



HongLeong Bank Berhad

Sustainability Report **2024**



1: ABOUT THIS REPORT

- 2 Scope & Boundary
- 2 Reporting Framework
- 3 Board Approval & External Assurance
- 3 Feedback & Contact Point

2: OVERVIEW OF HONG LEONG BANK

- 4 FY2024 Sustainability Highlights
- 5 About Hong Leong Bank
- 7 Partnerships & Collaborations

3: MESSAGE FROM LEADERSHIP

- 8 Group Managing Director/Chief Executive Officer's Statement
- 12 Chief Financial Officer & Chairman of the Sustainability Committee's Statement

4: OUR APPROACH TO SUSTAINABILITY

- 15 Sustainability & Climate Approach
- 16 Contribution to the UN SDGs
- 22 Materiality
- 24 Global ESG Indices & Assessments
- 25 Our Sustainability Framework
- 26 Our Net Zero Ambition
- 27 Our Sustainability Governance
- 33 Sound Risk Management & Compliance

5: OUR SUSTAINABILITY THEMES

- 35 Environmental Management
- 60 Socially Responsible Business
- 75 Community Investment
- 83 Digital at the Core
- 98 Workforce Readiness

6: APPENDIX: CONTENT INDEX

- 116 Appendix I: Performance Data Table from Bursa ESG Reporting Platform
- 118 Appendix II: HLB in Numbers
- 121 Appendix III: HLB Policies with Integration of ESG Elements
- 137 Appendix IV: Stakeholder Engagement
- 141 Appendix V: GRI Content Index with Alignment to Key Standards
- 148 Appendix VI: TCFD Content Index
- 149 Appendix VII: SIRIM Independent Assurance Statement
- 151 Appendix VIII: PwC Limited Assurance Report

About This Report

We are proud to present our 8th Sustainability Report, highlighting the value we have created through our sustainability commitments and initiatives during the past year, in line with our vision to be recognised as a highly digital and innovative ASEAN financial services company.

Scope & Boundary

This report outlines our strategies, initiatives and performance relating to key environmental, social and governance (“ESG”) issues during the financial year from 1 July 2023 to 30 June 2024 (“FY2024”). It encompasses data from Hong Leong Bank (“HLB”) and Hong Leong Islamic Bank (“HLISB”) (collectively termed “the Bank”) in Malaysia, along with our regional operations in Singapore, Hong Kong, Vietnam and Cambodia.

For a more holistic understanding of our financial and non-financial performance, this report should be read alongside our Annual Report 2024.

Reporting Framework

The Bank's policy is to provide sustainability and climate-related disclosures in accordance with the following standards:

- Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Main Market Listing Requirements
- Bursa Malaysia’s Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative (“GRI”) Universal Standards 2021 (refer to page 141 for our GRI Content Index)
- Task Force on Climate-related Financial Disclosures (“TCFD”) (refer to page 148 for our TCFD Content Index)
- United Nations Sustainable Development Goals (“UN SDGs”)
- Partnership for Carbon Accounting Financials (“PCAF”)

This sustainability report adopts the standards stated above.

Besides the above, we have started to benchmark our disclosures against the newly developed International Sustainability Standards Board’s (“ISSB”) International Financial Reporting Standards (“IFRS”) S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. This is expected to be furnished in our future sustainability reports.

About This Report



Board Approval & External Assurance

This report has been reviewed and approved by our senior management and Board of Directors (“Board”). To ensure alignment with our strategies and uphold best practices in our disclosures, our management-level Sustainability Committee (“SC”) oversaw and provided guidance to the content of this report, with endorsement provided by the Board Risk Management Committee (“BRMC”).

External assurance of this report was provided by SIRIM QAS International Sdn Bhd, with selected indicators independently assured by PricewaterhouseCoopers (“PwC”) PLT based on limited assurance.

Our sustainability reports are produced on an annual basis. The content of this report shall be reviewed in a timely manner to ensure the relevance and comprehensiveness of the climate-related disclosures contained within and will take into account any new developments in sustainability and climate-related matters, both at the domestic and global levels.

Feedback & Contact Point

We welcome all feedback, comments and suggestions for improvement, which can be shared with us via:

✉ sustainability@hlbb.hongleong.com.my

☎ 03-2081-8888



The report is accessible at <https://www.hlb.com.my/en/personal-banking/about-us/investor-relations/sustainability-report.html>

FY2024 Sustainability Highlights

29% decrease in operational (Scope 1 and 2) emissions in Malaysia from FY2019, placing us on track to exceed our targeted reduction of 15% to 25% by 2026

FY2023: 26%

5% decrease in energy consumption in Malaysia from FY2023

FY2023: 3%

19.1 tonnes of waste diverted from disposal

FY2023: 17.7 tonnes

68,262 reams of paper purchased

FY2023: 78,953 reams

RM3.5 billion in approved renewable energy financing

FY2023: RM3.2 billion

RM1.2 billion in outstanding green car loans

FY2023: RM0.8 billion

RM14.6 billion in outstanding green building/ township and affordable property financing provided

FY2023: RM13.2 billion

71 HLB@Kampung projects initiated, with **27** active

FY2023: 15 projects; 8 projects active

26 new schools transitioned to cashless operations under HLB@School, bringing the total to **94**

FY2023: 68 cashless schools in total

94.6% of total procurement spent on local suppliers, amounting to **RM549.7 million**

FY2023: 94.0%; RM509.3 million

2 new social enterprises supported under HLB Jumpstart, bringing the total to **7**

FY2023: 5 social enterprises in total

3,091 volunteer hours contributed by **1,214** employees under the HLB Employee CSR Programme

FY2023: 7,943 hours; 443 employees

RM476,600 invested in local communities, impacting **9,013** direct beneficiaries and **1,535** indirect beneficiaries

FY2023: No data available as we started data collection in FY2024

626,972 hours of training completed, equating to **77** training hours per employee

FY2023: 650,409 hours of training; 79 hours per employee

0 work-related fatalities

FY2023: 0 work-related fatalities

Lost Time Incident Rate of **0.025**

FY2023: 0.064

Cumulatively, more than **9,000** employees and **234** contract staff Bank-wide received mandatory ABC training

FY2023: Cumulatively, more than 8,000 employees; more than 400 contract staff

About Hong Leong Bank

Hong Leong Bank Berhad is a leading financial services institution headquartered in Kuala Lumpur, Malaysia. We are Malaysia’s fifth-largest banking group by assets and fourth-largest by market capitalisation. Together with our subsidiaries, we form part of the Hong Leong Financial Group (“the Group”).

We offer a wide range of comprehensive and innovative financial solutions, including loans, credit cards, online and mobile banking, insurance, investment and share financing. These solutions are delivered through both digital and traditional means, through both digital and traditional means, to provide customers with to provide customers with an efficient and seamless experience aided by technology. This is in line with our ethos of being Digital At The Core and our Brand Promise of ‘Built Around You’, which drives us to develop compelling, customer-centric offerings that serve our vision of being a highly digital and innovative ASEAN financial services company.

Our Core Values

Our core values form the foundation of our approach to business, cementing our dedication to balancing growth and advancement with the creation of long-term ESG value.

<p>HONOUR</p> <p>Conduct business with honour to build TRUST.</p>	<p>INNOVATION</p> <p>Embrace change. Challenge the status quo or prevailing assumptions when warranted and suggest better approaches.</p> <p>Don’t be afraid to do things differently, take smart risks.</p>
<p>HERE FOR THE LONG TERM</p> <p>Embedding strong ESG values in our operations, strengthening our commitment to: Customers, Employees, Communities we work in & CSR activities.</p>	<p>COLLABORATE TO WIN</p> <p>Consistently demonstrate performance that others can rely on.</p> <p>Treat people with respect independent of their status or rank. Seek win-win relationships.</p>
<p>ENTREPRENEURSHIP</p> <p>Think like an entrepreneur to seek opportunities.</p> <p>Be resourceful and decisive to make things happen and drive sustainable growth.</p>	

About Hong Leong Bank

Our Core Businesses

PERSONAL FINANCIAL SERVICES ("PFS")

PFS offers a range of banking services and financial products that meet the needs of individuals. These include property and auto loans/financing, personal loans/financing for periodic household needs, card and payment products for everyday transactions, investment and insurance solutions for wealth management and protection, deposit and remittance products for liquidity, savings and payments, and digital banking solutions, which include internet and mobile banking services.

BUSINESS & CORPORATE BANKING ("BCB")

BCB offers banking solutions tailored to the needs of small and medium-sized enterprises ("SMEs") as well as commercial and corporate customers. These include deposit and loan services (such as business current account, liquidity management, auto-sweep and fixed deposits) and financing options (including asset acquisition, working capital, business expansion and business automation).

In addition, BCB specialises in transaction banking solutions, encompassing cash management, corporate internet banking platforms, trade financing and services, and merchant payment solutions.

GLOBAL MARKETS ("GM")

GM assists our institutional and corporate customers with their investment and hedging needs across asset classes through foreign exchange, fixed income, derivatives and structured products. In addition to managing customers' treasury requirements, GM also handles the Bank's excess liquidity and risks arising from our transaction and payment flows.

REGIONAL WEALTH MANAGEMENT ("RWM")

RWM provides comprehensive wealth management services across Malaysia and Singapore, tailored to meet its clients' individual and business needs.

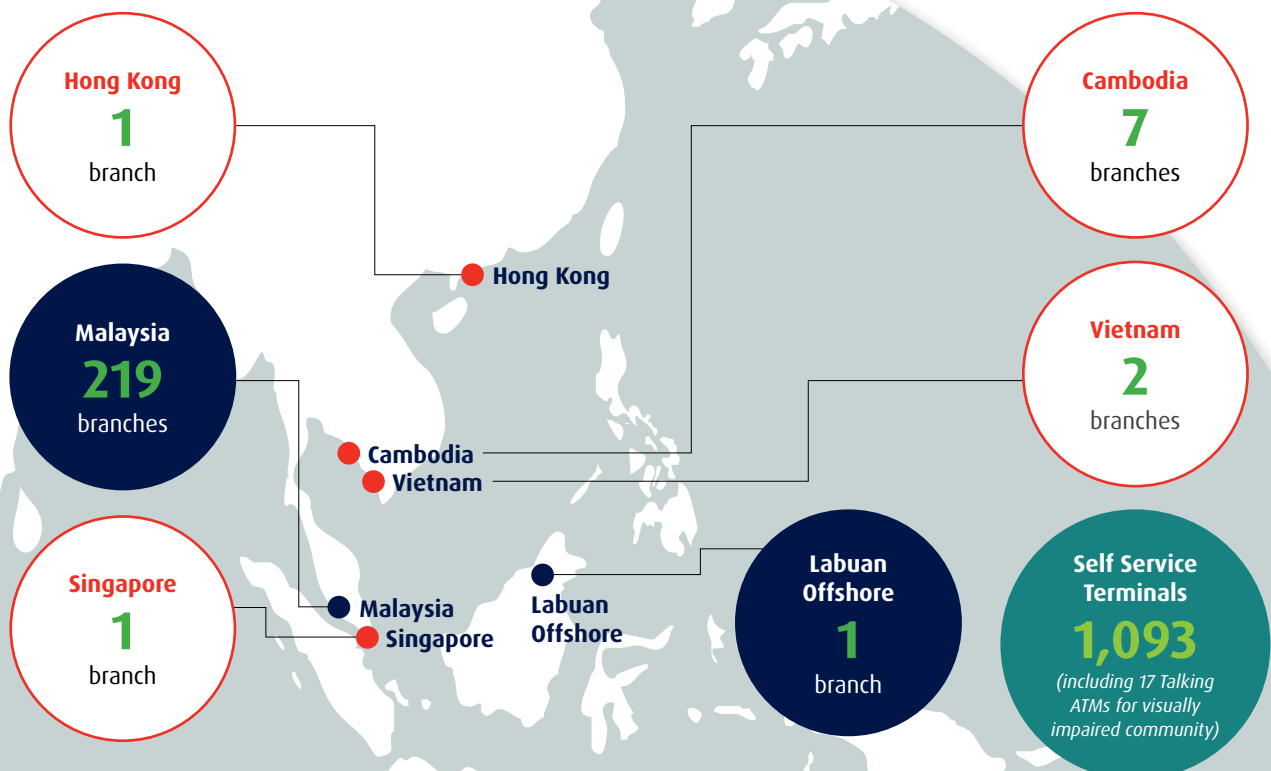
These services are delivered by certified Wealth Advisors and an experienced network of Relationship Managers, with the aim of achieving sustainable, multi-generational and multifaceted wealth progression through investments, insurance, deposits and asset financing.

ISLAMIC FINANCIAL SERVICES ("HLISB")

HLISB offers a wide range of Shariah-compliant Islamic Financial Services encompassing personal financial services, wealth management, business and corporate banking, and global markets products and services.

 For more details on our core businesses, refer to page 2 of our Annual Report 2024.

Our Regional Footprint



 For more details on all our local and overseas branches, refer to page 2-3 of our Annual Report 2024.

Partnerships & Collaborations

We participate in a diverse range of organisations and associations through which we aim to influence discourse and drive collaboration on vital sustainability issues affecting our industry and the local and regional landscape at large.

Associations/Organisations		
 <p>Joint Committee on Climate Change</p> <p>Bank Negara Malaysia's Joint Committee on Climate Change ("JC3")</p>	 <p>PERSATUAN BANK BANK DALAM MALAYSIA THE ASSOCIATION OF BANKS IN MALAYSIA</p> <p>The Association of Banks in Malaysia ("ABM")</p>	 <p>The Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM")</p>
 <p>Asian Institute of Chartered Bankers ("AICB")</p>	 <p>Payments Network Malaysia Sdn Bhd ("PayNet")</p>	 <p>Islamic Banking and Finance Institute Malaysia ("IBFIM")</p>
 <p>Financial Ombudsman Service</p> <p>Ombudsman for Financial Services ("OFS")</p>	 <p>Cagamas Berhad ("Cagamas")</p>	 <p>Financial Industry Collective Outreach ("FINCO")</p>
 <p>Partnership for Carbon Accounting Financials</p> <p>Partnership for Carbon Accounting Financials ("PCAF")</p>	 <p>MALAYSIAN BUSINESS ANGEL NETWORK</p> <p>The Malaysian Business Angel Network ("MBAN")</p>	 <p>Syarikat milik penuh Menteri Kewangan Diperbadankan</p> <p>Syarikat Jaminan Kredit Perumahan Berhad ("SJKP")</p>
 <p>Federation of Investment Managers Malaysia</p> <p>Federation of Investment Managers Malaysia ("FIMM")</p>	 <p>PwC Malaysia ("PwC")</p>	 <p>Thoughts in Gear ("TiG")</p>
 <p>capital markets MALAYSIA</p> <p>Capital Markets Malaysia ("CMM")</p>	 <p>MALAYSIAN INVESTMENT DEVELOPMENT AUTHORITY</p> <p>Malaysian Investment Development Authority ("MIDA")</p>	 <p>PERSATUAN PENCIANTA ALAM MALAYSIA MALAYSIAN NATURE SOCIETY</p> <p>Malaysian Nature Society ("MNS")</p>
 <p>Animal Projects & Environmental Education Sdn. Bhd. ("APE Malaysia")</p>		

Group Managing Director/ Chief Executive Officer's Statement



KEVIN LAM

Group Managing Director/
Chief Executive Officer

Aligning Opportunity & Sustainability

Seven years into our sustainability journey, we stand at a key juncture. Having established ourselves as a leader in green financing, progressed our Net Zero journey and driven wide-ranging improvements to our social and environmental agendas, we are now taking our next steps towards driving long-term success in a rapidly evolving industry.

Group Managing Director/ Chief Executive Officer's Statement

Thank you for reading our Sustainability Report 2024. Within these pages, you will find detailed disclosures on our initiatives and performance in delivering long-term value for people, society and the environment over the past year, in line with our vision of being a highly innovative and digital ASEAN financial services company.

At HLB, we view sustainability as an opportunity to grow our business, drive positive transformation for our customers and extend our reach to new audiences. Therefore, we strive to integrate ESG considerations at the core of our strategies, processes and solutions, seeking to find common ground between our responsibilities and the needs of our business.

Since starting our sustainability journey in 2017, we have made consistent progress. In this time, we have introduced a wide range of policies to transform our practices, developed and expanded our ESG financing solutions, and led industry advocacy on climate change, notably through our participation in the sub-committees under Bank Negara Malaysia's ("BNM") Joint Committee on Climate Change ("JC3").

In parallel, we are reducing our environmental footprint through emissions reduction, energy efficiency and digitalisation initiatives while taking steps to build a more sustainable portfolio and drive our customers' adoption of low-carbon practices.

These varied actions are driven forth by our dedicated Sustainability Division and, in FY2024, we empowered their work further by appointing our very first Chief Sustainability Officer ("CSO"). The creation of this new role reflects the central importance of sustainability to the Bank and will further energise our efforts to create shared, long-term value for our business and stakeholders moving forward.

SUPPORTING SUSTAINABLE TRANSITIONS

At the core of our approach lies a simple yet powerful principle: that opportunity lies at the congruence of business and sustainability. We believe that by aligning the needs of our stakeholders, communities and natural environments with our strategies, we can unlock lasting growth and secure our continued leadership within the financial services landscape.

This belief, and its practice, is exemplified by our work in green financing, a major growth area for the Bank in recent years. In 2019, we set a 5-year target of RM500 million in renewable energy ("RE") financing, which we surpassed, before setting a new target in 2022 of RM4 billion by 2025. This has led to the approval of over RM3.5 billion in financing for bioenergy, solar,

hydro plants and various other RE projects to date, placing us well on track to reach our goal. In addition, we have achieved RM1.2 billion in outstanding green car loans and RM14.6 billion in outstanding green and affordable mortgages as of the end of FY2024, surpassing our targets of RM960 million and RM14.4 billion respectively.

Notably, we have implemented a strict definition for "green vehicles" that covers only electric vehicles ("EV"), hybrid electric vehicles ("HEV"), plug-in hybrid electric vehicles ("PHEV") and battery electric vehicles ("BEV"), in line with our commitment to driving more impactful low-carbon transitions.

A highlight of our green financing journey in FY2024 was the completion of our maiden green assets transaction worth a total of RM300 million to fund green properties. The transaction was funded by the issuance of Cagamas Berhad's one-year ASEAN Green Bond worth RM210 million and one-year ASEAN Green SRI Sukuk worth RM90 million under their RM60 billion Conventional/Islamic Medium Term Notes programme. This is an important milestone as it marks Malaysia's first corporate issuances relating to green housing loans and financing.

Both green bonds were fully subscribed, reflecting appetite from retail investors to support sustainable business models and marking a milestone in our efforts to grow the ESG financing sector as an engine for value creation at all levels of the economy.

Moving forward, we plan to further expand our ESG financing efforts, guided by our recently-completed Sustainable Finance Framework ("SFF"). This will sharpen our focus and further our endeavours to finance projects relating to the adoption of RE, energy efficiency, green buildings, circular economy, sustainable transportation and logistics, and other emerging areas within environmental sustainability, supporting efforts in Malaysia and across the region to achieve vital decarbonisation goals.

PLAYING A BIGGER ROLE

In developing and marketing our green financing solutions, we realised that providing funding alone was not sufficient. Beyond financing, our corporate customers seek a partner for their sustainability journeys who can offer tailored advice and keep them updated on the latest ESG developments specific to their industry.

To meet this need, we reframed our solutions to offer bespoke financial products, supported by expert advisory from an in-house team of RE, carbon and climate specialists. This approach has been successful, and we have since replicated it across different areas of our business.

Group Managing Director/ Chief Executive Officer's Statement



In March 2024, we launched BizHalal, a unique proposition that combines Halal advisory services with our existing financing solutions to meet the needs of operators in this growing space. Delivered by our in-house Halal specialists, the service includes a readiness assessment, ongoing advisory assistance, and onboarding to a Halal Digital Ecosystem platform. This streamlined offering helps Halal operators obtain JAKIM certification and optimise business growth while promoting our financing solutions – a true win-win outcome.

As such, BizHalal delivers three critical outcomes: building our presence in an identified growth segment, enhancing our team's capabilities and expertise, and creating sustainable social value in an underserved sector. It is a powerful model that will guide our business and sustainability efforts moving forward.

On a related note, our Sustainability Roundtables continue to promote ESG awareness and drive positive change by facilitating knowledge sharing between industry experts, ESG practitioners, government agencies, research houses, trade associations and key decision makers. In FY2024, we hosted our 11th Roundtable, themed "Greening the Supply Chain: The Malaysian Corporate Sector and the Global Sustainability Revolution: A Win-Win Convergence", which addressed the critical issue of greening supply chains in the context of the Malaysian corporate sector.

With increased global interest in reducing Scope 3 financed emissions, greening supply chains represents a win-win convergence of environmental stewardship and economic prosperity. As such, collaborative discussions like our Roundtables can play a vital role in helping businesses unlock transformative ESG approaches that mitigate risks, reduce costs and enhance their competitiveness, holistically.

In addition to the Roundtables, we also launched our inaugural ESG Readiness Programme during FY2024. Delivered in tandem with our partners, PwC and Thoughts in Gear, the aim of this programme is to equip our clients with ESG-related insights, potential transition strategies and information on how our green financial offerings can assist in their sustainability journey. Complementing this, we are an early adopter of Capital Markets Malaysia's Simplified ESG Disclosure Guide ("SEDG"), through which we assist our SME clients in improving the standard of their ESG disclosures.

FOSTERING CAPABILITIES & A PASSION FOR CHANGE

Our workforce provides the energy that drives our progress – in ESG and beyond – and our role is to empower them with the skills and capabilities they need to make a bigger difference.

Group Managing Director/ Chief Executive Officer’s Statement

During FY2024, our efforts in employee training and development led to a 47% increase in participation in voluntary e-learning modules, while 83% of employees that undertook e-learning modules completed more than 16 courses over the course of the year. This reflects a culture of professional and personal growth that permeates all levels of the Bank.

Building on this thirst for progress, we implemented an organisational redesign during the year that represents a new paradigm in our approach to workforce management. The redesign has many facets and involves transformation at multiple levels, with key changes including the establishment of dedicated divisions for sustainability, business transformation, fintech and more, the nomination of “AI Champions” to realise the benefits of Artificial Intelligence (“AI”) within our operations, and the refocusing of learning and development initiatives towards developing leadership and sales capabilities.

Ultimately, the agenda strives to instil a “Quantum Growth” mindset amongst our employees that will uplift their productivity and drive our future-readiness as an organisation, in line with our Strategic Transformation Plan.

EVOLVING FOR THE LONG TERM

Having made firm progress in our sustainability strategies during FY2024, we are proud to see our efforts recognised – both within our industry and across the local and international ESG landscape – with the following awards:

Runner Up Special Award for Renewable Energy Financing by a Domestic Bank
National Energy Awards 2023
**Winner - Sustainable Energy Financing – Domestic Bank 2021 & 2022*

Bank of the Year – ESG Leadership Award
Sustainability & CSR Malaysia Awards 2023

Best Sustainability Disclosure & Reporting Best Corporate Governance Framework
Global Good Governance Awards 2023

Gold Award Financial Services Sector
The Edge Malaysia ESG Awards 2023
**Two years consecutively*

These accolades are a testament to the collective efforts of the whole team at HLB as well as our valued stakeholders. They speak to the dedication of our volunteers in putting in the hard yards on-site and on the ground, and to the efforts of our staff in nurturing a culture of sustainability across the Bank – one where ESG principles and potential impacts are considered across all business processes and by team members at all levels of our workforce. At the same time, they validate the foresight of our management and Board in adopting a sustainability strategy that focuses not only on mitigating risk but on discovering powerful areas of congruence between profit, underserved segments and our ESG agenda to drive shared values.

We are focused on accelerating our sustainability journey by progressively improving our practices and, when required, embracing transformation. On this note, I would like to thank our Board members, Sustainability Committee, Sustainability Working Committee and the Sustainability Division, headed by our CSO, for being bold champions of the change we wish to see. We also owe our esteemed customers, trusted business partners, dedicated investors and loyal shareholders a debt of gratitude for showing continued faith in our efforts to innovate in sustainability and business, even when such evolutions come at the expense of short-term profits.

Moving forward, we will continue to uphold and expand upon our ESG commitments, focusing on unlocking synergies between opportunity and sustainability to further strengthen our place at the table for the long term. Thank you for sharing this journey with us.

KEVIN LAM
Group Managing Director/Chief Executive Officer

Chief Financial Officer & Chairman of the Sustainability Committee's Statement



MALKIT SINGH MAAN

Chief Financial Officer &
Chairman of the Sustainability Committee

Deepening Our Commitment To Sustainability

FY2024 marked strong progress on our continuing sustainability journey. During the year, we invested further into successful programmes and initiatives while also launching new avenues of impact across our five themes. These actions are underscored by a growing culture of sustainability that has become more embedded into our thinking and actions as an organisation.

Chief Financial Officer & Chairman of the Sustainability Committee's Statement

As Chairman of the Sustainability Committee, I am responsible for overseeing sustainability efforts across the Bank as well as making recommendations and providing regular progress updates to the Board.

This role has given me and my team a unique vantage point on the strides that the Bank continues to make in ESG, year on year, and our efforts to engage investors, shareholders and stakeholders to provide updates on our journey. The progress we have made is visible in terms of measurable performance, which is disclosed in detail across this report in line with leading standards and indicators. Just as importantly, however, it is reflected in a flourishing culture of sustainability across the Bank, where ESG risks and opportunities for shared value creation are considered holistically within our thinking, actions and approach to business.

With an eye on both metrics of impact – the quantitative and qualitative – I would like to share some of our key achievements in sustainability during the past year.

DRIVING OUR DECARBONISATION

We made strong progress on our journey to Net Zero in FY2024. Compared to our baseline year of FY2019, our operational carbon emissions (Scopes 1 and 2) have decreased by 29% in Malaysia, placing us well ahead of our short-term goal of 15%-25% reduction by 2026. This progress has been driven by implementing various Energy Efficiency & Conservation (“EE&C”) measures across our operations, including upgrading our chillers, introducing energy-efficient air conditioning, retrofitting LED lights and installing solar panels on the rooftop of PJ City Tower A. In addition, we conducted energy audits on our high-energy-consuming facilities in Malaysia and launched our Enterprise Green Data Centre, which went live in 2023. Collectively, these actions delivered a 5% reduction in energy consumption in Malaysia during the year.

Furthering this journey, we have improved our emissions data collection process to provide a more complete picture of our regional carbon footprint. For the first time, this year's report discloses Scope 1 and 2 emissions (operational emissions) from our operations in Cambodia and Vietnam, and Scope 3 (business travel and employee commuting) emissions from our operations in Hong Kong, Singapore, Cambodia and Vietnam.

We have also embarked on efforts to calculate and disclose our Scope 3 financed emissions – the emissions that we contribute to through the customers we finance. Following the methodology

of the Partnership of Carbon Accounting for Financials (“PCAF”), to which we are a signatory, we mapped out seven asset classes relevant to our business and have disclosed our financed emissions from the Auto Loans and Mortgage categories in this report. We are currently working to establish the baseline for the other asset classes, with a particular focus on our business loans. Having this baseline will enable us to select priority sectors within which we will develop reduction targets and strategies.

These concerted actions reflect our commitment to lessening our environmental impact and position us for long-term success in the low-carbon economy.

FINANCING CUSTOMERS, RESPONSIBLY

While furthering our decarbonisation journey, we recognise equally the role that we can play in helping our SME, commercial and corporate customers achieve their own sustainability goals.

Doing this means taking action in two complementary ways. The first is by supporting companies to invest in green technologies and solutions – as our Group Managing Director and CEO shares in his statement, our ESG financing solutions have multiplied in reach and value over the past five years. At the same time, we want to take a more responsible approach to the conventional financing that we provide by considering ESG risks inherent to our customers’ businesses and industries.

In FY2024, we enhanced our ESG Due Diligence (“EDD”) screening approach to ensure an environmental risk assessment is required for all customers and a social risk assessment is required for customers in HLB’s Identified Inherently High Social Risk Sectors. EDD incorporates a 7-step risk management process and an ESG checklist that is focused on risk identification and mitigation measures, based on which customers are tiered into four categories after the EDD - High without Mitigation, High with Mitigation, Medium and Low.

Using EDD, we determined that, while 36% of our business portfolio are operating within HLB’s Identified Inherently High Risk Sectors, 31% have a Low or Medium ESG risk due to the mitigations they have implemented, while 2% are classified as High with Mitigation (due to the commitments they have put in place to enhance their risk mitigation measures) and the remaining 3% are classified as High Without Mitigation. This detailed classification provides us with a more comprehensive view of the ESG risks within our portfolio and empowers us to develop and deliver more targeted advisory to support our customers’ ongoing sustainability journeys.

Chief Financial Officer & Chairman of the Sustainability Committee's Statement

INVESTING IN PEOPLE & COMMUNITIES

Beyond business considerations, we continue to leverage our resources, network and expertise to empower social enterprises and micro-enterprises while putting boots on the ground to improve financial inclusion and literacy in local communities.

Our commitment to assisting purposeful startups and entrepreneurs is embodied by HLB Jumpstart. In FY2024, we supported two new social enterprises – Primus Wellness and Refiller Mobile – through targeted workshops in marketing, cybersecurity and ESG, while providing marketing and branding support, and enabling cashless transactions via our BizBuddy app. This brings our total recipient companies to seven, and we plan to expand the programme to assist more companies via wide range of financing and mentorship-related support channels in future.

Meanwhile, our efforts to drive financial literacy and access amongst young generations continue apace. During the year, we conducted 73 workshops under our HLB DuitSmart programme, delivering essential financial knowledge and money management skills to close to 8,000 students, while our HLB@School programme transitioned 26 new schools to cashless operations, enhancing convenience and safety for operators and students alike.

Tribute must also be paid to the continued dedication of our employee volunteers contributing to community-based initiatives under the HLB Employee CSR Programme. Collectively, they completed 3,091 volunteer hours during the past year, helping to make an impact in the lives of 9,013 direct beneficiaries across Malaysia.

REALISING SUSTAINABILITY, HOLISTICALLY

The varied achievements highlighted above, ranging from emissions reductions to workforce transformation, illustrate the significant progress we have made in sustainability during the past year. Just as importantly, they reflect the more mature approach to sustainability that we have cultivated as an organisation – one that considers economic, environmental and social impacts not as standalones but three pillars of the same vision.

This approach is reflected in our strong performance across recognised ESG indices and ratings, where we rank favourably within the context of the banking and financial services industry. During the previous assessment period, we achieved an improved score in the Morgan Stanley Capital International (“MSCI”) ESG rating assessment (with an “A” rating at 5.2, compared to the industry average of 5.1), ranked in the 86th percentile within the banking sector in the S&P Global Corporate Sustainability Assessment, and scored an ESG risk rating of 17.6 in the Sustainalytics ESG Risk Ratings (compared to the industry average of 24.4). Meanwhile, we were included in the FTSE4Good Bursa Malaysia Index for the seventh consecutive year and ranked in the top 30% among public listed companies in the FBM EMAS Index, a testament to our consistent efforts to improve our sustainability agenda and initiatives.

Ultimately, as a future-ready financial services player, we understand that our long-term business prospects are intricately tied to our ESG impact, and also that sustainability presents exciting new opportunities for our growth. Thus, we will continue to invest in holistic advancement – for ourselves and our customers, to the benefit of communities, people and the environment.

MALKIT SINGH MAAN

Chief Financial Officer & Chairman of the Sustainability Committee

SUSTAINABILITY & CLIMATE APPROACH

Our approach to sustainability is rooted in a deeply-held responsibility to act ethically and create long-term social and environmental value.

Guided by engagements with our stakeholders, we continually refine areas of focus under our five Sustainability Themes, channelling our efforts to areas where we can make the most meaningful contributions. This is underpinned by a robust sustainability governance structure that ensures strong oversight of our strategies and initiatives, in line with evolving expectations and trends.



Contributions to the UN SDGs

We are committed to contributing to the global sustainable development agenda. In line with this, we have aligned our Sustainability Themes, initiatives and programmes with the following United Nations Sustainable Development Goals (“UN SDGs”).



