting period.

Our Carbon Footprint

In FY2021, we developed our Greenhouse Gas (GHG) emissions framework with reference to the IPCC and the GHG Protocol to start compiling our GHG inventory and monitoring our Scope 1, Scope 2 and Scope 3 GHG emissions. We established our baseline year FY2019 to start paving our decarbonisation journey towards our Net Zero ambition.

We made steady progress towards our Net Zero ambitions and carbon reduction targets last year, reducing about 21% of our operational carbon emissions (Scope 1 & 2 in Malaysia) since FY2019, ahead of the targeted reduction of 15% to 25% by the year 2026. In FY2023, we expanded our GHG Framework to include our Singapore and Hong Kong branches, and we intend to include our Cambodia and Vietnam subsidiaries in FY2024.

FY2023 Key Highlights

Expanded the GHG boundaries to Singapore and Hong Kong operations

Added Scope 3 emissions which is Category 7: Employee Commuting and Category 13: Downstream Leased Asset

Conducted 'Introduction to HLB GHG Framework' webinars to employees during our sustainability month

Achieved 21% reduction of operational carbon emissions (Scope 1 & 2 in Malaysia)



GHG Emissions (in tonnes CO₂eq)^{1,2,3,5,6,7,8}

● Scope 1

● Scope 2⁴

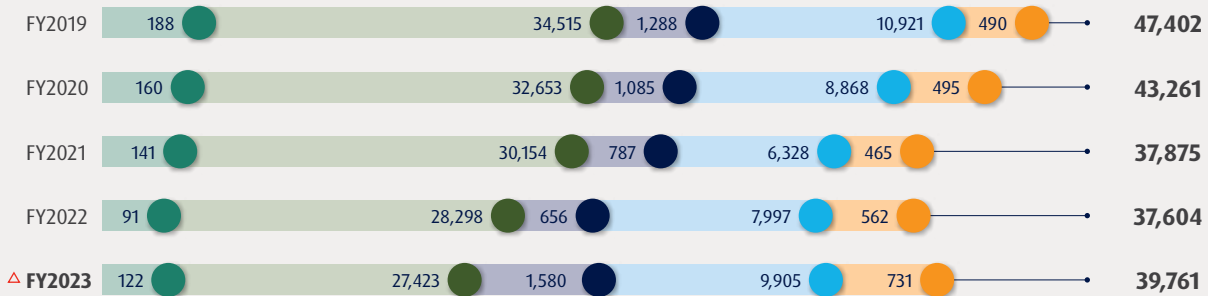
● Scope 3 – Category 6: Business Travel

● Scope 3 – Category 7: Employee Commuting

● Scope 3 – Category 13: Downstream Leased Asset

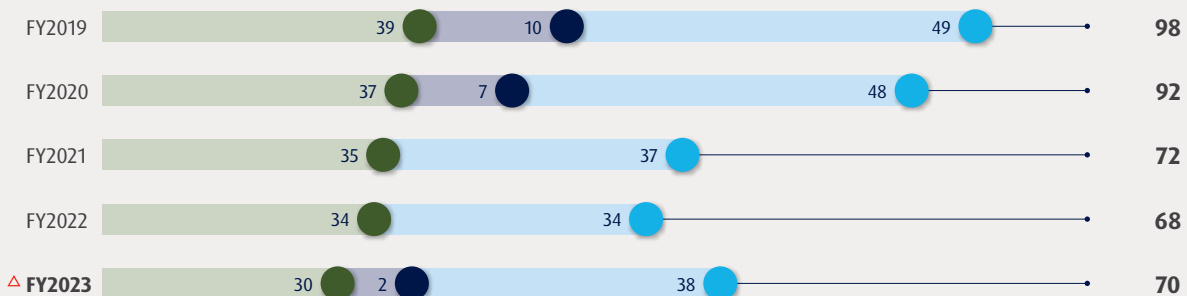
Total GHG Emissions for Malaysian Operations

Malaysia Operations



Hong Kong Operations

Total GHG Emissions for Hong Kong Operations

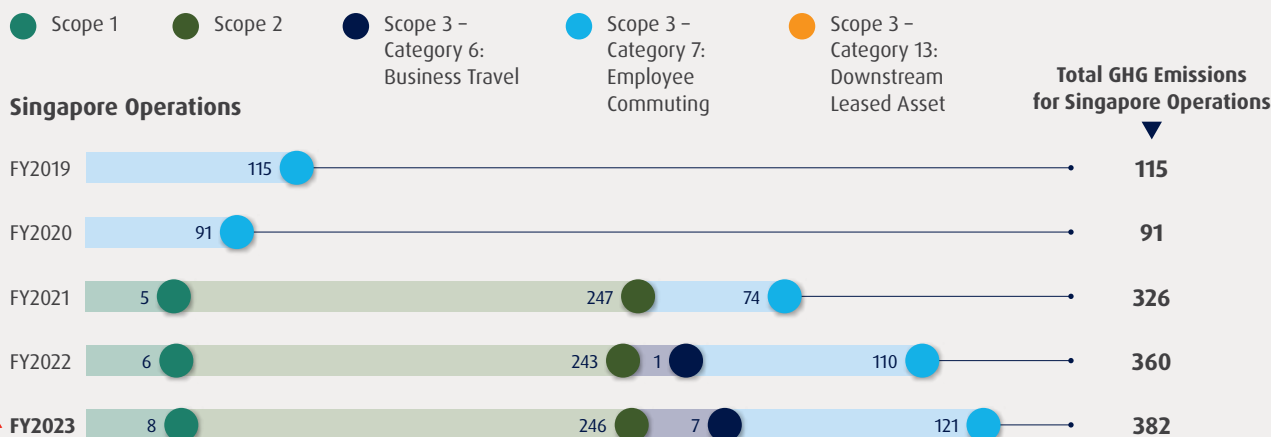


△ This data has been independently assured. Refer to independent limited assurance report on page 121.

Our Carbon Footprint



GHG Emissions (in tonnes CO₂eq)^{1,2,3,5,6,7,8} (continued)



Notes:

- We use the operational control approach based on GHG Protocol for our GHG Emissions Accounting.
- We have expanded our GHG emissions boundary to include HLB Singapore and HLB Hong Kong branches from baseline FY2019. HLB Singapore's GHG emissions for FY2019 and FY2020 (exclusive of employee commuting) are in the midst of data collection and will be reported in the next reporting period.
- FY2023 results are post COVID-19 pandemic working arrangement in which staff are full force in the office and travelling is not limited.
- Reduction of Scope 2 emissions in Malaysia is contributed by Energy Efficiency & Conservation ("EE&C") Measures and Energy Audits carried out at our operational facilities.
- Scope 1, 2 and 3 emissions category, boundaries and respective emission factors are:

Scope 1:

- 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 in Malaysia and vehicles owned or operated by the company in Singapore.
- Emission factors are based on 2006 IPCC Guidelines for National Greenhouse Gas Inventories; the Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) - Refrigerant Table: Explanation and Glossary of Terms; 7SM.6 Tables of Greenhouse Gas Lifetimes, Radiative Efficiencies and Metrics, Supplementary Material; and Chapter 7: The Earth's Energy Budget, Climate Feedbacks and Climate Sensitivity; and IPCC Sixth Assessment Report, 2021.

Scope 2:

- Scope 2 emissions include purchased electricity for buildings across our entire Malaysian, Singapore and Hong Kong operations. Figures from FY2019 until FY2022 for Malaysian operations have been restated to exclude the purchased electricity of leased assets in Hong Leong Tower which has been categorised as Scope 3 Leased Asset emissions. Assumptions were made for Malaysian operations' Scope 2 FY2023 emissions whereby the electricity consumption was averaged. Purchased chilled water for cooling has been included as Scope 2 emissions for Singapore operations. The Scope 2 emissions for FY2023 for Hong Kong operations is exclusive of June 2023 data due to data being only available in 3 months after the billing date.
- Emission factors are based on the Malaysia Fourth Biennial Update Report under the United Nations Framework Convention on Climate Change, Singapore's Energy Market Authority and Hong Kong Electric.

Scope 3:

- Scope 3 emissions include indirect emissions from business travel obtained from employee claims, by road, flight, train and ferry, and petrol cards for vehicles not owned or operated by the company across the entire Malaysian operations, flight travel (exclusive of road travel as the data is in the midst of collection and will be reported in the next reporting period) across Singapore operations and road and flight travel of Hong Kong operations. It also includes the employee commuting emissions from Malaysia, Singapore and Hong Kong whereby the data calculated were based on a sample size of 856 staff as well as downstream leased asset emission in Malaysia.
- Emission factors are based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the UK 2023 Government Greenhouse Gas Conversion Factors for Company Reporting, the UK Government GHG Conversion Factors for Company Reporting and the Malaysia Fourth Biennial Update Report under the United Nations Framework Convention on Climate Change, Singapore's Energy Market Authority; Hong Kong Electric; and IPCC Sixth Assessment Report, 2021.

6. The GHGs emitted by the Bank are Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O) and Hydrofluorocarbons (HFCs) which are converted to CO₂ equivalent according to the terms set in 2021 IPCC Sixth Assessment Report.

7. Due to rounding differences, the numbers may not add up precisely to the total emissions disclosed.

8. GHG emission numbers from FY2019 until FY2022 were recalculated using updated emission factors accordingly.

△ This data has been independently assured. Refer to independent limited assurance report on page 121.

Sustainable Supply Chain

A sustainable supply chain upholds environmental goals and societal values of an organisation. At HLB, we are committed to integrating environmental and social practices into our supply chain. We aim to reduce the negative environmental and social impact of our business activities by focusing on sustainable and responsible sourcing.

As a way of accelerating the Bank's sustainability journey, we have implemented our Procurement Policy, integrated with ESG elements, aiming to structure and standardise commercial partnership development with suppliers. The policy also guides vendors to enhance their ESG risk mitigation and disclosures.

With the integration of Vendor Sustainability Self-Assessment ("Assessment") into the Procurement Policy in FY2021, we conducted an initial Assessment in FY2022, involving 39 top vendors (Tier 1). In FY2023, we managed to expand the Assessment to 335 vendors ranging from Tier 1 to Tier 4 as well as New-to-Bank vendors.

Tier 1 Vendors	No. of Vendors Assessed	No. of Vendors Rated Best in Class	No. of Vendors Rated Satisfactory	No. of Vendors Rated Improvement Needed	No. of Vendors Rated Exit within Duration
Pilot Assessment (2020-2021)	39	24 (61.5%)	14 (35.9%)	1 (2.6%)	0
△ FY2023 Assessment	77	51 (66.2%)	24 (31.2%)	2 (2.6%)	0

FY2023 Key Highlights

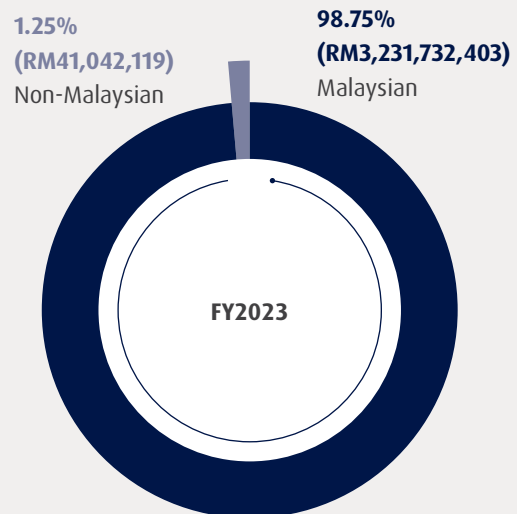
66.2% of Tier 1 vendors scored Best in Class, an increase from **61.5%** in the pilot assessment

Overall, **97%** of the Tier 1 vendors from the pilot assessment and this year's assessment have demonstrated adequate ESG awareness and adopted ESG practices in their operations

We are currently in the midst of analysing the scoring for Tiers 2 to 4 and will be engaging with our vendors on further improvements and simplification of our Assessment questions for these Tiers. We have also updated our Sustainable Practices for Business Partners on our website in order to further communicate our Assessment process to all of our existing and potential business partners. As a measure to evaluate the merits of different suppliers, our Assessment ensures that each vendor is evaluated justly.

In an effort to support local businesses, 2,085 of 2,159 vendors, approximately 96%, that supply us with products and services 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. In addition, we employ multinational suppliers with a local presence to guarantee that we acquire the most up-to-date and efficient IT solutions, which reinforces our goal to develop a thriving local business environment.

Proportion of spending on local/foreign suppliers



Note: The amount spent include all paid invoices for FY2023.

Privacy, Data Protection and Cybersecurity

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 prerequisite 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.

Governance Structure	Policies	Secured Infrastructure
<ul style="list-style-type: none"> The Board Information and Technology Committee (“BITC”) jointly supports the Boards of HLB and HLISB in overseeing technology and cyber security-related matters 	<ul style="list-style-type: none"> Board Policy on Technology Risk Management Board Policy on Cyber Resilience Board Policy on Data Management Board Policy on Data Protection and Customer Secrecy 	<ul style="list-style-type: none"> Multi-layered security implementations that safeguard the integrity of our systems and our customers’ information

The transition towards digital banking channels has made cybersecurity and data privacy pivotal in order to maintain trust among our stakeholders. As a leading financial services provider, it is crucial for HLB to fortify our cyber resilience and implement proactive policies that protect the integrity of our systems. Focusing on the importance of maintaining a robust cybersecurity and data privacy system in place, we have enhanced security measures and increased customer education efforts.

HLB rolled out AppAuthorise in March 2022 as a more secure way to authorise banking transactions that are performed via the HLB Connect and HLB Connect App, which used to require SMS TAC. With AppAuthorise, customers are able to conveniently view their transaction details and approve them securely within the HLB Connect App itself. Apart from that, the Bank also implemented a “one mobile device per customer” security enhancement where customers can only bind one mobile device to the HLB Connect App at any one time.

HLB has initiated various scam and fraud awareness programmes among various communities including students and single mothers, to empower them with safe online behaviours and education on threats to online banking. The Bank maintains various materials on its website under the Security Alert and Scam Prevention section for more information on fraud/scam awareness. Customers are also encouraged to read and become familiar with various alerts that the Bank regularly posts on social media and on its digital assets (internet and mobile app).

The Bank has set up a 24/7 Contact Centre at 03-7626 8899 for customers to report or enquire about scam and fraud incidences or suspicious transaction activities, supported by a dedicated Fraud Management Unit to investigate and assist customers when required.



Learn how to safeguard yourself from scams.

Cyber Security Awareness

We proactively promote and consistently reinforce a robust cyber risk awareness culture within the Bank. This involves instilling a sense of accountability in every employee to protect the confidentiality of both our customers and the Bank. To further enhance this, a series of cyber risk educational initiatives have been developed and launched.

<p>e-Learning</p> <p>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%.</p>	<p>Cyber Leaders Training</p> <p>Conducted Cyber Leaders training to give a practical overview of the cyber incident handling for managers to guide their team on how to react and report on any potential cyber attacks.</p>
<p>Cyber Comics</p> <p>We introduced a series of comics on cyber risk awareness with a virtual cyber security ambassador in the form of an avatar that promotes cyber security best practices within our organisation.</p>	<p>Phishing Awareness</p> <p>For the year under review, the Technology Risk department conducted a phishing awareness exercise to drive staff’s understanding of possible risks.</p>

In FY2023, 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.

Nurturing a Sustainable Employee Experience

Our overarching value of being 'Here for the Long Term' extends to how we care for our employees. At HLB, we strive to create meaningful employee experiences that enable them to have a meaningful journey 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

Continue to build depth through upskilling efforts. For example by incorporating ESG awareness into learning



Talent Management

Deepen and 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



Workplace Readiness

Our approach to enabling workplace readiness centres around our drive to digitalise core HR processes, as well as learning experiences. Key to our efforts is the HLB@Workday platform, which has facilitated convenience for our employees to access our resources wherever they work even as they work remotely. This mobile-first strategy enables adaptability to how we engage and provide training for our employees.

Learning & Development on HLB@Workday

Encouraging an 'anytime, anywhere' learning mindset

Our training in HLB@Workday contributed to a

5% increase

in training hours (contributed by increased training hours for Mandatory e-Learning and uptake in weekly online e-learning modules).

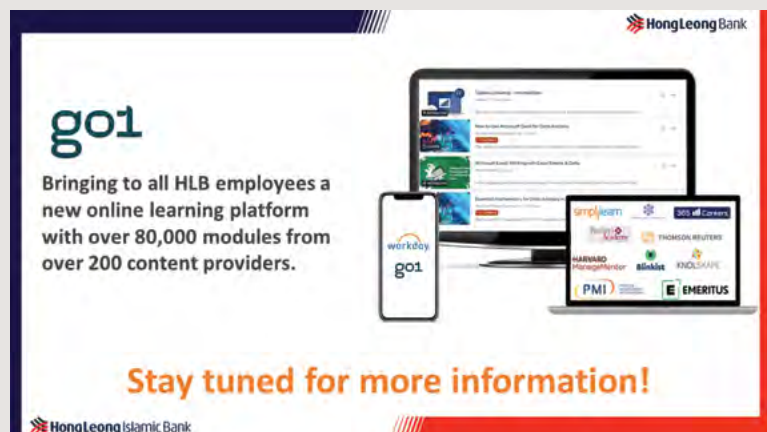
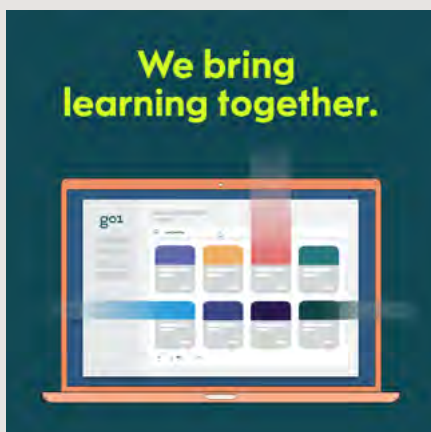
In addition to mandatory e-Learning, 3,323 employees voluntarily completed e-learning courses on the platform, recording a

14% increase

in the number of employees from FY2022

<div style="background-color: #2980b9; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;"> Total Number of Employees in FY2023 </div> <div style="background-color: #d9ead3; padding: 20px; border-radius: 10px; font-size: 24px; font-weight: bold;">8,207</div>	<div style="background-color: #2980b9; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;"> Total Training Hours </div> <div style="background-color: #d9ead3; padding: 20px; border-radius: 10px; font-size: 24px; font-weight: bold;">650,409</div> <p>(5% increase from FY2022)</p>	<div style="background-color: #2980b9; color: white; padding: 5px; border-radius: 10px; margin-bottom: 10px;"> Average Training Hours per Employee </div> <div style="background-color: #d9ead3; padding: 20px; border-radius: 10px; font-size: 24px; font-weight: bold;">79</div> <p>(2% increase from FY2022)</p>
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As a way of extending our digital transformation agenda, we have rolled out HLB@Workday since FY2020 which has been imperative in cultivating digital competencies among our employees, thus improving our operational productivity. In order to materialise our efforts in this aspect, we aim to launch our new e-learning platform, Go1, in FY2024, giving all employees access to more than 80,000 modules curated from over 200 content providers. Similarly, the platform is available through HLB@Workday at any one time, from any location.



The Go1 platform will deliver a big learning and development impact for employees to grow through productive engagements.

Workplace Readiness

Building the Talent Pipeline

We recognise the critical role of attracting and retaining the best talent in cultivating a thriving and competent workforce. We are cognisant that talent plays a crucial factor in enabling our sustainability agenda. The Bank strives to attract and retain our people by hiring individuals based on their merit and potential. In our efforts to continually build workforce capabilities, we provide structured internships and training programmes that equip candidates for success in our work environment.

Initiatives to Build a Skilled Talent Pipeline

Internship Programme

A 3-month work internship attachment to enable students to experience HLB's culture and work ethics

Graduate Trainee

A 12 – 15 month graduate programme to gain valuable experience and knowledge in selected divisions

Protégé

An 8-month internship attachment that enables graduates to be fast-tracked into specific roles within divisions

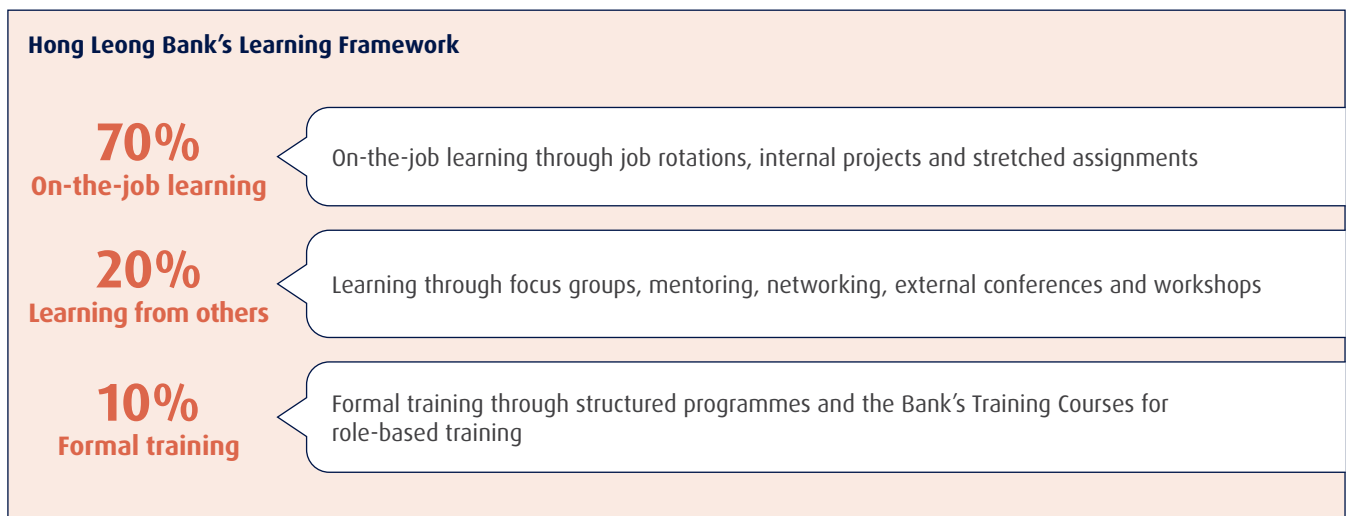
Collaborating with universities to identify potential new hires, we work hand in hand with key universities to attract desired candidates. To support our regional business needs, we proactively engage with students at our key market hubs including Penang and Perak, which form part of the 20 engagement sessions we held during the year. These engagement activities comprises physical career fairs, on campus recruitment days, virtual career talks and university and public career fairs.



Workforce Readiness

We believe that a customer-centric and future-focused workforce is essential to the continued success of our organisation, especially with the financial services industry transforming rapidly in the digital economy.

This year, we continued driving initiatives to increase ESG awareness, as well as our knowledge base and understanding among our employees. Our 70:20:10 Learning Framework ensures our employees continuously enhance their knowledge, skills, and experience at HLB through a well-rounded approach to lifelong learning.



With the aim to integrate new employees with our organisation, an onboarding programme is mandated within 60 days of their date of joining the organisation. The structured programme, conducted virtually, focuses on our sustainability efforts, fundamental principles of ethical banking and internal policies and processes.

As part of onboarding, 817 employees have completed the Introduction to Ethics in Banking course for fresh graduates by the Asian Banking School to date. This year, 218 employees have completed the course.

Refer to Appendix I: HLB in Numbers for Onboarding Training Data on page 91.

Workforce Readiness

Upskilling Our People

HLB and HLISB place a large emphasis on cultivating and developing our talents to be industry leaders. We believe the pursuit of accreditation programmes enhances our workforce's knowledge and competency to be better aligned with the Bank's core. We are determined to upskill our employees by providing comprehensive learning and development opportunities as a way of accelerating their progress and support the building of their long-term career with us.

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 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 are some of the key learning and development opportunities we offer our employees to upskill themselves.

Key Learning and Development Programmes Across The Organisation

Role-based	Islamic Finance Training	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 FY2023, 2,819 employees completed the programme.
People Managers	Coaching for Performance	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 FY2023, 168 people managers benefited from the workshops.
	Driving The People Agenda	Driving The People Agenda (DPA) provides a forum for managers to share and align on policy, process, practices related to people management. Since 2019, we have spoken to 1,591 people managers through 77 sessions.
Bank-wide	Brown Bag "Lunch & Learn" Series	Aimed at encouraging an "anytime, anywhere" learning mindset, we continue to roll out our Brown Bag "Lunch & Learn" sessions for our employees. In FY2023, we conducted 24 sessions, which saw close to 5,000 employees attending them.
	Digital Awareness & Soft Skills Training	Beyond mandatory and role-based learning, employees are offered free external e-learning courses uploaded to HLB@Workday to upskill themselves in areas such as digital awareness, business communication and soft skills.

Workforce Readiness

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, 22 of our employees have obtained the Chartered Bankers certification. In FY2023, 13 employees are in progress to obtain 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 of their appointment date.</p>	<p>1,447 HLB employees have been identified to complete the certification by 2028 - 27% are now pursuing certifications while 35% 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, above and beyond the 2020 to 2022 year target of 500 employees.</p> <p>In FY2023, 453 employees in HLB have completed their IFIQ certification successfully, on track for our target of 550 to clear IFIQ certification by FY2024.</p>
	<p>Certified Shariah Advisor ("CSA") and Certified Shariah Practitioner ("CSP") Programmes</p>	<p>2 HLISB employees have completed the CSA & CSP for the financial year under review.</p> <p>This is in addition to the 3 Shariah Committee members who have obtained the CSA certification and 2 employees who have obtained the CSP certification during FY2022.</p>

Talent Management



Talent Management Policies

Effective talent management is essential to ensure that an organisation has the right people in place to grow and thrive. At HLB, we consistently encourage our people to upskill in order to upscale, further contributing to the greater impact of our organisation. Extending our efforts in this aspect, we place a strong emphasis on developing team players who are agile and focused to meet the changing needs within the Bank. In FY2023, 884 employees transitioned to new roles or received promotions. This represents a 15% increase in the number of vacancies filled internally by employees.

Recruitment

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.

Performance Management & Individual Development Plan

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.

Learning & Development

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.

Talent Review and Succession Planning

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.

Talent Management

Performance Management and Individual Development

Through the Individual Development Plan (“IDP”), we are 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.

Talent Review and Succession Planning

Driven to foster the growth of internal talent and identify external talents, the Bank’s talent and succession planning framework also aims to develop a pool of highly skilled candidates for positions within the Bank. At HLB, we are dedicated to providing our employees with lateral and vertical career growth opportunities by regularly advertising internal job openings, offering numerous career pathways within the company. Through the HLB Leaders Programme, our talent review and succession planning process includes a personalised development plan to groom potential future leaders and nurture their leadership potential.










Remuneration Policy Framework

Our Remuneration Policy Framework is designed to promote a high-performance culture that drives specific behaviours - with employees operating according to strong values, integrity, a clear sense of responsibility and high ethical standards. Underpinned by a rigorous performance management process, remuneration is determined by key performance indicators such as behaviours in accordance with our Code of Conduct and Ethics, risk and compliance, meritocracy in performance, prudent risk-taking, selected ESG performance and HLB values. Every senior management officer has a responsibility to embed sustainability in all initiatives in their division. Since FY2022, performance indicators have incorporated an ESG measure for employees as we continue to progressively drive sustainable actions in all that we do as an organisation.









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.

Employee Benefits

We are cognisant that the working environment impacts our employees' well-being. As a way of enhancing their well-being and productivity, we implement a comprehensive strategy that encompasses various aspects of care and offer holistic support to address their physical and mental health. We have put in place proactive measures to guide our employees in maintaining their overall well-being. We emphasise our commitment to the right to freedom of association and collective bargaining through our union's collective agreements. 17.1% of our total employees are covered by collective bargaining agreements.

FY2023 Employee Benefits	Description
 MARRIAGE LEAVE	<ul style="list-style-type: none"> 10 consecutive working days on first legal marriage while in employment with the Bank
 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 a maximum of 5 surviving children
 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 upon completion of 3 years of service with the Bank
 STUDY AND EXAMINATION LEAVE	<ul style="list-style-type: none"> Employees are entitled to study leave for four (4) working days per calendar year only for examinations approved by the Bank prior to the commencement of the examination Employees are entitled to examination leave for no cap (actual examination date) only for examinations approved by the Bank prior to the commencement of the examination
 SPORTS PARTICIPATION LEAVE	<ul style="list-style-type: none"> 10 consecutive working days for employees who are participating in any official sporting event on behalf of the state or home country
 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
 CSR LEAVE	<ul style="list-style-type: none"> Employees are entitled to corporate social responsibility leave for (2) working days per calendar year
 PROLONGED ILLNESS LEAVE	<ul style="list-style-type: none"> Upon the recommendation by the Bank's panel doctor or the government hospital, the employee may be granted prolonged illness leave up to a maximum of twenty (24) months, with the first six (6) months on full pay basis, the following six (6) months on half pay basis and the remaining twelve (12) months on no pay basis

Employee Benefits

FY2023 Employee Benefits	Description
 MEDICAL COVERAGE	<ul style="list-style-type: none"> Coverage shall be applicable to employees and their dependents (1 legal spouse who does not have any medical coverage by the employer* and legal child from age 15 days up to 21 years who is unmarried and not employed for up to 5 surviving children) For union (ABOM/NUBE/Sabah and Sarawak) employees, coverage shall be applicable to employees and their dependents (legal spouse, children under the age of 18 years, disabled children above the age of 18 years who are not gainfully employed, and children up to 23 years if attending full-time education in a local educational institution.) <p><i>*Where both the employee and spouse are employed by the Bank, eligible dependent(s) is entitled to only 1 medical benefit entitlement</i></p>
 ANNUAL MEDICAL EXAMINATION	<ul style="list-style-type: none"> Employees aged 45 years old and above who are at Grade M3 & above are eligible for an annual medical examination after 12 months of continuous service with the bank Union employees aged 40 years old and above are eligible for an annual medical examination
 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-clerical 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 or grant 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 One child per application per annum in financing the education at either Pre-University or Tertiary level
 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/Sarawak Commercial Banks’ Association and Sarawak Bank Employees’ Union <ul style="list-style-type: none"> An amount of RM110.00 monthly per family will be paid as Disability Care Subsidy if a confirmed officer has a disabled spouse, child or RM150.00 monthly per family if a confirmed officer has two (2) or more disabled spouses, child and/or children Entitled by employees covered by the Malayan Commercial Banks Association and National Union of Bank Employees, States of Malaya’ Collective Agreement/Sabah Commercial Banks’ Association and Sabah Banking Employees’ Union <ul style="list-style-type: none"> An amount of RM105.00 monthly per family will be paid as Disability Care Subsidy if a confirmed employee has a disabled spouse or child or RM150.00 monthly per family if a confirmed employee has two (2) or more disabled spouses, child and/or children

Employee Well-being, Health & Safety, Environment

Prioritising Employee Well-being, Health and Safety

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.