Material Sustainability Topics

Environmental Management

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

Socially Responsible Business

3. Good Governance & Ethical Business Conduct
4. Sound Risk Management & Compliance
5. Sustainable & Responsible Financing
6. Fair Treatment & Dealing of Customers
7. Sustainable Supply Chain

Community Investment

8. Supporting Social Enterprises & Communities
9. Financial Inclusion & Literacy

Digital at the Core

10. Digital Finance & Innovation
11. Customer Experience & Satisfaction
12. Privacy, Data Protection & Cybersecurity





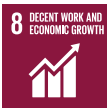
Workforce Readiness

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

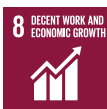



Contributions to the UN SDGs

UN SDGs	Targets	Aligned HLB Initiatives & Programmes
 <p>Goal 1: End poverty in all its forms everywhere</p>	<p>Target 1.4: 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> <p>Target 1.5: 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>	<ul style="list-style-type: none"> • Providing accessible financial services through our branches, SSTs and mobile deposit specialists • HLB Jumpstart - Micro Business <hr/> <ul style="list-style-type: none"> • Our flood relief assistance programmes, namely: <ul style="list-style-type: none"> – Program Peduli & Penyayang Asnaf, Warga Emas & Ibu Tunggal Pasca Banjir 2024 Kuala Krai, Kelantan: HLIBS x Persatuan Penduduk Gunung Stong – Flood Relief Aid (Temerloh): HLB x FINCO • Our payment relief assistance plan • Our efforts to map high flood risk areas across our operations
 <p>Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p>Target 2.3: 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>	<ul style="list-style-type: none"> • 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>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p>	<p>Target 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p>	<ul style="list-style-type: none"> • Our comprehensive employee benefits, which aim to foster employee satisfaction and support their overall well-being
 <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Target 4.4: 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> <p>Target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p> <p>Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</p>	<ul style="list-style-type: none"> • HLB DuitSmart • HLB@School <hr/> <ul style="list-style-type: none"> • Cashless Kampung <ul style="list-style-type: none"> – Program e-Duit Desa @ Bagan Nakhoda Omar • HLB@School • HLB Pocket Connect • HLB DuitSmart • Program Celik Muamalat • Jom Cakna: Program Daya Tahan Kewangan PPR • #JanganKenaScam Campaign




Contributions to the UN SDGs

UN SDGs	Targets	Aligned HLB Initiatives & Programmes
<p>(continued)</p>  <p>Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p>	<ul style="list-style-type: none"> • Our various sustainability-related training initiatives • Our Sustainability Month • HLB Jumpstart workshop for Primus Wellness and Refiller Mobile • HLB Sustainability Roundtables • ESG Readiness Programme
 <p>Goal 5: Achieve gender equality and empower all women and girls</p>	<p>Target 5.5: 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> <p>Target 5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p>	<ul style="list-style-type: none"> • Gender Diversity in Leadership • HLB Jumpstart's support for SURI and Asli.co, which provides financial opportunities to mothers from underprivileged and indigenous communities respectively
 <p>Goal 6: Ensure availability and sustainable management of water and sanitation for all</p>	<p>Target 6.4: By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<ul style="list-style-type: none"> • Our efforts to: <ul style="list-style-type: none"> – Monitor water consumption across Hong Leong Tower and PJ City Tower A – Collect more granular data across our business towards estimating our water consumption across all branches
 <p>Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<ul style="list-style-type: none"> • Our purchase of Renewable Energy Certificates ("RECs") • Our RE financing solutions, focusing on: <ul style="list-style-type: none"> – Solar – Hydro power – Bioenergy • Our green bonds for RE projects
 <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Target 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>Target 8.5: 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>	<ul style="list-style-type: none"> • The social enterprises we support through HLB Jumpstart • HLB Jumpstart - Micro Business • Our efforts to monitor and improve our gender pay ratio




Contributions to the UN SDGs

UN SDGs	Targets	Aligned HLB Initiatives & Programmes
<p>(continued)</p>  <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Target 8.6: By 2030, substantially reduce the proportion of youth not in employment, education or training</p>	<ul style="list-style-type: none"> • Our internship, graduate trainee and protégé programmes • The employment opportunities provided by our HLB Jumpstart programmes • Engagement activities with universities
	<p>Target 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<ul style="list-style-type: none"> • Our efforts to: <ul style="list-style-type: none"> – Uphold the right to freedom of association and collective bargaining – Strengthen occupational safety and health standards across our operations – Adhere strictly to labour laws in our markets of operations – Reject any form of discrimination, harassment or intimidation
	<p>Target 8.10: 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"> • Our various financial inclusion initiatives, namely: <ul style="list-style-type: none"> – Cashless Kampung – HLB@School – HLB Pocket Connect – HLB Jumpstart - Micro Business – HLB DuitSmart – HLB Talking ATMs
 <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<p>Target 9.3: 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"> • Our programmes to promote financing for SMEs
 <p>Goal 10: Reduce inequality within and among countries</p>	<p>Target 10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>	<ul style="list-style-type: none"> • Our focused recruitment strategy, which assesses candidates based on their abilities, potential for growth and affinity with our values • Our efforts to reject any form of discrimination, harassment or intimidation, guided by our Code of Conduct and Ethics
 <p>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>Target 11.1: 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"> • Our provision of funding for affordable properties
	<p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<ul style="list-style-type: none"> • Our efforts to increase the percentage of our waste that is recycled

Contributions to the UN SDGs

UN SDGs	Targets	Aligned HLB Initiatives & Programmes
 <p>Goal 12: Ensure sustainable consumption and production patterns</p>	<p>Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses</p>	<ul style="list-style-type: none"> • Our efforts to fight food waste with Kechara Soup Kitchen
	<p>Target 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> • Our paper recycling efforts at Hong Leong Tower and PJ City Tower A
	<p>Target 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<ul style="list-style-type: none"> • Our sustainability reporting • The impact of our BCB ESG Policy & Assessment Framework in encouraging sustainability amongst our customers • HLB Sustainability Roundtables • ESG Readiness Programme
	<p>Target 12.7: Promote public procurement practices that are sustainable, in accordance with national policies and priorities</p>	<ul style="list-style-type: none"> • Our Procurement Policy, which guides our vendors in enhancing their ESG risk mitigation and disclosures • Our prioritised support for local businesses and engagement of Malaysian vendors for various services
	<p>Target 12.8: 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"> • Our various sustainability-related training initiatives • Our Sustainability Month • HLB Sustainability Roundtables • ESG Readiness Programme
 <p>Goal 13: Take urgent action to combat climate change and its impacts</p>	<p>Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<ul style="list-style-type: none"> • Our structured approach to address and mitigate identified ESG risks, including climate-related physical and transition risks • Our identification and management of climate-related risks to ensure resilience in our operations • Our undertaking of scenario analysis to identify and prepare for potential climate-related impacts • Our capitalisation on climate-related opportunities to drive decarbonisation and business value
 <p>Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>Target 14.4: 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>	<ul style="list-style-type: none"> • BCB ESG Policy & Assessment Framework <ul style="list-style-type: none"> – HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing fishing activities that use drift nets or explosives

Contributions to the UN SDGs

UN SDGs	Targets	Aligned HLB Initiatives & Programmes
 <p>Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>Target 15.5: 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>	<ul style="list-style-type: none"> • BCB ESG Policy & Assessment Framework <ul style="list-style-type: none"> – HLB’s General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing activities resulting in significant conversion or degradation of any high biodiversity value areas¹
 <p>Goal 16: 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: 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>	<ul style="list-style-type: none"> • Our Anti-Money Laundering, Counter Financing of Terrorism and Targeted Financial Sanctions Policy • Our efforts to bolster our ecosystem’s resilience to financial crime
	<p>Target 16.5: Substantially reduce corruption and bribery in all their forms</p>	<ul style="list-style-type: none"> • Our efforts to curb bribery and corruption, encompassing: <ul style="list-style-type: none"> – Our Anti-Bribery & Corruption Policy – Anti-bribery and corruption risk assessments – Our anti-bribery and corruption compliance training – Our Whistleblowing Policy
	<p>Target 16.b: Promote and enforce non-discriminatory laws and policies for sustainable development</p>	<ul style="list-style-type: none"> • Our efforts to reject any form of discrimination, harassment or intimidation, guided by our Code of Conduct and Ethics
 <p>Goal 17: Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development</p>	<p>Target 17.17: 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"> • Our Customer Experience ("CX") Lab, where we engage with our customers and external partners to develop innovative solutions that improve the customer experience • HLB Sustainability Roundtables • ESG Readiness Programme • The various social enterprises we support under HLB Jumpstart • Our Jumpstart@65 community hub, which serves as a collaborative space to create innovative solutions

¹ Areas designated by law or relevant authorities for nature protection, unless business activities comply with national and/or state biodiversity legislation.



Materiality

Our sustainability material matters are determined by our materiality assessment, which is conducted every two years. This exercise has enabled a more informed decision-making process on sustainability, leveraging topics that are of shared importance to the Bank and our stakeholders to further our journey in depth and reach.

With our last materiality assessment having been conducted in FY2023, resulting in the identification of the material matters outlined below, we conducted a desktop materiality validation exercise in FY2024 to identify areas where business and stakeholder priorities may have shifted during the year. To carry out this exercise, we compared our existing material matters against other banks and financial services providers, while also researching new industry trends pertaining to sustainability.

The FY2024 validation exercise indicated that our existing material matters continue to be relevant to our business and the considerations of our stakeholders. As such, there are no changes to the list and mapping of our material matters within this year's report. During the past year, we also undertook a thorough assessment of the key issues identified during interviews and focus group exercises conducted in FY2023. This will facilitate the conducting of an improved materiality assessment in FY2025 that will fully capture evolving trends and issues in the sustainability landscape.

Our FY2024 Material Matters

Sustainability Themes	Sustainability Material Matter	Description
 Environmental Management	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).
	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).
 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.
	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).
	Sustainable & Responsible Financing	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.

Materiality

Sustainability Themes	Sustainability Material Matter	Description
 Socially Responsible Business	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.
 Community Investment	Supporting Social Enterprises & 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.
 Digital at the Core	Digital Finance & 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.
 Workforce Readiness	Talent Attraction, Development & 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 & 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).

Global ESG Indices & Assessments

We benchmark ourselves against the highest standards in sustainability, as reflected in our inclusion within leading indices and ratings. By continually striving to improve our performance, we seek to strengthen the trust of our investors and stakeholders in our ability to shape a sustainable future.



FTSE4Good

FTSE4Good Bursa Malaysia Index

- Included in the FTSE4Good Bursa Malaysia index for the seventh consecutive year
- Ranked in the top 30% by ESG ratings among public listed companies in the FBM EMAS Index, which is assessed by FTSE Russell
- Achieved a score of 3.9 out of 5.0, surpassing the banking sector average of 3.1

MSCI 

Morgan Stanley Capital International ("MSCI") ESG Rating

- Achieved an ESG rating of A with a score of 5.2 in the 2024 MSCI ESG rating assessment, rising from 5.0 in 2023 and surpassing the average industry score of 5.1

S&P Global

S&P Global Corporate Sustainability Assessment

- Scored 48 out of 100 as of 31 December 2023, which compares favourably to the banking industry average of 27
- Currently ranked in the 86th percentile within the banking sector

 SUSTAINALYTICS

Sustainalytics

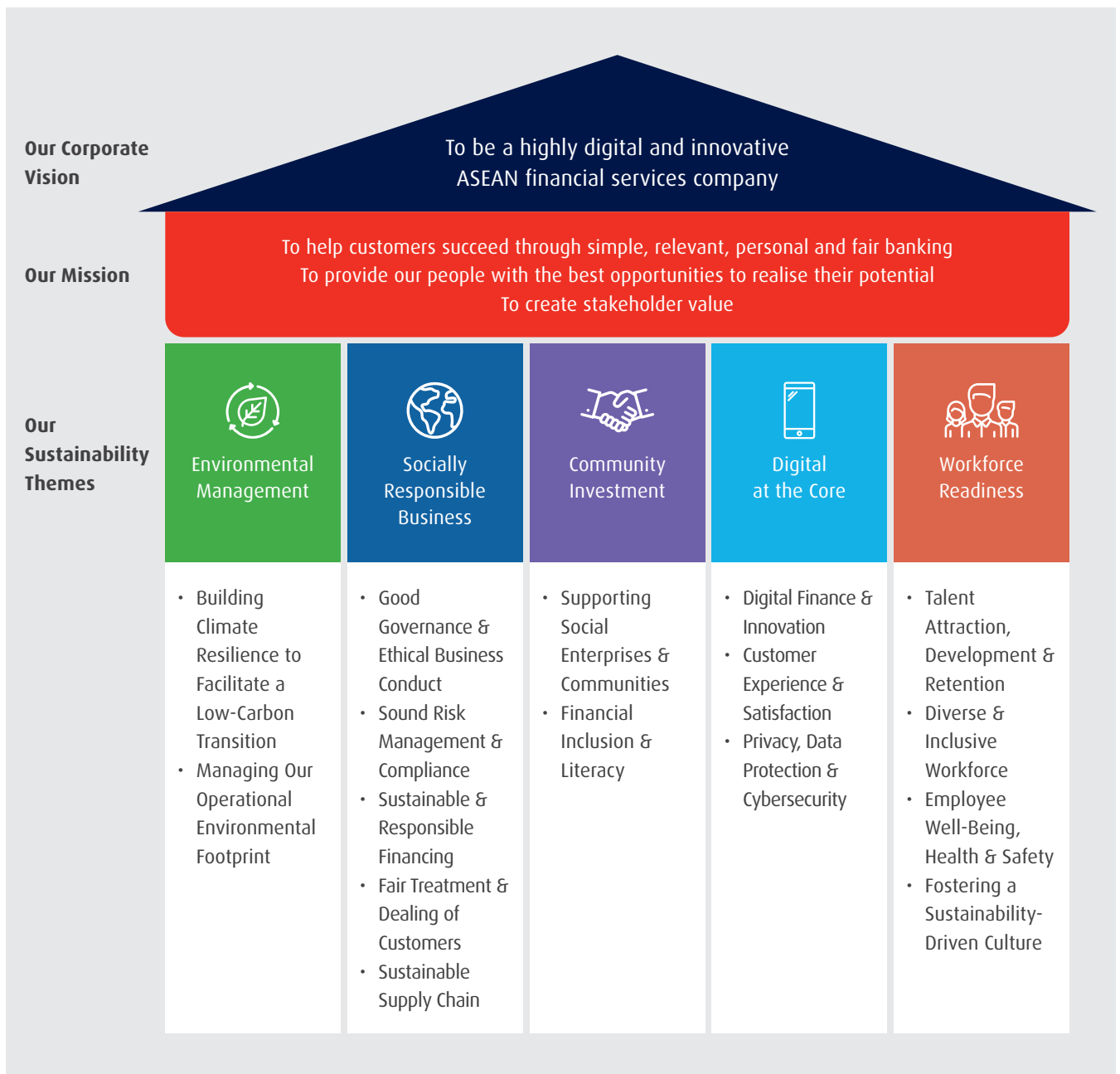
- Achieved a low-risk rating score with an ESG risk rating of 17.6 for 2024, an improvement compared to last year's rating of 18.6 and significantly lower than the year's industry average of 24.4

Note: For Sustainalytics, the lower the score, the better the performance.

Our Sustainability Framework

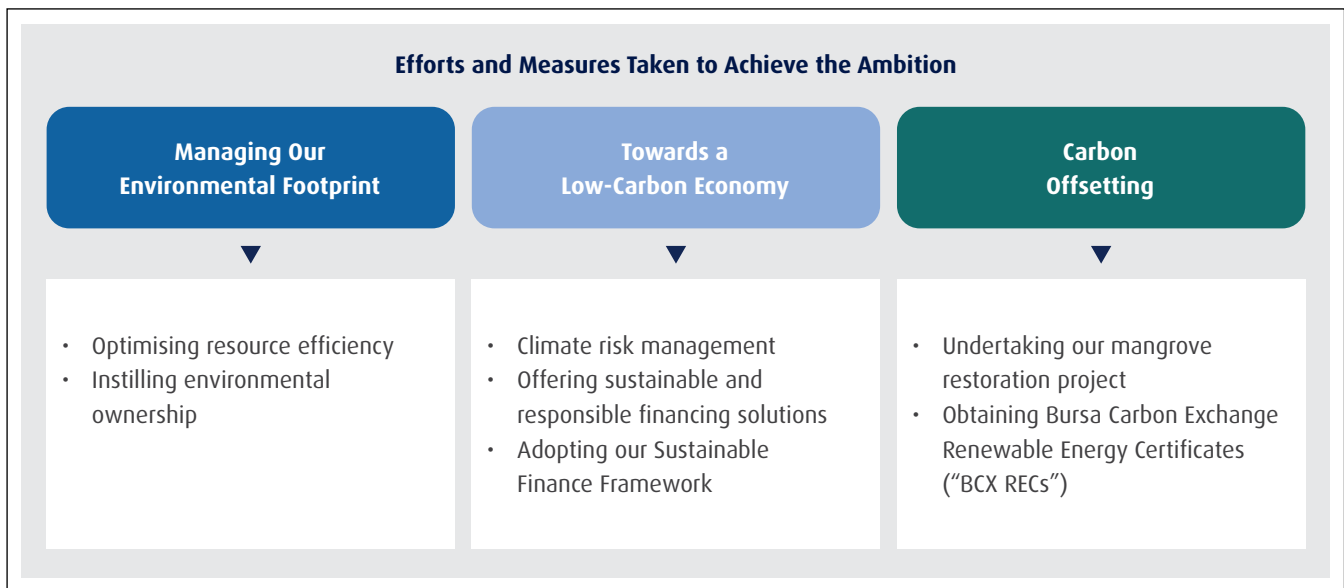
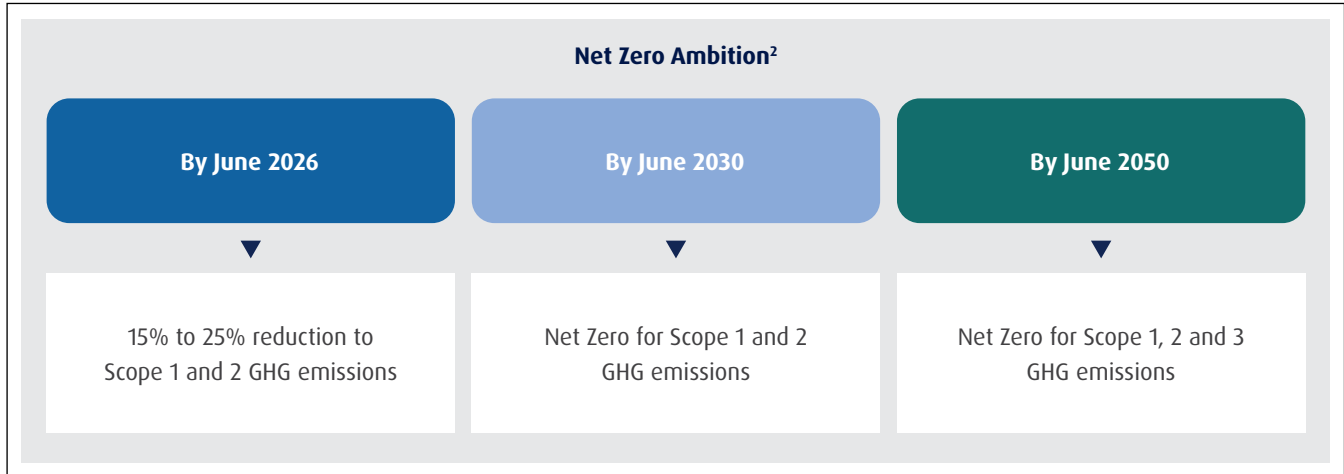
Aligning our material matters with our corporate mission and vision, our sustainability framework provides a common purpose and direction to our efforts across the ESG spectrum.

The framework is pillared on five Sustainability Themes, each of which represent an important aspect of what sustainability means at HLB. By channelling our efforts into these areas, supported by our Bank-wide focus on digital innovation, we are ideally placed to create lasting environmental, social and economic value, while simultaneously developing new avenues for business growth.



Our Net Zero Ambition

We have established clear targets to drive progress on our climate action journey. Through operational measures, carbon offsetting and innovative financing solutions, we aim to achieve Net Zero emissions across Scopes 1, 2 and 3 by June 2050.



² All ambitions are based on our FY2019 emissions baseline except for those relating to our Scope 3 financed emissions.

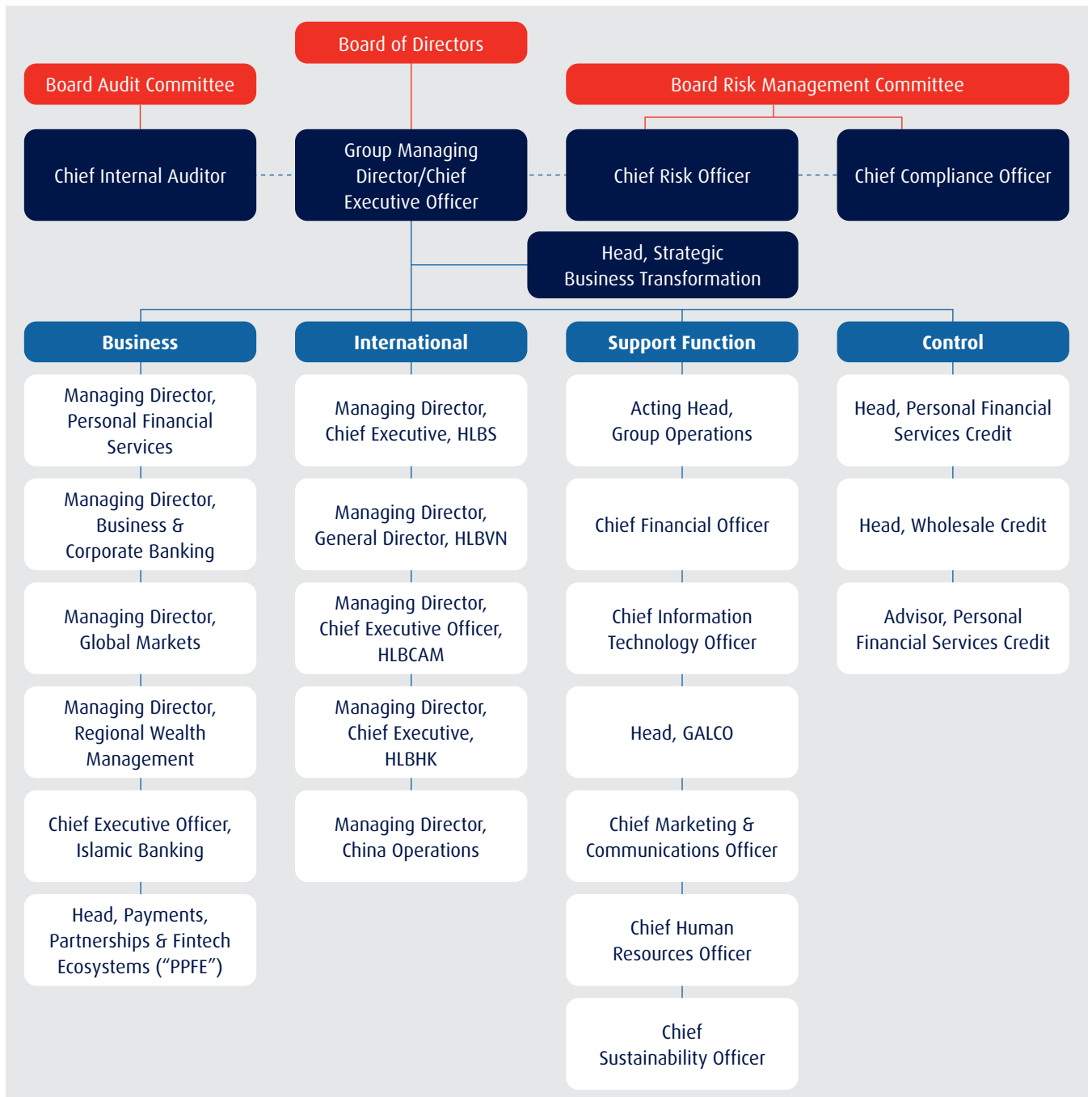
Our Sustainability Governance

Our sustainability efforts are underpinned by a robust governance structure that endows responsibility for sustainability across all levels and business divisions of the Bank.

Providing leadership from the top, our senior management diligently oversees compliance requirements across critical issues such as Anti-Bribery and Corruption (“ABC”), Anti-Money Laundering (“AML”) and whistleblowing, aiming to foster a culture of integrity within the Bank.

Concurrently, we strive to embed sustainability practices into our operational framework. This proactive approach ensures that ESG considerations are deeply rooted in our strategic decisions and day-to-day operations, promoting responsible business practices.

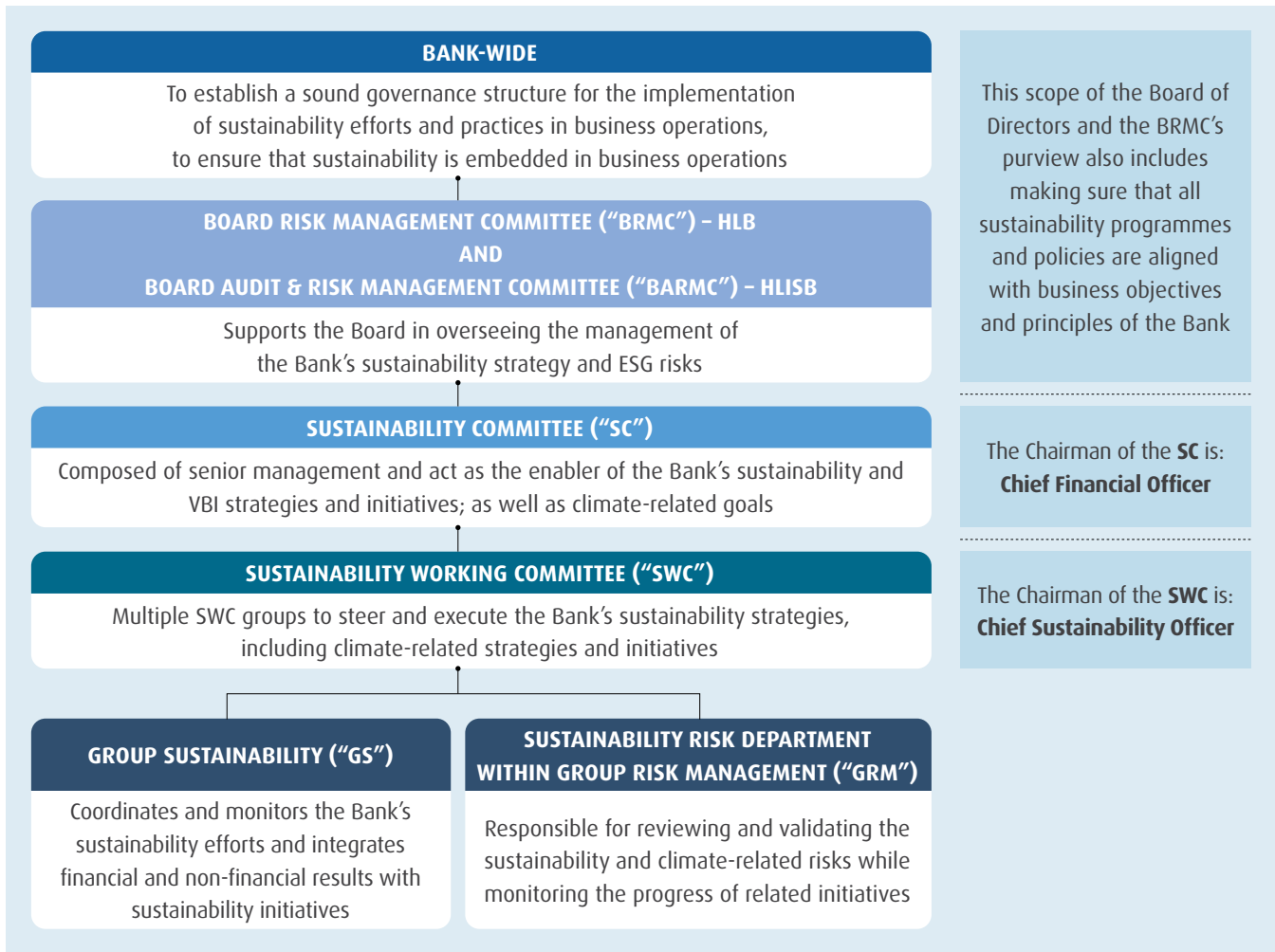
Our Corporate Governance Structure



Our Sustainability Governance

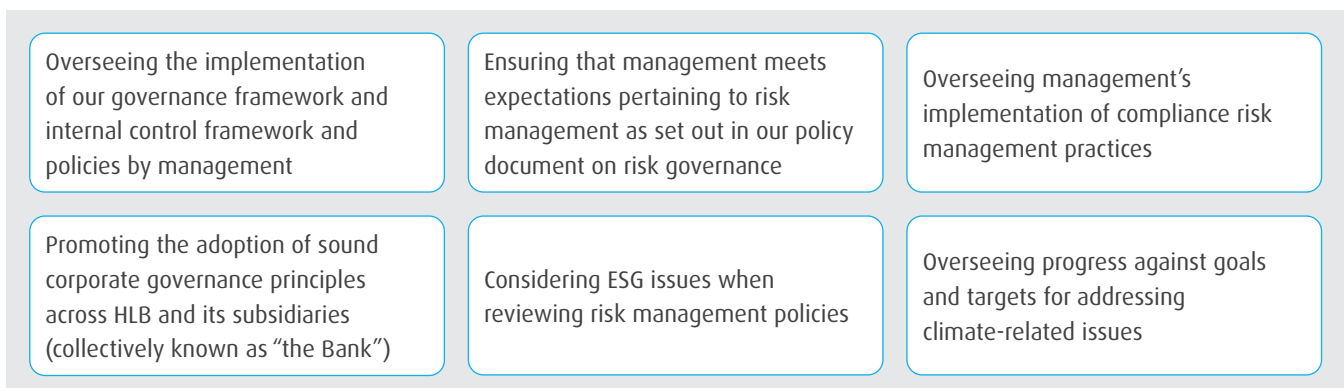
Our Sustainability Governance Structure

Sustainability governance at HLB is spearheaded by the Board, which is the highest governing body within the Bank and oversees the work of committees and departments that are responsible for developing strategies and managing risks across key issues, including climate action.



The Role of the Board Risk Management Committee

The BRMC is a key body within our sustainability governance structure and supports the Board in discharging the following responsibilities:

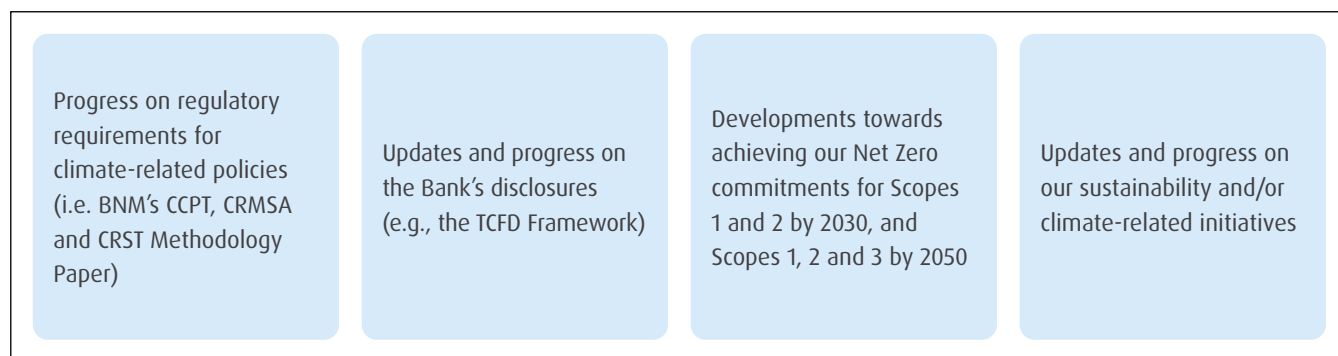


Our Sustainability Governance

The BRMC stays informed on current developments in sustainability and climate-related matters through regular updates, enabling them to monitor our progress against targets within these areas and oversee the implementation of our overarching sustainability strategy.

The committee holds at least eight meetings in a year, where they are regularly briefed on climate and ESG risks by our Chief Risk Officer (“CRO”). Furthermore, as of FY2024, our CSO has commenced the delivery of additional updates, which are specifically focused on sustainability matters, a minimum of three times per year.

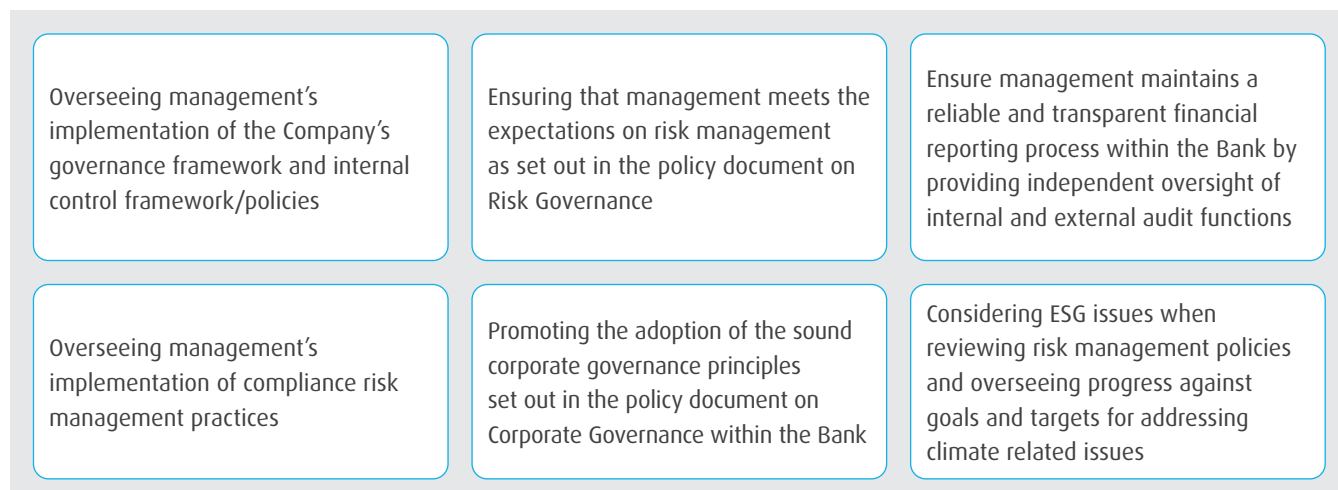
During their scheduled meetings, the committee engages in climate-related discussions which cover the following topics:



The BRMC is updated on the Bank’s sustainability and climate-related efforts through the minutes of the meetings of the SC, maintaining oversight of our initiatives and actions.

The Role of the Board Audit and Risk Management Committee

Similar to the BRMC, the BARMC is a key body within our sustainability governance framework. The BARMC supports the Board in discharging the following responsibilities:



The BARMC is updated on sustainability and climate-related matters through the minutes of the SC, as well as via reports on climate risk which are tabled directly to the committee.

Our Sustainability Governance

The Role of the Sustainability Committee

Supporting the work of the Board, our SC plays a critical role by overseeing our strategies and initiatives with regard to sustainability and value based intermediation ("VBI"), leading our sustainability reporting efforts and managing our ESG risks.

There are 13 permanent members of the SC, all of whom are senior management employees with sustainability-related goals/key result areas in their performance scorecards. Climate-related matters are regular agenda items in SC meetings and are comprehensively discussed across all business units and support units.