As part of the Bank's obligation to ensure employees are aware and properly trained on OSH-related topics and OSHA (Amendment) 2022, the Bank's L&D team collaborates with the Property & Facilities Management (PFM) team to roll out e-Learnings, physical and virtual workshops to various groups of employees. In FY2023, 195[△] employees assigned as OSH representatives completed the OSH training session and managed to achieve 1,560 training hours with an average of 8 hours per employee. The training was also converted into mandatory e-learning for employees and launched in September 2022 to drive awareness of OSH bank wide.

Moving forward, the Bank is intent on improving the organisational health and safety to manage and mitigate OSH risks. To that end, we have developed an OSH training plan for the year 2023 with several initiatives to keep our employees abreast of health and safety standards and protocols. This includes a First Aider Workshop, scheduled to be rolled out from September to October 2023, and OSH Coordinators training in accordance with the Occupational Safety and Health (Amendment) Act 2022 which stipulates the requirement of an OSH Coordinator should the organisation have five or more employees.

Health and Safety	FY2021	FY2022	FY2023
Percentage of absenteeism rate (%)*	1.15%	1.29%	2.39% [△]
Total No. of accidents with fatalities	NIL	NIL	NIL [△]
Total No. of Days Lost due to Accidents inside the Workplace premises**	0	191.50	67
Total No. of Accidents inside the Workplace premises**	1	4	5

Fostering Employee Engagement and Satisfaction

Employee engagement is key to maintaining an effective and healthy workplace environment. Our goal is to create a supportive work environment that addresses the unique needs of our employees, regularly evaluating and enhancing policies to uphold the Bank's mission and values. We provide numerous channels for open communication, enabling our employees to interact with senior management and leaders throughout the organisation. This approach allows us to actively connect with our staff, addressing diverse topics of interest, providing financial assistance, and offering guidance on matters that concern both employees and the organisation. This year, 18 employee matters were raised and resolved.

In FY2023, our engagement activities were based on three lenses

To build employees' skills and aspiration through monthly career coaching sessions

Conducted via virtual brown bag lunch and learning sessions

To sharpen our focus on both physical and mental aspects of well-being

Executed through our collaboration with our health vendor with the health screening activity while our monthly 'doctor in the house' virtual sessions emphasised topics based on employees' top outpatient concerns from the outpatient data of our healthcare providers

To focus on building community bonds

Engaged employees through digital and physical touch points including Google Currents Photo contests and physical games, enabling employees to have fun, connect, recharge and perform better at work

[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

* The % of Absenteeism Rate is calculated using the recommended formula as per ISO standards.

** Total No. of Days Lost due to Accidents inside the Workplace premises and Total No. of Accidents inside the Workplace premises is calculated based on reporting to DOSH.

Employee Well-being, Health & Safety, Environment

To motivate our employees to explore various career paths within our organisation through learning and development opportunities offered internally, we organise monthly 'career coach' sessions via our Virtual Brown Bag lunch and learn platform. Participants are given exposure to career progression tips such as how to nurture healthy ambition, communicate with confidence and create effective work relationships. These initiatives have led to 884 employees transitioning to new roles or receiving promotions. Our employees can explore diverse career paths within HLB, taking on various responsibilities over time. This approach fosters positive employee experiences, retains institutional knowledge, ensures team stability, and boosts overall productivity.

HongLeong Bank **HongLeong Islamic Bank**

VIRTUAL BROWN BAG CAREER SERIES

NURTURING HEALTHY AMBITION

Fennie is an Associate Trainer, Career and Executive Coach, and Talent Consultant specializing in leadership and talent development, team effectiveness, career planning and development, and health and wellness. With over a decade of experience in a global organizational consulting firm, Fennie has partnered with individuals, teams, and organizations across industries and regions on integrated talent solutions, including executive recruitment, leadership assessment, succession planning, leadership development, talent mapping, and competitive intelligence. In this session you will understand why ambition matters, and how to develop the right amount of it and how to strike a balance between ambition and well-being, whilst also contributing to personal and organisational success.

Fennie Chong
Associate Certified Coach,
International Coaching Federation

📅 13 June, 2023 ⌚ 12 - 1pm

Click here to enrol now!

Or Workday > Learning > Topics > Brown Bag > Nurturing Healthy Ambition

Seats are limited to 450 pax per session.

A monthly 'career coach' session is available to all employees for knowledge enrichment on topics such as career progression with the help of experts from different fields including psychology, leadership and consulting.

We also celebrated International Women's Day by organising a sharing session with our Independent and Non-Executive Director Puan Fa'izah Binti Mohd Amin, where she connected with employees by relating her experience on career, leadership and people management. Other activities include the celebration of International Family Day, online contests celebrating Malaysian cuisines and the reinstating of physical games such as bowling.

HongLeong Islamic Bank **HongLeong Bank**

International Women's Day 2023

"ON CAREER DEVELOPMENT, LEADERSHIP AND PEOPLE MANAGEMENT"

A Conversation with
Puan Fa'izah Binti Mohamed Amin
Independent and Non-Executive Director
Hong Leong Bank Berhad

Puan Fa'izah carries more than 20 years of cross-industry credentials. In her career journey she has taken on various leadership roles including Head of News Division at Time Broadcast Group, multiple portfolios within TM Berhad including General Manager of Technology Planning & ICT Business, President of UMW Technology Sdn Bhd and Chief Digital Officer (CDO) of UMW Group and Managing Director for HP Malaysia.

She is an Independent Non-Executive Director for Cradle Fund Sdn Bhd, DKSH Holdings (Malaysia) Berhad, Scicom (MSC) Berhad and former Governor and Independent Director of AMCHAM. Puan Fa'izah was appointed to the Board of HLB on 1 September 2022.

WEDNESDAY 8 MARCH 2023 | 12PM - 1PM

- Physical at Auditorium, Menara Hong Leong (50 pax)
- Join us virtually (450pax)

[Click Here To Register](#) #IWD2023 #EmbraceEquity

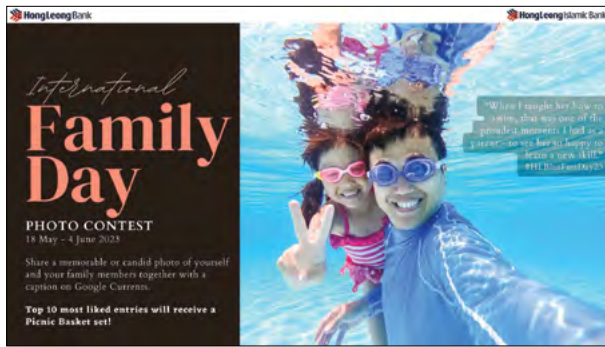
The IWD sharing session was organised to encourage employees to maximise learning opportunities by adopting a growth mindset.

Employee Well-being, Health & Safety, Environment

Employee feedback continues to be the basis for the shaping of a conducive place to work. With this in mind, we relaunched the employee engagement survey, My Thoughts, Our Future (“MTOF”), to continue seeking employee points of view on a range of topics from rewards and recognition to health and well-being and more to build a meaningful workplace. 7,872 employees participated in the survey, representing 93% of the Bank’s employee population.



Fun activities such as sharing personal favourite hot and spicy food enable employees to participate and get to know each other more.



For International Family Day, we asked employees to share their favourite moments with their family, showing a side of employees outside of work.



Physical games such as bowling were reintroduced, providing a platform for employees to engage with each other outside the workplace.

Meaningful Employee Appreciation

Our commitment to acknowledging outstanding contributions from our employees remains unwavering through our eTOUCH platform. The year-long eTOUCH campaign culminates in Appreciation Day, during which our GMD/CEO extends his heartfelt gratitude and presents a small gift to express appreciation on behalf of the senior management team, honouring employees Bank-wide for their efforts throughout the financial year.



We celebrated Appreciation Day at the end of the financial year by presenting gifts to all employees accompanied by a heartfelt appreciation message from senior management.



Our eTOUCH platform remains key in cultivating a culture of appreciation for colleagues who have gone above and beyond their duty to help customers, colleagues or others around them.

Employee Well-being, Health & Safety, Environment

Committing to Employee Wellness

The Bank is cognisant that the physical, emotional and mental well-being of our people is of utmost importance, and we have in place wellness activities to ensure that our employees are well taken care of. This year, we organised several virtual activities including runs and exercise sessions, brown bag sessions on physical and mental well-being as well as releasing special health-themed infographics.



Our wellness activities provide a holistic platform for employees to practise and nurture long-lasting habits to improve their quality of life.

Our monthly 'doctor-in-the-house' virtual brown bag sessions enable employees to learn from medical professionals how to safeguard their health.

We offer PlusVibes, a mobile-first well-being platform, as a key touchpoint to support our employees in building personal resilience as well as physical and mental well-being. The contents of PlusVibes are available to all employees which consists of topics such as finance, family, leadership, self-development, and relationships. The platform's Wheel of Life provides a visual assessment to identify areas that may need more attention, empowering employees to practise self-care as needed. If further assistance is required, employees can connect with qualified counsellors through the app. Additionally, the platform offers a list of relevant associations for employees to explore and connect with if they choose to.



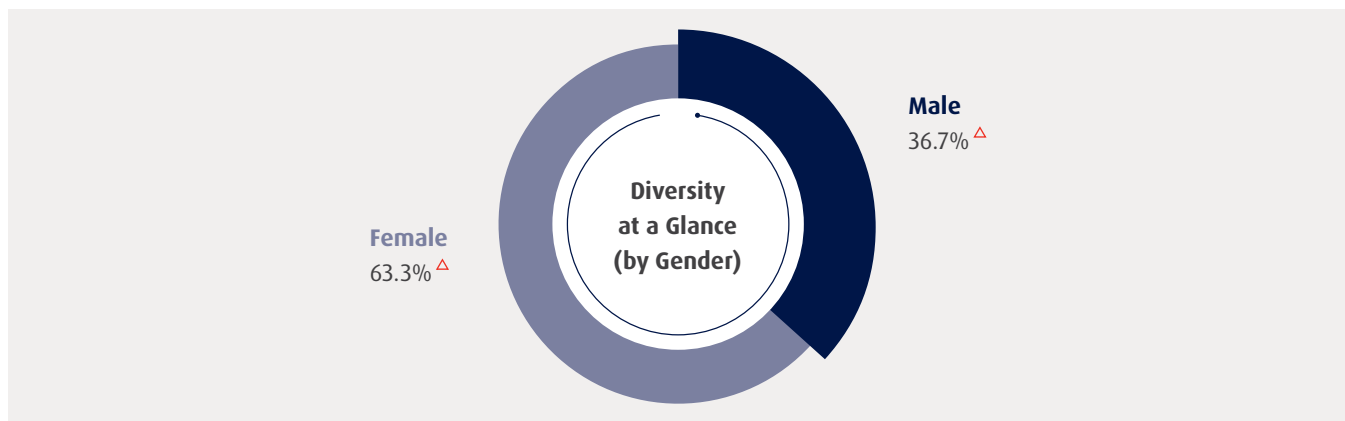
The PlusVibes all-in-one well-being app includes a visual representation of the user's life areas (Wheel of Life). Users also have the option to speak to qualified listeners through messaging, relaxation activities and inspirational content for employee self-care.

Cultivating Diversity and Inclusion

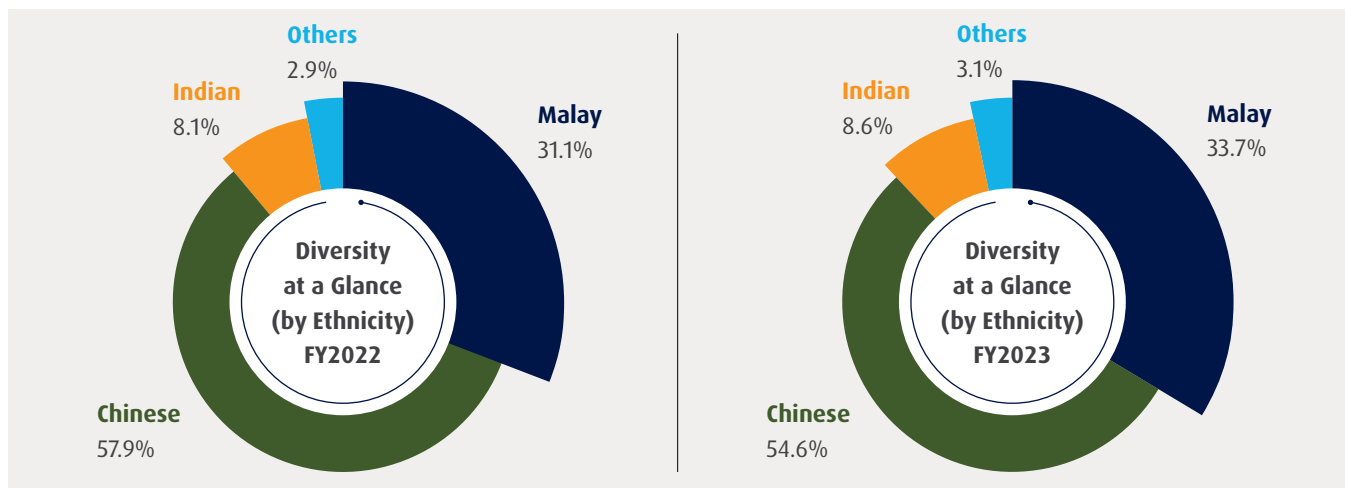
At HLB, diversity and inclusion are foundational to our culture and the growth of our business. Our Code of Conduct serves as the cornerstone for establishing a safe and inclusive work environment, free from discrimination, where all employees receive equitable treatment, regardless of their demographics, age, or background. Throughout the Bank, a meritocratic approach guides all HR practices, including 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 FY2023, the gender pay gap for Female Senior Managers and Female Managers are 0.75 and 0.89 points respectively compared to the Male index. For Female Executives and Female Non-Executives, the gap is above 1.00 and 1.12 points respectively compared to the Male index. The wider gender pay gap for FY2023 compared to FY2022 is attributed to staff movements (due to attrition and hiring).

HLB Workforce Diversity Highlights

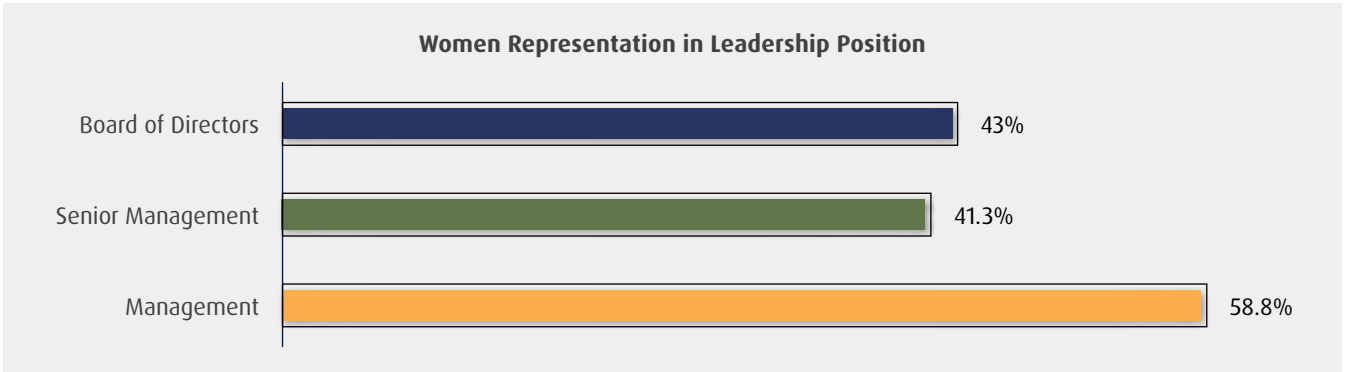


Diversity at a Glance (by Gender)	FY2023	
	Male	Female
Senior Manager (M1 and above)	1.00	0.75
Manager (M5 to M2)	1.00	0.89
Executive (E4 to E1)	1.00	1.00
Non-Executives (Clerical, Non-Clerical, Officer)	1.00	1.12



△ This data has been independently assured. Refer to independent limited assurance report on page 121.

Cultivating Diversity and Inclusion



Maintaining a Diverse Board

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.



Fostering a Sustainability Driven Culture

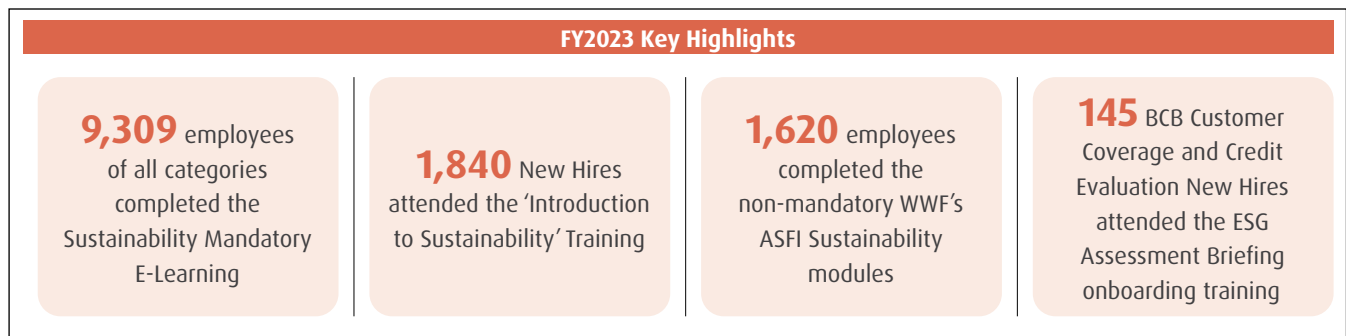
Sustainability Awareness and Training Initiatives

In the last couple of years, we have employed a comprehensive strategy to promote sustainability awareness and empower our employees to embrace a positive attitude towards ESG principles. This effort aligns with our commitment to provide enduring ESG and VBI solutions. This year, we continued to use training programmes, brown bag sessions, and internal communication tools to actively involve our employees in discussions about sustainability-related matters.

Every year we ensure that all of our employees sit through a mandatory e-learning on Introduction to Sustainability and additionally for all our new hires, they will go through a virtual Introduction to Sustainability training with our Sustainability department.

Capacity Building Through Knowledge Sharing

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.



In FY2023, we collaborated with WWF's Asia Sustainable Finance Initiative (ASFI) Academy to provide fundamental knowledge on sustainability for employees bank-wide. Six modules have been released and completed by 1,620 employees voluntarily. These modules will be continually rolled out every year to all our employees who are new and have not completed it, as an additional capacity building for their better understanding in sustainability.

Module	Date of Release	Number of Employees completed the module
Module 1: Fundamentals of Responsible Banking	18 October 2022	726
Module 2: Aligning Financial Flows with Sustainable Development Goals	16 November 2022	680
Module 3: Incorporating sustainability into banks' governance and culture	8 February 2023	696
Module 4: Measuring and managing environmental and social (E&S) impacts and risks	17 March 2023	532
Module 5: Engaging customers, clients and stakeholders to develop sustainable financial products	19 April 2023	517
Module 6: Sustainability Reporting - A Critical Tool for Enhancing Corporate Transparency	25 May 2023	364

Fostering a Sustainability Driven Culture

HLB Sustainability Month

In furtherance to fostering an internal sustainability culture, the Bank continues to organise the annual HLB’s Sustainability Month for FY2023 from March to April, leading to Earth Day on 22nd April 2023. The month-long initiative was dedicated to conducting training and raising sustainability awareness among our employees through several mediums including webinars, workshops, posters and social media.




Employee Volunteerism


Driving the Bank’s Sustainability Agenda Through Employee Volunteerism

Aligned to our sustainability commitments, we empower our employees to play a direct and active role to make positive, significant and measurable impacts in communities. In FY2023, we continued the implementation of our HLB Employee CSR Programme which provides year-long activities for which employees can participate in. In line with HLB’s sustainability journey, the programme gives employees the choice of volunteering in our existing initiatives or designing their own community-centric initiatives.


Five Pillars of HLB Employee CSR Programme




Environment




Food Security



Festive (Community)



Financial Literacy



Social Enterprise

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 HLB Employee CSR Programme’s Five pillars, aligned with the Bank’s ESG goals.

In FY2023, 443 employees have volunteered in various community activities which contributed to a total of 7,943[△] volunteering hours. Under the Festive (Community) pillar, we have collected a total of RM 31,524.30 from our employees where the money is used to buy meals for shelters and homes during festive seasons.

Festive Season	Total Meals	Total RM collected from Employees
Deepavali 2022	132	11,812.30
Chinese New Year 2023	100	10,000.00
Raya 2023	100	9,712.00
Total	332[△]	31,524.30[△]

[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Appendix I:

HLB in Numbers

Digital at the Core

Digital Customers	FY2019	FY2020	FY2021	FY2022	FY2023
No. of Retail Internet Banking Users	1,715,001	1,874,333	2,007,012	2,340,712	2,632,795
No. of Mobile Banking Users	1,064,157	1,310,838	1,587,787	1,902,779	2,273,147
No. of Corporate Internet Banking Users	72,021	77,459	87,164	*104,531	114,908

*Updated Numbers

Digital Transactions (in millions)	FY2022	FY2023
No. of Financial Transactions - Retail	177,928,486	199,174,604
No. of Non-Financial Transactions - Retail	737,829,660	824,589,905
No. of Financial Transactions - Corporate Banking	17,923,227	20,058,151
No. of Non-Financial Transactions - Corporate Banking	30,008,447	30,059,137

Employee Composition

Limited to only Employees registered in Malaysia

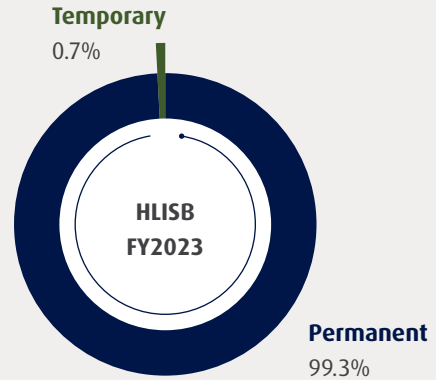
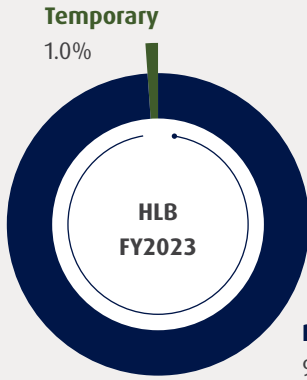
	FY2021		FY2022		FY2023	
	HLB	HLISB	HLB	HLISB	HLB	HLISB
Total No. of Employees	7,659	144	7,864	144	8,073	134
Male	2,850	65	2,917	64	2,954	60
Female	4,809	79	4,947	80	5,119	74
Total No. of Employees by Contract Category						
Permanent	7,510	141	7,759	143	7,993	133
Male	2,767	64	2,858	63	2,911	60
Female	4,743	77	4,901	80	5,082	73
Temporary	149	3	105	1	80	1
Male	83	1	59	1	43	0
Female	66	2	46	0	37	1
Total No. of Employees by Employee Category						
Senior Manager (M1 and above)	256	17	244	15	237	12
Male	152	10	144	10	138	8
Female	104	7	100	5	99	4
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	167	14	151	11	140	8
More than 50 years old	89	3	93	4	97	4
Manager (M5 to M2)	1,993	47	1,995	45	1,986	49
Male	839	23	839	21	816	22
Female	1,154	24	1,156	24	1,170	27
Below 30 years old	42	0	48	1	62	0
30 to 50 years old	1,649	39	1,634	34	1,599	41
More than 50 years old	302	8	313	10	325	8

Appendix I: HLB in Numbers

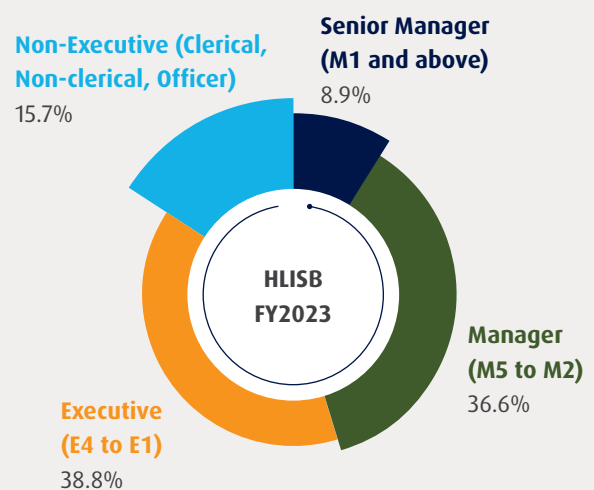
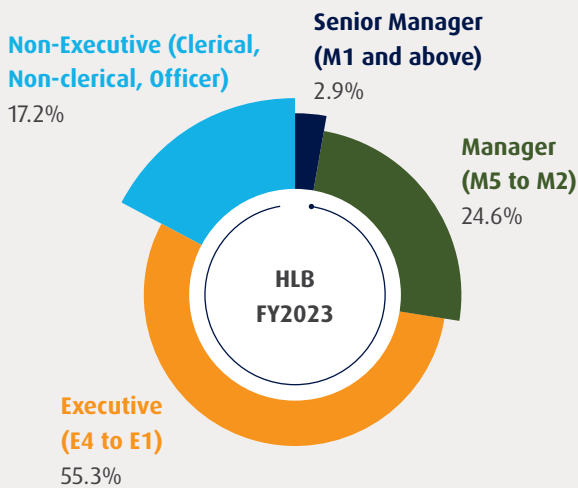
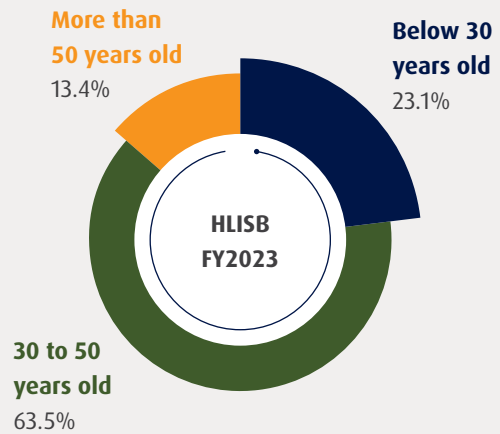
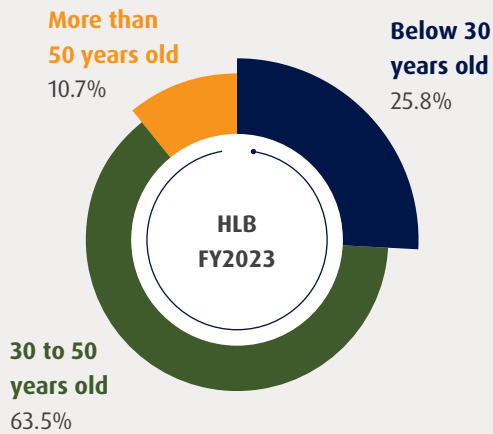
	FY2021		FY2022		FY2023	
	HLB	HLISB	HLB	HLISB	HLB	HLISB
Total No. of Employees by Employee Category (continued)						
Executive (E4 to E1)	3,910	57	4,199	61	4,464	52
Male	1,349	24	1,460	25	1,541	23
Female	2,561	33	2,739	36	2,923	29
Below 30 years old	1,358	24	1,664	29	2,025	31
30 to 50 years old	2,370	31	2,349	29	2,254	18
More than 50 years old	182	2	186	3	185	3
Non-Executive (Clerical, Non-clerical, Officer)	1,500	23	1,426	23	1,386	21
Male	510	8	474	8	459	7
Female	990	15	952	15	927	14
Below 30 years old	1	0	0	0	0	0
30 to 50 years old	1,284	23	1,179	23	1,131	18
More than 50 years old	215	0	247	0	255	3
Total No. of Employees Turnover						
Senior Manager (M1 and above)	10	1	21	2	20	3
Male	5	1	14	1	16	1
Female	5	0	7	1	4	2
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	8	0	16	1	15	2
More than 50 years old	2	1	5	1	5	1
Manager (M5 to M2)	205	4	328	13	361	6
Male	102	2	146	10	174	3
Female	103	2	182	3	187	3
Below 30 years old	4	0	18	0	16	1
30 to 50 years old	183	4	281	12	320	4
More than 50 years old	18	0	29	1	25	1
Executive (E4 to E1)	600	12	1011	15	1245	13
Male	261	6	391	6	467	7
Female	339	6	620	9	778	6
Below 30 years old	338	5	585	10	776	9
30 to 50 years old	250	7	412	5	459	4
More than 50 years old	12	0	14	0	10	0
Non-Executive (Clerical, Non-clerical, Officer)	3	0	3	0	2	0
Male	0	0	0	0	0	0
Female	3	0	3	0	2	0
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	3	0	3	0	1	0
More than 50 years old	0	0	0	0	1	0

Appendix I: HLB in Numbers

Percentage of Employees that are Permanent and Contractors/Temporary Staff



Percentage of Employees by Age and Employee Category [△]



[△] This data has been independently assured. Refer to independent limited assurance report on page 121.