The key roles and responsibilities of the SC includes:

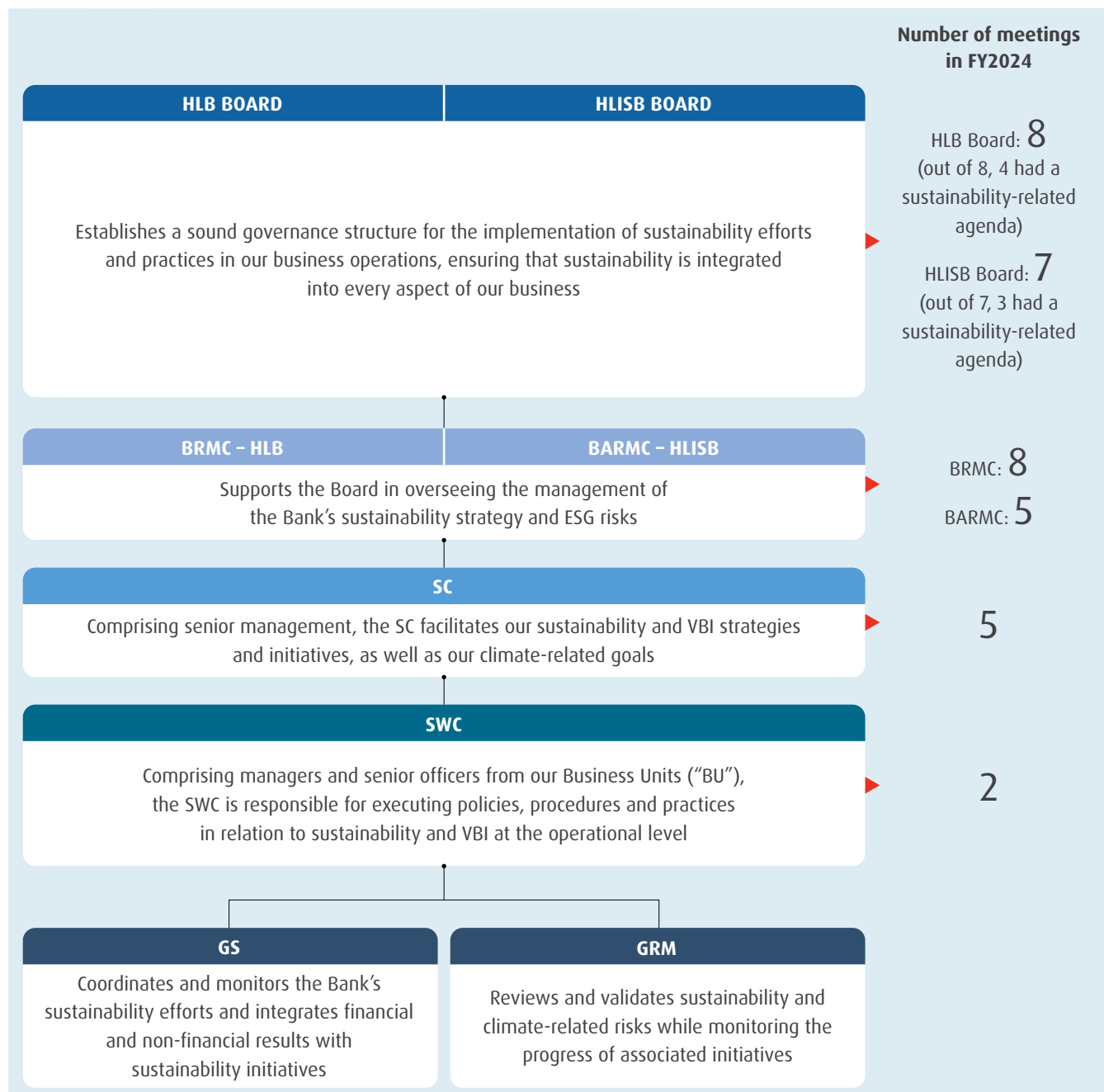
Providing regular progress updates to the Board on our sustainability achievements and implementation initiatives	Reviewing and making recommendations to the Board regarding our sustainability and VBI policies and enhancement programmes	Reviewing and making recommendations pertaining to the Sustainability Report of the Bank for BRMC/BARMC endorsement and Board approval before publication
Reviewing and making recommendations to the SWC on the implementation of sustainability and VBI-related projects, strategies and initiatives	Reviewing sustainability and VBI initiatives in the context of the management of sustainability risks such as environmental risk, climate risk, reputational risk in the banking book, operational risk and compliance risk, and of our risk management process	Reviewing the adequacy of sustainability, VBI and ESG-related policies and frameworks in identifying, implementing, measuring, monitoring and controlling the impact of our economic activities and operations
Reviewing and setting short, medium and long-term targets, and setting sustainability Key Performance Indicators ("KPI") for our sustainability and VBI initiatives	Reviewing periodic SWC reports on the progress of our sustainability and VBI initiatives as well as our risk appetite, portfolio composition, stress testing and sustainability management activities	Ensuring that we comply with all regulatory requirements issued by BNM, Securities Commission Malaysia and Bursa Malaysia on ESG and climate-related risk
Other sustainability functions as may be agreed by the Board		

In FY2024, the SC conducted five meetings, with agenda items including:

Updates on the implementation of sustainability initiatives and strategies	Updates on developments in the national, international and industry-level sustainability landscape	Efforts to enhance our collection and reporting of ESG-related data
Updates on our progress in meeting regulatory requirements as well as national and international sustainability reporting requirements such as BNM's CRMSA and CRST, Bursa Malaysia's Common Sustainability Matters, TCFD and more		Progress made in developing our Net Zero pathway

Our Sustainability Governance

Further details on the specific roles and responsibilities of each committee and department within our sustainability governance structure are provided below.



To support the effective governance of sustainability, we conduct ongoing capacity-building and knowledge-sharing exercises that empower key internal stakeholders at all levels of the organisation.

Further to this, we have aligned the remuneration of our Group Managing Director/Chief Executive Officer and selected senior management to the achievement of sustainability and climate-related targets, whereby the weightage is tied to a percentage ranging from 5% - 49% depending on the personnel’s specific portfolios. Meanwhile, the Key Result Areas of the SC, SWC and selected employees are linked to sustainability and climate-related performance targets.

Our Sustainability Governance

Board Skills Matrix

Our Board members bring a diverse range of skills and areas of expertise to the table, empowering balanced and effective strategic development from the top. The table below highlights the key skills and expertise of the Boards of HLB and HLISB.

Skills & Experience	Number of Directors
Banking/Financial Services <ul style="list-style-type: none"> Has experience outside HLB in the banking or financial services industry 	9
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 Has attended cybersecurity, technology and data application-related courses 	10
Leadership <ul style="list-style-type: none"> Has held a CEO/senior management position in a listed company, large/complex organisation or government body 	12
Corporate Governance, Risk Management/Compliance and/or Sustainability <ul style="list-style-type: none"> Possesses experience in areas including, but not limited to, designing and applying corporate governance, risk management, compliance and/or sustainability frameworks and related practices Has experience as a Director/Executive of a listed company, large/complex organisation or government body 	12
Financial Acumen <ul style="list-style-type: none"> Possesses good understanding of financial statements of large corporations and businesses, including the ability to assess financial-related risk controls 	11
International Business Experience	10

Sustainability-related Training & Learning

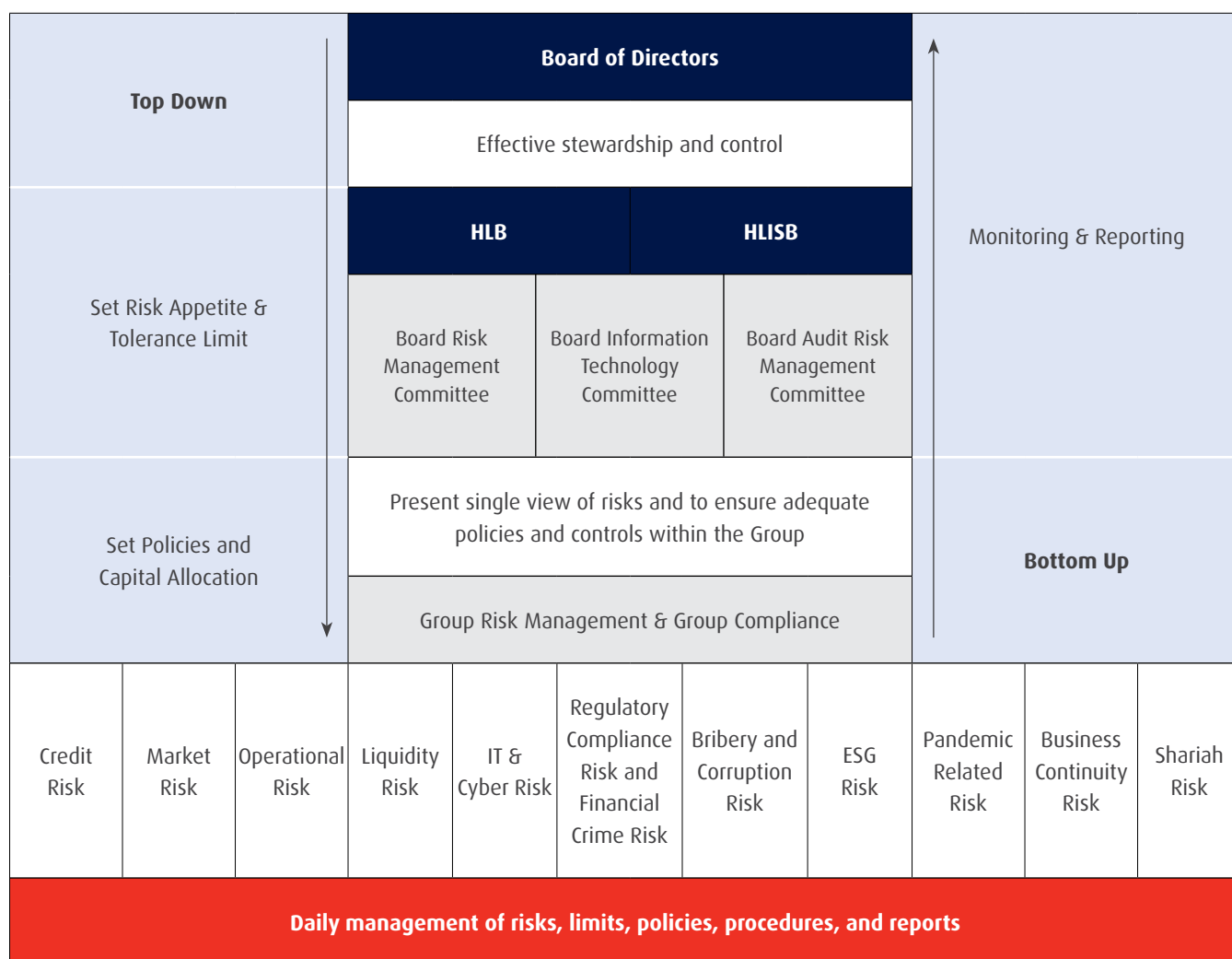
We avail our Board and senior management of comprehensive training to build their capacity on sustainability issues, including climate-related matters. The training programmes attended by our directors in FY2024 aimed to upskill them in several key areas including the identification of climate risks and opportunities, best practices in climate governance and evolving sustainability reporting standards, amongst others. Furthermore, six of our directors attended Bursa Malaysia's compulsory Mandatory Accreditation Programme ("MAP") Part II, which was introduced in 2023 to uplift standards in sustainability awareness amongst directors of public-listed companies in Malaysia.

Sound Risk Management & Compliance

We have implemented a robust risk management structure that balances ESG risk mitigation with growth, thus ensuring our expansion supports long-term business viability and value creation while safeguarding environmental and social well-being.

Integrating Sustainability Holistically

We recognise that our business engagements with organisations and individuals have both direct and indirect ESG impacts. As a result, the management of ESG risks is a significant focus area for the Bank and is carried out in a holistic way, as highlighted in our Enterprise View and Management of Risks diagram.



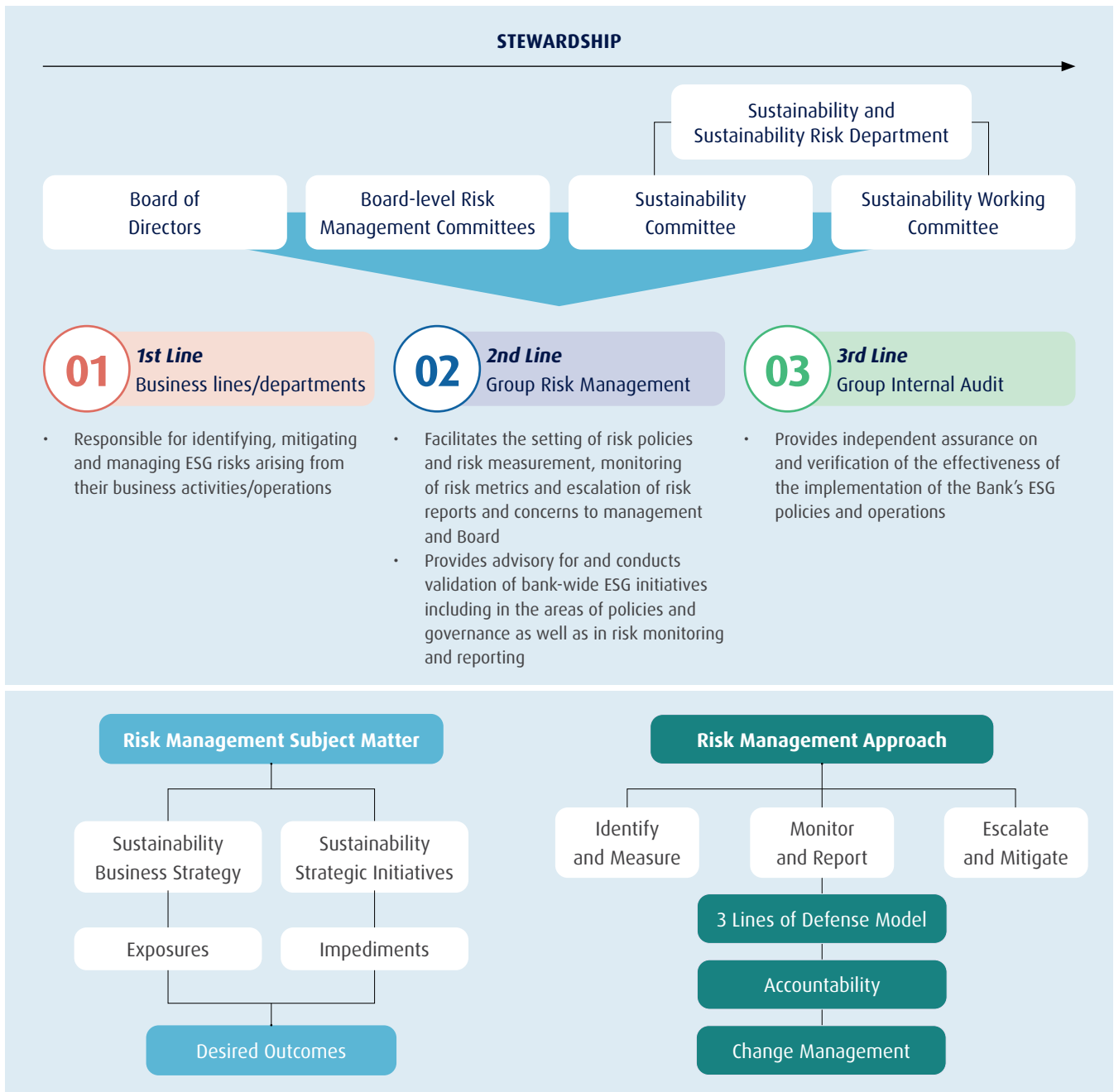
Our Sustainability Risk Governance Framework and risk management strategies support this approach by comprehensively integrating sustainability and ESG risks into our operations. This framework is a crucial component of our approach to sustainability, providing a systematic and structured method to advance our sustainability efforts.

Sound Risk Management & Compliance

Facilitating Robust ESG Risk Management

We adopt a structured risk management approach to address and mitigate identified ESG risks, including climate-related physical and transition risks. Leveraging the Three Lines of Defense (“3LOD”) model, we manage exposures and challenges that could impact our corporate objectives, simultaneously ensuring that mitigation outcomes align with our Sustainability Themes.

This process is coordinated and monitored by our Sustainability and Sustainability Risk departments, with management providing periodic reports to the BRMC on execution status and results.



In support of effective ESG risk management, we continued to develop our Sustainability Risk Monitoring Reports in FY2024, through which we comprehensively track our ESG initiatives and their implementation. The insights gleaned from these reports are leveraged to facilitate discussions on potential improvements at SC and BRMC meetings.

ENVIRONMENTAL MANAGEMENT

As a leading financial services company, we have an important role to play in the region's collective transition to a low-carbon, low-environmental-impact economy.

By optimising resource efficiency across our assets and instilling a culture of environmental ownership within our workforce, we are reducing our environmental footprint and making progress against our Net Zero by 2050 goal. In parallel, we empower our customers to undertake their own sustainable transitions through purpose-fit, green financing solutions, supporting decarbonisation at the corporate and SME levels.

These initiatives are steered, above all, by a systematic approach that considers key risks and opportunities arising from environmental and climate-related issues, informing the development of relevant targets and the creation of comprehensive strategies to drive improvement over the long term.



Building Climate Resilience To Facilitate A Low-Carbon Transition

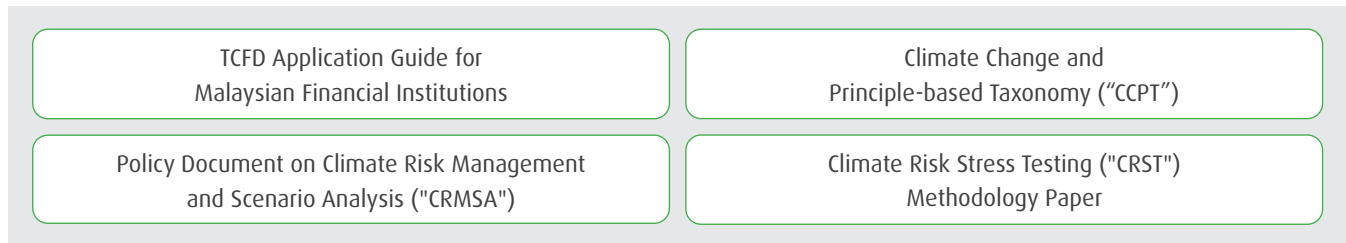
ADDRESSING CLIMATE CHANGE

WHY IT MATTERS

As a financial institution, we can make a substantial contribution in the transition to a low-carbon economy, both through our own emissions reduction and via the projects and corporate customers to which we provide funding. However, the interconnected nature of our business also presents significant climate-related risks – physical, transitional and liability-related – which we must consider and address thoroughly in order to minimise negative impacts on our business and stakeholders.

OUR APPROACH

Our approach to building climate resilience is driven by detailed analysis of our climate-related risks and opportunities, in line with the TCFD framework. Specifically, we are guided by BNM's:

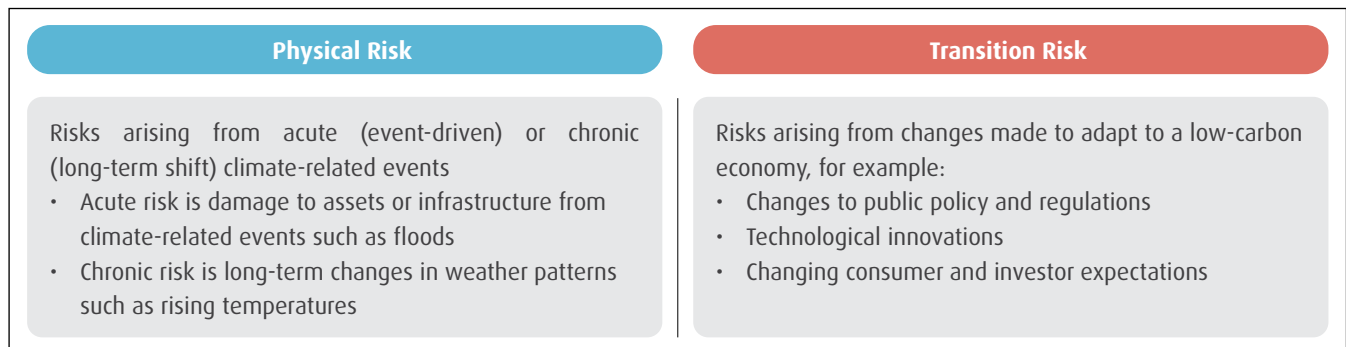


The CRMSA, adhering to which we submitted gaps and implementation strategies to BNM in May 2023, requires Malaysian financial institutions to make annual climate-related disclosures that are aligned to the TCFD Application Guide. The TCFD includes recommendations across the four thematic areas of Governance, Strategy, Risk Management and Metrics & Targets, which form the basis for our reporting on climate-related risks and opportunities within this report.

Identifying & Managing Our Climate-related Risks

The Bank is cognisant that it is crucial to address the identification and mapping of climate-related risks that would have adverse effects to our business. We strive to improve our risk management strategies to minimise or prevent risk impacts resulting from climate-related events.

We broadly categorise climate-related risks into physical and transition risks, each of which we monitor over the short, medium and long-term time horizons.





Additionally, the Bank is aware of the potential impacts of physical and transition risk drivers which vary across industry, geographical location, business operations and other factors. Physical and transition risks bring potential financial and non-financial concerns for our business operations and customers, in turn impacting our financial and non-financial risks (i.e. credit, liquidity, operational and others).

Building Climate Resilience To Facilitate A Low-Carbon Transition

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
 Physical Risk	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 and 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 do not meet investors and customers' expectations 	<p>ST</p> <p>MT</p> <p>LT</p>
	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 risk events, which may result in both financial and non-financial losses, and affect our ability to maintain investor and consumer confidence 	<p>MT</p> <p>LT</p>
 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 increasing the 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 to meet compliance requirements and to meet regulatory standards Increased costs due to penalties from damaging acts 	<p>ST</p> <p>MT</p> <p>LT</p>

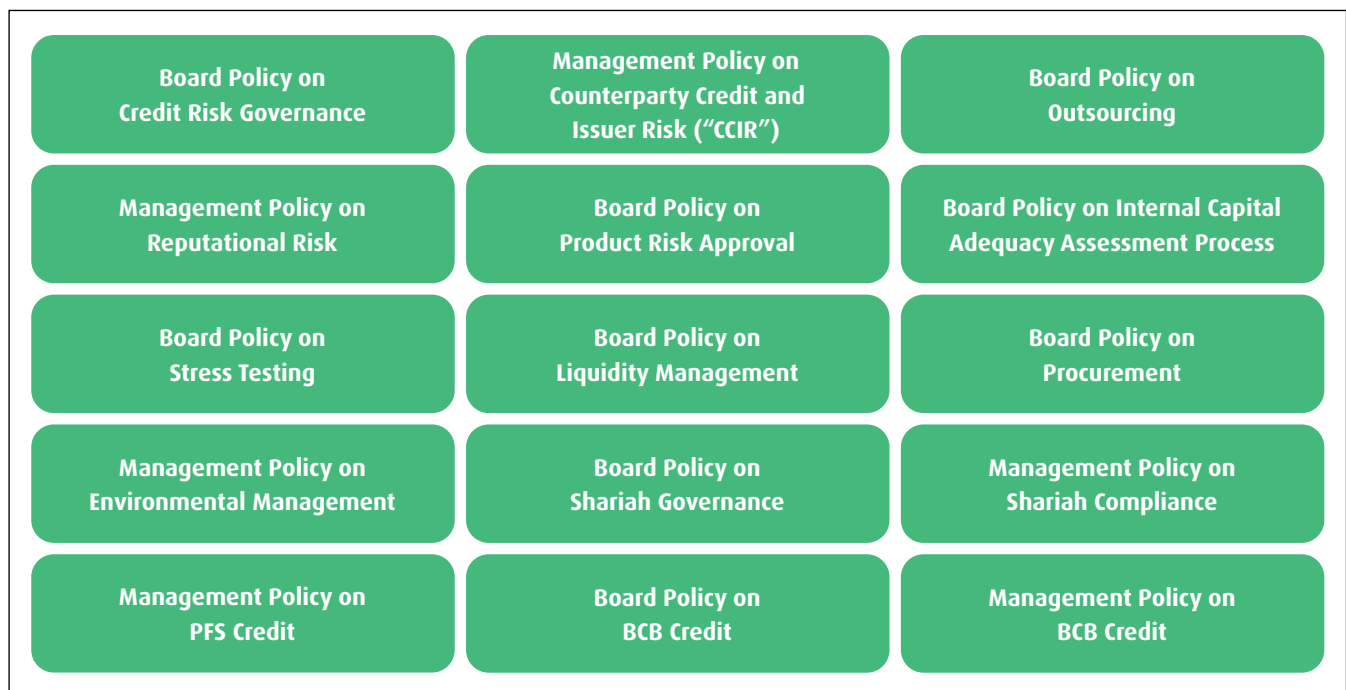
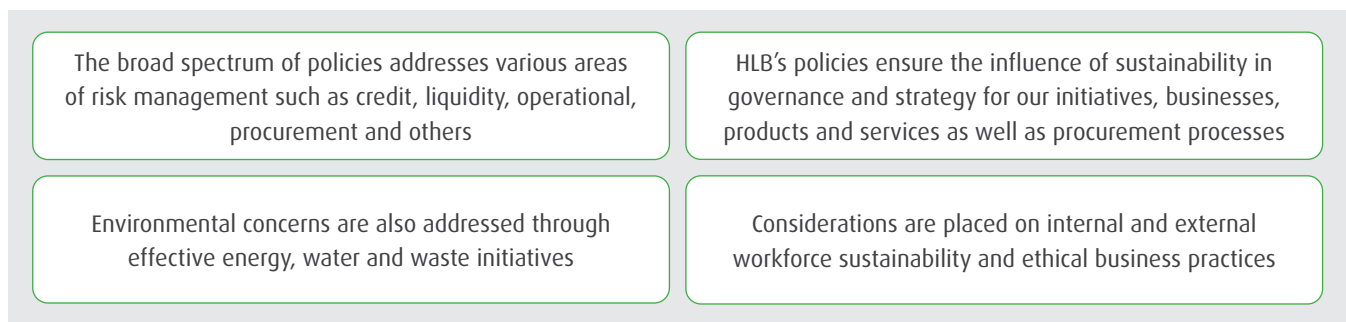
Building Climate Resilience To Facilitate A Low-Carbon Transition

These risks are managed through our 3LOD model, which defines clear lines of accountability across all areas of the Bank to drive risk ownership and more effective protection against negative impacts.



The model and the responsibilities of key departments therein are defined in detail on page 34.

This model is strengthened by our wide range of Bank-wide operational policies within which we have embedded ESG and climate-related considerations. These policies, shown below, address a wide range of focus areas including BCB credit, liquidity, internal capital adequacy, stress testing and procurement, thus ensuring that sustainability as well as climate-related matters are integrated into our overall risk management process. Further to this, our regional offices align their local policies to our headquarters' policies.

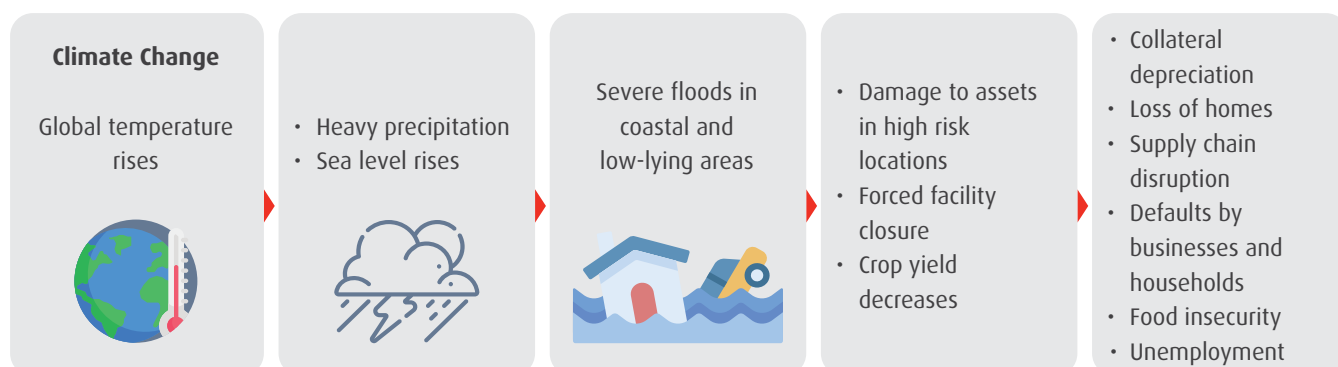


Undertaking Scenario Analysis

The use of scenario analysis helps us make strategic decisions that take into account the complexity and uncertainty of climate change, thereby enhancing the resilience and flexibility of our strategies.

To date, there have been numerous regulator guidelines and policies that encourage organisations to embed climate-related impacts into their scenario analysis exercises. In line with this, our scenario analysis considers the potential impacts arising from climate change of various quantum increases in average global temperature and their consequent impact on our loan and financing portfolios. To illustrate this, a rise in global temperature could profoundly affect environmental conditions, leading to extreme weather events that would increase obligor risk, equating to negative financial impact.

Building Climate Resilience To Facilitate A Low-Carbon Transition



To mitigate this risk under simulated stresses, we have formulated ESG frameworks or policies from both business and operational perspectives. Furthermore, we have adapted our stress testing exercise to map the impact of specific climate scenarios to key high-risk economic sectors, taking into the account the unique nature of each sector. This is an important consideration as the effects of climate change, such as rises in sea levels, the likelihood of severe flooding in coastal or low-lying areas, the risk of damage to crops, homes and business, and also transitional risks such as the ability to adapt to regulatory changes, may disproportionately affect certain industries and types of companies. Currently, we are in the initial stage of collecting data to determine the respective physical and transition risks relevant to each sector.

In addition to this, we have since FY2022 conducted a scenario analysis exercise by which the risks emanating from HLB's Identified Inherently High Risk Sectors are assessed using the Herfindahl-Hirschman Index ("HHI"), a measurement to quantify ESG concentration risk. This calculation takes into account customers that are active and performing – assessed as being High E&S Risk.

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

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

A lower concentration level was derived at 2% for both HLB and HLISB. This means that an additional 2% would be applied to the economic capital charged to a corporate customer assessed to be in a "Very Low" concentration level sector. Meanwhile, a customer in a "High" concentration level sector would see their charge increase by 8%.

Following this premise, we have assessed our BCB customers internally classified as "High E&S Risk" and applied relevant stress test parameters and assumptions to account for the respective Additional Provisions under our regulatory stress testing exercises. Furthermore, we consider ESG stress on bonds held in GM portfolios with high ESG risk investment (i.e. where the bond issuer is classified as "High E&S Risk").

Meanwhile, in a progressive stride, we have enhanced our Internal Capital Adequacy Assessment Process ("ICAAP") and Stress Test exercise with strategic ESG and climate-related scenario pathways and risk assessments. We have also included an ESG component within our Internal Capital Threshold settings as a further guard against climate-related risks.

Undertaking Scenario Analysis by Severity of Climate Change Impacts

Climate-related events and their risks may bring about significant ambiguity in relation to their timing, frequency or severity. Furthermore, in recent times weather patterns have shifted and disrupted businesses, making forward-looking assessment approaches essential.

Within this context, scenario analysis is a critical tool to assess the potential impacts of climate change on economies, financial systems and, most importantly, our business.

Building Climate Resilience To Facilitate A Low-Carbon Transition

Long-term Adverse Climate Scenarios

Taking our risk analysis efforts further, we have enhanced our stress testing exercise to incorporate the long-term adverse climate scenarios published by the Network for Greening the Financial System (“NGFS”), in line with guidance from the CRMSA policy document and the Methodology Paper on the 2024 CRST exercise.




These NGFS scenarios reflect the potential different pathways on physical and transition risk that could evolve in Malaysia until 2050. The three climate scenarios are the following:

Climate Scenarios	Policy Ambition	Policy Reaction	Technology Change
Net Zero 2050 (Orderly Scenario) <ul style="list-style-type: none"> Immediate implementation of clean energy technological innovation and strict climate policies to rapidly curb GHG emissions Market reforms consisting of carbon pricing and fossil fuel subsidy removal implemented in a more sustainable manner 	Limit at 1.5°C	Immediate and smooth	Fast change
Divergent Net Zero (Disorderly Scenario) <ul style="list-style-type: none"> Explores diverging paths to carbon neutrality (e.g. disorganised implementation of climate policies across industries) Disorderly manner of policy implementation resulting in higher disruption to business operations and profitability Different nations embrace different solutions to effectively meet their net zero targets while others encounter obstacles and struggle to progress 	Limit at 1.5°C	Immediate but divergent	Fast change
Nationally Determined Contributions (Hot House World Scenario) <ul style="list-style-type: none"> Pledged targets under the Paris Agreement are achieved, even if not currently supported by effective implemented policies The limited policy actions taken are insufficient and will lead to an approximate 2.6 degrees Celsius (°C) increase in temperature Lower gross domestic product (“GDP”) and reduced consumption in the medium to long term horizon due to large funding to minimise the aftermath effect of physical risks 	Approx. 2.5°C	NDCs	Slow change

Short-term Acute Physical Risk

Businesses are increasingly vulnerable to the effects of climate change due to physical risks. Specifically, in the context of Malaysia, climate-related floods may lead to substantial macroeconomic consequences.

As with our long-term adverse climate scenarios detailed above, our approach to acute physical risks is aligned with the CRMSA policy document and the methodology paper on the 2024 CRST exercise. Further to this, we have conducted our pilot assessment on acute physical risk, guided by the Managing Flood Risks report by the World Bank Group and BNM.

Acute Physical Risk <ul style="list-style-type: none"> 1-in-100 year flood event (flood depth between 15 cm to 7 metres) occurring yearly from 2025 to 2027, resulting in widespread floods across 14 states Longer flood period resulting in total output loss of 23% (as per study conducted by BNM and World Bank) due to severe national supply chain disruption from longer flood period Frequent flooding also results in business resources being tied up in recovery efforts 	 Approx. 4.2 degrees Celsius
	 Business as usual
	 Slow change

Building Climate Resilience To Facilitate A Low-Carbon Transition

Exposure to Flood Risk on Operations

In seeking to address climate-related risks, we have made great strides in understanding the potential impact of floods on our operations. In this, we have started our journey in flood adaptation and mitigation by undertaking a preliminary flood risk assessment exercise, which has enabled us to identify our exposure to flood risks across our operations and assets.

The first major step in this exercise was to geotag all our operational assets and real estate collaterals based on our June 2023 position. The geotagging format chosen for this exercise was the pin mapping method, which is the process of assigning map coordinates (based on latitude and longitude) to the addresses of our operational assets and real estate collaterals. More than 330,000 unique addresses had to undergo a data cleansing process before being geotagged with a Geographic Information System ("GIS") software, with the software pinning the coordinates of the addresses by matching the attributes of each address (i.e. street name, city and postal code) to the map layer. For addresses that could not be automatically tagged using the GIS software, we verified and cross-referenced the addresses using other databases such as state land department maps. To ensure the accuracy of the geotagging process, the geotagged addresses underwent several validation processes before being included in the flood risk assessment.

After the geotagging process, we undertook the development of a flood risk map designed to be superimposed on our operational assets and collateral locations, using data from the Department of Irrigation and Drainage ("DID").

In Malaysia, the DID is the main agency for flood management. It was first established in 1932 and was assigned as the agency responsible for flood mitigation and hydrology in 1971 after the severe flood events of 1970/71 in Malaysia. Over the years, its duty has expanded to river basin and coastal zone management, water resource management and hydrology, flood management, eco-friendly drainage and special government projects. As a result, they have amassed an extensive and highly accurate localised database which was imperative for us to use when developing our flood map. As the flood maps were not made publicly available during this exercise, we had to engage DID directly to integrate their map within our flood risk assessment portal.