Appendix I: HLB in Numbers

Total hours of training by Employee Category	FY2022		FY2023	
	HLB	HLISB	HLB	HLISB
Senior Manager (M1 and above)	18,519	1,446	12,347	674
Manager (M5 to M2)	171,270	3,986	142,225	3,270
Executive (E4 to E1)	339,852	4,673	321,921	3,502
Non-Executive (Clerical, Non-clerical, Officer)	79,666	1,301	164,019	2,451

Onboarding Programme Training Data				
Total No. of New Employees trained on 'New Hire Induction'	FY2020	FY2021	FY2022	FY2023
	806	799	1,720	1,732
Total No. of Employees attended 'Introduction to Sustainability & Brand Promise' training	FY2020	FY2021	FY2022	FY2023
	N/A	384	1,875	1,840
Total No. of Employees attended 'Introduction to Ethics in Banking' (Asian Banking School)	FY2020	FY2021	FY2022	FY2023
	229	268	320	218

Note: Total number of employees trained for new hire induction in FY2020 and FY2021 is a result of reduced hiring during Covid-19 pandemic.

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Credit Risk Governance	Board Policy	The Board Policy provides guidance in ensuring that credit risk management is part of an integrated approach to the enterprise-wide risk management.	April 2021 <i>(Latest update as of March 2023)</i>	<p>7.8 Environment, Social and Governance (“ESG”)</p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves. The HLBG’s Sustainability Risk Governance Framework is developed to align with the Bank’s overall Risk Management Framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>Going forward, enhancements to the Bank’s credit risk assessment methods shall consider the effects of climate-related risks as well as its impact on the ability and willingness of customers/counterparties to honour their credit obligations. Assessments should be conducted at the inception of contractual relationships and subsequently reviewed on an on-going basis.</p> <p>The Bank’s ESG Framework incorporates ESG considerations in the Bank’s credit evaluation of its corporate customers as the transition to a low-carbon and climate-resilient economy. The ESG Framework is enhanced to include an internal Environmental, Social and Governance risk rating system and additional guidelines to deal with high-risk sectors such as forestry, metals and mining/quarrying, non-renewable energy and palm oil.</p> <p>The Bank’s sustainability related strategies, practices, processes and procedures are reviewed in relation to domestic and global standards, and management determinations are made with respect to the appropriateness of application, and appropriate time of application to the bank’s business activities.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
				<p>6.3 Credit Evaluation and Approval</p> <p>6.3.1 Credit Evaluation</p> <p>a.</p> <p>b.</p> <p>c.</p> <p>d.</p> <p>e.</p> <p>f. The Bank must observe the requirements and adhere to the processes/procedures as laid out in the Bank’s Environmental, Social and Governance (ESG) policies, which include identifying and assessing business customers’ considerations to climate change risks and the broader environmental risks; and to assess and highlight if their business activities fall within HLB’s general exclusions (i.e., prohibited activities).</p> <p>g.</p> <p>h.</p> <p>i.</p> <p>j.</p>
Board Policy on BCB Credit	Board Policy	This policy establishes the overall credit policy that governs the credit risk function of the Bank, specifically for corporate and commercial loans/ financing.	August 2020 <i>(Latest update as of Sept 2022)</i>	<p>Section 6.4 Environmental, Social and Governance Framework</p> <p>The Bank recognises that ESG issues pose financial and reputational risks for customers and the Bank. With the increasing threats of climate change and the broader environmental degradation such as biodiversity loss, it is appropriate for the Bank to address these issues by incorporating ESG standards into the day-to-day business operations. In alignment to ESG standards and best practices, the Bank seeks to fulfil three key visions:-</p> <p>a. To shift small and medium-sized enterprise (SME) & corporate customers out from the high/medium environmental & social (E&S) risk category to the medium/low risk category, hence promoting sustainability;</p> <p>b. To foster a cultural shift, thus making ESG a business as usual (BAU) consideration among bank staff; and</p> <p>c. To create the best product & service offerings in the market when it comes to promoting sustainable business practices.</p> <p>The Bank will adopt an inclusion approach whereby the Bank will guide customers in environmentally and socially sensitive sectors towards better ESG standards and practices, through supporting them in mitigation plans and nurturing programmes. The Bank also recognises that financial institutions play an enabling role in promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes.</p> <p>Therefore, the Bank is also committed to supporting customers in green sectors, starting with the renewable energy and energy efficiency sectors.</p> <p>In developing the ESG standards and practices, the Bank will take into consideration international and national frameworks and standards such as the United Nation’s Sustainable Development Goals (SDGs) framework, Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF)¹, Bank Negara Malaysia’s (BNM) Climate Change and Principle-based Taxonomy paper, and International Finance Corporation (IFC) standards.</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Management Policy on BCB Credit	Management Policy	<p>The credit policies outlined in this policy are fundamental standards which are applied to various functions of the credit chain of the Bank with the ultimate objective of building a healthy and cohesive credit culture.</p> <p>This policy will be reviewed at least on an annual basis and evaluated in line with changes to business processes, planning and/or regulatory requirements.</p>	August 2020 (Latest update as of Sept 2022)	<p>Environmental, Social and Governance Guidelines</p> <p>ESG Assessment Stages</p> <p>The borrower ESG assessment consists of three stages:-</p> <ol style="list-style-type: none"> Initial screening; Sector/sub-sector screening; Enhanced E&S due diligence <p>Initial screening</p> <p>The purpose of the initial screening (first ESG assessment) is to assess if the borrowers' business activities fall within HLB's general exclusions list. If otherwise, borrowers can proceed to the sector/sub-sector screening. The general exclusion list that will be applied to all our SME, commercial and corporate borrowers as listed below:-</p> <ol style="list-style-type: none"> Involvement in money laundering, crime, terrorism or illegal activities (e.g., illegal waste management, illegal deforestation). Involvement in pornography or 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 areas. Operations, which use fire for land clearance or preparation of land. Fishing activities using drift nets or explosives. Financing of any greenfield coal-fired power plants beginning 1st July, 2021 and financing of all coal-fired power plants effective 1st July, 2026. <p>Sector/sub-sector screening</p> <p>The purpose of the sector/sub-sector screening is to identify if borrowers fall in the inherently:</p> <ol style="list-style-type: none"> High Environmental (High E) risk sectors/sub-sectors; and/or High Social (High S) risk sectors/sub-sectors. <p>High E&S Risk 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>Enhanced E&S due diligence</p> <p>Borrowers who fall in the inherently high E and/or S risk sectors/sub-sectors will be required to undergo borrower-level due diligence.</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Liquidity Management (LMBP)	Board Policy	<p>The Board Policy sets out the policy governing the funding liquidity management. Liquidity risk is defined as the inability to raise required funds to meet financial obligations as they fall due. The inability to raise fund includes:</p> <p>(i) Inability to liquidate securities The inability to convert securities into cash without significant haircut to the securities nominal value</p> <p>(ii) Inability to raise funding from the wholesale market The inability to raise reasonably price deposits or interbank borrowings from the wholesale market.</p>	July 2022	<p>Section 4.6 Environment, Social and Governance (ESG)</p> <p>The Bank integrates ESG, sustainability and Value-Based Intermediation Financing (VBIAF) considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The Bank's Sustainability Risk Governance Framework is developed to align with the Bank's overall Risk Management Framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks.</p> <p>The Bank recognizes the potential for a cyclical reduction in deposits from higher ESG risk depositors, thus going forward the Bank will enhance its ESG metrics for Liquidity Risk Management through:</p> <p>Progressive enhancement of depositor data to incorporate ESG ratings.</p> <p>Establish additional ratios to enhance visibility of ESG related risks (e.g., High ESG Risk customer concentration).</p> <p>As data collection matures and methodological refinements are developed, these will provide a basis for the Bank to establish baselines from which targets/controls can be ascertained.</p> <p>Liquidity risk assessment methods shall consider the effects of climate-related risks, as well as, its impact on the stability of funding, potential outflows and adequacy of liquidity buffers. Assessments shall be conducted at a portfolio level taking into account the profile of asset holdings, potential shifts in the operating environment and susceptibility to sudden deposit withdrawals arising from climate-related risks.</p> <p>The Bank's sustainability related strategies, practices, processes and procedures are reviewed in relation to domestic and global standards, and management decisions are made with respect to the appropriateness of application, and appropriate time of application to the Bank's business activities.</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Internal Capital Adequacy Assessment Process	Board Policy	To clearly articulate the governance structure and the approach taken for the assessment and review of Internal Capital Adequacy Assessment Process (“ICAAP”)	June 2023	<p>Section 9 Environment, Social and Governance (“ESG”)</p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The HLBG’s Sustainability Risk Governance framework is developed to align with the Bank’s overall Risk Management Framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p> <p>As part of the Bank’s ICAAP in evaluating the impact of climate-related risks over relevant time horizons that may negatively affect its capital position/adequacy, the Bank shall leverage the outcome of the stress testing as per stipulated in the Board Policy on Stress Testing.</p>
Board Policy on Stress Testing	Board Policy	To highlight the governance structure of the stress testing and reverse stress testing programmes, which are an integral part of the Internal Capital Adequacy Assessment Process (“ICAAP”) and are pertinent requirements of an effective and robust stress testing programme.	June 2022	<p>Section 6 Stress Testing Approaches</p> <p>(f) The assessment of material risks includes, but not limited to, the following major risk categories or activities:</p> <ol style="list-style-type: none"> i. Credit risk ii. Market risk; iii. IRRBB/RORBB; iv. liquidity risk; v. risk arising from securitisation activities; vi. operational risk; vii. Shariah Non-Compliance (“SNC”) risk; viii. financial group risk; and ix. sustainability risk/climate-related risks <p>(g) An assessment of Sustainability Risk/Climate-related Risk is to be conducted as part of the stress testing exercise. Recognition is given to the fact that the impacts arising from this risk is dynamic and subject to change as such, the Bank is to be guided by regulatory policy documents in assessment of this risk.</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
			June 2023	<p>Section 7 Environment, Social and Governance (“ESG”)</p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The HLBG’s Sustainability Risk Governance framework is developed to align with the Bank’s overall Risk Management Framework. It provides structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p> <p>Given the complexity and continued evolution of climate-related risks, the Bank shall develop scenario analysis to determine the resilience of its business strategies as part of the stress testing exercise in managing climate-related risks and opportunities. This includes identifying and defining a range of climate-related scenarios over both short-term and long-term horizons.</p>
Board Policy on Products and Value Propositions	Board Policy	<p>The Board Policy is to:</p> <ul style="list-style-type: none"> i. protect customer’s interest in the bank products/services; ii. ensure the risk of products is appropriate for the bank; iii. ensure the bank complies with regulatory requirements relating to product requirements. iv. This policy is to be read in conjunction with the Guidelines on Introduction of New Products issued by Bank Negara Malaysia (“BNM”) and it is subsequent updates (not applicable for overseas branches and subsidiaries). 	August 2019 <i>(Latest update as of Sept 2022)</i>	<p>4.0 PRINCIPLES</p> <p>4.1</p> <p>4.2</p> <p>4.3</p> <p>4.4</p> <p>4.5</p> <p>4.6</p> <p>4.7 Sustainability – The Bank shall work towards advancing sustainability principles in its value propositions of new business initiatives, products and services designs and implementation.</p> <p>4.8</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Procurement	Board Policy	The purpose of this Policy is to govern the Bank's: <ol style="list-style-type: none"> i. procurement of goods and services in the most cost-effective/economical manner taking into consideration factors like quality, price, reliability and service level; and ii. service provider risk management; 	April 2022	<p>4.1 Guiding Principles</p> <p>a) Eliminate waste and promote controlled usage To achieve the objective of optimizing procurement costs, improving efficiency and minimizing environmental negative impacts, the Bank shall (a) eliminate the use of items wherever possible, followed by (b) remove wastages so as to optimize spending and thirdly, where(a)is not possible, (c)controlled usage shall be in place leading to a reduction in quantities or man-hour rates, standardization of material specifications and find alternative solutions whenever possible.</p> <p>b)</p> <p>c)</p> <p>d)</p> <p>e)</p> <p>f)</p> <p>g) Assessment of Suppliers/Vendors Onboarding and management of our panel suppliers and vendors include comprehensive due diligence assessment of the background, financial standing and reputation of our suppliers and vendors, quality control of products and services and compliance with the Bank's code of conduct and sustainability requirements such as human rights protection, fair labour practices and sustainable environmental performance.</p> <p>4.6 Vendors</p> <p>a)</p> <p>b) Evaluation and Selection of Vendors All prospective suppliers and vendors must first undergo the Vendor Due Diligence process for onboarding purposes based on the below evaluation criteria while guided by the Procurement SOP prior to any engagement or vendor short listing.</p> <p>The evaluation criteria include but are not limited to the criteria set out below for prospective and Panel Vendors ("Vendor(s)"): <ol style="list-style-type: none"> (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) (x) Demonstrate policies and practices that promote human rights protection, equal opportunities, fair employment practices and non-discrimination, Including: <ul style="list-style-type: none"> - Gender, marital status, nationality, age and disability; - Fair and humane treatment of staff; - Do not engage in child labour or trafficking; - Abide by all relevant labour laws requirements, including the provision of fair wages, safe and reasonable working environment; and - Promotion of occupational health and safety values. </p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
				<ul style="list-style-type: none"> (xi) Demonstrate adoption of environmental policies and management systems sufficient to ensure continuous improvements in environmental performance which includes: <ul style="list-style-type: none"> - Practice “Reduce, Reuse and Recycle” efforts - Practice energy efficient consumption efforts. - Minimize environmental pollution. (xii) Demonstrate the existence of management systems and procedures to implement appropriate staff guidelines and code of conduct to ensure the prevention of: <ul style="list-style-type: none"> - Money laundering; - Fraud, bribery and corruption and other improper payments or gifts; - Unauthorised access to personal and business information (xiii)
Management Policy on Environmental Management	Management Policy	To establish effective energy, water and waste management initiatives that meet or exceed HLBG’s ESG requirements, which in turn align to internal, national legislative and regulatory requirements for Bank-wide adoption.	August 2022	<p>4.0 PRINCIPLES</p> <p>4.1 GENERAL PRINCIPLES</p> <ul style="list-style-type: none"> a. To inculcate awareness among Bank employees on the severity of environmental pollution impacted by their daily behaviors through effective communications; b. To raise knowledge of Bank employees in their daily energy-efficient practices to consume energy and water in the most optimized, economical and environmentally responsible way; c. To promote energy and water efficiency and conservation awareness to all stakeholders on an ongoing basis; d. To perform information gathering, data monitoring in order to identify wasteful and non-productive patterns of energy and water consumption; e. To measure and analyze the carbon footprint of the Bank’s business activities in conjunction with Principle 4.1.d; f. To regularly review and ensure we have in place practical strategies to improve energy, water and waste management across the Bank Buildings; g. To set and achieve targets for electrical and water savings across Bank Buildings wherever possible to drive building performance corresponding to Principle 4.1.f; h. To allocate budget and resources to support the Purpose and Scope of this Policy; j. To adopt a procurement programme which takes into account the environmental impact of products and services purchased while strengthening Principle 4.1.i. and encourage purchase of environmentally friendly materials whenever practical; k. To ensure a responsible and approved disposal system is in place to undertake any type of waste production leading to proper sorting and recycling initiatives; l. To comply with mandatory laws in relation to energy, water and waste regulations on efficient management further described in Section 5;