The flood maps from DID were derived from historical flood events and potential largest rainfall estimations. We also engaged a local environmental consulting firm with expertise in hydrological and environmental risk impact assessments to jointly extrapolate the flood risk map to incorporate forward-looking hydrological data, thereby modelling a 1-in-100-year or Centennial Flood Scenario. The derived map was then incorporated with updated land use information to accurately represent the inundation of such a flood. With this information, we were able to undertake an accurate flood risk assessment on our operational branches and strategic buildings.

Below are sample screenshots of our flood risk maps:

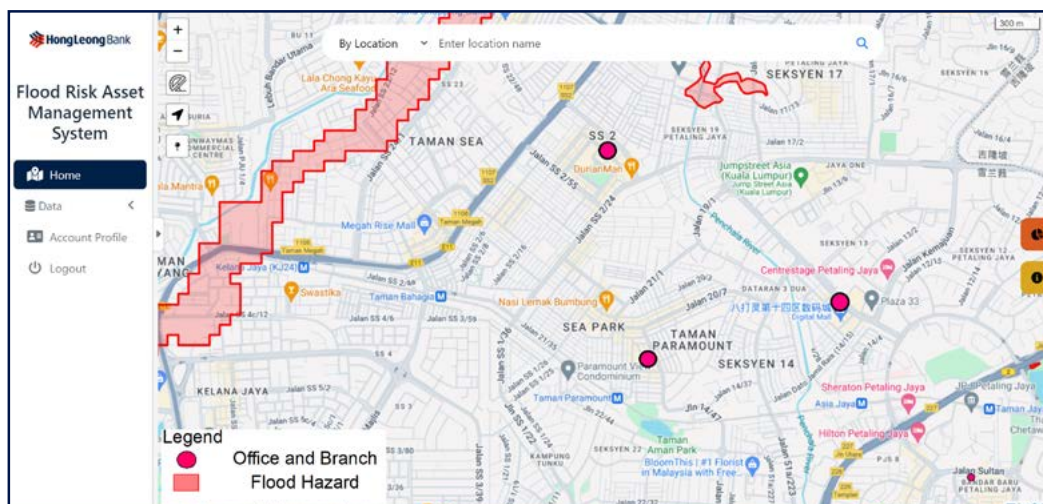


Figure 1: The Centennial flood risk assessment map with asset markers for Petaling Jaya

Building Climate Resilience To Facilitate A Low-Carbon Transition

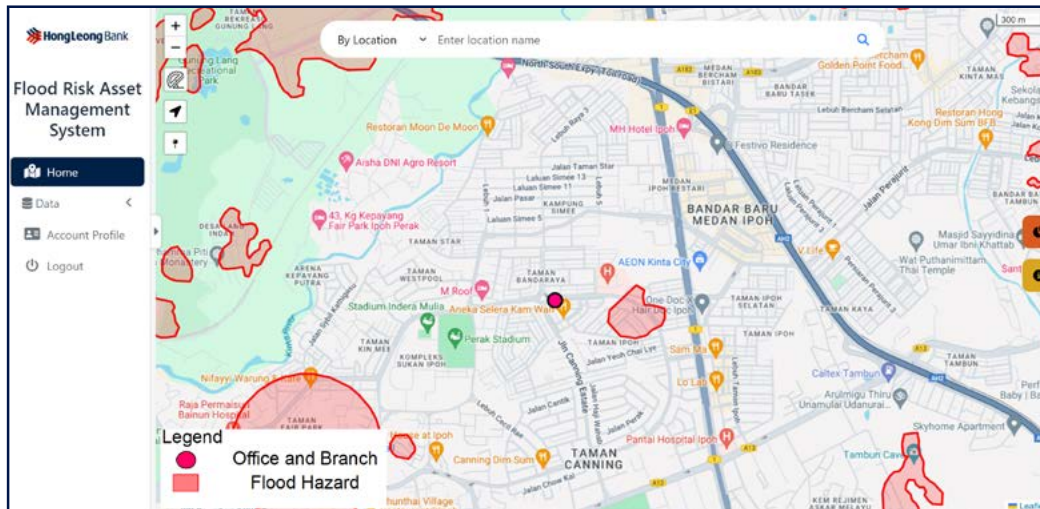


Figure 2: The Centennial flood risk assessment map with asset markers for Ipoh

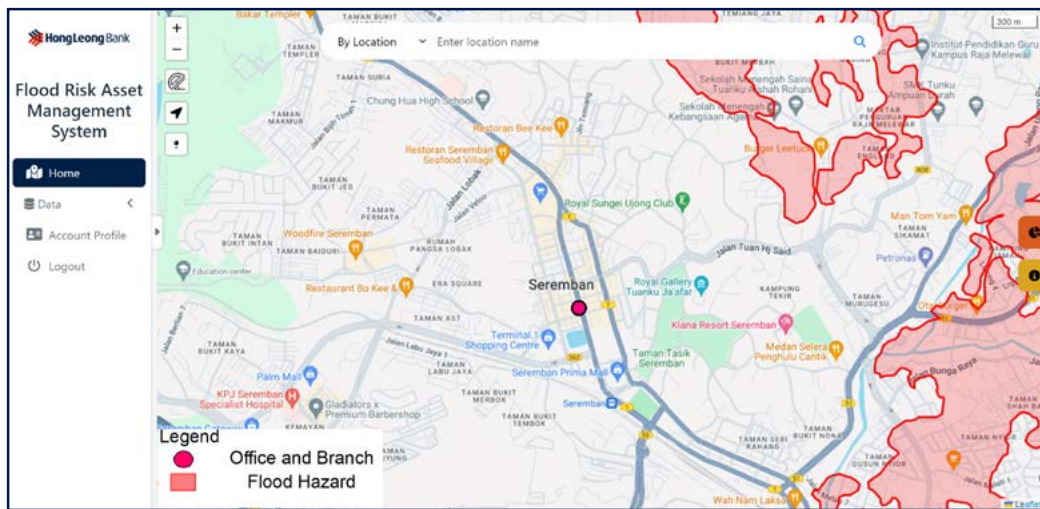


Figure 3: The Centennial flood risk assessment map with asset markers for Seremban

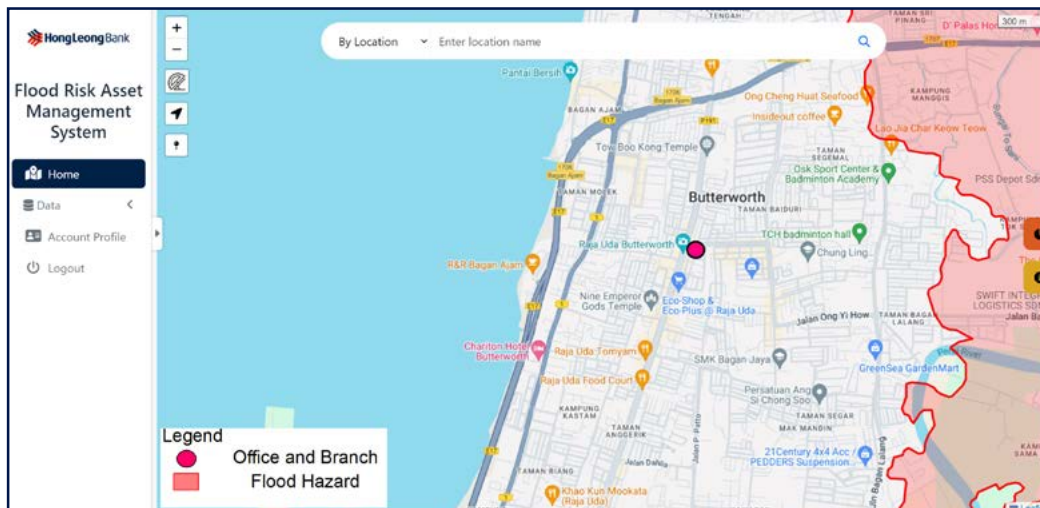


Figure 4: The Centennial flood risk assessment map with asset markers for Butterworth

Building Climate Resilience To Facilitate A Low-Carbon Transition

In addition to this, we also conducted coastal flooding risk assessments against our operations, cognisant of the risk posed by coastal flooding from a rise in sea level due to global warming to our operations. Unlike centennial flooding, the potential damage from coastal flooding can be irreversible, presenting unique challenges that require specific mitigation strategies. This can act as a causal event which may lead to lands lost due to the expansion of coastal shorelines.

The National Water Research Institute of Malaysia (“NAHRIM”), which is the leading public authority in the research of climate change impact on oceanography in Malaysia, has published two National Coastal Risk Maps under Representative Concentration Pathway (“RCP”) 4.5 and 8.5. Our coastal flooding risk assessment was carried out using the RCP 8.5 coastal flooding in the year 2100 map since it is the scenario with the most severe climate change impact. RCP 8.5 assumes that current emissions will continue to grow at a rate consistent with a high emissions future without effective climate change mitigation policies. This scenario thus assumes that the global temperature increase will exceed 4°C by 2100 relative to pre-industrial temperature.

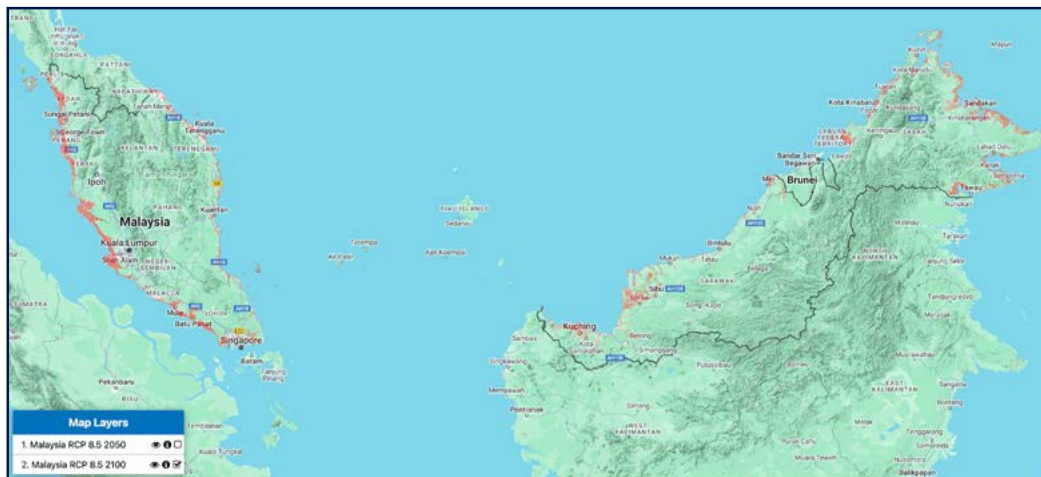


Figure 5: The Coastal Flooding Risk Map under RCP 8.5 in the year 2100 by NAHRIM

Climate Risk Stress Testing

Climate scenario analysis and stress testing is an important tool as it can provide a good understanding of our capital management in different climate scenarios, supporting our efforts to transition to a low-carbon economy and ensure strong resiliency against climate-related impacts.

Moving forward, to ensure we align with the standards within BNM’s CRST Methodology Paper released in February 2024, we will further enhance our assessments above for (Part 1) long-term adverse climate scenarios, with appropriate macroeconomic variables and parameters, and (Part 2) the short-term physical risk scenario with a 1-in-200-year flood event. For Part 1 of the exercise, we are required to assess the impact of our clients on the environment and how it affects their ability to service their financial obligations. Part 2, on the other hand, requires us to expand on our current flood risk exercise to include risk score levels for locations identified as being at risk and quantify the potential impact on our business exposures of a 1-in-200-year flood. We are required to submit our stress test impact assessment based on these exercises to BNM by June 2025, and its analysis and insights will enable us to make more strategic decisions regarding our approach to climate-related impacts, thus enhancing our resilience as a business.

Building Climate Resilience To Facilitate A Low-Carbon Transition


Capitalising on Climate-related Opportunities

In addition to becoming more attuned to our climate-related risks, we have also uncovered various opportunities in the low-carbon economy which balance our climate commitments and business objectives.

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

By aligning our investments with environmentally friendly projects and initiatives in renewable energy, clean technologies, green infrastructure and electric vehicles, we are building our capabilities and presence in growth sectors brought about by the global decarbonisation drive and helping our customers achieve their climate action ambitions – a win-win outcome.

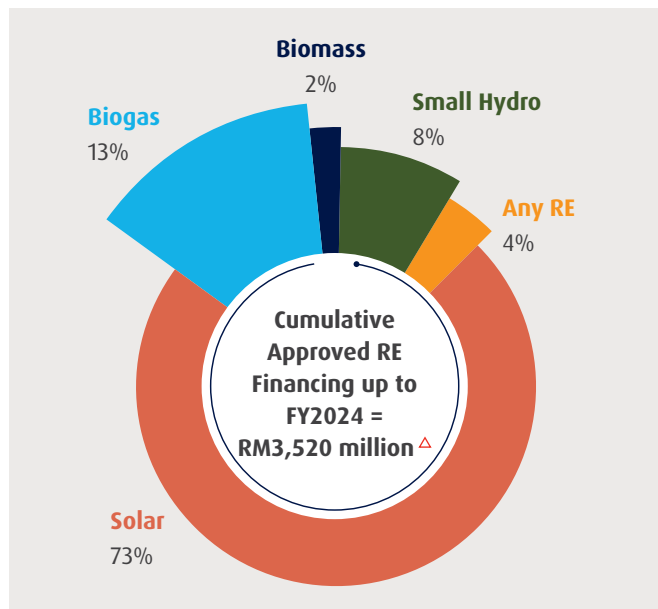
At the same time, we are decarbonising our own operations by adopting resource efficient technologies and lower-emission energy sources, with our efforts in this area bringing us closer to achieving our short, medium and long-term emissions reduction goals.

 For more information, please refer to the “Managing Our Operational Environmental Footprint” section of this Sustainability Report, on page 48.

Supporting RE Uptake

Our RE financing solutions support businesses of all sizes to make the transition to cleaner sources of energy including solar, hydro power and bioenergy.

Our solutions have made a strong impact within a growing market: since setting a 5-year target to achieve RM500 million in renewable energy financing when commencing our journey in the sector in 2019, we have revised our goals upwards on several occasions and, as of end-FY2024, have approved more than RM3.5 billion in RE financing, contributing strongly to our customers’ decarbonisation journeys and the Malaysian government’s goal of achieving 31% RE share in the national installed capacity mix by 2025. They also earned us the Runner Up Special Award for Renewable Energy Financing by Domestic Bank at the National Energy Awards 2023, a reflection of the leadership position we have established in the sector.

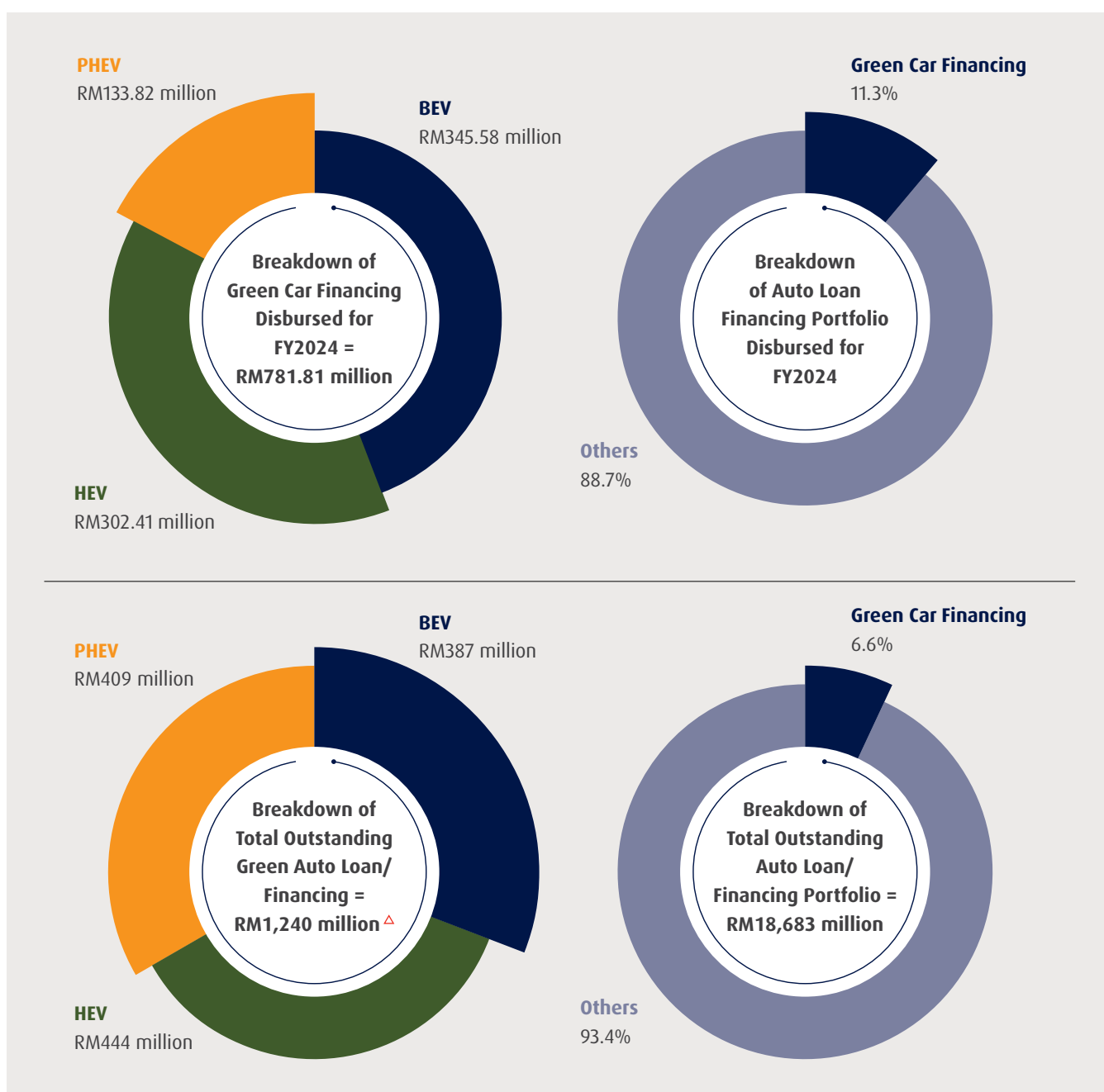


Building Climate Resilience To Facilitate A Low-Carbon Transition

Driving Adoption of EVs

Through the HLB Green Car Financing initiative, we aim to increase the uptake of green vehicles and facilitate the transition to a low carbon economy. In doing so we maintain a strict definition of what constitutes a “green vehicle” that encompasses only battery electric vehicles (“BEV”), hybrid electric vehicles (“HEV”) and plug-in hybrid electric vehicles (“PHEV”).

We currently have RM1.2 billion in outstanding green car loans, surpassing our FY2024 target of RM960 million. This achievement was supported by close relationships with EVs manufacturers and distributors as well as an always-on drive to educate potential customers on the benefits of making the switch.



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

Building Climate Resilience To Facilitate A Low-Carbon Transition

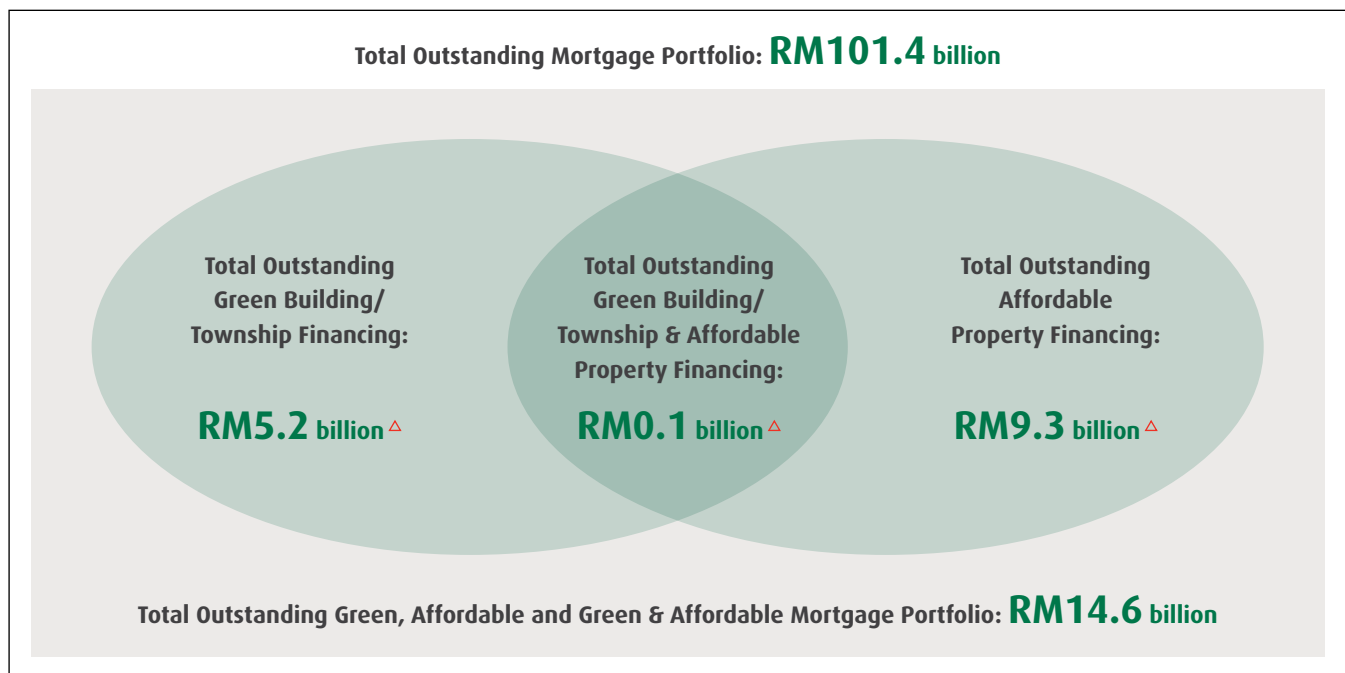
Empowering Green Developments

We provide end financing for the development of green buildings/townships, as well as affordable property development, supporting property developers in undertaking projects that emphasise environmental and social value creation.

In selecting projects that meet the criteria for financing, we are guided by an established green building criteria. In addition, property developers are required to align with our Developer End Financing Policy, which advocates the integration of ESG considerations within their operations. Through this, we strive to empower sustainable transitions at the corporate level, creating long-term value for homeowners and communities.

In FY2024, we assessed approximately 900 projects under the ESG Assessment for green buildings/townships, reflecting growing interest in our financing solutions.

We had a target of RM14.4 billion in total outstanding Green Building/Township and Affordable Property Financing within our mortgage portfolio. To date, we have successfully financed RM14.6 billion, equivalent to 14.4% of our entire mortgage portfolio of RM101.4 billion.



Pioneering in Green Bonds

Our green debt financing was introduced through the HLB Green Bond Framework, as part of our efforts to ramp up the adoption of sustainability 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, falling into the categories of Renewable Energy, Energy Efficiency, Green Building, Waste Management and Sustainable Transportation, and each meeting the eligibility criteria outlined in the framework.

As of June 2024, the nominal value of our green bonds issued stood at RM900 million, while the Green Bond Portfolio has since grown in outstanding balance from RM1.5 billion in FY2023 to RM2.5 billion in FY2024. These assets and projects fall within the categories of Renewable Energy, Green Building and Sustainable Transportation.

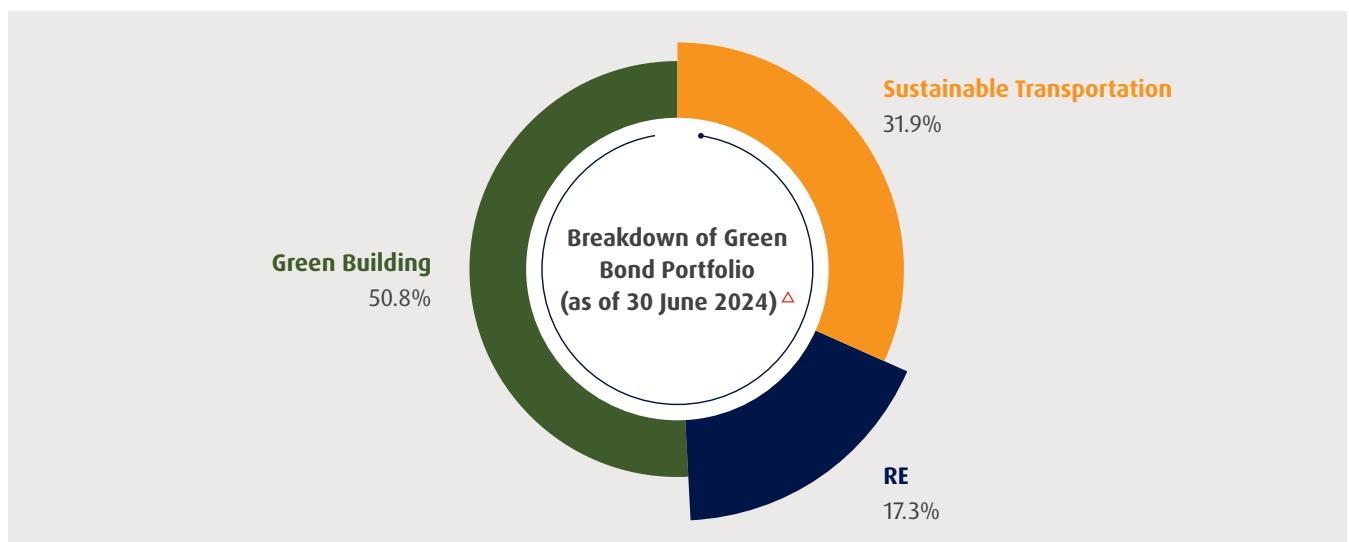
[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Building Climate Resilience To Facilitate A Low-Carbon Transition

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	RM430.6 million [△]	RM1,267.5 million [△]	RM796.3 million [△]
FY2024 Impact	<ul style="list-style-type: none"> Capacity: 161 MW Annual Generation: 225,597 MWh Annual Carbon Avoidance: 175,965.48 tonnes of CO₂ 	<ul style="list-style-type: none"> Enabled 2,773 retail customers to purchase homes with green building certifications of Gold and above, as awarded by recognised certification bodies Platinum Green Building certified properties: 607 Gold Green Building certified properties: 2,166 	<ul style="list-style-type: none"> Financed 5,329 electric and hybrid vehicles with CO₂ emissions of less than 75g per km per passenger car Battery electric vehicles financed: 2,352 Plug in Hybrid vehicles financed: 2,977

* Figures on solar PV assets/projects are based on the assumption that the plants commence operations and perform at the declared capacity.



A highlight of our green financing journey in FY2024 was the completion of our maiden green assets transaction worth a total of RM300 million to fund green properties. The transaction was funded by the issuance of Cagamas Berhad's one-year ASEAN Green Bond worth RM210 million and one-year ASEAN Green SRI Sukuk worth RM90 million under their RM60 billion Conventional/Islamic Medium Term Notes programme. This is an important milestone as it marks Malaysia's first corporate issuances relating to green housing loans and financing.

[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Managing Our Operational Environmental Footprint

WHY IT MATTERS

Our operations are supported by a physical presence that spans Hong Leong Tower, PJ City Tower A, our data centre and various branches and centres located in Malaysia, Singapore, Hong Kong, Cambodia and Vietnam. By adopting a proactive approach to water, energy and waste management across these premises, we can make significant headway in reducing our Group-wide environmental footprint.

At the same time, our adherence to a well-established emissions reductions strategy that spans our operations and supply chain empowers us to reach Net Zero across Scopes 1, 2 and 3 by 2050 – a vital commitment within our overall sustainability agenda.

OUR APPROACH

In FY2024, we continued to make headway in decarbonising our operations and driving resource efficiency across key processes. The strides we took during the year included expanding Scope 3 emissions data collection to include our regional branches and specific categories of our financed emissions.

Driving Resource Efficiency

Across our premises, we aim to drive improved resource efficiency by leveraging modern technologies and approaches.

During the past few years, we have introduced various Energy Efficiency & Conservation (“EE&C”) measures including installing solar panels on the rooftop of PJ City Tower A, upgrading our chillers to optimise energy consumption, installing energy-efficient air conditioning units and retrofitting LED lights in our branches. We have completed this EE&C exercise in nine branches across Malaysia, and are set to complete the implementation of these measures across 10 more branches by the end of 2024.

We are also making progress in reducing our consumption of paper by digitalising key business processes. Recent strides taken in this area include:

Installing wireless terminals and applications that enable customers to carry out banking transactions at any location within our premises

Introducing Personalised Teller tablets for our staff to assist customers at our branches without the need to print documents

Creating a Discovery Zone at our branch in Damansara City, Kuala Lumpur, which allows customers to access marketing materials and discover products and services digitally

These efforts are guided by our Environmental Policy on Energy, Water and Waste Management, which details best practices in relation to resource use, and are underscored by rigorous tracking of our energy and water consumption. In FY2024, we monitored water consumption across Hong Leong Tower and PJ City Tower A, and commenced efforts to collect more granular data across our business towards estimating our water consumption across all branches.

Managing Our Operational Environmental Footprint

Progressing to Net Zero

In FY2022, we established our Net Zero targets – three measurable goals that will define our success in decarbonisation over the short, medium and long term.

Baseline Year: FY2019*		
<p>Short Term</p> <p>15% to 25% reduction of GHG emissions by 2026</p>	<p>Medium Term</p> <p>Net Zero operational emissions (Scope 1 and 2) by 2030</p>	<p>Long Term</p> <p>Net Zero emissions across Scope 1, 2 and 3 by 2050</p>

* Limited to Scope 1, 2 and 3 non financed emissions.

During the past year, we continued to lay the groundwork towards achieving these goals by expanding our emissions disclosures to include:

Operational and business travel as well as employee commuting emissions from our regional branches in Hong Kong, Singapore, Cambodia and Vietnam	Our Scope 3 financed emissions under the Auto Loans and Mortgage categories, within Category 15: Investment for our Malaysian operations
--	--

The inclusion of our Auto Loan and Mortgage financed emissions in this year’s report is part of a broader drive to calculate and disclose the emissions we finance through our products and solutions, with a focus on seven asset classes including Listed Equities & Corporate Bonds, Business Loans & Unlisted Equity, Project Finance, Commercial Real Estate and Sovereign Debt. This ongoing exercise is guided by the methodology of PCAF, to which we became a signatory in June 2023, and will facilitate the establishment of a Group-wide financed emissions baseline. This will enable us to develop specific emissions reduction targets and strategies for priority sectors in the future.

On a related note, we have established our Sustainable Finance Framework, which will act as a guideline in determining the eligibility criteria, use of proceeds and provide the governance process and impact assessment framework for sustainable finance products or instruments issued by the Bank. The framework will be used to finance Green Projects. Examples of Green Projects include renewable energy, energy efficiency technologies, green buildings and affordable properties, waste management and transports and logistics, with the commonality that they support the transition to an environmentally sustainable economy. The framework will thus enable us to reduce our Scope 3 emissions further once adopted.

Meanwhile, our ongoing emissions reduction efforts in Malaysia have resulted in a 29% decrease in operational (Scope 1 and 2) emissions compared to our baseline year of FY2019, placing us well ahead of our short-term goal of 15%-25% reduction by 2026.

Offsetting Our Emissions

Investing in nature-based solutions is vital to meeting our medium-term and long-term emissions reduction goals. To this end, we have collaborated with the Malaysian Nature Society to plant 50,000 mangrove trees in Kuala Selangor. Upon maturity, the trees are expected to remove an average of more than 1,200 tonnes of CO₂ equivalent from the atmosphere, offsetting a significant portion of our emissions while contributing to coastal resilience against climate change impacts.

We are complementing such solutions with the purchase of renewable energy certificates, and in FY2024 we successfully secured two years’ worth of Bursa Carbon Exchange Renewable Energy Certificates (“BCX RECs”) as an option to fully offset our Scope 2 emissions. The BCX RECs may only be redeemed when we are nearing our Net Zero for operational emissions by 2030 timeline.

Managing Our Operational Environmental Footprint

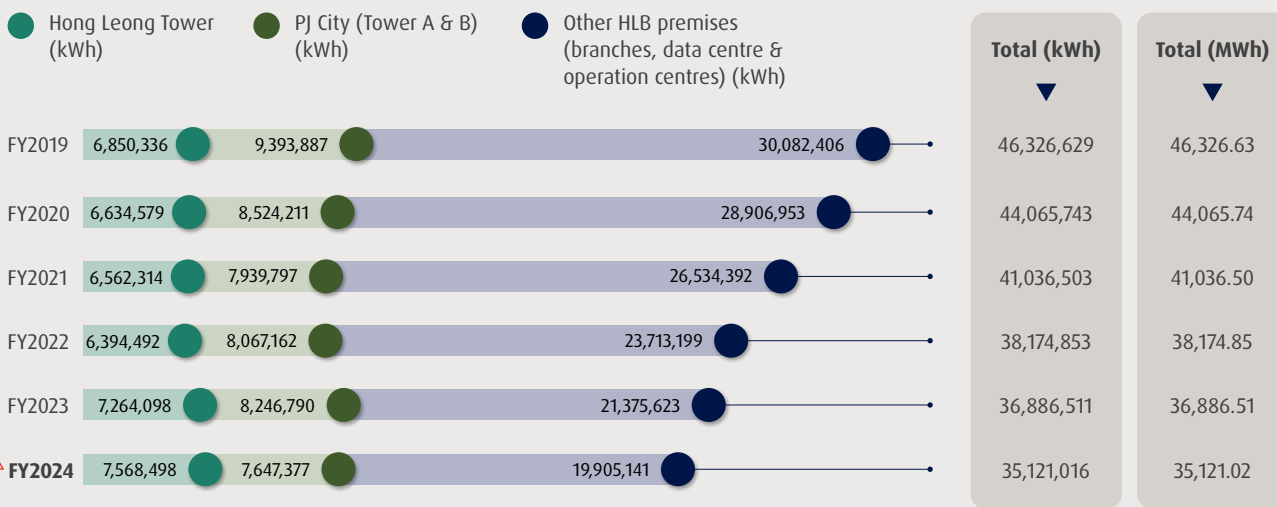
OUR PERFORMANCE



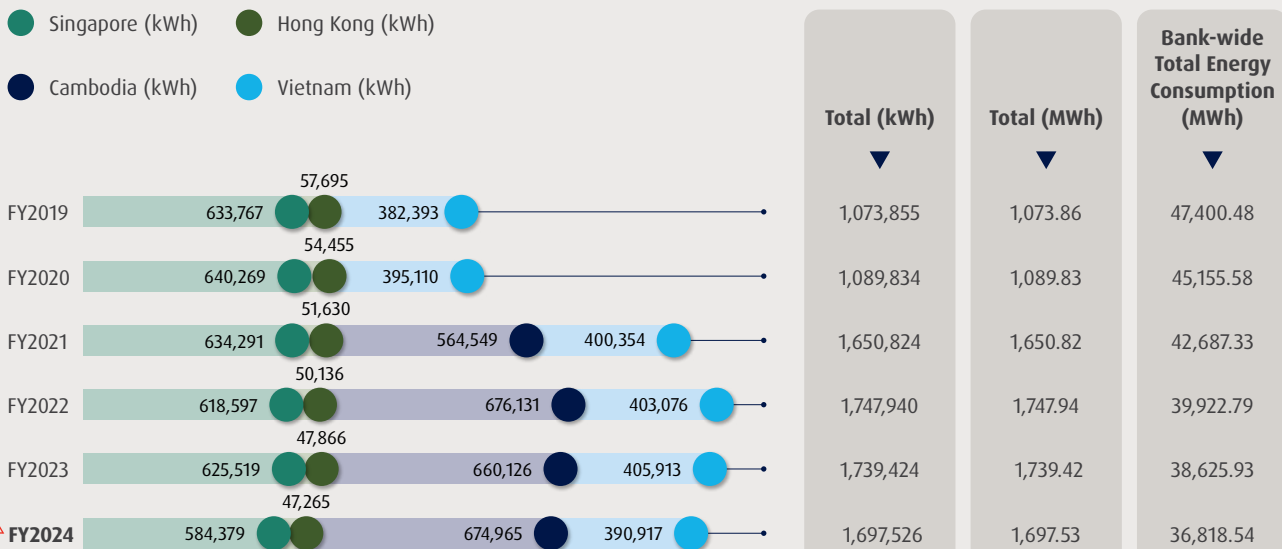
Energy Consumption

Our EE&C measures continued to deliver results in FY2024, with our Malaysian operation's energy consumption decreasing by 24% from baseline and by 5% during the year.