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
				<p>4.2 TRIPLE-R PRINCIPLES FOR WASTE MANAGEMENT</p> <p>The Bank's waste management is driven based on the following Triple-R Principles, which is in the order of Reduce, Re-use and Recycle, aiming to minimize risks of immediate and future pollution or harm to human health and/or damage to the environment:</p> <p>a. Reduce To reduce the purchase of single use items whenever possible, such as non-rechargeable batteries, catering disposables etc.</p> <p>b. Re-use To ensure before discarding an item, it is at the end of its useful life and is no longer reusable by anyone; examples include furniture, computers and peripherals, books etc.</p> <p>c. Recycle</p> <ol style="list-style-type: none"> To actively be aware of any company, state and local community recycling initiatives; support them by way of participation as part of recycling the Bank's waste; To procure, where practical, products made from recycled materials; <p>5.0 COMPLIANCE TO MANDATORY LAWS AND REGULATIONS</p> <p>Policy is formulated to include the Bank internal requirements as well as regulatory requirements from the following:</p> <p>5.1 Efficient Management Of Electrical Energy Regulations (Emeer) 2008 Under The Electricity Supply Act 1990;</p> <p>The Bank is committed to complying with EMEER 2008 requirements should any of its Strategic and Main Buildings consume 3 million kilowatt hours and above, measured over a period not exceeding six consecutive months:</p> <ol style="list-style-type: none"> To appoint a Registered Electrical Energy Manager (REEM) and ensure our legal duties are fulfilled in accord to EMEER 2008; To establish an EEEM Committee to fulfil the legal requirements of the EMEER 2008; To ensure the appointed REEM shall submit a report on the energy performance, energy efficiency plan and energy conservation activities of the affected Bank Buildings to Energy Commission on a half-yearly basis; <p>5.2 Code Of Practice 2005 On Indoor Air Quality Under Occupational Safety And Health Act 1994;</p> <p>5.3 Solid Waste & Public Cleansing Management Act 2007 (Act 672);</p>

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
				<p>6.0 ADOPTION OF ADDITIONAL STANDARDS AND GUIDELINES AS BEST PRACTICE</p> <p>The Bank, where within its jurisdictions and depending on availability of resources, will adopt the below additional standards and guidelines as best practices:</p> <p>6.1 MALAYSIAN STANDARD MS1525</p> <p>The Bank is committed to considering the adoption of Green Building Index via MS 1525 - Efficient Use of Energy including the application of renewable energy in new and/or existing non-residential buildings; when embarking onto the new construction and or renovation of new facilities/premises or upon upgrading of its existing facilities/premises with sizeable real estate presence from time to time with a focus across the below areas:</p> <ol style="list-style-type: none"> Energy Efficiency Indoor Environmental Quality Sustainable Site Planning & Management Materials & Resources Water Efficiency Innovation <p>6.2 MINIMUM ENERGY PERFORMANCE STANDARD (MEPS)</p> <p>In line with Principles of 4.1.g, 4.1.i and 4.2.a, the Bank encourages the purchase and use of electrical appliances stated below complying with MEPS whenever deemed practical:</p> <ol style="list-style-type: none"> Refrigerators Air-conditioners Televisions Fans Lightings (Fluorescent, CFL, LED and Incandescent). <p>6.3 MINIMUM WATER EFFICIENCY PRODUCTS (WELPS)</p> <p>In line with Principles 4.1.i, the Bank encourages the purchase and use of water efficiency products in accord to Water Efficient Product Labelling Scheme (WELPS) initiated by Suruhanjaya Perkhidmatan Air Negara (SPAN) whenever deemed practical:</p> <ol style="list-style-type: none"> Water taps Basin taps Sink taps Shower taps Ablution taps Water closet Urinal Equipment Shower Heads

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Outsourcing	Board Policy	To set out policies governing the Bank's outsourcing arrangements to maintain adequate internal governance and to manage outsourcing risk according to the scale and complexity of the outsourcing arrangements.	Sept 2021	Section 6.10 Proposal Paper 6.10.1 Business Proposal Paper Requirements a. b. All proposals for outsourcing a specified function must take into consideration the following factors, among others: c. d. e. f. g. h. i. j. k. l. m. Sustainability Review
			Sept 2021 (Latest update as of Sept 2022)	Section 6 Management of Outsourcing Risks 6.2 Assessment of OSP (Outsource Service Provider) 6.2.2 The due diligence must take into consideration the following factors regarding the OSP: a. b. c. d. e. f. g. h. i. j. k. l. m. n. o. p. q. r. sustainability considerations such as human rights protection in the workplace, sound occupational health and safety practices, sustainable environmental performance as well as ethical business practices. These considerations may be substantiated by OSP having in place policies, employee code of conduct and ethics, certifications, commitment statements, Corporate Social Responsibility (CSR) activities and sustainability training to its staff, among others. s.

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section												
Management Policy on Reputational Risk	Management Policy	The Management Policy is established to effectively manage reputational risk across HLBG in a consistent manner with key principles to be upheld by the Bank in managing the reputational risks of the Bank.	March 2022	<p>Section 5.2. Sources of reputational risk</p> <p>5.2.2 The table below illustrates the sources of reputational risk which occur as a result of a mismatch between stakeholders' expectation and their actual experience.</p> <table border="1"> <thead> <tr> <th>Key Stakeholders</th> <th>Expectations</th> <th>Sources of Reputational Risk</th> </tr> </thead> <tbody> <tr> <td>Customers</td> <td> <ul style="list-style-type: none"> • • • • </td> <td> <ul style="list-style-type: none"> • • • • • • • Financing businesses in the high/medium environmental & social risk category instead of the medium/low environmental & social risk category • • </td> </tr> <tr> <td>Staff</td> <td> <ul style="list-style-type: none"> • • </td> <td> <ul style="list-style-type: none"> • Discrimination/harassment • Strained staff relations/labour unrest & strikes • Homogenous workforce which does not promote diversity • Working environment that is unsafe, hazardous and disregard of employees' well-being </td> </tr> <tr> <td>Employee Unions</td> <td> <ul style="list-style-type: none"> • • </td> <td> <ul style="list-style-type: none"> • • </td> </tr> </tbody> </table>	Key Stakeholders	Expectations	Sources of Reputational Risk	Customers	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • • • • Financing businesses in the high/medium environmental & social risk category instead of the medium/low environmental & social risk category • • 	Staff	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • Discrimination/harassment • Strained staff relations/labour unrest & strikes • Homogenous workforce which does not promote diversity • Working environment that is unsafe, hazardous and disregard of employees' well-being 	Employee Unions	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
Key Stakeholders	Expectations	Sources of Reputational Risk														
Customers	<ul style="list-style-type: none"> • • • • 	<ul style="list-style-type: none"> • • • • • • • Financing businesses in the high/medium environmental & social risk category instead of the medium/low environmental & social risk category • • 														
Staff	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • Discrimination/harassment • Strained staff relations/labour unrest & strikes • Homogenous workforce which does not promote diversity • Working environment that is unsafe, hazardous and disregard of employees' well-being 														
Employee Unions	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • • 														

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section		
				Key Stakeholders	Expectations	Sources of Reputational Risk
				Shareholders/ Investors	<ul style="list-style-type: none"> • • • • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. • Achieving sustainability agenda and deepening adoption of sustainability practices • Being recognised by global sustainability indices and assessments 	<ul style="list-style-type: none"> • • • • Inability to identify and address material ESG topics of the Bank and its stakeholder • Practices that are not socially or environmentally friendly
				Suppliers/Vendors/ OSP	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • • •
				Business Partners	<ul style="list-style-type: none"> • • 	<ul style="list-style-type: none"> • •
				Rating Agencies/ Analysts	<ul style="list-style-type: none"> • • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. 	<ul style="list-style-type: none"> • • • Practices that are not socially or environmentally friendly •

Appendix II: HLB Policies with Integration of ESG Elements

Policy Name	Policy Type	Purpose	Date of ESG Inclusion	Extracted Section												
				<table border="1"> <thead> <tr> <th>Key Stakeholders</th> <th>Expectations</th> <th>Sources of Reputational Risk</th> </tr> </thead> <tbody> <tr> <td>Regulators</td> <td> <ul style="list-style-type: none"> • • • Compliance with ESG requirements • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. </td> <td> <ul style="list-style-type: none"> • • • Violation of ESG requirements • </td> </tr> <tr> <td>Community</td> <td> <ul style="list-style-type: none"> • • • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. </td> <td> <ul style="list-style-type: none"> • • Practices that are not socially or environmentally friendly </td> </tr> <tr> <td>General Public</td> <td> <ul style="list-style-type: none"> • • • </td> <td> <ul style="list-style-type: none"> • • </td> </tr> </tbody> </table> <p>Section 5.3.6 Hong Leong Bank Group Sustainability Risk Governance Framework</p> <p>The Hong Leong Bank Group Sustainability Risk Governance Framework was developed to address the ESG risks that may arise as the Bank implements its business strategies, policies and initiatives. The Bank is guided by the Framework in taking pragmatic steps to ensure it delivers sustainable value to our stakeholders whilst creating a positive impact to the communities and environments we operate in. The framework provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks.</p>	Key Stakeholders	Expectations	Sources of Reputational Risk	Regulators	<ul style="list-style-type: none"> • • • Compliance with ESG requirements • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. 	<ul style="list-style-type: none"> • • • Violation of ESG requirements • 	Community	<ul style="list-style-type: none"> • • • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. 	<ul style="list-style-type: none"> • • Practices that are not socially or environmentally friendly 	General Public	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • •
Key Stakeholders	Expectations	Sources of Reputational Risk														
Regulators	<ul style="list-style-type: none"> • • • Compliance with ESG requirements • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. 	<ul style="list-style-type: none"> • • • Violation of ESG requirements • 														
Community	<ul style="list-style-type: none"> • • • Promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes. 	<ul style="list-style-type: none"> • • Practices that are not socially or environmentally friendly 														
General Public	<ul style="list-style-type: none"> • • • 	<ul style="list-style-type: none"> • • 														

Appendix III: Stakeholder Engagement

Stakeholder	Engagement Channel	Frequency	Why it matters to us
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.
	Town Hall sessions	Minimum twice yearly	
	Group Managing Director (GMD) Messages on Email	Monthly & As Required	
	HR Communications (“HR Comms”) Emails	Ongoing	
	Senior Management Virtual Coffee Chat Sessions	As per annual engagement calendar	
	HR Initiatives		
	Performance Management Process	Goal Setting, Mid-Year Review and Year-End Appraisal, supported by Individual Development Plan discussions	
	Learning and Development	Ongoing, via bank-wide and role-based training	
	Curated bite-sized learning	Weekly	
	HALI helpdesk chatbot	24/7	
	Employee Engagement - My Thoughts Our Future (MTOF)		
	Appreciation Day and e-Touch appreciation platform	Annually and Quarterly basis respectively	
	Breast Cancer Awareness Month		
	Career Day		
	International Women’s Day	Annually	
	International Men’s Day		
	International Children’s Day		
	HLB Fitness Activities & Games (Virtual & Physical)	As per annual engagement calendar	
	Brown Bag Virtual Lunch & Learn	Monthly	
	HLB Cares Infographics		
	Driving the People Agenda	Monthly for new and existing people managers	
	Employee Engagements - Others		
	Sustainability Month		
	HLB Expert Engagement Session	Annually	
	Group Scholarship Programme		
	Others		
Whistleblowing Channel	Upon initiation of whistleblowing cases. Contact information is available on the HLB website		

Appendix III: Stakeholder Engagement

Stakeholder	Engagement Channel	Frequency	Why it matters to us
Customers	At Our Branches	Daily	Our customers are interested in the protection of their personal data, ease of 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.
	Self-Service Terminals (SSTs)	18/7	
	Internet & Mobile Banking	24/7	
	Customer Surveys	Daily	
	Telephone and Email	24/7	
	Social Media (HLB Facebook, Twitter, LinkedIn, Youtube)	24/7	
	Customer Events	Ongoing as multiple engagements which include festive seasons	
	Sustainability Roundtable Sessions	As per the Roundtable Session annual calendar	
	Whistleblowing Channel	Upon initiation of whistleblowing cases. Contact information is available on the HLB website	
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 over time, and sustainability initiatives that the Bank is prioritising as well as goals set and progress made over time.
	Meetings & Briefings with Investors and Analysts	Ongoing	
	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 a strong capital base and liquidity ratios to be able to sustain business operations through different economic cycles, and that our operations are fully compliant with relevant laws and regulations, including compliance with Shariah requirements where applicable.
	Bursa Malaysia		
	Perbadanan Insurans Deposit Malaysia (“PIDM”)		
	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 Networks 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			

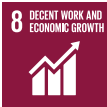




Appendix III: Stakeholder Engagement

Stakeholder	Engagement Channel	Frequency	Why it matters to us
Suppliers/ Outsourcing Service Providers	Supplier Engagement Rating Process	Minimum Once A Year	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.
	e-Bidding (Live Auction) Tender Process	As and When Required	
	Proof of Concept (POC) Engagements	Ongoing - Based on the project	
	Supplier Onboarding Programme	Ongoing	
	Supplier Due Diligence Review	Annually	
	Supplier Performance Review		
	Outsourcing Service Provider Onboarding Programme	Ongoing	
	Outsourcing Service Provider Due Diligence Review	Annually	
	Outsourcing Service Provider Performance Review		
Supplier and Outsourcing Service Provider Whistleblowing Channel	Upon initiation of whistleblowing cases. Contact information is available on the HLB website		
Community	HLB Jumpstart		Community members are interested in the availability and accessibility of support and programmes for those in need, so that they can work with and partner the Bank in our CSR/Community activities.
	Programmes for Social Enterprises	Minimum twice yearly	
	HLB Duitsmart		
	FB Social Media (bite-sized content)	Minimum of 2 social media postings a month	
	Schools		
	Visually Impaired Community	As per the Duitsmart annual calendar	
	Other Marginalised and Underserved Communities		
NGOs and Civil Society Organisations			
Online Engagements and Contribution (Volunteering Hours and Donation)	As and When Required		
Media	Press conferences/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. We engage with the Media via HLB Media spokesperson as guided by the HLB Public Relations Policy as well as via our Corporate Affairs & Public Relation ("CAPR") email which is set up to handle media-related enquiries.
	Interviews	As and When Applicable	
	Media Get-Togethers - Appreciation Luncheons/Dinners	As and When Applicable	
	Media Festive Greeting and Care - Pack Delivery	As and When Applicable	