Energy Consumption from Malaysian Operations



Regional Energy Consumption



Notes:

- Electricity consumption of Singapore operations for FY2019 and FY2020 have been included for this reporting year.
- HLB Cambodia's energy consumption for FY2019 and FY2020 is in the midst of data collection and will be reported when the data collection is completed.
- Electricity consumption for Singapore and Cambodia operations is inclusive of purchased chilled water for cooling.
- Assumptions were made for the electricity consumption of Malaysian and Singapore operations whereby abnormal electricity consumption was averaged.
- Due to rounding differences, the numbers may not add up precisely to the total energy consumption disclosed.

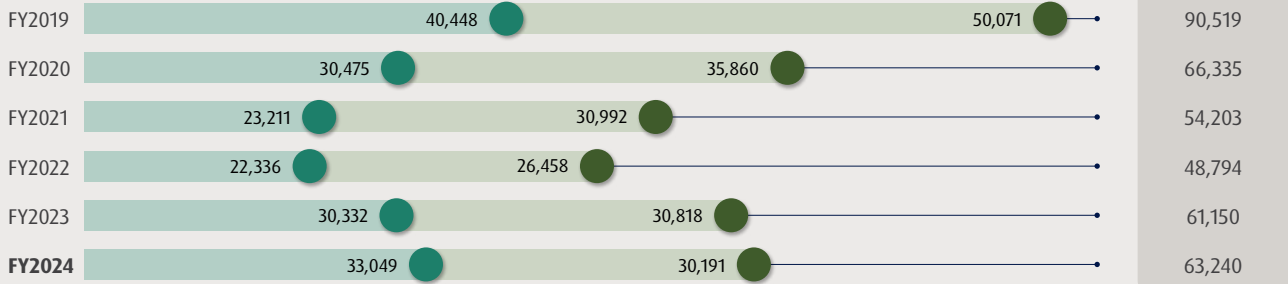
Managing Our Operational Environmental Footprint



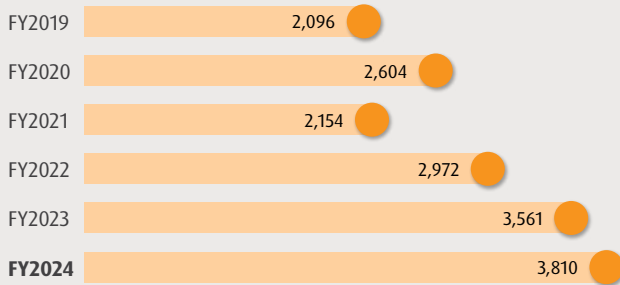
Fuel Consumption^{1,2}

● Company Vehicles (Litres) ● Non-company Vehicles (Litres)

Malaysia



Singapore



Cambodia



Notes:

1. We track fuel consumption through the fuel cards of company-owned vehicles and non company-owned vehicles for our 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. Non-company owned vehicles are staff-owned vehicles that are used for business purposes. Fuel consumption of non-company owned vehicles is inclusive of petrol and diesel and is limited to the fuel cards provided to sales staff.
2. Fuel consumption for Malaysia from FY2019 until FY2023 has been restated as company vehicles were incorrectly labelled as non-company vehicles while one non-company vehicle was incorrectly labelled as a company vehicle, with this error since rectified.

Managing Our Operational Environmental Footprint

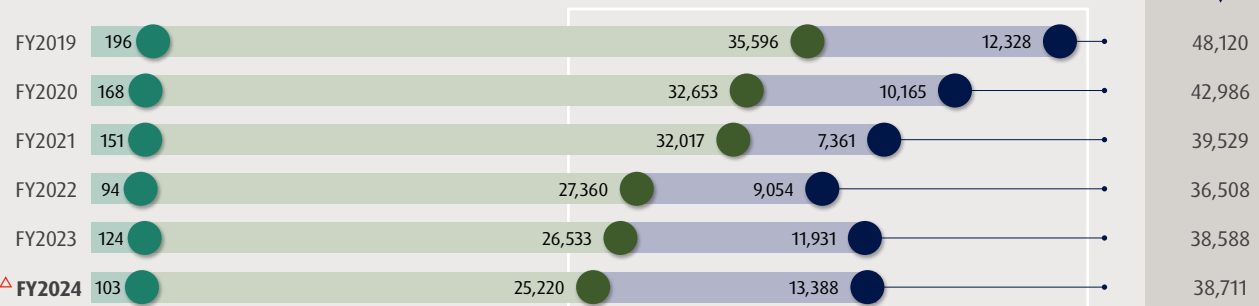


GHG Emissions

Malaysia

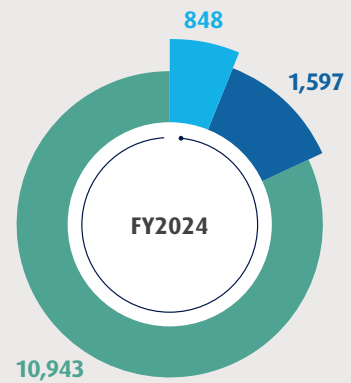
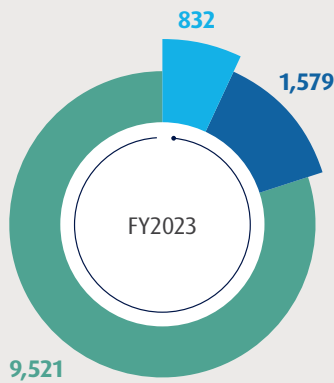
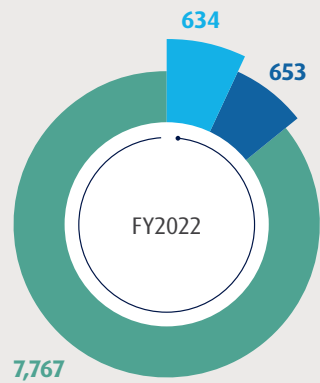
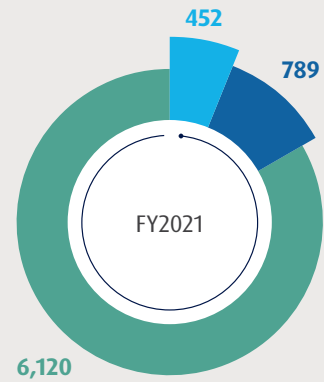
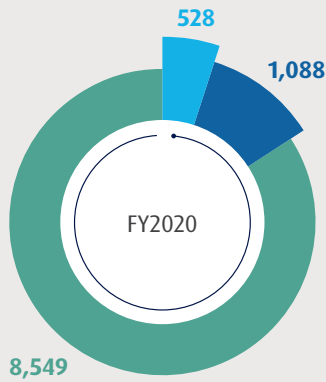
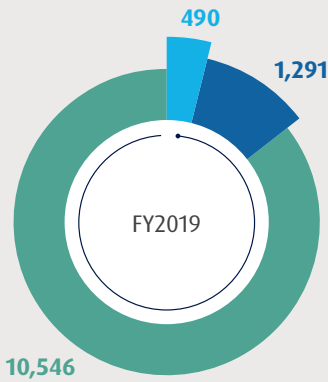
- Total Scope 1 Emissions (tCO₂e)
- Total Scope 2 Emissions (tCO₂e)
- Total Scope 3 Emissions (tCO₂e)

Total GHG Emissions



Breakdown of Scope 3 Emissions

- Downstream Leased Assets Emissions (tCO₂e)
- Business Travel Emissions (tCO₂e)
- Employee Commuting Emissions (tCO₂e)



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

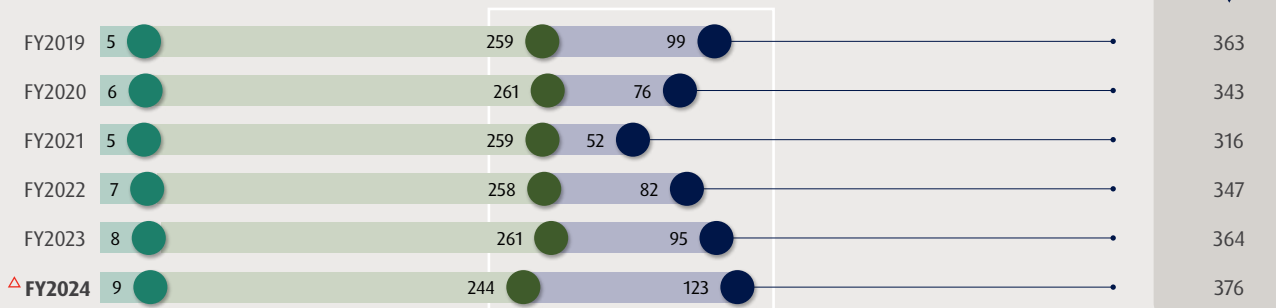
Managing Our Operational Environmental Footprint



GHG Emissions (continued)

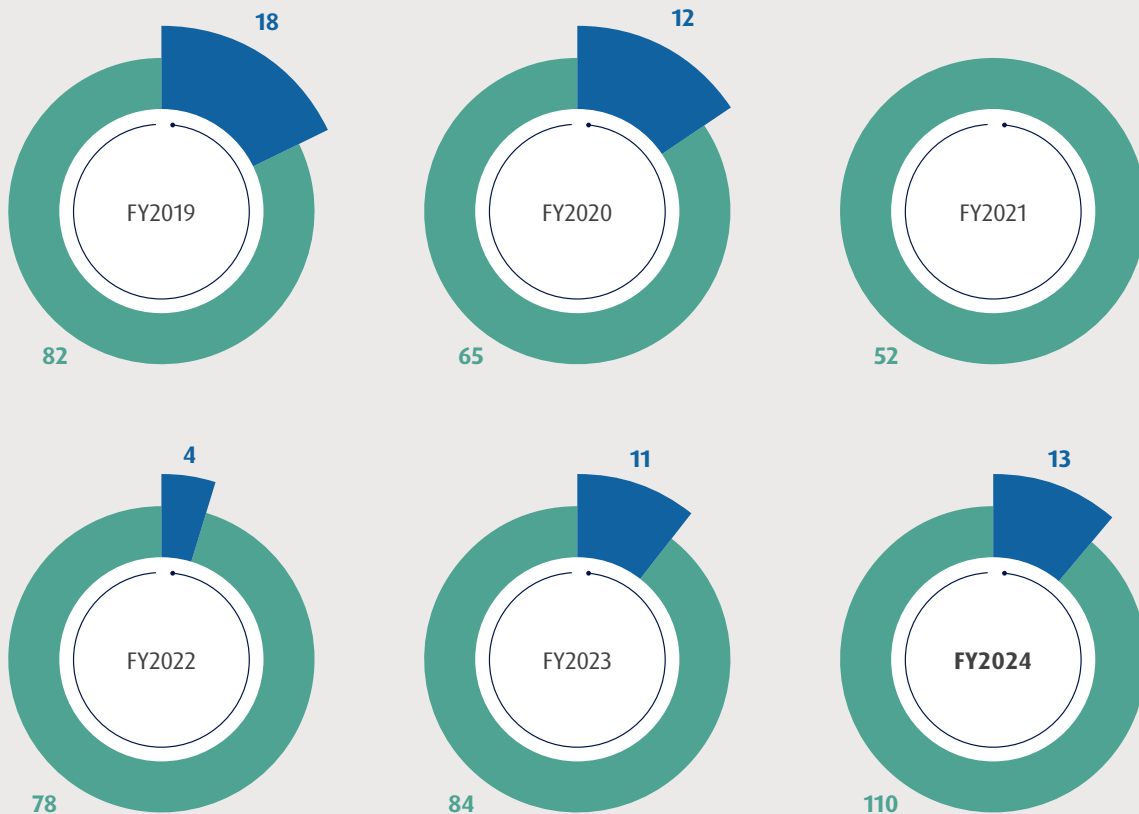
Singapore

- Total Scope 1 Emissions (tCO₂e)
- Total Scope 2 Emissions (tCO₂e)
- Total Scope 3 Emissions (tCO₂e)



Breakdown of Scope 3 Emissions

- Business Travel Emissions (tCO₂e)
- Employee Commuting Emissions (tCO₂e)



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

Managing Our Operational Environmental Footprint



GHG Emissions (continued)

Hong Kong

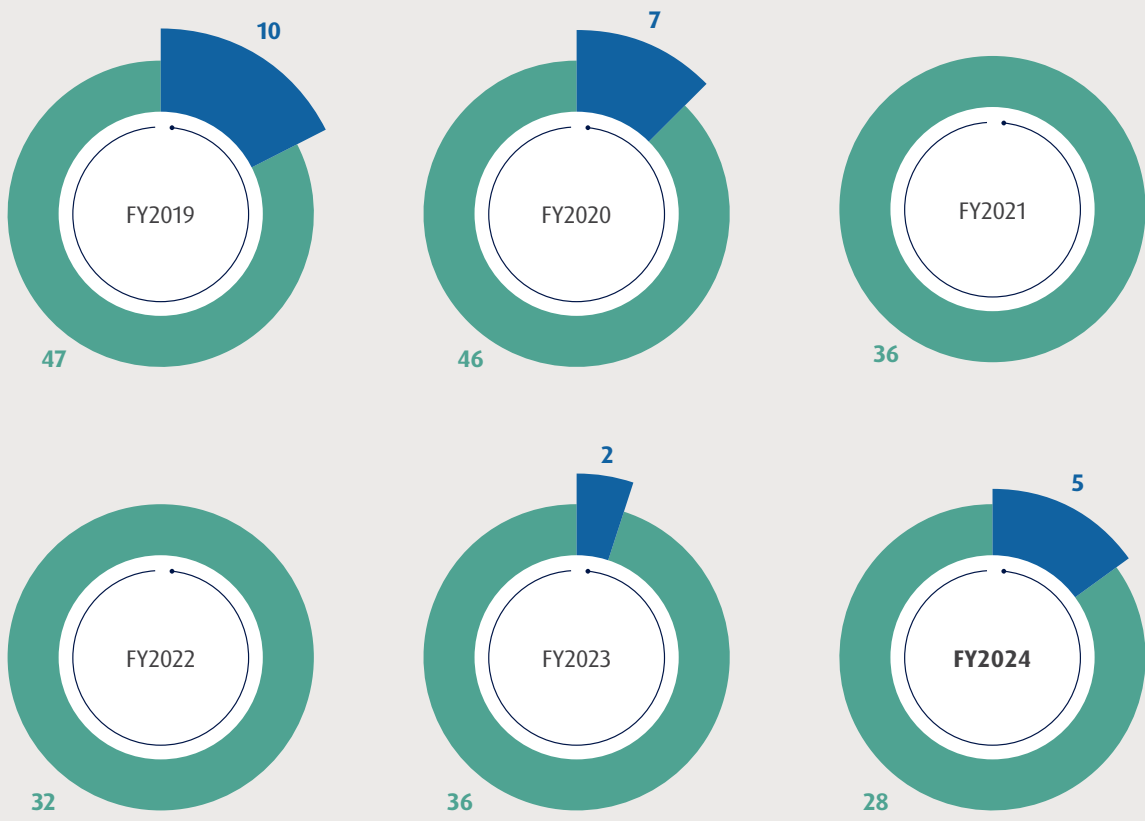
- Total Scope 1 Emissions (tCO₂e)
- Total Scope 2 Emissions (tCO₂e)
- Total Scope 3 Emissions (tCO₂e)

Total GHG Emissions
▼
105
91
73
66
70
64



Breakdown of Scope 3 Emissions

- Business Travel Emissions (tCO₂e)
- Employee Commuting Emissions (tCO₂e)



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

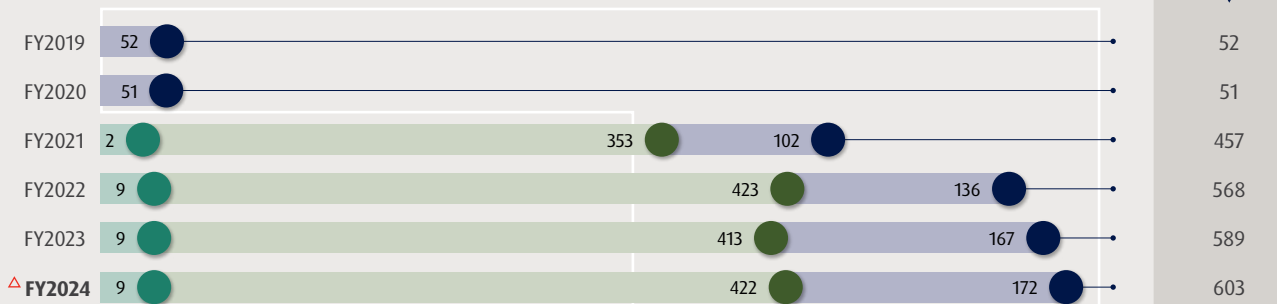
Managing Our Operational Environmental Footprint



GHG Emissions (continued)

Cambodia

- Total Scope 1 Emissions (tCO₂e)
- Total Scope 2 Emissions (tCO₂e)
- Total Scope 3 Emissions (tCO₂e)

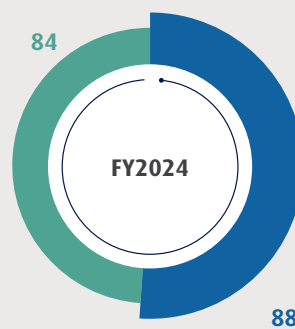
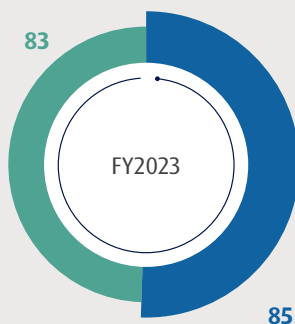
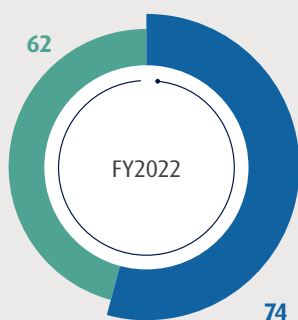
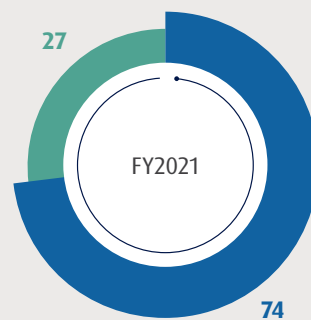
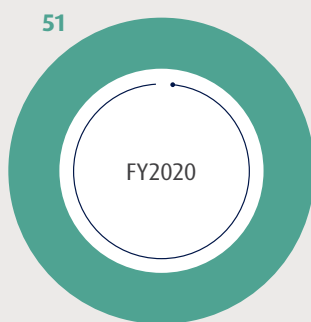
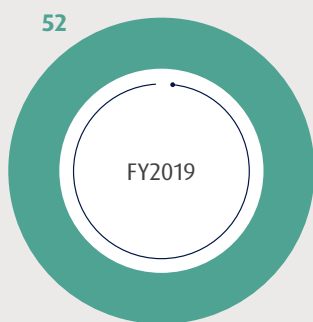


Total GHG Emissions



Breakdown of Scope 3 Emissions

- Business Travel Emissions (tCO₂e)
- Employee Commuting Emissions (tCO₂e)



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

Managing Our Operational Environmental Footprint

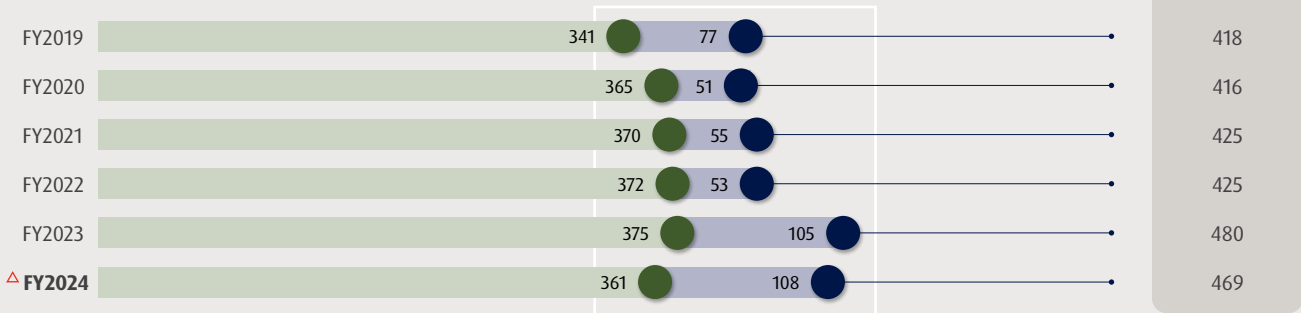


GHG Emissions (continued)

Vietnam

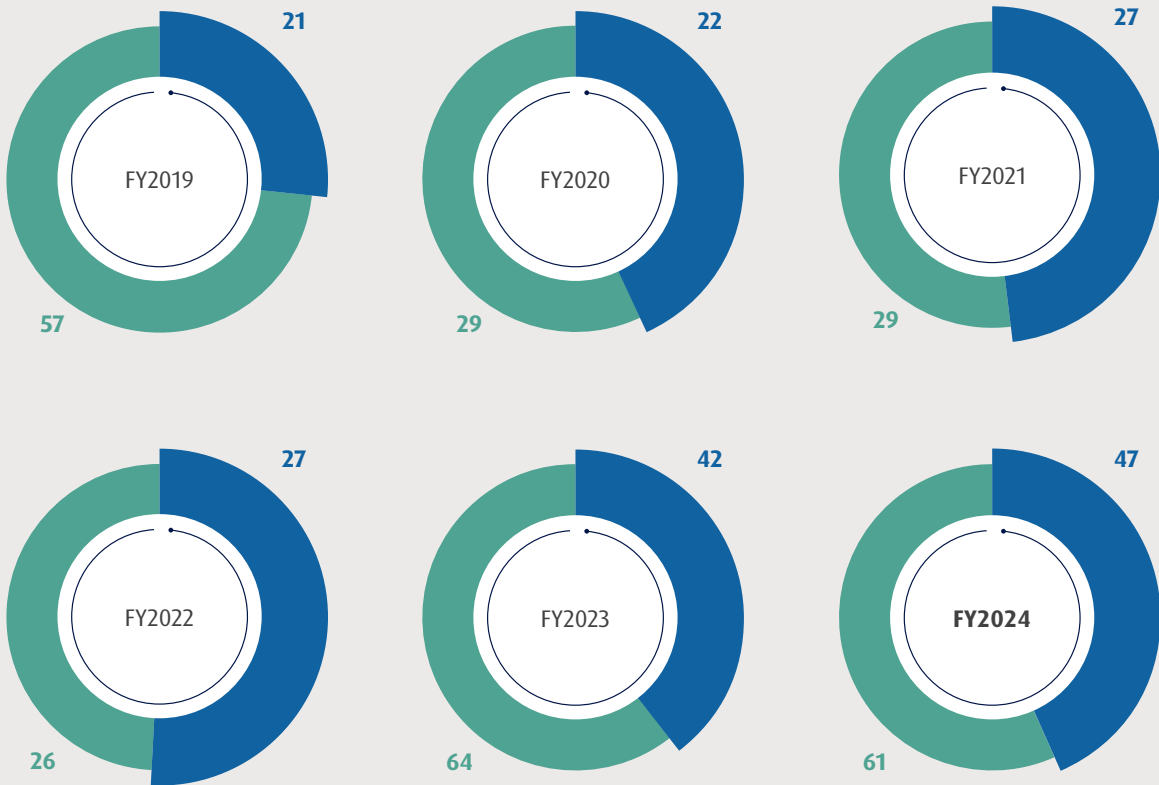
- Total Scope 1 Emissions (tCO₂e)
- Total Scope 2 Emissions (tCO₂e)
- Total Scope 3 Emissions (tCO₂e)

Total GHG Emissions



Breakdown of Scope 3 Emissions

- Business Travel Emissions (tCO₂e)
- Employee Commuting Emissions (tCO₂e)



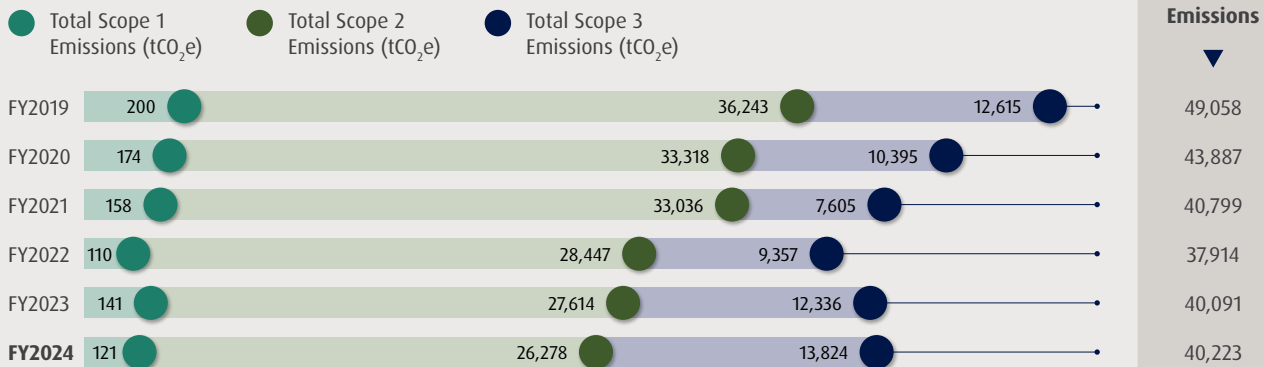
△ This data has been independently assured. Refer to independent limited assurance report on page 151.

Managing Our Operational Environmental Footprint



GHG Emissions (continued)

Group Wide



Notes:

- We use the operational control approach based on GHG Protocol for our GHG Emissions Accounting.
- Reduction of Scope 2 emissions in Malaysia is contributed by EE&C measures carried out at our operational facilities as well as branch amalgamations.
- Scope 1 and 3 GHG emissions for Malaysia for FY2019 until FY2023 were restated as company vehicles were incorrectly categorised as Scope 3 while one non-company vehicle was incorrectly categorised as Scope 1, which has since been rectified.
- Scope 1, 2 and 3 emissions category and boundaries are:
 - Scope 1:
 - We calculate our emissions based on fuel combustion in generators located in Malaysia and Cambodia (exclusive of FY2019 and FY2020 as data is in the midst of collection), vehicles owned or operated by the Bank in Malaysia, Singapore and Cambodia (exclusive of FY2019, FY2020 and FY2021 as data is in the midst of collection) as well as air-conditioning systems in our offices in Malaysia and Cambodia. For fugitive emissions, assumptions were made for FY2024 for both Malaysia and Cambodia where the emissions were averaged.
 - Scope 2:
 - We calculate our emissions based on purchased electricity for all our operations with additional purchased chilled water for our Singapore and Cambodia operations. Figures from FY2019 until FY2020 for operations in Malaysia, Singapore and Hong Kong have been restated to follow the grid emission factors for the respective years. Assumptions were made for FY2024 electricity consumption for Malaysia and FY2019 and FY2020 for Singapore whereby the electricity consumption was averaged. The Scope 2 emissions for FY2023 for our Hong Kong operations includes June 2023 data.
 - Scope 3:
 - We calculate our emissions from business travel via employee claims, covering travel by road, flight, train and ferry across Malaysia, Singapore, Hong Kong, Cambodia (exclusive of FY2019 until FY2021 as the data is in the midst of collection) and Vietnam (exclusive of FY2019 data for flight travel as the data is in the midst of collection). The figure presented also includes emissions from employee commuting across Malaysia, Singapore, Hong Kong, Cambodia and Vietnam, whereby the data calculated for FY2024 is based on a sample size of 2,335 staff. Our Scope 3 emissions also include downstream leased asset emissions in Malaysia.
- 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.
- GHG emission numbers from FY2019 until FY2023 for Scope 1 & 3 were recalculated using updated emission factors accordingly based on the following emission factors: 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; 7.SM.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; Peninsular Malaysia, Sabah and Sarawak grid emission factors; Singapore's Energy Market Authority; Hong Kong Electric and Institute for Global Environmental Strategies (IGES) - List of Grid Emission Factors for Cambodia and Vietnam operations; the UK 2023 Government Greenhouse Gas Conversion Factors for Company Reporting.
- Due to rounding differences, the numbers may not add up precisely to the total GHG emissions disclosed.

Managing Our Operational Environmental Footprint

Financed Emission

In June 2024, we set our baseline for financed emissions in the Auto Loans and Mortgage portfolios for the first time. Moving forward, we intend to expand this to our Listed Equities and Corporate Bonds, Business Loans & Unlisted Equity, Project Finance, Commercial Real Estate and Sovereign Debt portfolios to form a Bank-wide financed emissions baseline.

The general equation as per PCAF methodology, as shown below, uses vehicle or building emissions and an attribution factor to assign emissions to our financing activities:

Auto Loans Asset Class equation

$$\text{Financed emissions} = \sum_v \text{Attribution factor}_v \times \text{Vehicle emissions}_v \text{ (with } v = \text{vehicle or vehicle fleet)}$$

Mortgages Asset Class equation

$$\text{Financed emissions} = \sum_b \text{Attribution factor}_b \times \text{Vehicle emissions}_b \text{ (with } b = \text{building)}$$

For auto loans asset class, the attribution factor is the ratio between the outstanding amount and the purchase price of the motor vehicle.

For mortgage asset class, the attribution factor is the ratio between the outstanding amount and the purchase price of the property.

Our financed emissions across the two initial portfolios in Malaysia are disclosed below.

Asset Class	Financed Emissions by Asset Class (tCO ₂ e)	PCAF Data Quality Score
FY2024 (Baseline: June 2024)		
Mortgages	1,024,827	5
Auto Loans	655,715 [△]	4

Notes:

- We established our 2024 Baseline based on the Bank's Financed Emissions Calculation Methodology which cover estimations and assumptions used for the:
 - Auto loans financed emissions calculation, which includes estimated local/regional statistical data on average distance travelled and emission factors specific to the respective fuel and engine type.
 - Mortgage financed emissions calculation, which includes estimated local/regional statistical data on energy consumption based on building type and emission factors specific to the respective energy source.
- Emissions and outstanding balance are derived from loans and/or financing in Malaysia.
- Auto loans emissions are derived from passenger vehicles. Future disclosures will include more vehicle types as data availability improves.
- Mortgage emissions are derived from residential mortgage loans with known building types such as terrace, bungalow, condominium, etc.

In calculating our financed emissions, we faced data limitations due to a lack of availability of customer data. This limitation is recognised by the PCAF Standard, which provides methodologies for companies to address the challenge.

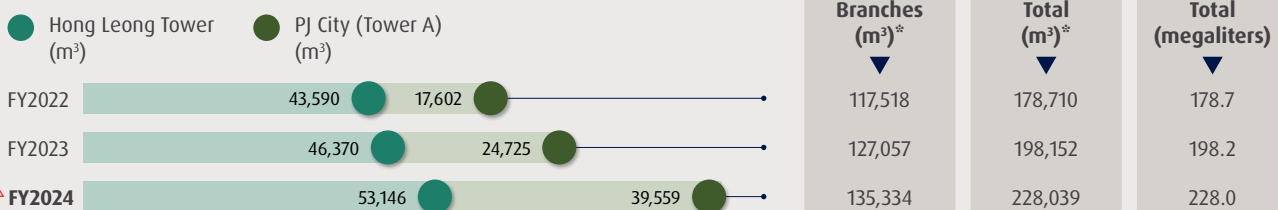
Therefore, and with guidance from the standard, we estimated our financed emissions based on the best available data, which included leveraging local and regional data to develop best estimates and using these estimates as a proxy to determine our absolute financed emissions.

Moving forward, we shall seek out means to improve our data collection process with a view to generating more accurate financed emissions estimates as our decarbonisation journey progresses.



Water Consumption

Our water consumption in FY2024 increased by 29% compared to the year before. This significant rise was due to the conducting of a major cleaning exercise on our water tanks at the basement, Level 3 and rooftop of Hong Leong Tower, which incurred a high water use footprint. For PJ City (Tower A), the main reason for the increase in water usage was a faulty water meter, which led to water usage not being recorded accurately. We have since rectified the issue.



* Water consumption figures presented for branches are an estimation calculated on best effort basis.

To enhance our disclosure practices, we are now working on calculating water consumption for all HLB branches across Malaysia. This calculation uses an estimate based on dividing the total amount paid during the financial year with the maximum rate for commercial buildings provided by the state water provider. Moving forward, we strive to improve the granularity of our branch-level water consumption data with a view to enhancing the accuracy of the data presented.