Appendix IV: Our Commitment to the UN SDGs

Goal	Target	HLB Sustainability Initiatives & Programmes
 <p>Goal 1: No Poverty – End poverty in all its forms everywhere</p>	<p>Target 1.4 Equal Rights to Ownership, Basic Services, Technology and Economic Resources By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</p>	Providing accessible financial services via our branches, SSTs, mobile deposit specialists, and HLISB Jumpstart Microfinance programmes
	<p>Target 1.5 Build Resilience to Environmental, Economic and Social Disasters By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</p>	Providing Flood Relief Assistance and/Payment Relief Assistance Plan
 <p>Goal 2: Zero Hunger – End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Target 2.3 Double the Productivity and Incomes of Small-scale Food Producers By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p>	Support for Benak Raya, a social enterprise that provides employment opportunities for villagers (Ibanese - indigenous peoples) in Sri Aman through the production of specialised rice and other rice-based products.
	<p>Target 4.4 Increase the Number of People with Relevant Skills for Financial Success By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.</p>	For both targets: Establishing DuitSmart programmes and content, HLB@School, collaboration with Smart Readers
 <p>Goal 4: Quality Education – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Target 4.6 Universal Literacy and Numeracy By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.</p>	
 <p>Goal 5: Gender Equality – Achieve gender equality and empower all women and girls</p>	<p>Target 5.5 Ensure Full Participation in Leadership and Decision-Making Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.</p>	HLB Women in Leadership
	 <p>Goal 7: Affordable and Clean Energy – Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>Target 7.4 Promote Access to Research, Technology and Investments in Clean Energy By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil fuel technology, and promote investment in energy infrastructure and clean energy technology</p>

Appendix IV: Our Commitment to the UN SDGs

Goal	Target	HLB Sustainability Initiatives & Programmes
 <p>Goal 8: Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Target 8.5 Full Employment and Decent Work with Equal Pay By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>	HLB Recruitment and Gender pay ratio
	<p>Target 8.6 Promote Youth Employment, Education and Training By 2030, substantially reduce the proportion of youth not in employment, education or training</p>	<ul style="list-style-type: none"> – Graduate Trainee and Protege programmes – C-Level programmes with universities
	<p>Target 8.A Universal Access to Banking, Insurance and Financial Services Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</p>	<ul style="list-style-type: none"> – All digitisation and financial inclusion programmes and initiatives
 <p>Goal 9: Industry, Innovation and Infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>Target 9.3 Increase Access to Financial Services and Markets Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and market</p>	<ul style="list-style-type: none"> – Programmes to promote financing for SMEs
 <p>Goal 11: Sustainable Cities and Communities – Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Target 11.1 Safe and Affordable Housing By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<ul style="list-style-type: none"> – Financing for Affordable Housing reported for BNM CCPT
 <p>Goal 12: Responsible Consumption and Production – Ensure sustainable consumption and production patterns</p>	<p>Target 12.6 Encourage Companies to Adopt Sustainable Practices and Sustainability Reporting</p>	<ul style="list-style-type: none"> – BCB ESG Policy & Assessment Framework – HLB Sustainability Roundtables
	<p>Target 12.7 Promote Sustainable Public Procurement Practices Promote public procurement practices that are sustainable, in accordance with national policies and priorities</p>	<ul style="list-style-type: none"> – Sustainable Supply Chain
	<p>Target 12.8 Promote Universal Understanding of Sustainable Lifestyles By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p>	<ul style="list-style-type: none"> – Sustainability Month & #HLBGreenBag – Sustainability Literacy Workshops
 <p>Goal 13: Climate Action – Take urgent action to combat climate change and its impacts</p>	<p>Target 13.1 Strengthen Resilience and Adaptive Capacity to Climate related Disasters</p>	<ul style="list-style-type: none"> – Climate Approach and Climate Risk Management

Appendix IV: Our Commitment to the UN SDGs

Goal	Target	HLB Sustainability Initiatives & Programmes
 <p>Goal 14: Life Below Water – Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>Target 14.4 Sustainable Fishing By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.</p>	<p>HLB General Exclusion listed economic activities that HLB will not finance.</p> <p>Extracted: BCB ESG Guidelines - Initial screening</p> <p>The general exclusion list that will be applied to all our SME, commercial and corporate customers as listed below:-</p> <p>7. Fishing activities using drift nets or explosives.</p>
 <p>Goal 15: Life on Land – Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>Target 15.5 Protect Biodiversity and Natural Habitats Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species</p>	<p>HLB General Exclusion listed economic activities that HLB will not finance.</p> <p>Extracted: BCB ESG Guidelines - Initial screening</p> <p>The general exclusion list that will be applied to all our SMEs, commercial and corporate customers as listed below:-</p> <p>5. Activities resulting in significant conversion or degradation of any high biodiversity value areas*.</p> <p><i>*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.</i></p>
 <p>Goal 16: Peace, Justice and Strong Institutions – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<p>Target 16.4 Combat Organised Crime and Illicit Financial and Arms Flow By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime</p> <p>Target 16.5 Substantially Reduce Corruption and Bribery Substantially reduce corruption and bribery in all their forms</p>	<p>Hong Leong Banking Group Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions Policy</p> <p>Hong Leong Banking Group Anti-Bribery & Corruption Policy</p>
 <p>Goal 17: Partnerships for the Goals – Strengthen the means of implementation and revitalise the global partnership for sustainable development</p>	<p>Target 17.H Encourage Effective Partnerships Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p>	<ul style="list-style-type: none"> – Jumpstart@65 – HLB Jumpstart

Appendix V:

GRI Content Index

GRI Services Statement	For the Content Index-Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.
Statement of use	Hong Leong Bank Berhad
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not applicable

GRI Standard	Disclosure	Description	Location		Omission & Explanation
			Page Numbers	References SR2023	
General disclosures					
GRI 2: General Disclosures 2021	2-1	Organisational details	pg 2	About This Report	
	2-2	Entities included in the organisation's sustainability reporting	pg 2	About This Report	
	2-3	Reporting period, frequency, and contact point	pg 2	About This Report	
	2-4	Restatements of information		Significant restatements of data compared to prior years are noted in the section(s) where they appear.	
	2-5	External assurance	pg 119 - 130	SIRIM Independent Assurance Statement and PwC Limited Assurance Report	
	2-6	Activities, value chain and other business relationships	pg 5	The Bank's Core Business Partnerships, Collaborations, and Stakeholder Engagements	
	2-7	Employees	pg 88-91	Employee Composition,	
	2-8	Workers who are not employees	pg 88	Employee Composition,	
	2-9	Governance structure and composition	pg 19	Corporate Governance	
	2-10	Nomination and selection of the highest governance body	Annual Report 2023 pg 131 - 157	Hong Leong Bank Annual Report 2023 - Corporate Governance Overview, Risk Management & Internal Control Statement	
	2-11	Chair of the highest governance body	pg 19	Corporate Governance	
	2-12	Role of the highest governance body in overseeing the management of impacts	pg 19	Corporate Governance	
	2-13	Delegation of responsibility for managing impacts	pg 19	Corporate Governance	
	2-14	Role of the highest governance body in sustainability reporting	pg 19	Corporate Governance	
	2-15	Conflicts of interest	Annual Report 2023 pg 113 - 116	Hong Leong Bank Annual Report 2022 - Board of Directors' Profile Ethics, Integrity, and Compliance	
	2-16	Communication of critical concerns	pg 22-25	Ethics, Integrity, and Compliance	
	2-17	Collective knowledge of the highest governance body	pg 19	Corporate Governance	
	2-18	Evaluation of the performance of the highest governance body	pg 28-29	Effective Governance for Climate Resilience	
	2-19	Remuneration policies	pg 28-29 pg 77	Effective Governance for Climate Resilience Remuneration Policy Framework	

Appendix V: GRI Content Index

GRI Standard	Disclosure	Description	Location		Omission & Explanation	
			Page Numbers	References SR2023		
General disclosures						
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	Annual Report 2023 pg 135 - 139	Hong Leong Bank Annual Report 2022 - Corporate Governance Overview, Risk Management & Internal Control Statement		
	2-21	Annual total compensation ratio	pg 84	HLB Workforce Diversity Highlights		
	2-22	Statement on sustainable development strategy	pg 6-9	Sustainability Committee Chairman & Group Managing Director/Chief Executive Officer's Statement		
	2-23	Policy commitments	pg 33	HLB ESG Integrated Policies		
	2-24	Embedding policy commitments	pg 33	HLB ESG Integrated Policies		
	2-25	Process to remediate negative impacts	pg 22-25	Ethics, Integrity, and Compliance		
	2-26	Mechanisms for seeking advice and raising concerns	pg 22-25	Ethics, Integrity, and Compliance		
	2-27	Compliance with laws and regulations		No instance of significant non-compliance with laws and regulations during the reporting period.		
	2-28	Membership associations	pg 18	Partnerships, Collaborations, and Stakeholder Engagements		
	2-29	Approach to stakeholder engagement	pg 106-108	Stakeholder Engagement		
	2-30	Collective bargaining agreements	pg 78-79	Employee Benefits		
Material Topics						
GRI 3: Material Topics 2021	3-1	Process to determine material topics	pg 14-17	Materiality		
	3-2	List of material topics	pg 14-17	Materiality		
		GRI Material Topic Standards		HLB Material Topics		
		203	Indirect Economic Impacts	Digital Finance and Innovation		
		203	Indirect Economic Impacts	Customer Experience		
		418	Customer Privacy	Privacy, Data Protection & Cybersecurity		
		205	Anti-Corruption	Good Governance & Ethical Business Conduct		
		201	Economic Performance	Sound Risk Management		
201	Economic Performance	Sustainable & Responsible Financing				

Appendix V:

GRI Content Index

GRI Standard	Disclosure	Description	Location		Omission & Explanation	
			Page Numbers	References SR2023		
Material Topics						
GRI 3: Material Topics 2021	3-2	List of material topics	pg 14-17	Materiality		
		GRI Material Topic Standards	HLB Material Topics			
		201, 203	Economic Performance, Indirect Economic Impacts	Fair Treatment & Dealing of Customers		
		308	Supplier Environmental Assessment	Sustainable Supply Chain		
		302, 303, 305	Energy, Emissions, Water and Effluents	Managing Our Operational Environmental Footprint		
		302, 303, 305	Energy, Emissions, Water and Effluents	Building Climate Resilience to Facilitate a Low-Carbon Transition		
		401 & 404	Employment & Training and Education	Talent Attraction, Development and Retention		
		405	Diversity and Equal Opportunity	Diverse and Inclusive Workforce		
		403	Occupational Health and Safety	Employee Well-Being, Health & Safety		
		201, 203	Economic Performance, Indirect Economic Impacts	Fostering a Sustainability-Driven Culture		
		413	Local Communities	Supporting Social Enterprises and Communities		
413	Local Communities	Financial Inclusion & Literacy				
Economic Performance						
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 28-29	Effective Governance for Climate Resilience		
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	pg 28-29	Effective Governance for Climate Resilience		

Appendix V: GRI Content Index

GRI Standard	Disclosure	Description	Location		Omission & Explanation
			Page Numbers	References SR2023	
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 22-25		Ethics, Integrity, and Compliance
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	pg 37-41 pg 56-58		Managing the Transition to a Low-Carbon Economy Supporting Social Enterprises and Communities
	203-2	Significant indirect economic impacts	pg 37-41 pg 56-58		Managing the Transition to a Low-Carbon Economy Supporting Social Enterprises and Communities
Procurement Practices					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 68		Sustainable Supply Chain
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	pg 68		Sustainable Supply Chain
Anti-corruption					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 22-25		Ethics, Integrity, and Compliance
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	pg 22-25		Ethics, Integrity, and Compliance
	205-2	Communication and training about anti-corruption policies and procedures	pg 22-25		Ethics, Integrity, and Compliance
	205-3	Confirmed incidents of corruption and actions taken	pg 22-25		Ethics, Integrity, and Compliance
Energy					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 63-65		Optimising Resource Efficiency
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	pg 63-65		Optimising Resource Efficiency
	302-4	Reduction of energy consumption	pg 63-65		Optimising Resource Efficiency
Water and Effluents					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 63-65		Optimising Resource Efficiency
GRI 303: Water and Effluents 2018	303-5	Water consumption	pg 63-65		Optimising Resource Efficiency
Biodiversity					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 62		Managing Our Operational Environmental Footprint
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	pg 62		Managing Our Operational Environmental Footprint

Appendix V:

GRI Content Index

GRI Standard	Disclosure	Description	Location		Omission & Explanation
			Page Numbers	References SR2023	
Emissions					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 62		Managing Our Operational Environmental Footprint
GRI 204: Procurement Practices 2016	305-1	Direct (Scope 1) GHG emissions	pg 66-67		Our Carbon Footprint
	305-2	Energy indirect (Scope 2) GHG emissions	pg 66-67		Our Carbon Footprint
	305-3	Other indirect (Scope 3) GHG emissions	pg 66-67		Our Carbon Footprint
	305-5	Reduction of GHG emission	pg 62		Managing Our Operational Environmental Footprint
Waste					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 63-65		Optimising Resource Efficiency
GRI 306: Waste 202	306-1	Waste generation and significant waste-related impacts	pg 63-65		Optimising Resource Efficiency
	306-4	Waste diverted from disposal	pg 63-65		Optimising Resource Efficiency
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 68		Sustainable Supply Chain
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	pg 68		Sustainable Supply Chain
Employment					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 70		Our People
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	pg 88-91		Employee Composition
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	pg 78-79		Employee Benefits
	401-3	Parental leave	pg 78-79		Employee Benefits
Occupational health and safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 80-83		Prioritising Employee Well-being, Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	pg 80-83		Prioritising Employee Well-being, Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	pg 80-83		Prioritising Employee Well-being, Health and Safety
	403-3	Occupational health services	pg 78-79		Employee Benefits
	403-4	Worker participation, consultation, and communication on occupational health and safety	pg 80-83		Prioritising Employee Well-being, Health and Safety
	403-5	Worker training on occupational health and safety	pg 80-83		Prioritising Employee Well-being, Health and Safety