[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

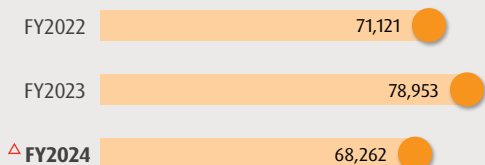
Managing Our Operational Environmental Footprint



Paper Consumption

We purchased 13.5% less paper (in reams) during FY2024, spearheaded by our Bank-wide digitalisation drive.

Total Office Paper Purchased (in reams) for Entire Malaysia Operations



Total Paper Recycled (kg) for HLT and PJCA (office buildings) only

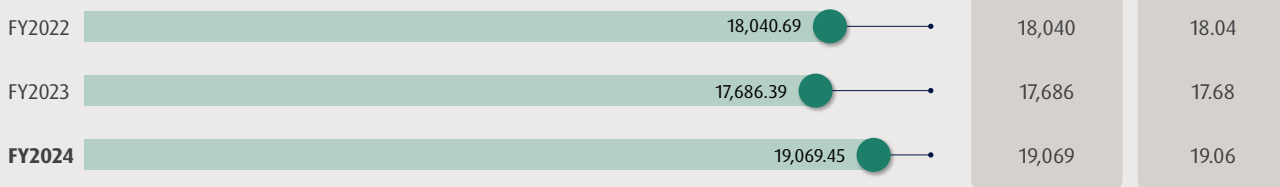


Waste Diverted From Disposal

In FY2024, we re-commenced tracking of our plastic and can recycling with an improved methodology that we plan to continue moving forward, with the aim of increasing the volume of waste in this category that is diverted from disposal in future.

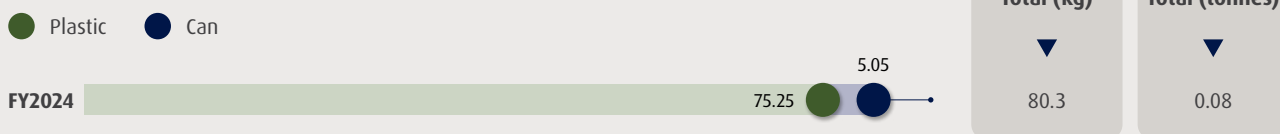
Paper

Total Paper Recycled (kg) for HLT and PJCA Only



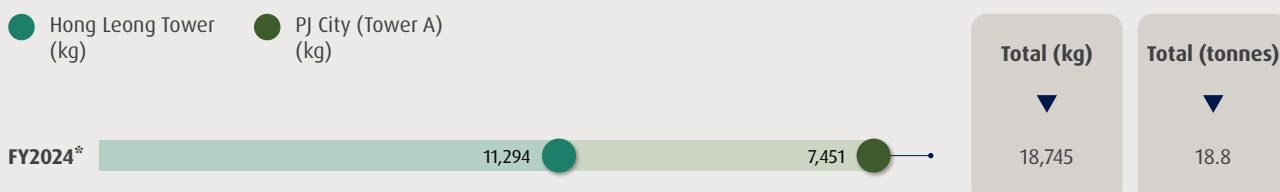
Plastic & Cans

Total Plastic & Cans Recycled for HLT and PJCA (kg) Only



Waste Diverted To Disposal

In March 2024, we commenced the monthly calculation of wet waste (waste to disposal) across Hong Leong Tower and PJ City (Tower A). We will continue to track this metric in order to deliver a stronger basis for year-on-year comparison in future.



Notes:

As we only commenced the tracking of wet waste in March 2024, this total covers the period of March 2024 to June 2024 only.

△ This data has been independently assured. Refer to independent limited assurance report on page 151.

SOCIALLY RESPONSIBLE BUSINESS

In striving to create value for our business and local communities, responsible business practices play a key role.

By upholding high standards of ethics, complying rigorously with laws and regulations, and maintaining transparency and accountability, we further our reputation as a socially responsible business rooted in the principles of good governance.

Going further than this, we integrate ESG considerations into our financial products and solutions while embedding sustainability throughout our value chain. This forges greater alignment between our business and sustainability, supporting long-term, holistic success.



Good Governance & Ethical Business Conduct

WHY IT MATTERS

Maintaining high standards in ethics and integrity enhances our reputation, builds trust and credibility, and minimises risk to our business. By fostering a culture of professionalism and ethics where bribery and corruption are firmly rejected and whistleblowing is supported, we establish a strong foundation for our continued, sustainable growth.

OUR APPROACH

Upholding High Standards of Ethics & Integrity

Through various internal initiatives and policies, we strive to ensure that our employees uphold the highest standards of ethical and professional conduct in everything they do.

Our Code of Conduct & Ethics

Pillared on seven key principles, our Code of Conduct and Ethics (“Code”) defines the standards of professionalism and ethics required of all employees, subsidiaries and affiliated business partners. To maintain these standards, we require all employees to annually affirm their understanding of the Code.

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 practise 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 judgement. Employees must not be influenced by friendship or association in performing their role. Employees are to exercise good judgement 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.

Good Governance & Ethical Business Conduct

Standing Against Bribery & Corruption

Our Anti-Bribery & Corruption Policy

We take a zero-tolerance stance against bribery and corruption. In this, we are guided by our Bank-wide Anti-Bribery and Corruption ("ABC") Policy and the Anti-Bribery and Corruption Compliance Programme ("ABC Programme"). The ABC Programme is designed to manage and mitigate risks associated with bribery and corruption, whereby it focuses on comprehensive, practical and effective policies for curbing bribery and corruption. These initiatives are overseen by our Ethics and Integrity Office ("EIO").

Instances of non-compliance with our ABC Policy are reviewed by the Disciplinary Committee ("DC") followed by the Risk and Compliance Governance Committee ("RCGC") and the Board Committee during BRMC or BARMC meetings, which include appropriate actions taken.

Further to this, Anti-Bribery and Corruption and Whistleblowing clauses are incorporated into agreements entered between the Bank and its service providers, vendors and business associates, where reference is also made to the Bank's ABC Policy that is available at the corporate website.

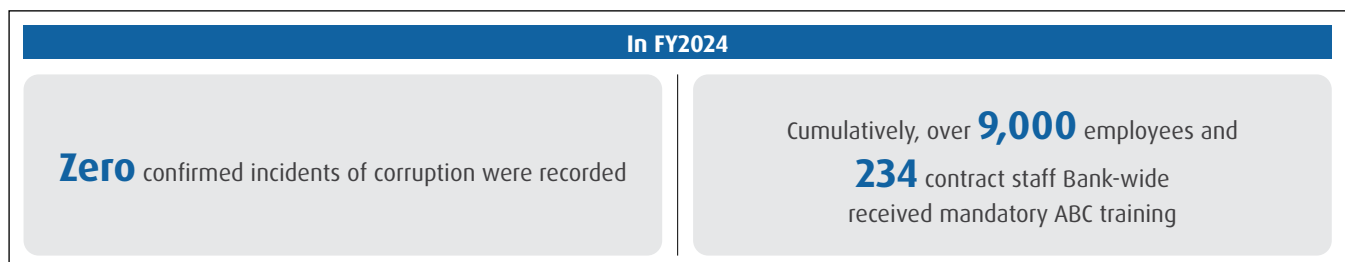
ABC Risk Assessments

Taking a proactive stance, we conduct a Bank-wide corruption risk assessment every two years, covering the Bank's overall operations, with the assessment leading to enhancements to our oversight and training.

ABC Compliance Training

Our ABC Compliance training programme reinforces our firm stance against any and all corrupt practices across our workforce.

Mandatory training on ABC matters is delivered through e-Learning courses on HLB@Workday, our people and performance management platform. Additionally, an awareness programme on ABC was conducted from June to August 2023, featuring a tone-from-the-top message from the GMD, ABC pop-up banners, video competitions and other initiatives.



Promoting a Culture of Compliance

Our Compliance Framework

We are committed to upholding high standards of compliance with local regulations across all jurisdictions where we operate, including Malaysia, Singapore, Hong Kong, Cambodia, and Vietnam.

This adherence is vital to maintaining our customers' trust. To further protect their interests and reinforce confidence in our operations, Group Compliance has established a robust Compliance Framework.

Good Governance & Ethical Business Conduct

Our Compliance Framework	
Purpose	
Ensures full compliance with regulatory legislation in all jurisdictions where we operate, as well as adherence to the processes and practices governing our daily operations	
Stakeholders	Roles & Responsibilities
Board and Senior Management	<ul style="list-style-type: none"> The Board is responsible for overseeing the management of Compliance Risk. The functions and responsibilities of the Board are set out in the BNM Compliance Policy Document, BARMC/BRMC’s terms of reference and Board Policy on Group Compliance Senior Management is collectively responsible for the effective management of Compliance Risk and must carry out responsibilities set out in the BNM Compliance Policy Document and Board Policy on Group Compliance
Group Compliance	<ul style="list-style-type: none"> Identify, assess and monitor our compliance risks Advise on the interpretation and applicability of relevant laws and regulations Report compliance matters to Senior Management and the Board Ensure our employees receive adequate training on legal and regulatory requirements affecting our activities
Business Unit Compliance Officers (“BUCOs”) & Business Unit Compliance Representatives (“BUCRs”)	<ul style="list-style-type: none"> Responsible for implementing Regulatory Compliance, Anti-Bribery and Corruption, and Financial Crime Compliance policies at the operational level, ensuring specific risks are managed effectively Serve as the primary contact for all compliance issues related to Business Units and Support Units, in consultation with Group Compliance Work closely with Group Compliance to integrate relevant legal and regulatory requirements into our business policies and processes Provide ongoing compliance support for day-to-day business matters
Business Units and Support Units	<ul style="list-style-type: none"> The Business Units and Support Units, through appropriate managerial and supervisory controls, are primarily responsible for managing Compliance Risk by overseeing the day-to-day compliance to policies, regulatory requirements, business and process controls
Horizon Scanning Working Group (“HSWG”)	<ul style="list-style-type: none"> Track changes in regulatory requirements and analyse their impact on our business divisions

Group Compliance has a dedicated regulatory liaison team serving as the Bank's point of contact to facilitate regular and transparent communication where required, especially for regulatory requests, thematic reviews and ad-hoc queries. This establishes a clear communication channel between the Bank and regulators.

To further ensure that applicable regulations are consistently addressed and necessary controls effectively implemented, we engage and collaborate with BUCOs, BUCRs and appointed business representatives in our weekly HSWG meetings.

We also engage in workshops, forums and training organised by regulators and law enforcement agencies (“LEAs”) to stay informed on regulatory updates and industry best practices, while collaborating with industry bodies like The Association of Banks in Malaysia (“ABM”) and the Compliance Officer Networking Group (“CONG”) to gain insights from our peers and further enhance our compliance efforts.

Good Governance & Ethical Business Conduct

Compliance Training Programmes

Our Compliance Framework is reinforced by continuous training and development for both new and existing employees, fostering a strong culture of compliance across the Bank. Group Compliance leads these efforts, engaging with all staff, including senior management, to ensure a thorough understanding of and adherence to legal and regulatory requirements.

We employ a blended approach – featuring videos, reading materials and assessments – and covering critical topics such as ABC, anti-money laundering/counter-terrorism financing, banking secrecy and data protection, shariah compliance, as well as our Code of Conduct and Ethics.

We require all employees to complete mandatory e-Learning courses on compliance, covering regulatory compliance such as financial crime compliance, ABC, Understanding Mis-selling, and Data Protection and Banking Secrecy.

Beyond this Bank-wide training, selected employees are required to undergo additional role-based courses tailored to their specific responsibilities. Following these courses, employees must achieve a minimum score of 70% on the post-training assessment within 30 days, with up to five attempts allowed. Employees who do not pass must re-attend the training.

In addition, the following compliance training and development initiatives were carried out during FY2024:

Compliance and Financial Crime Compliance (“CFCC”) Academy Programme	<ul style="list-style-type: none"> • This ongoing programme aims to support our employees’ role development and promote a strong compliance culture across the Bank by providing them with extensive knowledge in regulatory compliance, ABC and financial crime compliance • Four CFCC sessions were held during the year
Compliance Advisory Clinic (“CAC”)	<ul style="list-style-type: none"> • This platform fosters collaborative discussions between Group Compliance and our business units on critical compliance issues • Four CAC sessions were held during the year

Shariah Compliance

A core element of our Islamic Banking activities is the comprehensive integration of Shariah principles into all our business transactions and operations.

In maintaining the culture of Shariah compliance, we offer multiple training sessions annually that cut across all branches, ensuring that Shariah principles are well understood and effectively applied in the Bank’s daily operations and business activities. In addition, we celebrate the annual Shariah Compliance Month in September, organising weekly huddles, One Point Lessons and sharing sessions with the Bank’s Shariah Committee or external experts to enhance employees’ knowledge and awareness of Shariah principles and requirements relevant to Islamic financial institutions.

Enabling a Culture of Whistleblowing

To strengthen a culture of accountability and ethical conduct within the Bank, we have established our Whistleblowing Policy. This policy supports operational integrity by empowering all employees, associates and customers to report any concerns pertaining to improper conduct involving or occurring within the organisation.

Reports can be made anonymously and may cover integrity issues or criminal offences such as criminal breach of trust, fraud, theft, corruption, bribery and blackmail. Whistleblowers who make a disclosure in good faith are protected from retaliation, as outlined in our policy and legal provisions in our markets of operation.

Good Governance & Ethical Business Conduct

Preventing Financial Crime

While our lending and financing solutions are vital for economic and societal development, the financial system is susceptible to exploitation by criminals involved in drug trade, terrorism and human trafficking, posing significant risks for financial intermediation.

Through the incorporation of BNM’s Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions into our Board and management policies, we ensure that our policies and strategies are aligned with regulatory requirements and best practices, thereby maintaining a robust and compliant AML/CFT/CPF and TFS framework.

To bolster our ecosystem’s resilience to financial crime, we implemented the AML SIRON system in FY2021. The system enhances our screening capabilities for new and existing customers during onboarding and monitoring, thereby enhancing safety and effectiveness for our customers and stakeholders. Our team consistently supports the transition to this system from both functional and technical perspectives, streamlining our operations. Additionally, by leveraging data analytics and improving our financial crime compliance data cube, we bolster our analytical capabilities and productivity while maintaining rigorous compliance with regulatory requirements.

OUR PERFORMANCE

Anti-Corruption Training by Employee Category

In FY2024, 234 contract staff and over 9,000 employees Bank-wide received mandatory ABC training.

Employee Category	FY2022 ³	FY2023	FY2024
Senior Manager	56%	100%	100%
Manager	51%	100%	100%
Executive	52%	100%	100%
Non-Executive	19%	100%	100%

Specifically

Over **9,000** employees completed e-Learning compliance modules, covering:

- Sanctions
- Cyber security and cyber risk management
- The United States’ Foreign Account Tax Compliance Act (“FATCA”)
- AML/CFT
- Banking secrecy and data protection
- Malaysia’s Occupational Safety and Health Act 1994 (“OSHA”)
- Credit exposures and transactions with connected parties (“CPs”)
- Understanding Mis-Selling

Approximately **2,000** employees completed role-based AML/CFT training

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

³ The Anti-Corruption training was launched in May 2021 to new hires only. The training was then rolled out to all employees from July 2022 onwards.

Sustainable & Responsible Financing

WHY IT MATTERS

As sustainability considerations increasingly influence global business operations, we recognise our fiduciary duty to integrate ESG standards into our practices and support other businesses in transitioning to more sustainable models. This approach drives meaningful change beyond our walls, ensuring that both the Bank and our customers contribute to a more sustainable and resilient future, including in relation to the key issue of climate change.

OUR APPROACH

We support sustainable and responsible financing through our solutions, assessment processes and industry collaborations.

Founded on the principles of ESG and VBI, we strive to develop products that create shared value for the Bank, our customers and for society or the environment. Supporting this, we screen our SME, commercial and corporate customers for their level of ESG risk, using the results of this assessment to guide our financing decisions and avail high risk customers of further support to advance their sustainability journeys. Furthermore, we are active in industry associations and initiatives, where we contribute to the adoption of best practices in ESG that uplift standards across the financial services sector, improving outcomes beyond our business alone.

Enhancing our VBI Implementation

We are committed to advancing VBI by focusing on the impact of Islamic banking on prosperity, people and planet while ensuring strong returns for shareholders, with Shariah propositions central to this strive. To this end, HLISB has embedded VBI principles into its business strategy and operations and actively monitors and evaluates its initiatives according to the 3Ps:

Focus	Prosperity	People	Planet
	Economic resiliency via products and services	Good self-governance and best conduct, and social empowerment initiatives	Green economy, sustainability and environmental practices

HLISB's current engagement phase focuses on expanding opportunities to drive its VBI initiatives across three key areas: Products & Services, People and Disclosures.

HLISB's VBI Adoption Progress	
Products & Services	<ul style="list-style-type: none"> Enhancing our SME financial ecosystem with BizHalal Promoting cashless zakat-related transactions through the HLB Connect platform Boosting the growth of the Halal ecosystem in Malaysia by offering Shariah-compliant financing, complemented by Halal advisory support from our in-house Halal Industry Specialists
People	<ul style="list-style-type: none"> Offering social financing for underserved communities through HLB Jumpstart - Micro Business, which is part of the iTEKAD programme (a social finance programme established under BNM) Advancing the Earth Hero project for the fourth year in collaboration with Animal Projects & Environmental Education Sdn. Bhd. ("APE") in Kinabatangan, Sabah, through which we planted 2,500 trees (1st batch) in 2024 at the Lower Kinabatangan Wildlife Sanctuary Participating in social impact projects in collaboration with myZakat and myWakaf under the Association of Islamic Banking and Financial Institutions Malaysia ("AIBIM") Supporting social enterprises through purchase of items (i.e. purchasing Suri tote bags and aromatherapy eye pillows from Asli & Co.) Collaborating in joint programmes (i.e. PlusVibes, a social enterprise providing mental health support through the launch of "Projek Kasih Harmoni", targeted at highlighting mental wellness and involving approximately 600 students from Universiti Teknologi MARA Kampus Seremban) Undertaking community engagement activities including: <ul style="list-style-type: none"> The ongoing financial literacy programme - 'Celik Muamalat' - which targets schools, universities and social enterprises Participation in financial inclusion-related events (i.e. iTEKAD Marketplace@Sasana Symposium) Participation in financial literacy awareness programmes (i.e. Jom Cakna: Program Daya Tahan Kewangan PPR by PIDM and the #JanganKenaScam campaign)
Disclosures	<ul style="list-style-type: none"> Engaging consistently with BNM on its VBI documentation, including: <ul style="list-style-type: none"> CCPT VBI Financing and Investment Impact Assessment Framework - Guidance Document ("VBIAF") Sectoral Guides for: <ul style="list-style-type: none"> Construction & Infrastructure Manufacturing Oil & Gas Malaysian Financial Sector Blueprint 2022-2026 (Social Finance) Disclosing data on our VBI financing, investments and deposits in the VBI AIBIM Data Report 2023

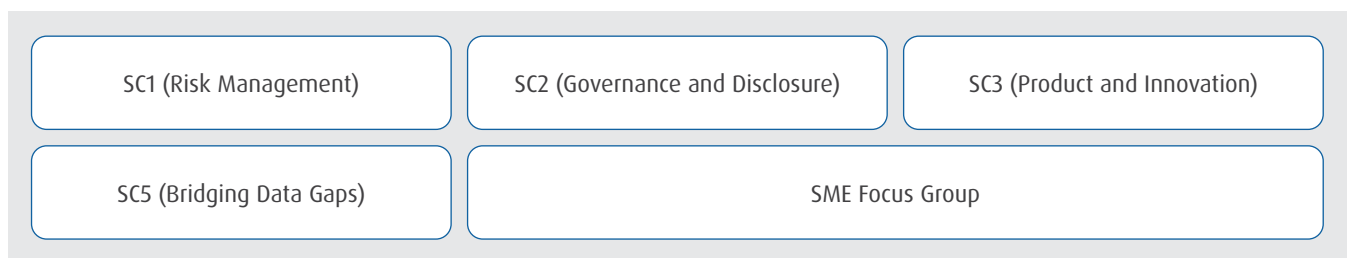
Sustainable & Responsible Financing

Contributing to Regulatory & Industry-wide ESG Efforts

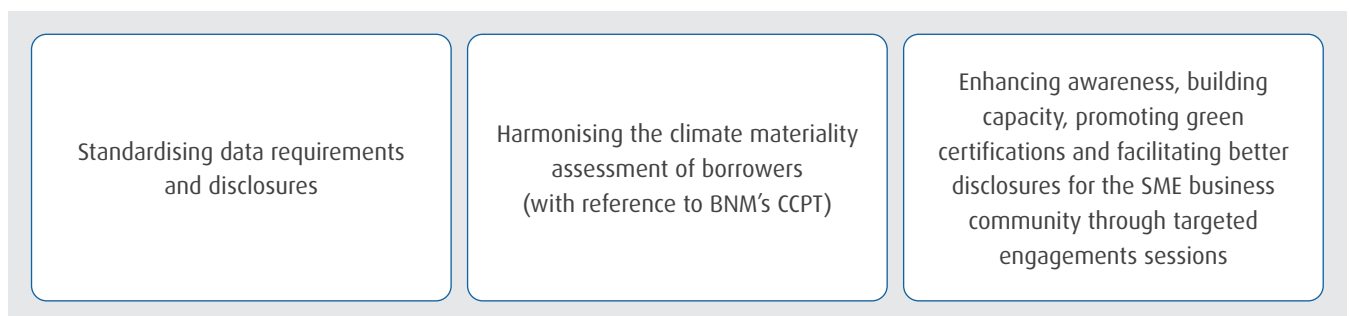
We collaborate with BNM and the Securities Commission Malaysia on a wide range of ESG and climate-related initiatives, through which we contribute to the identification of risks, the formulation of effective strategies and the uplifting of standards across the financial services industry. Our contributions also help us to improve our sustainability performance by driving the embedding of impactful and responsible business practices into our business policies and practices.

As an active participant in the sub-committees under BNM’s JC3, we work with senior officials from BNM, Securities Commission Malaysia, financial institutions and other key industry players to build climate resilience within the Malaysian financial sector. Our work here is geared towards building the capacity of market participants, identifying key issues, challenges and priorities in the transition to a low-carbon economy, and supporting the integration of effective solutions to address climate change and climate-related risks.

Specifically, we contribute to five of JC3’s sub-committee workstreams through the Chief Executive Officer of HLISB and our own CSO. These workstreams are:



At the working group level, our designated senior representatives sit on BNM’s newly formed Physical Risk Working Group and Transition Risk Working Group, as well as the Climate Data Catalogue Group, CCPT Implementation Group and the sectoral outreach team of the SME Focus Group. Through these groups, we contribute to:



Further to this, we are an early adopter of Capital Markets Malaysia’s (“CMM”) Simplified ESG Disclosure Guide (SEDG), which was introduced in October 2023. The SEDG consolidates and simplifies the many complex global and local ESG-related frameworks to improve the availability of ESG data and information for Malaysian SMEs. It comprises 35 priority disclosures that are aligned with local and global sustainability guidelines and categorised into “Basic”, “Intermediate” and “Advanced” levels, thus catering to the different levels of sustainability maturity across the SME community.

Sustainable & Responsible Financing

Supporting Our SME, Commercial & Corporate Customers

Our BCB unit is committed to delivering an inclusionary financing approach that supports and nurtures our customers' sustainability transition journeys.

In FY2020, we launched the BCB ESG Policy & Assessment Framework in consultation with the World Wide Fund for Nature ("WWF"). The framework is divided into three key strategic execution drivers, collectively serving the sustainability agenda of the Bank, empowering our people and driving the advancement of our customers in ESG.



Further to this, at the launch of our policy, we also collaborated with the Jeffrey Sachs Centre on Sustainable Development and Sunway University Malaysia to introduce the Sustainable Development Programme and Certification, which has elevated the ESG capabilities of around 400 of our Account Relationship Managers and Credit Risk Managers.

BCB ESG Policy & Assessment Framework	
Guiding Standards & Policies	
<ol style="list-style-type: none"> 1. BNM Climate Change & Principle-based Taxonomy ("CCPT") 2. Bursa Malaysia Sustainability Reporting Guide 3. CDC Investment Works ESG Toolkit 4. Environment Quality Act (Clean Air) Regulations 2014 5. Environmental Quality (Industrial Effluent) Regulations 2009 6. First for Sustainability: E&S Risk 7. Global Reporting Initiative ("GRI") Standards 8. International Finance Corporation ("IFC") Performance Standards 	<ol style="list-style-type: none"> 9. Incorporating ESG into Risk Management, Implementation and Application of CCPT, JUST Series, KPMG, 2022 10. Task Force on Climate-related Financial Disclosures ("TCFD") 11. VBIAF Sectorial Guides on Palm Oil, Renewable Energy and Energy Efficiency 12. JC3 SC1 updates documents for implementation of CCPT Classification by Financial Institutions 13. JC3 SC1 SME Guidance Notes ("SME GN")

Sustainable & Responsible Financing

BCB ESG Policy & Assessment Framework (continued)

Applicability

- | | | | |
|---|---|--|---------------------------------|
| a. During the loan/financing onboarding process | b. When the customer requests additional facilities | c. When there is a trigger event or events requiring a review of the customer's ESG rating | d. During annual credit reviews |
|---|---|--|---------------------------------|

Assessment Stages

Initial Screening

- Assess if the customer's business activities fall within HLB's General Exclusion List
- Decline onboarding process and transaction if the customer falls under one of our Exclusion Lists

Sector/Sub-sector Screening

- All customers' environmental risks are assessed using the standardised CCPT IG Due Diligence Questionnaire ("DDQ") while those in HLB's Identified Inherently High Risk Sectors are evaluated using our internally developed Social Risk Checklist

Assessments Conducted On

HLB General Exclusion List⁴

- Involvement in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management and 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 areas⁵
- Operations using fire for land clearance or preparation of land⁶
- Fishing activities using drift nets or explosives
- Financing of any greenfield coal-fired power plants⁷ beginning 1st July 2021 and all coal-fired power plants effective 1st July 2026

High Social Risk Sectors

- Selected Construction
 - Buildings, roads and railways
 - Demolition and site preparation
 - Utility projects and other civil engineering projects
- Palm Oil (plantation and mills)
- Forestry (loggers or traders with logging licence)
- Mining & Quarrying
- Oil & Gas
- Selected Manufacturing
 - Chemicals, plastic, rubber
 - Metals and metal products
 - Electronic products
 - Wood and woods products
 - Paper and paper 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 Risk Rating
- Step 6: Rating(s) Approval
- Step 7: Monitoring

⁴ HLIBS will also adhere to the exclusions outlined in the Shariah Compliance Policy, as per current practices.

⁵ Areas designated by law or relevant authorities for nature protection, unless business activities comply with national and/or state biodiversity legislation.

⁶ The use of fire for land clearance or preparation must be avoided, except in specific situations with necessary authority approvals.

⁷ Includes investment/trading of bonds to finance any new coal-fired power plants.

Sustainable & Responsible Financing

BCB Portfolio Exposure

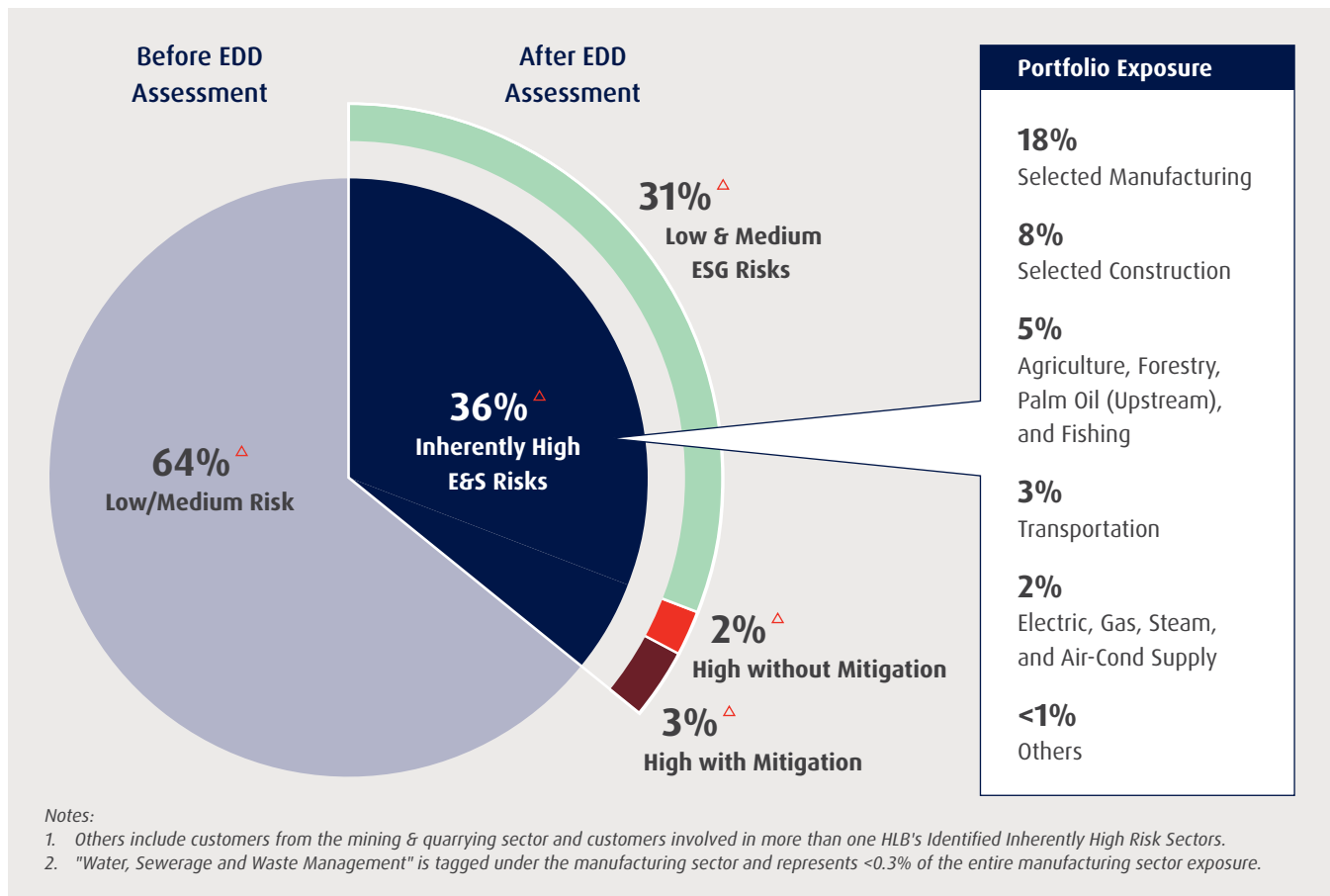
The BCB ESG Policy & Assessment Framework facilitates the assessment of our SME, corporate and commercial customers by their level of ESG risk, enabling us to channel funding towards sustainable business ventures and guide our customers towards better ESG practices.

Through engagement sessions with knowledge partners such as BNM's J3, Malaysian Investment Development Authority ("MIDA"), Malaysian Green Technology And Climate Change Corporation ("MGTC"), Malaysia External Trade Development Corporation ("MATRADE"), Malaysia Petroleum Resources Corporation ("MPRC"), WWF Business Council for Sustainable Development ("BCSD") and Enterprise Singapore, we have refined the assessment framework over the years to increase the overall quality of our E&S risk rating methodology and processes.

In FY2024, we expanded our classification of HLB's Identified Inherently High Risk Sectors to include selected business activities within the "Construction" sector in view of the high GHG emissions, biodiversity and ecosystem disruption, health & safety and both foreign and local labour risks posed in this sector.

We have also broadened our ESG Due Diligence ("EDD") screening approach to subject all customers to an environmental risk assessment, and an additional social risk assessment for customers from Inherently High Risk Social Risk Sectors. EDD includes a 7-step risk management process that emphasises strong risk identification and mitigation and includes the completion of an ESG checklist. After the completion of the checklist and based on the comprehensiveness of the mitigations provided, customers are tiered into four categories - High without Mitigation, High with Mitigation, Medium & Low.

The latest EDD assessment, carried out in FY2024, led us to determine that, while 36% of our business portfolio are deemed to be operating in HLB's Identified Inherently High Risk Sectors, 31% are classified as having a Low & Medium ESG risk (as they have implemented robust ESG measures against relevant E&S risks), 3% as High with Mitigation (as they have made commitments to enhance their ESG measures in the near-to-medium term) and 2% as High without Mitigation. The breakdown is provided in the table below.



[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Sustainable & Responsible Financing

Facilitating Sustainability Knowledge Sharing

We are dedicated to advancing ESG awareness among our SME, commercial and corporate banking customers. To achieve this, we have rolled out several capacity building and engagement strategies to increase our customers’ awareness as well as providing practical guidance and solutions to support their transition to more sustainable practices.

In FY2021, we introduced the HLB Sustainability Roundtable to promote awareness and drive change through knowledge sharing. This initiative brings together industry experts, ESG practitioners, government agencies, research houses, trade associations and key decision makers to share market insights, engage in open dialogues and discussions on best practices towards driving shared direction and improvement in ESG adoption, performance and disclosure.

Since its inception, we have successfully organised **11** Sustainability Roundtables, providing an engaging space to share key market insights and best practices through open, expert-led dialogues

Our 11th Roundtable, held in July 2024 in partnership with Malaysia Steel Works (KL) Bhd (“MASTEEL”), PwC, MIDA, IDEAS Academy, Bursa Intelligence and Professor Dr Ong Kian Ming (Pro Vice-Chancellor of External Engagement, Taylor’s University), was themed, “Greening the Supply Chain: The Malaysian Corporate Sector and the Global Sustainability Revolution: A Win-Win Convergence”.

The event addressed the vital issues around greening supply chains in the Malaysian corporate sector, highlighting the dual environmental and economic benefits of supply chain decarbonisation in light of increased global focus on industrial carbon footprint.

Additionally, we launched our inaugural HLB ESG Readiness Programme in May 2024, which was delivered in collaboration with PwC and Thoughts in Gear and designed to equip our customers with valuable ESG insights, transition strategies and disclosure best practices.



KP Rajesh, Head of Growth Segment, Senior Banker and Network Banking (Business & Corporate Banking) speaking at the 11th Sustainability Roundtable in 2024.

Fair Treatment & Dealing of Customers

WHY IT MATTERS

Treating our customers fairly builds trust, which enhances our relationship with them and builds long-term satisfaction and loyalty. Concurrently, our reputation and credibility are strengthened, helping us attract new customers and widen our consumer base.

Ultimately, our commitment to fairness in customer treatment supports a stable financial ecosystem, reinforcing our adoption of responsible business practices and solidifying our position as a trusted financial institution.