Appendix V: GRI Content Index

GRI Standard	Disclosure	Description	Location		Omission & Explanation
			Page Numbers	References SR2023	
Occupational health and safety					
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	pg 83		Committing to Employee Wellness
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	pg 80-83		Prioritising Employee Well-being, Health and Safety
	403-9	Work-related injuries	pg 80-83		Prioritising Employee Well-being, Health and Safety
Training and education					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 70		Nurturing a Sustainable Employee Experience
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	pg 71-72		Workplace Readiness
	404-2	Programmes for upgrading employee skills and transition assistance programmes	pg 63-65		Optimising Resource Efficiency
	404-3	Percentage of employees receiving regular performance and career development reviews	pg 76-77		Talent Management
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 84-85		Cultivating Diversity and Inclusion
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	pg 84-85		Cultivating Diversity and Inclusion
	405-2	Ratio of basic salary and remuneration of women to men	pg 84-85		Cultivating Diversity and Inclusion
Local communities					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 56-58		Supporting Social Enterprises and Communities
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	pg 56-58		Supporting Social Enterprises and Communities
Supplier Social Assessment					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 68		Sustainable Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	pg 68		Sustainable Supply Chain
Customer privacy					
GRI 3: Material Topics 2021	3-3	Management of material topics	pg 69		Privacy, Data Protection and Cybersecurity
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg 69		Privacy, Data Protection and Cybersecurity

Appendix VI: TCFD Content Index

TCFD Recommendations	TCFD Requirement	Page Number	References
Governance			
G1 (Basic)	Board Oversight of Sustainability and Climate-related Matters	pg 19	Corporate Governance
G2 (Basic)	Sustainability Governance Structure Including Climate-Related Matters at the Management Level	pg 19	Corporate Governance
G3 (Basic)	Sustainability and Climate-Related Board Credentials	pg 19	Corporate Governance
G4 (Basic)	Sustainability and Climate-Related Training	pg 19	Corporate Governance
G5 (Basic)	Sustainability and Climate-Related Discussions in Board Meetings	pg 19	Corporate Governance
G6 (Stretch)	Sustainability/Climate-linked Remuneration	pg 28-29	Effective Governance for Climate Resilience
G7 (Stretch)	Separate Committee on Sustainability and Climate-Related Matters	pg 19	Corporate Governance
Strategy			
S1 (Basic)	Identification of Climate-Related Risks and Opportunities	pg 26-27 pg 32	Sound ESG Risk Management Climate-related Opportunities
S2 (Basic)	Impact of Climate-Related Risks and Opportunities	pg 30-31	Potential Climate-related Risks and Its Impacts
S3 (Basic)	Strategy and Risk Appetite on Climate-Related Risks and Sustainability Measures	pg 26-27	Sound ESG Risk Management
S4 (Stretch)	Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	pg 34-35	Scenario Analysis
Risk Management			
R1 (Basic)	Process for Identifying and Assessing Climate-Related Risks	pg 30-31	Potential Climate-related Risks and Its Impacts
R2 (Basic)	Process for Managing Climate-Related Risks	pg 28-29	Effective Governance for Climate Resilience
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 26-27 pg 28-29 pg 30-31	Sound ESG Risk Management Effective Governance for Climate Resilience Potential Climate-related Risks and Its Impacts
R4 (Stretch)	Process for Identifying and Assessing Climate-Related Risks	pg 30-31	Potential Climate-related Risks and Its Impacts
R5 (Stretch)	Process for Managing Climate-Related Risks	pg 28-29	Effective Governance for Climate Resilience
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 26-27 pg 28-29 pg 30-31	Sound ESG Risk Management Effective Governance for Climate Resilience Potential Climate-related Risks and Its Impacts
Metric & Targets			
M1 (Basic)	Key Climate-Related Metrics	pg 37-38 pg 63 pg 66-67	Managing the Transition to a Low-Carbon Economy Greening Our Buildings Our Carbon Footprint
M2 (Basic)	Key Climate-Related Targets	pg 62	Managing Our Operational Environmental Footprint
M3 (Stretch)	Key Climate-Related Metrics	pg 62 pg 63 pg 66-67	Managing the Transition to a Low-Carbon Economy Greening Our Buildings Our Carbon Footprint

Appendix VII: SIRIM Independent Assurance Statement



SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Hong Leong Bank Berhad (hereafter referred to as HLBB) to perform an independent verification and provide assurance of HLBB Sustainability Report 2023. The main objective of the verification process is to provide assurance to HLBB and its stakeholders on the accuracy and reliability of the information as presented in this report. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) within the assurance scope which is included in HLBB Sustainability Report 2023.

The management of HLBB was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this report 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 HLBB Sustainability Report and the Annual Report 2023.

The assurance engagement 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, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of HLBB Sustainability Report and its overall presentation against respective reporting framework such as UN-SDGs, GRI Standards and TCFD requirement, and other relevant frameworks. The assurance process involves verification of applicable subject matter. Details provided in Appendix 1 of this statement.

The verification was carried out by SIRIM QAS International from August to September 2023, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Review includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in HLBB's Annual Report 2023.
- The corporate office at Hong Leong Tower at Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of HLBB's operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Appendix VII:

SIRIM Independent Assurance Statement

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of HLBB relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Report was subsequently reviewed and revised by HLBB. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in HLBB Sustainability Report 2023 is fairly stated;
- The level of disclosure of the specific 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 statement;
- The Sustainability Report provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Bank Berhad.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamoorthy	:	Team Member
3)	Ms. Farhanah Ahmad Shah	:	Team Member
4)	Ms. Suzalina Kamaralarifin	:	Team Member

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 8 September 2023

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 8 September 2023

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 (29 August 2023).

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report on Subject Matter Information in the Hong Leong Bank Berhad's Sustainability Report 2023

To the Board of Directors of Hong Leong Bank Berhad

We have been engaged by Hong Leong Bank Berhad ("HLB" or "the Bank") to perform an independent limited assurance engagement on selected material sustainability indicators (hereinafter referred to as the "Subject Matter Information") as reported by Hong Leong Bank Berhad in its Sustainability Report for the financial year ended 30 June 2023.

Identified Subject Matter Information

The following information collectively known as Subject Matter Information on which we provided limited assurance consists of:

The Subject Matter Information	Reporting Criteria applied	Scope
1. Total energy consumption (kWh)	302-1	Total energy consumption for the following: 1. Hong Leong Tower 2. PJ City (Tower A and B) 3. Other HLB premises (branches and centres) 4. Singapore operations 5. Hong Kong operations
2. Total water consumption (cubic metres)	303-5	Total volume of water used for the following: 1. Hong Leong Tower 2. PJ City Tower A
3. Total paper consumption (reams and kg)	301-1	Total office paper purchased for entire Malaysia operations. Total paper recycled (kg) for the following: 1. Hong Leong Tower 2. PJ City Tower A (office buildings)
4. Scope 1 GHG Emissions (tonnes CO ₂ eq)	305-1	Total Scope 1 GHG emissions for the following: 1. Malaysia operations 2. Hong Kong operations 3. Singapore operations
5. Scope 2 GHG Emissions (tonnes CO ₂ eq)	305-2	Total Scope 2 GHG emissions for the following: 1. Malaysia operations 2. Hong Kong operations 3. Singapore operations
6. Scope 3 GHG Emissions: business travels and employee commuting (tonnes CO ₂ eq)	305-3	Total Scope 3 GHG emissions for the following: 1. Malaysia operations 2. Singapore operations 3. Hong Kong operations
7. Scope 3 GHG Emissions: downstream leased assets (tonnes CO ₂ eq)	305-3	Total Scope 3 GHG emissions for Malaysia operations.

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Appendix VIII: PwC Limited Assurance Report



The Subject Matter Information	Reporting Criteria applied	Scope
8. Total approved renewable energy financing (RM)	HLB's internal framework/guideline	Total approved renewable energy financing within Malaysia.
9. Breakdown of the total outstanding (RM) for: <ul style="list-style-type: none"> Green car financing Green building/township and affordable property financing 	HLB's internal framework/guideline	Breakdown of the total outstanding financing within Malaysia.
10. Global Markets ESG Assessment (RM)	HLB's internal framework/guideline	Breakdown of the total nominal for Global Markets within Malaysia.
11. Total Tier 1 vendors assessed under the Vendor Sustainability Self-Assessment	308-1, 414-1	Total Tier 1 vendors assessed under the Vendor Sustainability Self-Assessment within Malaysia.
12. Number of employees trained on Health and Safety Standards	403-5	Number of employees trained on Health and Safety Standards within Malaysia.
13. Percentage of absenteeism rate (%)	403-6	Percentage of absenteeism rate within Malaysia.
14. Total number of accidents with fatalities	403-9	Number of accidents with fatalities within Malaysia.
15. Percentage of employees by gender (%)	405-1	Percentage of employees by gender within Malaysia.
16. Percentage of employees by age group, employee category (%)	405-1	Percentage of employees by age group and employee category by HLB and Hong Leong Islamic Bank Berhad ("HLISB") within Malaysia.
17. Community Investment - Employee Volunteerism <ul style="list-style-type: none"> Volunteering hours Total meals Donations from employees (RM) 	HLB's internal framework/guideline	Community investment - Employee Volunteerism within Malaysia.

Our assurance was with respect to the financial year ended 30 June 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Hong Leong Bank Berhad's Sustainability Report 2023 and, therefore, do not express any conclusion thereon.

Appendix VIII: PwC Limited Assurance Report



Reporting Criteria

The Subject Matter Information needs to be read and understood together with the reporting criteria, which Hong Leong Bank Berhad is solely responsible for selecting and applying.

The reporting criteria used for the reporting of the Subject Matter Information are:

- Hong Leong Bank Berhad's internal sustainability reporting guidelines and procedures by which the Subject Matter Information is gathered, collated and aggregated internally;
- The Global Reporting Initiative's Sustainability Reporting Standards ("GRI Standards") for disclosures; and
- The GHG Protocol Corporate Protocol Accounting and Reporting Standard ("GHG Protocol").

Management's Responsibility

Management of Hong Leong Bank Berhad is responsible for the preparation of the Subject Matter Information included in the Hong Leong Bank Berhad's Sustainability Report 2023 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Hong Leong Bank Berhad's Sustainability Report 2023 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Hong Leong Bank Berhad which are reasonable in the circumstances.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities over time.

In addition, Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

It is generally acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability quality of GHG emissions data from third parties, resulting in reliance by the Bank on proxy data. These limitations are reflected in the assigned PCAF data quality categories for reported on-balance sheet financed emissions.

The Subject Matter Information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

It is anticipated that the principles and methodologies used to measure and report the Subject Matter Information will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

Appendix VIII: PwC Limited Assurance Report



Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (“ISAE”) 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Hong Leong Bank Berhad’s use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Appendix VIII: PwC Limited Assurance Report



Main Assurance Procedures

Our work included the following procedures:

- Evaluated the suitability in the circumstances of Hong Leong Bank Berhad's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained understanding of the Hong Leong Bank Berhad's control environment, processes and systems relevant to the preparation of the Subject Matter Information at the consolidated level and Hong Leong Bank Berhad's entity level. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Evaluated the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by Hong Leong Bank Berhad, noting that our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Hong Leong Bank Berhad's estimates;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing on a selective basis on transactions included in the Subject Matter Information at the Hong Leong Bank Berhad's consolidated level which involved agreeing data points to/from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported;
- Evaluated the appropriateness of the disclosures of the Subject Matter Information based on the Reporting Criteria.

Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the Sustainability Report for the financial year ended 30 June 2023, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Appendix VIII: PwC Limited Assurance Report



Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of Hong Leong Bank Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by Hong Leong Bank Berhad in its Sustainability Report 2023 and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Hong Leong Bank Berhad's Sustainability Report 2023 to be disclosed in the website of Hong Leong Bank Berhad at www.hlb.com.my, in respect of the financial year ended 30 June 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of Hong Leong Bank Berhad's Sustainability Report for the financial year ended 30 June 2023. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers PLT'. The signature is written in a cursive, flowing style.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
25 September 2023

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond as set out in the Hong Leong Bank Berhad's Sustainability Report 2023

To the Board of Directors of Hong Leong Bank Berhad

We have been engaged by Hong Leong Bank Berhad ("HLB" or "the Bank") to perform an independent limited assurance engagement on use of proceeds raised through the issuance of the Hong Leong Bank Berhad's green bond (hereinafter referred to as the "Subject Matter Information") as reported by Hong Leong Bank Berhad in its Sustainability Report for the financial year ended 30 June 2023.

Identified Subject Matter Information

The proceeds from Hong Leong Bank Berhad's Green Bond issuances are required to meet the following Eligibility Criteria as per Hong Leong Bank Berhad's Green Bond Framework dated April 2022:

- Renewable Energy ("RE")
- Energy Efficiency ("EE")
- Green Building ("GB")
- Waste Management ("WM")
- Sustainable Transportation ("ST")

Our assurance was with respect to the financial year ended 30 June 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Hong Leong Bank Berhad's Sustainability Report 2023 and, therefore, do not express any conclusion thereon.

Reporting Criteria

The Subject Matter Information needs to be read and understood together with the reporting criteria, which Hong Leong Bank Berhad is solely responsible for selecting and applying.

The reporting criteria used for the reporting of the Subject Matter Information is Hong Leong Bank Berhad's Green Bond Framework dated April 2022.

Management's Responsibility

Management of Hong Leong Bank Berhad is responsible for the preparation of the Subject Matter Information included in the Hong Leong Bank Berhad's Sustainability Report 2023 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Hong Leong Bank Berhad Sustainability Report 2023 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Hong Leong Bank Berhad which are reasonable in the circumstances.

Appendix VIII: PwC Limited Assurance Report



Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities over time.

The Subject Matter Information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Hong Leong Bank Berhad's use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Appendix VIII: PwC Limited Assurance Report



Main Assurance Procedures

Our work included the following procedures:

- Evaluated the suitability in the circumstances of Hong Leong Bank Berhad's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained understanding of Hong Leong Bank Berhad's control environment, processes and systems relevant to the preparation of the Subject Matter Information at the Hong Leong Bank Berhad's level. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Performed limited substantive testing on a selective basis on balances included in the Subject Matter Information as at the reporting date which involved agreeing data points to/from source information to check that the underlying subject matter had been appropriately evaluated or measured, recorded, collated and reported, in accordance with the eligibility criteria; and
- Evaluated the appropriateness of the disclosures of the Subject Matter Information based on the Reporting Criteria.

Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the Sustainability Report for the financial year ended 30 June 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Appendix VIII: PwC Limited Assurance Report



Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose

This report, including the conclusion, has been prepared solely for the Board of Directors of Hong Leong Bank Berhad in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by Hong Leong Bank Berhad in its Sustainability Report 2023 and should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Hong Leong Bank Berhad's Sustainability Report 2023 to be disclosed in the website of Hong Leong Bank Berhad at www.hlb.com.my, in respect of the financial year ended 30 June 2023, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of Hong Leong Bank Berhad's Sustainability Report for the financial year ended 30 June 2023. Accordingly, we will not accept any liability or responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers PLT'.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
25 September 2023

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.*