OUR APPROACH

Embedding Fair Dealing in our Culture

Recognising the pivotal role of managing conduct risk within our overall risk management framework, we have fully integrated BNM's Fair Treatment of Financial Consumers ("FTFC") policy into our operations. Based on seven core principles, this policy sets clear standards for financial institutions to uphold fair practices and bolster customer confidence.

By enhancing our policies and practices in line with the FTFC, we have reinforced our commitment to high standards of fairness, responsibility and professionalism in our customer interactions. This strengthens our operational integrity while contributing to a more resilient and progressive financial system.

To reinforce our understanding and commitment to these principles, we conduct regular "huddle" sessions to encourage discussion among peers, creating awareness on the importance of maintaining fair treatment practices. Effective March 2024, we have further enhanced our FTFC training module to reflect the enhancements made to the FTFC Policy Document to cater for the new joiners during their onboarding session.

Sustainable Supply Chain

WHY IT MATTERS

Integrating environmental and social practices into our supply chain reduces the negative impacts of our business activities. By practising responsible sourcing and supporting local vendors, we advance our sustainability objectives while ensuring long-term value for our stakeholders and the communities in which we operate.

This approach not only promotes environmental stewardship but also strengthens local economies, fostering resilience and shared prosperity.

OUR APPROACH

Optimising ESG Integration in Procurement

Our Procurement Policy, integrated with ESG elements, accelerates our sustainability journey by structuring and standardising our commercial partnerships with our suppliers. This policy also guides our vendors in enhancing their ESG risk mitigation and disclosures.

To foster strong partnerships and promote sustainable practices across our supply chain, we introduced a Vendor Sustainability Self-Assessment element into the policy in FY2021. This aimed to impartially evaluate the merits of all our suppliers and vendors over time using four scoring metrics: "Best In Class", "Satisfactory", "Improvement Needed" and "Exit Within Duration".

The pilot assessment in FY2022 involved 39 top vendors ranked in Tier 1⁸ (refer to table below for definition). By FY2024, we expanded this assessment to include all 99 Tier 1 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 Need"	No. of Vendors Rated "Exit within Duration"
Pilot assessment (FY2022)	39	24 (61.5%)	14 (35.9%)	1 (2.6%)	0
FY2024 assessment [△]	99	70 (71%)	27 (27%)	1 (1%)	1 (1%)

In FY2024, 71% of our Tier 1 vendors scored Best in Class, up from 61.5% in the pilot assessment.

Supporting Malaysian Suppliers & Services

Reinforcing our commitment to fostering a vibrant local business environment, we prioritise supporting local businesses. As evidence of this, 2,736 out of 2,873 vendors – approximately 95% – that supply us with products and services are Malaysian companies.

We also engage Malaysian vendors for various services, including security, telecommunications, office equipment, furniture and fittings, maintenance, cleaning, real estate, data lines, courier services and security devices.

In addition, we partner with multinational suppliers that maintain a local presence to ensure we secure the latest and most efficient IT solutions.

⁸ Tier 1 is defined by their annual spend value with the Bank.

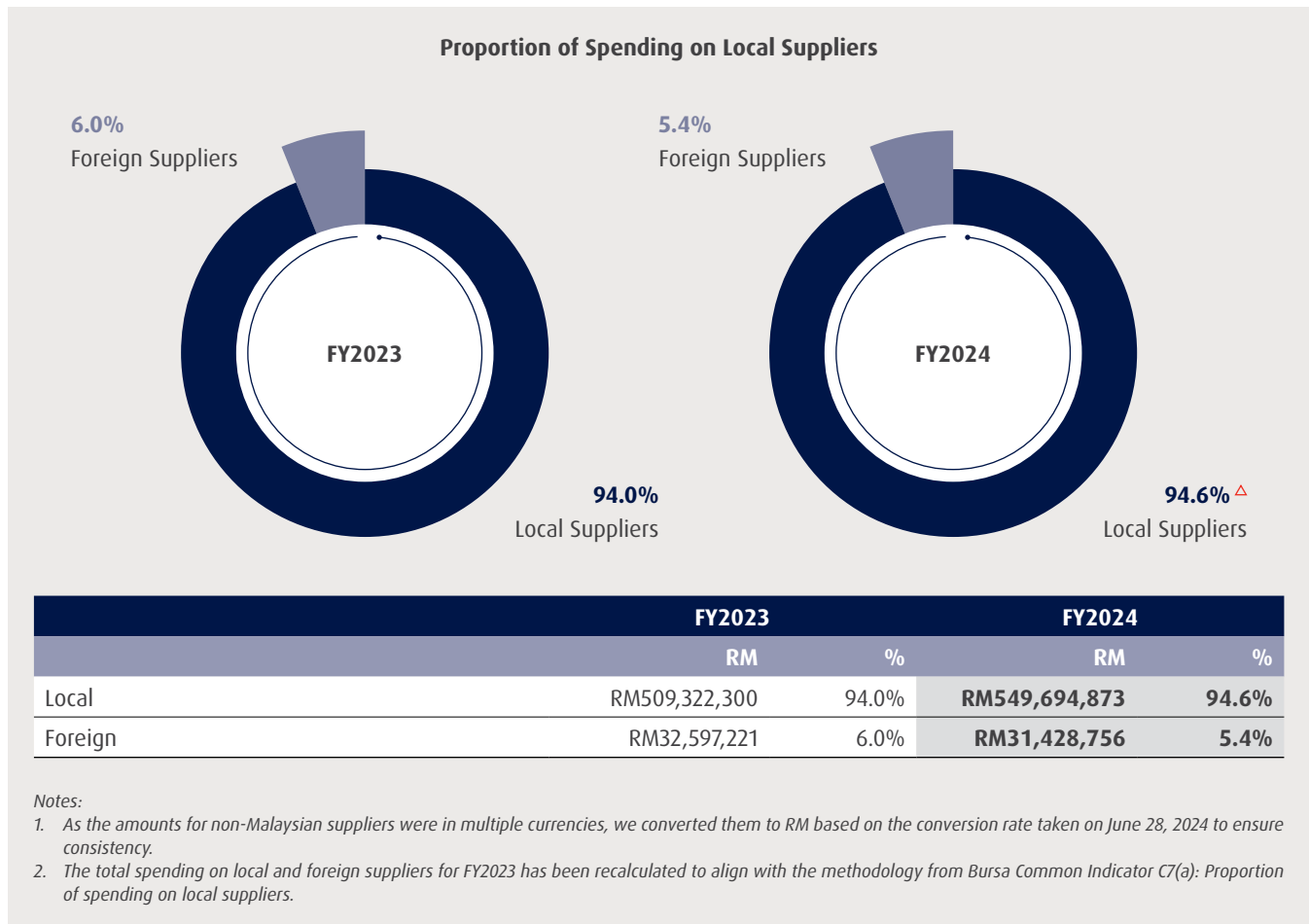
[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Sustainable Supply Chain

OUR PERFORMANCE

Proportion of Spending on Local Suppliers

In FY2024, we spent RM549.7 million on local suppliers, which is defined as businesses incorporated in Malaysia, and RM31.4 million on foreign suppliers. These totals encompass both OPEX and CAPEX spending, and include spending from paid and unpaid invoices.



COMMUNITY INVESTMENT

Investing in local communities is a core aspect of our sustainability agenda, aligning with our overarching strategic approach of driving societal and business value hand-in-hand.

Through our strategic partnerships with social enterprises, we roll out community empowerment programmes that generate enduring environmental and social benefits for underserved communities across our operational footprint. At the same time, we leverage our reach and expertise in the industry to enhance access to affordable financial services and promote financial literacy among key population groups.

Our initiatives empower a broad cross-section of society – including school and university students, aspiring entrepreneurs and underserved communities – by enhancing their financial well-being and equipping them with essential digital skills and knowledge to remain resilient in the digital era.

In parallel, they enable us to drive knowledge and preference for our products and solutions across a wider audience base, positioning ourselves for long-term growth.



Supporting Social Enterprises & Communities

WHY IT MATTERS

Supporting social enterprises and communities gives us the opportunity to drive positive and lasting change. This includes being there for people in trying times - through which we protect vital livelihoods - and supporting economic growth and innovation through our work with purposeful start-ups and entrepreneurs.

OUR APPROACH

We recognise that sustainability is a journey, not a destination. Accordingly, our strategy prioritises long-term impact over immediate gains. This involves supporting projects that may take years to come to fruition but have the potential to create significant positive change, as reflected in our core programmes.

Supporting Micro-Businesses & Social Enterprises

HLB Jumpstart

The HLB Jumpstart programme supports early-stage Malaysian startups and entrepreneurs that are focused on developing sustainable solutions, fostering innovation and tackling pressing environmental challenges. By offering access to our resources, expertise and network of professionals in finance, branding, advertising, business, innovation and volunteerism, we enhance their impact and drive their development of groundbreaking technologies and solutions.

Since the programme's inception in 2018, we have partnered with seven social enterprises, offering long-term support across five Pillars of Support - Financial Knowledge, Tools and Digitisation, Branding and Marketing, Commercialisation and Volunteerism. These social enterprises are SURI, Coffee for Good, The Asli.Co, Benak Raya, Green Hero, Primus Wellness and Refiller Mobile.

In FY2024, the two new social enterprises, Primus Wellness and Refiller Mobile, were onboarded to the programme, receiving the support that we provide all partner enterprises which includes:



The table below highlights the impactful achievements of some of these social enterprises.

SURI	
Our collaboration partner since September 2018	
Focus	Our Performance
Develops and sells fashion products fabricated from repurposed denim, through which they provide financial and upskilling opportunities to low-income single mothers from underprivileged communities	<ul style="list-style-type: none"> 40 B40 single mothers have undergone three months of intensive training in sewing and product development

Supporting Social Enterprises & Communities

COFFEE FOR GOOD

Our collaboration partner since December 2019

Focus

Trains and employs underserved youth as skilled coffee baristas, removing their barriers to skills and opportunities in the food and beverage (“F&B”) industry

Our Performance

Since our partnership began, we have:

- Helped Coffee for Good achieve RM25,908 in sales in FY2024
- Employed two B40 youths at our kiosk and during catering events post-COVID-19 (2021-2023)

THE ASLI CO.

Our collaboration partner since June 2020

Focus

Trains mothers from indigenous communities in Malaysia to produce and sell modern handicrafts, lifting them out of poverty and enabling them to support the education of their children

Our Performance

Since our partnership began, we have:

- Increased The Asli. Co’s sales by 876.3% in FY2024 (FY2023: RM1,495,785; FY2024: RM1,311,180)
- Provided job opportunities and training to 35 Orang Asli mothers

PRIMUS WELLNESS

Our collaboration partner since November 2023

Focus

Produces and sells herbal products while creating entrepreneurial and job opportunities for underprivileged and financially vulnerable communities

Our Performance

Since our partnership began, we have:

- Achieved RM142,628 in Primus Wellness sales
- Onboarded 13 new entrepreneurs

REFILLER MOBILE

Our collaboration partner since February 2024

Focus

Delivers essential household items to customers’ doorsteps via a zero-waste mobile store, reducing single-use plastic and promoting reuse, reduction and refill

Our Performance

Since our partnership began, we have:

- Executed pop-up events showcasing Refiller Mobile’s eco-friendly products and educating consumers on reducing single-use plastics
- Partnered with Paolo Paolo as an additional supplier of refillable plastic packaging
- Launched monthly activations at Hong Leong Tower and PJ City to engage employees and drive sustainability

Supporting Social Enterprises & Communities

To support the continued growth of these organisations, our CSR team organised the HLB Jumpstart 3.0 workshop in August 2023. This training workshop included participation from the social enterprises that we support and one NGO, and strove to upskill their staff in key areas of knowledge such as on productivity tools, ESG, digital marketing and social media branding.

Looking ahead, we plan to broaden HLB Jumpstart's reach and impact by offering enhanced support to a larger number of social enterprises across Malaysia. This expansion will involve the provision of more funding and mentorship opportunities and greater access to our extensive network of industry experts, furthering our efforts to empower innovation within Malaysia's business community for the benefit of future generations.

HLB Jumpstart@65

Jumpstart@65 is a community hub designed to inspire and educate the community on living purposefully and developing digital skills. It also serves as a collaborative space for creating innovative solutions for the community, the Bank and the Hong Leong Group.

Managed by HLB's Marketing and Communications office, this repurposed five-storey building on Jalan Tun H.S. Lee in Kuala Lumpur features coworking spaces, three customer usability labs and a community centre.

Equipped with advanced tools like eye tracking technology and 3D printing facilities, Jumpstart@65 offers a unique environment where employees can engage in customer immersion sessions, including focus groups, ethnographic studies and co-creation sessions between customers and Bank employees. This allows employees to experience first-hand how customers interact with new experiences and participate in concept and usability testing sessions.

HLB JumpStart - Micro Business

In FY2023, HLISB launched the HLB Jumpstart - Micro Business programme to provide financing for individuals with limited or no credit history, as well as aspiring entrepreneurs with low credit scores, to start their own businesses.

By FY2024, the programme was recognised by BNM for fulfilling the iTEKAD components of seed capital, microfinance and structured training, making HLISB one of the participating banks in the iTEKAD initiative.

This initiative enhances our VBI offerings and aims to create a lasting impact for underserved communities by unlocking sustainable sources of income. It also aligns with BNM's Financial

Sector Blueprint 2022 – 2026, which focuses on integrating social finance into the Islamic finance ecosystem.

HLISB distributes funding through two key partners: MADCash, a microfinancing platform for women entrepreneurs, and AlfieTech, a digital microfinance app. Both parties offer zero-profit financing and capital for starting a business, along with mentorship and business training.

Through these partners, participants can access two types of funding for their ventures:

MADCash provides a startup fund of RM4,000 with a 12-month repayment period at a zero-profit rate, and matches participants with a mentor who offers guidance and shares best practices for building a successful and sustainable business

AlfieTech, meanwhile, offers up to RM1,500 per applicant in the form of e-commerce credit on its proprietary platform

Since HLB Jumpstart - Micro Business launched in FY2023, we have onboarded **20** businesses through MADCash and **22** through AlfieTech, disbursing over **RM100,000** in microfinancing

Empowering Employee Volunteerism

We are dedicated to giving back to society, with a special focus on uplifting underserved communities. Through the HLB Employee CSR Programme, our employees invest their time and resources to support welfare homes nationwide during festive seasons, such as Chinese New Year, Hari Raya and Deepavali, and take part in various volunteering efforts.

Involvement in such volunteering initiatives is supported by our CSR leave provision, which allows employees up to two working days of leave per year to contribute to our CSR programmes.

In FY2024, **1,214** employees contributed a total of **3,091** volunteer hours across various activities under the programme's five pillars: Environment, Food Security, Festive (Community), Financial Literacy and Social Enterprise.

Supporting Social Enterprises & Communities

HLB Employee CSR Programme

Activity	Description	FY2024 Impact
Pillar: Environment		
Mangrove Tree Planting @ Kuala Selangor Nature Park⁹	Planted mangrove saplings as part of our efforts to offset our emissions while contributing to coastal resilience against climate change impacts	<ul style="list-style-type: none"> Planted 1,200 mangrove saplings Engaged 80 employee volunteers Logged 324 total volunteer hours
Gotong Royong Outreach @ Bukit Jalil Recreational Park	Removed litter, debris and dried leaves to improve the park's cleanliness and overall aesthetic, and strengthen team bonds	<ul style="list-style-type: none"> Collected 39 kg of trash Engaged 48 employee volunteers Logged 144 total volunteer hours
Beach Clean Up @ Desaru, Johor and Pantai Tanjung Lipat, Sabah	Improved beach cleanliness and environmental quality while strengthening community spirit and teamwork	<ul style="list-style-type: none"> Collected 719 kg of trash Engaged 141 employee volunteers Logged 327 total volunteer hours
Pillar: Food Security		
Fighting Food Waste: HLB X Kechara Soup Kitchen	In collaboration with Kechara Soup Kitchen, we rescued food from supermarkets for donation to charity homes and delivered food packs to registered families in people's housing projects ("PPR") every month	<ul style="list-style-type: none"> Supported 11 charity homes and registered families under Kechara from March to June 2024 Diverted 634 kg of food from landfills Engaged 36 employee volunteers Logged 108 total volunteer hours
Pillar: Festive (Community)		
Deepavali CSR 2023	Organised festive meal donations, deliveries to welfare homes and spring cleaning activities to improve the festive cheer	<ul style="list-style-type: none"> Supported 455 beneficiaries across 14 welfare homes nationwide Sponsored 104 meals Engaged 83 employee volunteers in spring cleaning Logged 249 total volunteer hours
Chinese New Year CSR 2024	Donated festive meals to welfare homes to improve the festive cheer	<ul style="list-style-type: none"> Supported 745 beneficiaries across 14 welfare homes nationwide Sponsored 155 meals
Hari Raya CSR 2024	Organised festive meal donations, deliveries to welfare homes and spring cleaning to improve the festive cheer	<ul style="list-style-type: none"> Supported 670 beneficiaries across 14 welfare homes nationwide Sponsored 133 meals Engaged 89 employee volunteers in spring cleaning Logged 267 total volunteer hours

⁹ For more information, refer to the "Managing Our Operational Environmental Footprint" section of this Sustainability Report, on page 48.

Supporting Social Enterprises & Communities

Activity	Description	FY2024 Impact
Pillar: Festive (Community) (continued)		
Spreading Cheer @ Pertubuhan Kebajikan & Pendidikan Permata Hatiku	A visit by Human Resources to bring cheer to the kids at the home by donating dry food and household items as well as spending some quality time with the kids, such as celebrating their birthdays	<ul style="list-style-type: none"> Supported 20 children with in-kind donations of food packs and drinks Engaged 14 employee volunteers Logged 56 total volunteer hours
Pillar: Financial Literacy		
HLB DuitSmart Workshops for Students & Communities	Conducted financial literacy and inclusion workshops with educational content to promote informed and sound financial decisions	<ul style="list-style-type: none"> Conducted 73 HLB DuitSmart workshops Supported 7,944 students and community members Engaged 216 employee volunteers Logged 432 total volunteer hours
Pillar: Social Enterprise		
SURI Denim Donation Drive 2024	Donated denim material for upcycling	<ul style="list-style-type: none"> Collected 1,018 pieces of denim for repurposing
Volunteering @ MHL & PJC for Refiller Mobile	Provided support for refilling services and payment assistance, while educating attendees on zero-waste practices and the importance of reducing single-use plastics	<ul style="list-style-type: none"> Engaged 2 employee volunteers Logged 8 total volunteer hours
HLB Jumpstart Workshop for Primus Wellness and Refiller Mobile	Provided upskilling training for our newly onboarded social enterprises, Refiller Mobile Enterprise and Primus Wellness, covering: <ul style="list-style-type: none"> Data science and Microsoft Excel analytics ESG and sustainability Challenges for microbusinesses Social media basics Financial scam awareness 	<ul style="list-style-type: none"> Supported 36 business owners and entrepreneurs through a three-month training Engaged 13 employee volunteers Logged 33 total volunteer hours

HLISB Community Engagements

Activity	Description	FY2024 Impact
Ramadan Festive Cheer @ Perkampungan Orang Asli Sungai Gabai, Hulu Langat: HLISB x Khadijah International Waqf (L) Foundation	In collaboration with Khadijah International Waqf (L) Foundation, HLISB offered one-off support to asnaf (Zakat beneficiary) communities during Ramadan	<ul style="list-style-type: none"> Supported 30 Orang Asli with in-kind donations of iftar (breaking fast) food packs and drinks Engaged 4 employee volunteers Logged 8 total volunteer hours

Supporting Social Enterprises & Communities

Activity	Description	FY2024 Impact
HLISB x SURI Women Empowerment Programme 2023	In collaboration with SURI, this programme aims to equip B40 women with creative sewing skills to produce micro entrepreneurs so that they can earn a side income from the skills obtained	<ul style="list-style-type: none"> • 20 B40 single mothers have undergone three months of intensive training in sewing and product development
Program Kasih Harmoni: HLISB x PlusVibes	In collaboration with PlusVibes, addressed mental health issues among university students through awareness campaigns, on-site events and remote therapy sessions conducted via the PlusVibes app	<ul style="list-style-type: none"> • Supported 554 students from Universiti Teknologi MARA ("UITM") Seremban Campus
Program Peduli & Penyayang Asnaf, Warga Emas & Ibu Tunggal Pasca Banjir 2024 Kuala Krai, Kelantan: HLISB x Persatuan Penduduk Gunung Stong	In collaboration with Persatuan Penduduk Gunung Stong, provided one-off assistance to villagers affected by the early-year flood	<ul style="list-style-type: none"> • Supported 70 families living in the rural areas of Gunung Stong with basic necessities and food items
Marhaban Ya Ramadhan 1445H - Sumbangan Iftar Ramadhan & Bakul Makanan: HLISB x MACMA	In collaboration with Persatuan Cina Muslim Malaysia ("MACMA"), provided one-off assistance to asnaf mualafs (Muslim converts) and fakir miskins (economically disadvantaged or poor)	<ul style="list-style-type: none"> • Supported 130 asnaf mualaf and fakir miskin beneficiaries with food items
AIBIM Ramadan Relief Program - Kempen Seorang Sekampit Beras 2024 (1445 H): HLISB x AIBIM x ABIM	In collaboration with AIBIM and Angkatan Belia Islam Malaysia ("ABIM"), provided one-off assistance to families from the asnaf and B40 categories	<ul style="list-style-type: none"> • Supported 20 asnaf and B40 families with food items and cash
Ramadan CSR Programme: HLISB x BERNAMA	In collaboration with the Malaysian National News Agency ("BERNAMA"), provided one-off assistance to the public during Ramadan	<ul style="list-style-type: none"> • Supported 1,000 members of the public with iftar food packs and basic necessities
Program Celik Muamalat	Delivered a financial literacy programme incorporating Shariah principles, targeting students and adults	<ul style="list-style-type: none"> • Supported: <ul style="list-style-type: none"> - 200 students from Fakulti Pengajian Kontemporari Islam and Persatuan Mahasiswa Pentadbiran Islam dan Syariah ("PERISYA"), Universiti Sultan Zainal Abidin ("UniSZA"), students - 20 single mothers from SURI

Supporting Social Enterprises & Communities

Activity	Description	FY2024 Impact
Jom Cakna: Program Daya Tahan Kewangan PPR	In collaboration with Perbadanan Insurans Deposit Malaysia ("PIDM"), provided PPR residents with awareness on potential financial opportunities, key financial resources, and information on fraud and scams	<ul style="list-style-type: none"> Supported 400 residents from PPR Sri Pantai, Kuala Lumpur

Corporate Volunteerism

Activity	Description	FY2024 Impact
Book Donation Drive 2024: HLB x FINCO	In collaboration with the Financial Industry Collective Outreach ("FINCO"), organised a nationwide book donation drive, collecting books from HLB staff to be sent to schools, helping restock their libraries	<ul style="list-style-type: none"> Donated 3,200 pre-loved books to 27 schools nationwide
Flood Relief Aid (Temerloh): HLB x FINCO	Supported Sekolah Rendah Agama Islam AT Takwa in Temerloh, Pahang, in rebuilding their facilities affected by the 2024 flood	<ul style="list-style-type: none"> Monetary contribution for rebuilding the facilities Sent 2 staff members to assist with painting and refurbishment of the affected school facilities
Blood Donation Drive	Supported the National Blood Centre in its efforts to replenish blood suppliers	<ul style="list-style-type: none"> Supported 369 beneficiaries through 123 blood donors Engaged 41 employee volunteers Logged 205 total volunteer hours

Special Initiatives

In addition to the initiatives above, we have partnered with the Association of Banks in Malaysia ("ABM") and AIBIM to drive fraud and scam awareness for our customers as well as for the general public through social media, our digital banking platforms and at our branches. We have also conducted talks via our HLB DuitSmart platform to equip members of local communities with the skills to identify and avoid scams.

In addition, we continued to support days of national importance while promoting our products and solutions through community-based events. In FY2024, 104 of our employees participated in the National Day Parade in Putrajaya, alongside other Malaysian companies, to celebrate our nation's progress through the years.

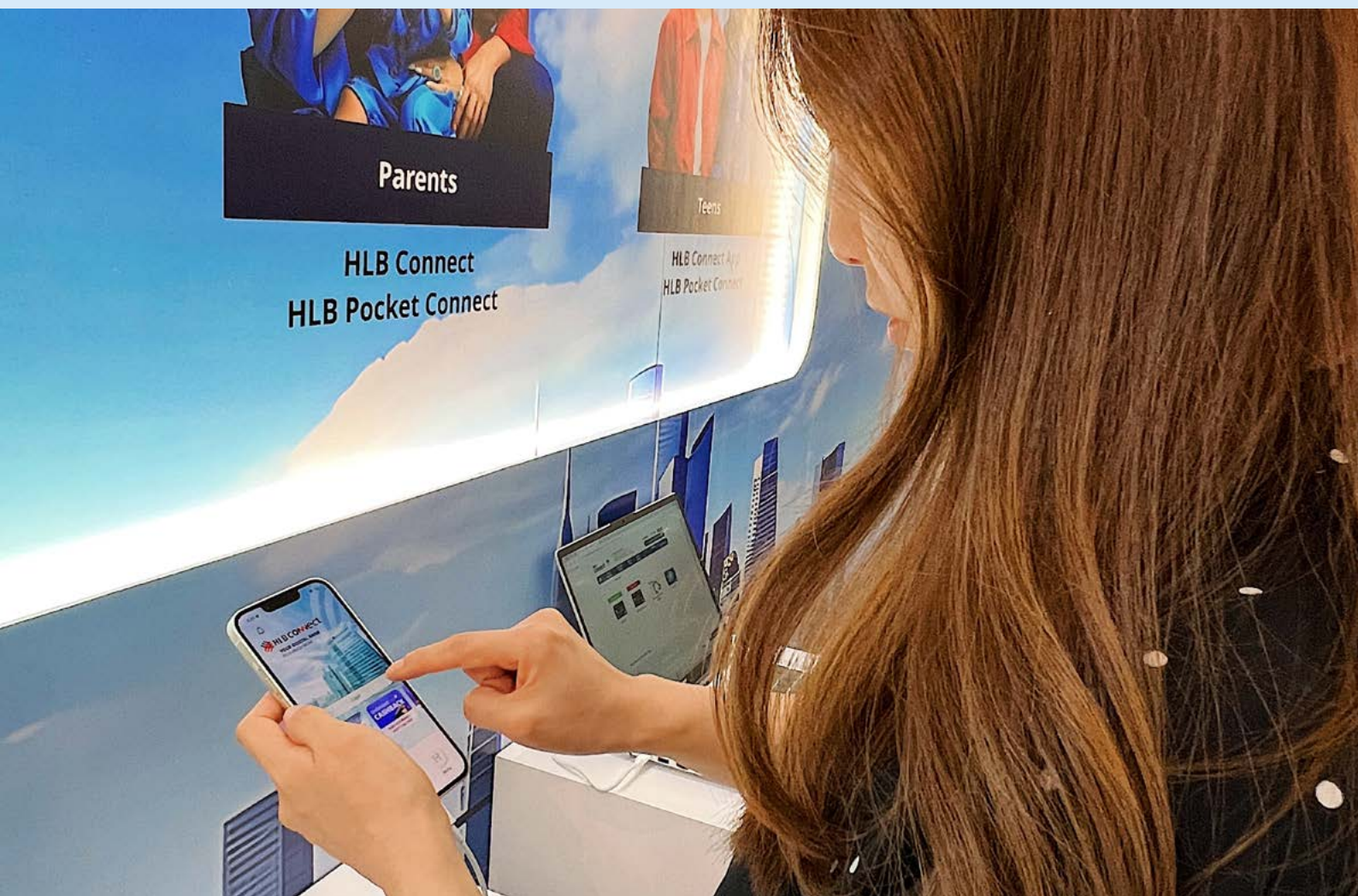
In FY2024, we invested approximately a total of **RM476,600** [△] in local communities and social enterprises, creating social and environmental impacts and collectively creating value in the lives of **9,013** [△] direct beneficiaries and **1,535** [△] indirect beneficiaries

[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

DIGITAL AT THE CORE

The effective use of digital technology is essential to our long-term strength and competitiveness. In line with our vision of being a highly digital and innovative ASEAN financial services company, we leverage advancements in technology to develop new products and solutions that enhance convenience and deliver a greater level of personalisation, meeting the evolving needs of our customers and engendering their loyalty.

At the same time, we recognise the cybersecurity and data privacy risks inherent within the digital landscape and invest in maintaining robust safeguards across our operations.



Digital Finance & Innovation

WHY IT MATTERS

Our customers expect seamless and highly convenient banking experiences that provide them with anywhere, anytime access, making it pivotal that we lead in digital finance and innovation.

By staying at the forefront of technological advancements, we are able to consistently offer cutting-edge products and solutions that cater to their exacting expectations. Meanwhile, we actively encourage businesses and individuals to transition to cashless transactions and benefit from the greater speed, convenience and security it offers. Our actions in both of these areas strengthen our positioning in the highly competitive banking and financial services landscape.

OUR APPROACH

Improving the In-Branch Experience

Guided by the principle of customer centricity, which is central to our philosophy and approach to business, we have leveraged digital technology to enhance the in-branch experience of our customers. Two key examples of this are our InBranch Tablets which facilitate account opening and transactions, and our iconic branches which are equipped with the following digital features:

- Wireless terminals and applications, which allow customers the flexibility to perform banking transactions anywhere within the premises, thereby minimising queue lines
- Personalised Teller tablets, which help staff reduce paper consumption and our carbon footprint
- Teller Assisted Units, which are capable of accepting, recycling and dispensing notes and are placed in open areas instead of traditional spaces behind banking counters, thus improving accessibility and efficiency

Our iconic branch in Damansara City, Kuala Lumpur, also features a Discovery Zone, offering visitors access to touchscreen stations loaded with digital brochures and an interactive platform to customise their financial planning needs. Additionally, the branch provides meeting rooms for entrepreneurs and business associates, supporting the growth of the local business ecosystem.

Meanwhile, our iconic branch in Light Street, Penang, features an exhibition area, a café (Kota Bistro) operated by Michelin Bib Gourmand-selected Kota Dine, complimentary parking spaces as well as an EV charging station.

Developing Inclusive Products & Solutions

We strive to create products and solutions that inclusively meet the needs of all, regardless of age or level of ability, thus widening access to the financial ecosystem. An example of such a solution is the HLB Pocket Connect app.



HLB Pocket Connect



Our digital app, equipped with tools and functionalities that enhance financial literacy and skills for people aged under 18

How It Adds Value

- Features patented Earn, Save and Spend interactive tools to help Junior Savers manage their pocket money and savings
- Encourages parents to instil healthy financial habits in their children from an early age

Achievements in FY2024

- Recorded over 36,800 HLB Pocket Connect sign-ups
- Issued more than 62,000 HLB/HLISB Junior Debit Cards
- Opened more than 99,300 new HLB 3-in-1 Junior Accounts

Digital Finance & Innovation

Our commitment to being an inclusive organisation is also 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, which we did via our speech equipped SSTs.



For more information, refer to the "Financial Inclusion & Literacy" section of this Sustainability Report, on page 95.

Innovating Tailored Digital Solutions

Digital banking solutions are vital to our business as they enable us to widen access, improve customer convenience and offer a range of personalised, tailored services. As such, we have invested concertededly in launching and continuously improving our internet and mobile banking platforms, which are expanded on in detail below.

For Retail Customers



Apply@HLB & HLB Wallet



Malaysia's first fully digital onboarding experience, allowing Malaysians to open a bank account remotely

How It Adds Value

- Provides the convenience of cashless transactions with HLB Wallet
- Malaysians aged 12 to 17 may also open an account, with parental permission

Key Enhancements in FY2024

Apply@HLB

- Incorporated the e-Know Your Customer ("eKYC") channel – a digital onboarding process to evaluate customers' identities and verify their information – for sole proprietors
- Included the Pay&Save feature for individual accounts and sole proprietors to simplify banking experiences

HLB Wallet

- Enabled accounts to be opened via InBranch Tablets, in addition to over-the-counter processing

Achievements in FY2024

- More than 27,200 new accounts registered

Digital Finance & Innovation

For Retail Customers



HLB Connect Online



Our one-stop digital banking platform, facilitating a comprehensive range of transactions

How It Adds Value

- Allows customers to:
 - Manage payments and local and cross-border fund transfers
 - Place e-fixed deposits
 - Convert foreign currencies
 - Subscribe to unit trusts and Islamic investment accounts
 - Apply for our products
 - Manage transaction limits and credit and debit card functions
 - Access these features online from any device, regardless of location
- Enables small business owners to use the 'Add Clerk' feature to delegate the role of initiating business payments to their assistants
- Includes enhanced security measures such as:
 - Clerk feature for sole proprietor users
 - AppAuthorise to replace SMS TAC for transaction authorisation
 - Temporary freeze/unfreeze credit card option
 - Temporary online purchase capability for debit card
 - Cooling-off period following limit increases
 - Emergency lock

Key Enhancements in FY2024

- Enabled mortgage services, which were previously only available in branches, allowing customers to request:
 - Copies of loan/financing documents
 - Early instalment for interest/profit servicing accounts
 - Increased instalment amounts
- Launched an enhanced version of FPX and DuitNow Online Banking/Wallets to allow customers to complete transactions and pay using their CASA/CASA-i or Credit Card via HLB Connect more seamlessly
- Introduced various enhancements to improve online and mobile banking safety for customers, including:
 - Requiring AppAuthorise, a secure and convenient authorisation method that replaced SMS TAC, for:
 - > First-party transfers
 - > Favourite transfers (e.g., paying for own credit card, own CASA transfer, MCF placement, eFD placement, unit trust subscription, favourite IBG/DuitNow transfers and bill payments)
 - Activating the cooling-off period, previously only triggered when customers linked the HLB Connect App to a new device or increased their daily transfer limit, when customers update their contact information via HLB Connect
 - Replacing SMS TAC with HLB Connect Code for:
 - > HLB Connect registration
 - > Resetting security details
 - > Changing the security picture
 - > Device binding
 - > AppAuthorise enrolment

Achievements in FY2024

- RM108.5 billion in retail transaction value for retail internet banking

Total Number of Users

Approx. **2.9 million**

Digital Finance & Innovation

For Retail Customers (continued)



HLB Connect App



Our mobile app, enabling our customers to conduct a wide range of banking transactions on the go

How It Adds Value

- Simplifies day-to-day banking through features that negate the need for customers to visit a branch or call our Contact Centre
- Features various security measures and enhancements, including:
 - Local QR Pay
 - Cross-border QR for international transactions
 - Payments & transfer as well as foreign currency conversion
 - Application of products such as personal loan, credit card, balance transfer, quick cash, flexi payment plan and insurance as well as placement and withdrawal of fixed deposit
 - AppAuthorise for online and mobile banking transaction authorisation, replacing SMS TAC
 - Emergency lock
 - Single-device use
 - Cooling-off period after app setup and AppAuthorise enablement

Key Enhancements in FY2024

- Refreshed the app to feature a cleaner interface, including:
 - A new overview page providing a summary of all accounts
 - Enhanced navigation and new features for easier access to frequently used functions
- Enabled direct application of product offerings through the app

Achievements in FY2024

- RM127.2 billion in financial transactional value for retail mobile banking
- More than 1.79 million unique financial transaction users for retail mobile banking, representing close to 20% year-on-year growth
- 89% of total HLB Connect users are now HLB Connect App users
- 69% of all transactions are mobile banking transactions

Total Number of Users

Approx. **2.6 million**

For SME, Commercial & Corporate Customers



HLB ConnectFirst and Digital Onboarding for Businesses



Offers a full range of banking solutions tailored to meet the diverse business needs of our customers

How It Adds Value

- Streamlines the business account opening process and enhances convenience and access by:
 - Providing a comprehensive, fully end-to-end digital experience
 - Combining multiple product applications into one platform
 - Allowing customers to complete the process at home
 - Integrating self-service registration to promote digital banking adoption
- This promotes additional ESG benefits:
 - Reduced processing time and administrative burden, benefitting both businesses and the Bank
 - Promotes environmental sustainability by minimising paper usage through soft copy document uploads
 - Empowers businesses for independent financial management

Key Enhancements in FY2024

- Introduced the e-Know Your Business ("eKYB") Account Opening feature

Achievements in FY2024

- Surpassed 100,000 companies on HLB's corporate internet banking ("CIB") platform
- Over 62,000 accounts opened digitally
- 11% growth in active user base year-on-year

Digital Finance & Innovation

For SME, Commercial & Corporate Customers (continued)



HLB BizBuddy App

Unlocks the convenience of cashless payments for both merchants and customers using DuitNow QR code, which is Malaysia's National QR code, Cross-Border QR and WeChat Pay QR

How It Adds Value

- Builds cash lite communities and supports digital payment usage for microenterprises
- Enables merchants to accept cashless payments from customers using a unique QR code
- Makes it safe and easy for merchants to receive payments directly into the bank's account
- Offers key features and benefits for merchants to
 - Generate static and dynamic DuitNow and WeChat QR Codes
 - Receive push notifications whenever payments are received
 - Monitor sales performance in real-time via the merchant dashboard
 - Download daily sales reports and monthly settlement reports
 - Manage business by assigning cashiers to different outlets
 - Perform instant refund for transactions that are made on the same day

Key Enhancements in FY2024

- Provided multilingual support via profile setting and preferred language selection for merchants to manage business with ease
- Enable merchants to use the app in English, Chinese or Bahasa Malaysia to monitor dashboard and transactions
- Enable one merchant with up to five (5) cashiers

Achievements in FY2024

- More than 44,000 merchants acquired
- More than 13 million transactions with more than RM450 million in value

Total Number of Users

Approx. **61,000**

Our continued focus on internet and mobile banking led to a 11% increase in corporate internet banking users in FY2024, with more than 22 million corporate digital financial transactions carried out during the year. This strong performance led, in turn, to over 88% digital penetration rate across the Bank for non-individual customers with corporate internet banking.

Encouraging Cashless Transitions

We strive to empower businesses and consumers to adopt cashless transactions and realise its varied benefits, as illustrated by our continuing Cashless Kampung and HLB@School initiatives.



Cashless Kampung

Transforming rural and hard-to-reach areas in Malaysia into cashless kampungs (villages) by equipping local businesses with digital payment tools

How It Adds Value

- Offers simple and safe products and services, including bank accounts, cards, merchant terminals and QR codes
- Promotes financial literacy and digital adoption among local communities to progress towards a cashless ecosystem
- Provides small businesses with HLB DuitNow starter kits to facilitate cashless payments, enhancing convenience and ease of business management. The starter kits include:
 - DuitNow QR Code for businesses to accept contactless QR payments from mobile banking apps and eWallets
 - All-in-One Payment Terminal that accepts both card and QR payments

Achievements in FY2024

- Opened more than 9,900 accounts with a total of RM39.9 million in account balances
- 71 projects initiated, with 27 active projects¹⁰, an increase of 237.5% from FY2023¹¹

Future Plans

We plan to advance our digital transformation across more towns in Malaysia, particularly in Pasar Tamu Donggongan in Sabah as well as the Kinta and Manjung districts in Perak

¹⁰ Refers to projects with at least 25 accounts.

¹¹ In FY2023, 15 projects were initiated, eight of which were active.

Digital Finance & Innovation

IMPACT STORY: Program e-Duit Desa @ Bagan Nakhoda Omar



In FY2024, we successfully launched the Program e-Duit Desa in Bagan Nakhoda Omar, Sabak Bernam, Selangor, initiating a comprehensive digital transformation in the region.

This programme, which offers residents and businesses access to e-payment services along with advisory and financial solutions, supports BNM's goal of encouraging cashless transactions and increasing financial inclusivity. It was also a central part of Financial Literacy Month, spearheaded by the Financial Education Network ("FEN").

The programme launch featured financial literacy talks by BNM, a meet-and-greet with HLB Ambassador Alif Satar, instant account openings at the HLB Mobile Bank and complimentary Alif Satay for those who opened HLB accounts and adopted DuitNow QR.

Highlights of the programme include:

- Opening of 30 HLB accounts by sole proprietors and hawkers
- Adoption of the HLB BizBuddy ecosystem by 43 accounts
- Onboarding of 75 individual accounts to enable them to make cashless transactions

We were also inspired to see vendors outside the venue adopting QR codes for cashless transactions, marking a significant shift towards a new era where cashless payments are becoming the norm.

IMPACT STORY: Transforming Malaysia's First Cashless Kampung



In FY2023, our collaboration with PayNet resulted in the establishment of Malaysia's first cashless kampung: Sekinchan, aligning with the Visit Sekinchan 2023 campaign and offering cashless convenience to both urban and digitally-savvy tourists.

We supported Sekinchan's 24,000 residents and businesses by facilitating bank account openings, issuing debit cards and enabling digital banking without the need for branch visits. Additionally, we equipped 800 local businesses with HLB DuitNow starter kits.

Places of worship have also adopted cashless payments – the famous Pantai Redang Datuk Kong Temple now uses DuitNow QR codes for donations, which visitors appreciate for its convenience and discretion. This shift has also simplified donation management and reduced theft risks for the temple.

During our rollout, we found that while vendors saw the benefits of cashless transactions, many felt unsure about using the tools. To address this, we sent staff to engage with them directly, listen to their concerns and develop solutions to boost their digital confidence, supporting continued progress towards our goal of creating a cashless Sekinchan.

Digital Finance & Innovation

HLB@SCHOOL

HLB@School

Empowering schools with products and solutions to create cashless ecosystems and instil good money habits in young children

How It Adds Value

- Provides students with access to HLB 3-in-1 Junior Account, which includes:
 - A savings account with a higher interest fixed deposit account
 - A reloadable debit card for cashless payments
- The HLB/HLISB Junior Debit Card enables students to buy meals at their canteen and purchase school supplies by tapping their card at a POS terminal, enhancing their safety by eliminating the need to carry cash on a daily basis
- Includes access to the HLB Pocket Connect app, where students will learn to:
 - Earn: Learn the value of money and earn extra pocket money when they help with chores
 - Spend: Keep track of their pocket money and spending
 - Save: A wishlist feature that will help them to save gradually towards their goals
- Allows parents to pay for school fees via online banking
- Enables schools to transition to cashless daily operations, enhancing safety and convenience

Achievements in FY2024

- Opened more than 34,900 HLB Junior Accounts
- Onboarded 26 new cashless schools, bringing the total to 94 and marking a 38% increase compared to FY2023¹²
- Provided more than 1,900 POS terminals to 167 school merchants

Future Plans

We plan to expand this initiative to 30 more schools in FY2025

IMPACT STORY: Transforming Schools in Sabah into Cashless Ecosystems



Our success in Sabah lays the foundation for us to expand this initiative to other regions, thus furthering our efforts to empower schools and students alike, cashlessly.

In FY2024, the HLB@School initiative successfully transitioned 33 schools in Sabah to cashless operations by providing merchant terminals, aligning with our commitment to digital financial inclusion and creating a cashless society.

Testimonials from four of these cashless schools highlight the initiative's benefits:

- **Ease of Use:** Students use debit cards with a simple tap, saving time during short recesses
- **Security:** Debit cards are worn on lanyards, preventing loss
- **Parental Convenience:** Parents no longer need to find small cash amounts on a daily basis
- **Operational Efficiency:** Merchants save time as transactions are digitalised

Cashless Zakat

In support of charitable giving to local communities, we enable customers to complete Zakat payments anytime and anywhere via our HLB Connect platform, HLISB's cashless ATM at Lembaga Zakat Selangor and JomPAY.

In FY2024, we facilitated 1,373 Zakat transactions amounting to over RM170,000 through HLB Connect – a 16% increase in transactions compared to FY2023.

¹² In FY2023, there were 69 schools in total.

Customer Experience & Satisfaction

WHY IT MATTERS

Digital technology has revolutionised customer interactions with financial services companies, raising their expectations for increased convenience and speed, greater personalisation, and enhanced security and support. Our commitment to understanding and meeting these expectations keeps us competitive and market-driven while fostering a loyal customer base.

This strategic approach ensures that we deliver consistent value, positioning us for sustained success and growth.

OUR APPROACH

By actively engaging with our customers and staying attuned to their evolving needs, we can create innovative products and solutions that enhance their experiences and drive improved satisfaction.

Innovating through the Customer Experience Lab

Through our Customer Experience (“CX”) Lab, we continuously engage with our customers to understand their pain points and expectations. Leveraging their valuable input, alongside the expertise of cross-functional business, operations and technology teams and our external partners – including leading technology companies, financial technology (“FinTech”) companies, start-ups and academic institutions – the CX Lab subsequently:

- Facilitates the experimentation and prototyping of new technologies, products and services
- Provides design thinking training and workshops
- Hosts customer co-creation sessions
- Spearheads user experience (“UX”) and user interface (“UI”) design
- Conducts rapid prototyping and usability testing

These initiatives serve to drive ongoing improvement to the customer experience, empowering us to stay ahead of the competition.

Improving Customer Satisfaction

We engage with our customers frequently to canvas feedback on their experience with our services and understand their evolving needs. Through our Voice of Customer (“VOC”) platform, we captured a total of 386,831 feedback submissions in FY2024. Meanwhile, in FY2024, we facilitated more than 26,519 engagements.

Leveraging the insights from the feedback we receive, we engage concertedly with business owners to significantly enhance their experience, with this collaborative approach leading to a notable increase in our customer satisfaction scores for FY2024, compared to FY2023.

FY2024 Customer Satisfaction Scores

4.53 out of 5
for ‘Customers Calling Contact Centre’

4.57 out of 5
for ‘Customers Visiting Branch’

4.39 out of 5
for ‘Internet Banking Users’

4.63 out of 5
for ‘Mobile Banking Users’

4.46 out of 5
for ‘SST Users’

4.58 out of 5
for ‘HLB Pop-up’

In FY2024, we facilitated **26,519** customer engagements via our community platform, HLB Designed by You (“DBY”)

IMPACT STORY: Enhancing Our Customer Reach with HLB Pop-ups

In FY2024, our HLB Pop-up initiative significantly improved customer accessibility and attracted new prospects:

- We launched eight HLB Pop-ups in high-traffic areas across the Klang Valley, Ipoh, Penang, Johor and other key locations
- Designed to create a welcoming atmosphere, these pop-ups provided free coffee and popcorn, which helped foster a relaxed environment for financial advisory
- This approach successfully engaged over 7,300 prospects and facilitated more than 2,800 financial advisory sessions, reflecting 1.6 times and 2.6 times growth, respectively, compared to the previous fiscal year
- According to our Customer Satisfaction survey, those who received financial advisory rated their experience an average of 4.58 out of 5, underscoring high satisfaction with our service

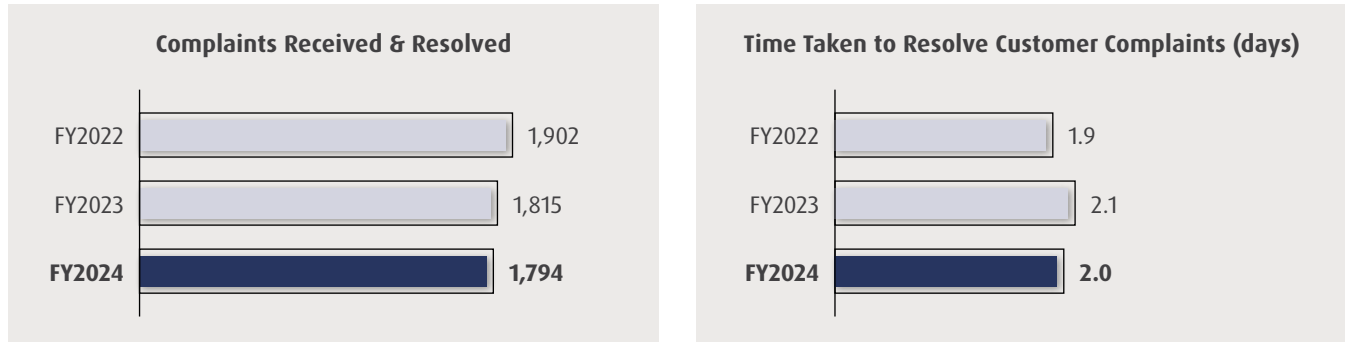
Building on this success, we plan to expand the HLB Pop-ups and explore new formats to further extend our reach and enhance customer satisfaction.

Customer Experience & Satisfaction

OUR PERFORMANCE

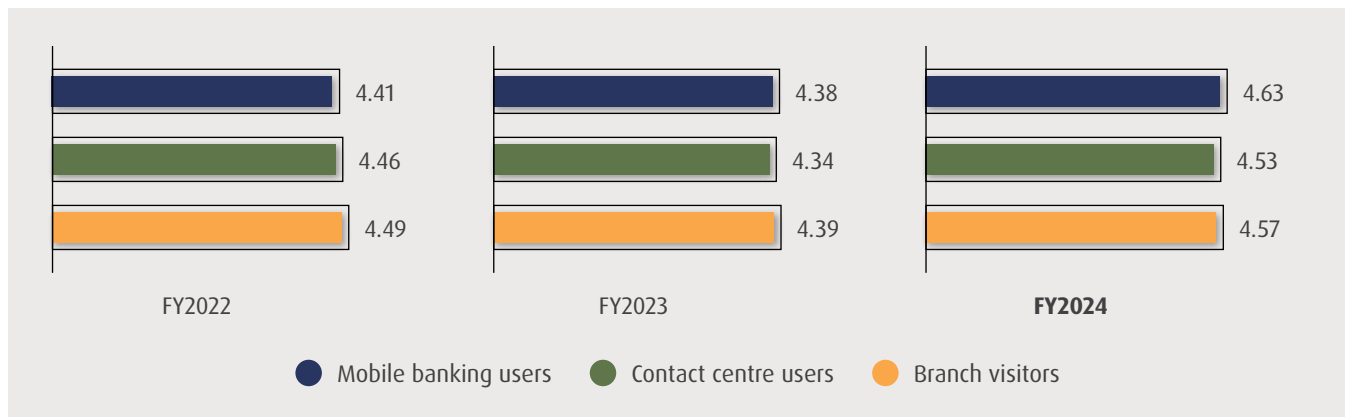
Customer Complaints

In FY2024, we received 1,794 customer complaints, all of which were successfully resolved.



Customer Satisfaction

In FY2024, we recorded significant improvements to our customer satisfaction scores across mobile banking users, contact centre users and branch visitors, reflecting our consistent efforts to improve the customer experience.



Customer Satisfaction Score ("CSAT")

CSAT measures our customers' overall level of satisfaction with our products and services. Our score indicates a high average level of satisfaction, with 82% of respondents giving us one of the two highest ratings.

	Q3 FY2024	Q4 FY2024	Total
Mean CSAT Score	4.22	4.22	4.22
Percentage of respondents who gave us one of the two highest ratings	82%	82%	82%
No. of participants	930	710	1,640

Net Promoter Score ("NPS")

NPS measures the likelihood that a customer would recommend us to their friends, family or colleagues, and our score indicates a high level of confidence in our products and services.

	Q3 FY2024	Q4 FY2024	Total
NPS Score	+20	+22	+21
No. of participants	930	710	1,640

Customer Effort Score ("CES")

CES measures our customers' assessment of how easy it is to bank with us. 81% of our customers surveyed gave us one of the two highest ratings, indicating that our customers view the banking process with HLB as hassle-free.

	Q3 FY2024	Q4 FY2024	Total
Mean CES Score	4.19	4.21	4.20
Percentage of respondents who gave us one of the two highest ratings	80%	81%	81%
No. of participants	930	710	1,640

Note:

- The response rate was 1.0% for Q3 FY2024, 0.55% for Q4 FY2024 and 0.75% overall.
- As we began measuring overall our CSAT and NPS in Q3 FY2024, we currently have data for only two quarters.

Privacy, Data Protection & Cybersecurity

WHY IT MATTERS

As our customers shift towards digital banking channels, robust cybersecurity practices are essential to prevent unauthorised access, data breaches, financial losses and fraud. By responsibly handling personal and financial data, and ensuring our systems are resilient against cyber threats, we secure our operations while safeguarding our customers' interests.

These robust controls also serve to build and maintain trust with our stakeholders, fostering long-term customer confidence and loyalty, which maintains our position as a leading financial services provider.

OUR APPROACH

Our holistic approach focuses on multi-layered security implementations aimed at safeguarding the integrity of our systems and customer information, complemented by comprehensive internal and external cybersecurity and fraud/scam education.

These efforts are overseen by our Board Information and Technology Committee ("BITC"), which supports the Boards of HLB and HLISB in addressing technology and cybersecurity issues through a range of Board policies, including:

Board Policy on Technology Risk Management

Board Policy on Cyber Resilience

Board Policy on Data Management

Board Policy on Data Protection & Customer Secrecy

Maintaining Digital Vigilance

Cybersecurity Enhancements

We continually enhance our cybersecurity measures to safeguard our corporate customers and uphold the integrity of our banking system. This proactive approach helps mitigate the risk of cybercriminals exploiting vulnerabilities in our corporate internet banking system, which are increasingly targeted.

A key initiative in this effort is the introduction of AppAuthorise in March 2022. Replacing the SMS TAC system, AppAuthorise allows

our customers to securely view and approve transaction details directly within the HLB Connect App, enhancing both security and user experience.

Other cybersecurity updates we have implemented in recent years to combat internet and mobile banking fraud include:

- A "one mobile device per customer" policy, ensuring that each customer can link only one mobile device to the HLB Connect App at any time
- An emergency lock feature allowing customers to lock their HLB Connect account to prevent unauthorised transactions
- Cooling-off periods for mobile app binding, transaction limit increases and changes to customer information

 For more information, refer to the "Digital Finance & Innovation" section of this Sustainability Report, on page 84.

Cyber Risk Education

In parallel, we continuously promote and reinforce a culture of cyber risk awareness within our organisation, aiming to ensure that every employee understands their role in protecting the confidentiality of our customers and the Bank.

To support this commitment, we have conducted a range of educational initiatives, including:

e-Learning

Implementing annual mandatory e-learning on cybersecurity and cyber risk management, requiring employees to pass an assessment with a minimum score of 80% to ensure effective knowledge retention

Cyber Comics

Publishing a series of engaging comics featuring a virtual cyber security ambassador, designed to promote best practices in cyber security throughout the organisation

Emerging Cyber Threats Newsletter

Distributing a cybersecurity awareness newsletter to management to keep them informed of the latest threat landscape

Cyber Pop Quiz

Pushing a monthly Cyber Pop Quiz with a single cybersecurity question that appears when employees log on to their laptops

Privacy, Data Protection & Cybersecurity

PowerPoint Awareness Pop-Up

Showing a PowerPoint Awareness Pop-Up, a cybersecurity slideshow that appears on employees' computers at startup when connected to the corporate network

Phishing Awareness

Conducting a phishing awareness exercise led by the Technology Risk department to improve staff understanding of phishing risks

Managing Fraud Proactively

Tracking & Investigating Disputes

We continuously review and analyse transactional data to identify irregular patterns, unusual behaviour and potential fraud, thereby enhancing our transaction monitoring capabilities. This is achieved through our real-time fraud detection system, which employs a combination of rule-based parameters and machine learning models. The system activates when unusual transactions trigger alerts, prompting our fraud detection analysts to analyse the case and potentially reach out to customers to verify the transactions.

If our customers fall victim to fraud or scams, these incidents are usually reported through our Contact Centre or bank branches before reaching our Fraud Management Unit ("FMU") for further investigation. Our fraud investigators will then examine the case by analysing various pieces of information, including system event logs, device fingerprints and customers' transactional history. This process may also involve contacting the customer to understand the specifics of the fraud or scam.

Upon completing the investigation, the FMU issues a decision letter and provides redress options, referring the customer to the Ombudsman for Financial Services ("OFS") if they are not satisfied with our decision.

Dispute cases are tracked via our internal Customer Relationship Management ("CRM") system, with daily monitoring processes in place to ensure cases are resolved within the turnaround time. Monthly reporting to Group Risk is conducted to track the number of resolved cases.

Scam & Fraud Awareness

Our corporate website features a dedicated Security Alert and Scam Prevention section, providing comprehensive information

on potential frauds and scams. Further to this, we encourage our customers to regularly check the alerts posted on our social media channels and digital platforms, such as our website and mobile app.

In addition to these online resources, we offer a 24/7 Contact Centre at 03-7626 8899, where customers can report or inquire about scams, fraud incidents or suspicious transactions. This service is supported by our FMU, which is dedicated to investigating and assisting customers as needed.

Besides that, our FMU participated in various fraud and scam awareness talks organised by our Marketing, Communication & Analytics team throughout the year. These initiatives enhanced our audiences' understanding of fraud tactics, particularly how fraudsters or scammers "package" their deals to mislead the public.

To further enhance our efforts, we have introduced a variety of scam and fraud awareness programmes targeting diverse communities, including students and single mothers. These initiatives are designed to educate participants on safe online practices and help them recognise potential threats to online banking.



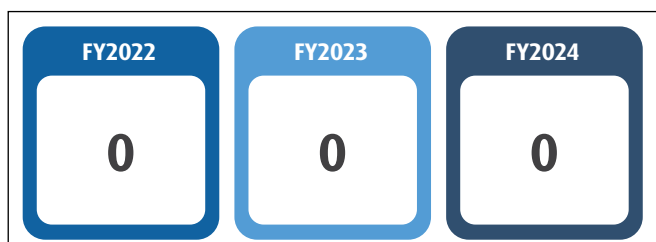
Learn how to safeguard yourself from scams by scanning this QR code.

OUR PERFORMANCE

Data Protection & Privacy

Cybersecurity Breaches

In FY2024, we recorded zero substantiated complaints concerning breaches of customer privacy or losses of customer data under our purview, demonstrating the resilience and effectiveness of our internal protocols in safeguarding our customers' privacy. This total does not encompass breaches under the purview of external online payment gateways.



Financial Inclusion & Literacy

WHY IT MATTERS

Ensuring everyone has access to financial services and the knowledge to use such services effectively empowers them to manage their finances, make informed decisions and access economic opportunities. Thus, through targeted financial inclusion and literacy initiatives, we can reduce inequalities and unleash substantive and sustainable value for the economy at large.

OUR APPROACH

Digital technology forms the foundation of our approach to financial inclusion and literacy due to its unique reach and ability to impact people across all demographics and geographic locations.

The digital solutions we implement are paired with thoughtfully planned educational resources, providing beneficiaries with the skills needed to fully adopt and reap their benefits. This not only creates value within local communities but drives preferences for our brand, strengthening our long-term position as an organisation.

Enhancing Financial Accessibility & Knowledge

We work at the grassroots level to build financial knowledge, empowering smarter personal finance decision-making amongst various key population groups.



HLB DuitSmart



Our flagship programme, providing financial literacy and inclusion workshops, alongside educational content, to promote informed and sound financial decisions

How It Adds Value

- In collaboration with Classroom Adventures, boosts education and practical skills within essential financial topics – including budgeting, saving, investing and debt management – through workshops and both traditional and digital media
- Uses a tailored approach to maximise impact within each target community, including students, young professionals, retirees, disabled communities and the general public

Key Enhancements in FY2024

- Enhanced the workshop modules to include Malay and Chinese translations, increasing accessibility and outreach to schools more fluent in these languages
- Launched a standalone scam awareness module in September 2023 with HLB's FMU, covering types of scams, how scams work, monetary loss statistics and prevention tips
- Integrated scam awareness elements into existing DuitSmart modules for primary, secondary and university students, ensuring comprehensive education
- Added sustainability-related content – covering climate change, resource management and quality of life – to empower our target communities to make more informed financial decisions

Achievements in FY2024

- Conducted 73 DuitSmart workshops at primary and secondary schools, universities and community centres:
 - surpassing the FY2023/2024 target of 55
 - reaching nearly 8,000 beneficiaries
 - supported by 216 volunteers
- Acquired 580 new bank customers through DuitSmart workshops held as part of HLB DuitSmart Month

Financial Inclusion & Literacy

HLB DuitSmart Month

In celebration of Malaysia Day, we organise HLB DuitSmart Month – a three-month, annual nationwide financial literacy and scam awareness programme designed to promote employee volunteerism through a two-pronged approach.

During the campaign, our employees led DuitSmart workshops on financial literacy and scam awareness in primary schools. Meanwhile, staff from our headquarters collaborate with schools, corporate entities and underserved communities to broaden the programme's impact.



HLB x Smart Reader® Worldwide's DuitSmart Kids

In partnership with Smart Reader® Worldwide, we launched the DuitSmart Kids programme, an expansion of our HLB DuitSmart initiative aimed at equipping young children aged four to seven with vital financial knowledge and money management skills.

This programme:

- is open to any Smart Reader member
- comprises 10 video-based lessons on key concepts such as earning, saving, spending and sharing
- has achieved great success, with 1,789 people graduating during its inaugural graduation in July 2023, setting a new record in the Malaysia Book of Records for the "Most Students Graduated From A Financial Literacy Programme"

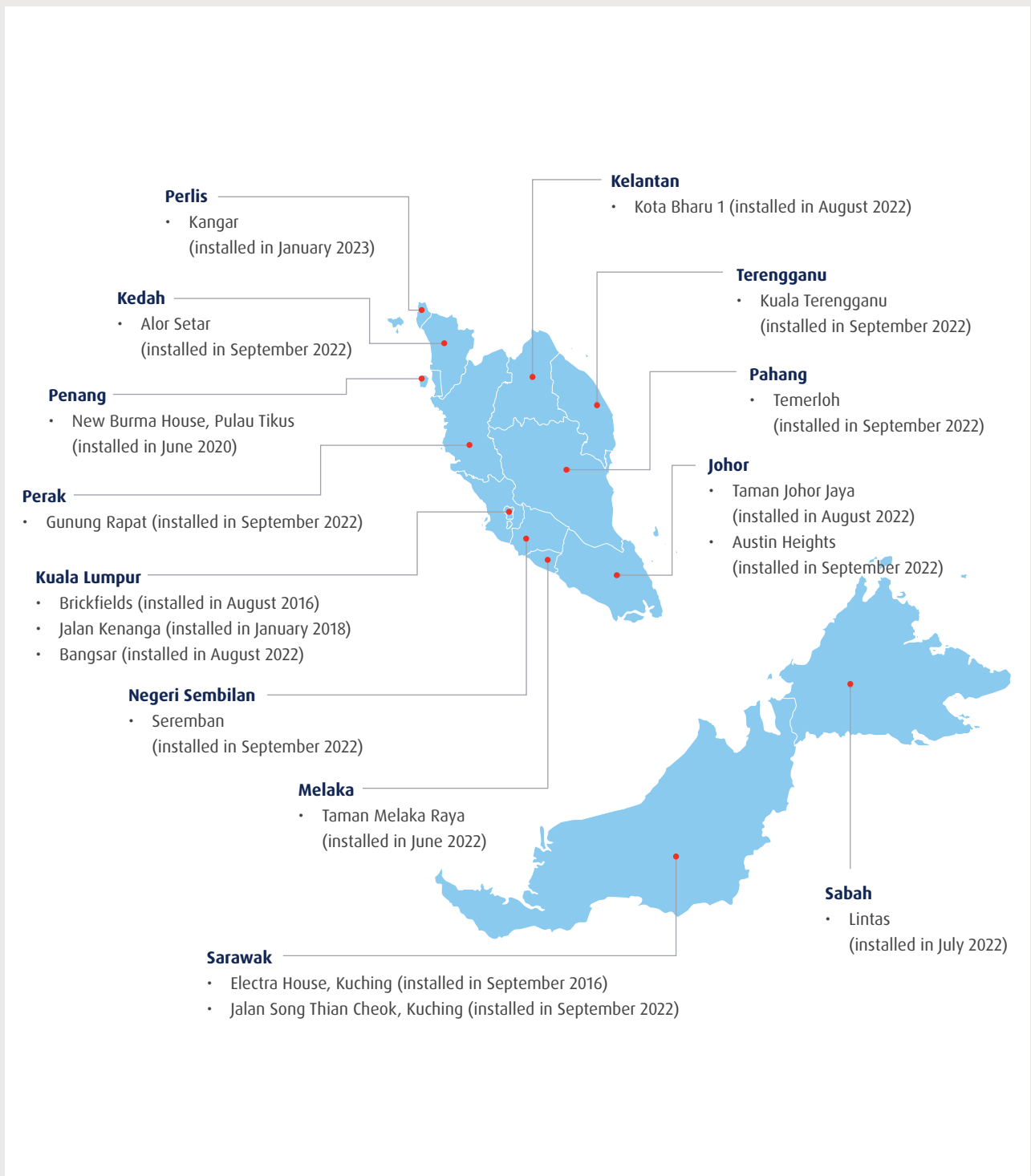


Financial Inclusion & Literacy

HLB Talking ATMs

Aligned with our dedication to inclusive financial services, we pioneered talking automated teller machines ("ATMs") in Malaysia for the visually impaired community. The HLB Talking ATMs feature braille keypads and headphone sockets, offering accessible banking with instructions in English, Malay or Mandarin.

As of FY2024, our network of HLB Talking ATMs comprises 17 machines across West and East Malaysia.



Workforce Readiness

At HLB, we are committed to providing long-term support for our employees. We aim to cultivate significant employee experiences that empower them to embark on a meaningful journey with us. Our dedication to nurturing a sustainable employee experience is guided by the following core pillars.



Workplace Readiness

Reviewing, optimising and embedding initiatives that drive performance



Workforce Readiness

Building capabilities and leadership effectiveness to ensure readiness for change and transformation



Talent Management

Building and maintaining strong and effective processes across the employee journey, from recruitment to succession planning



Employee Well-being, Health & Safety and Environment

Safeguarding our employees holistically, with a focus on mental and emotional health

Our Organisational Redesign

An organisational redesign was implemented during the year under review to optimise productivity, ensure clear accountability and enhance future readiness, positioning us for continued success in a dynamic market. The redesign encompassed:

Introducing the "Quantum Growth" mindset, along with transformative milestones, updated HLB Brand Values and a new operating rhythm, Our Heartbeat

Introducing Cluster Branch Managers to manage two to three clustered branches, optimising community coverage and leveraging resources for community banking programmes, in addition to streamlined standalone Branch Managers

Forming a Human Resources Committee to advance the People Strategy, focusing on the integration of cultural values and the implementation of employee lifecycle initiatives

Establishing four key divisions to drive a fit-for-growth agenda: Strategic Business Transformation & CEx Division, Sustainability Division, Payments, Partnerships & Fintech Ecosystems ("PPFE") Division and the Business Channels Division

Restructuring the senior management team in Malaysia to oversee the HLB Group business across the region

Introducing Bank-wide "AI Champions" who are tasked with identifying use case scenarios and working on key projects that will bring about productivity and efficiency benefits for the organisation, with the intent to operationalise these projects within two financial years

Streamlining the HLB Branch network into 13 regions, each led by a Regional Community General Manager ("RCGM") responsible for building branches into a Community Banking network across PFS, BCB and RWM to support the One Bank view

Focusing Learning and Development ("L&D") efforts on developing leadership and sales capabilities, leveraging digital learning content to accelerate knowledge and using talent analytics to identify key strengths and development areas of employees

The actions above provide an overview of our ongoing efforts to transform the organisation, unleashing the quantum leap of capabilities and mindset required to achieve our three to five year Strategic Transformation Plan.

Talent Attraction, Development & Retention

WHY IT MATTERS

Through targeted recruitment strategies, comprehensive employee learning and development offerings, and competitive remuneration and benefits, we seek to attract and retain top-quality talent equipped with the skills and qualities to drive our business forward.

We pair this with an emphasis on talent review and succession planning to build a continuous pipeline of future leaders to sustain our strategic direction and success over time.

OUR APPROACH

Attracting High-Quality Talent

Focused Recruitment Strategies

Our drive to build a strong and sustainable workforce begins with a focused approach to recruitment that assesses candidates based on their abilities, potential for growth and affinity with our HLB Brand Values. This ensures that we select candidates with the best 'fit for growth' skillsets and competencies to operate within the dynamic banking landscape.

These efforts apply to all new hires as well as candidates that are pipelined into our structured internships and graduate trainee programmes, as outlined below.

<p style="text-align: center;">Internship Programme</p> <p style="text-align: center;">A three-month attachment for students to immerse themselves in the organisation</p>	<p style="text-align: center;">Graduate Trainee Programme</p> <p style="text-align: center;">A 12-to-15-month programme offering graduates valuable experience and knowledge across various divisions</p>	<p style="text-align: center;">Protégé Programme</p> <p style="text-align: center;">An eight-month internship that fast-tracks graduates into targeted roles within the Bank</p>
---	--	---

We continue to build depth and engagement in our targeted recruitment activities through our collaboration with key universities. These activities include physical university and public career fairs, on-campus recruitment days and virtual career talks to proactively engage with students, and identify and attract potential new hires.

Throughout FY2024, we have conducted **25** engagement sessions at universities

Our Onboarding Programme

New employees are required to complete a virtual onboarding programme within 60 days of their start date. This structured programme covers our internal policies and processes, sustainability efforts and ethical banking fundamentals (through the "Ethics in Banking" course by the Asian Banking School¹³), in order to build a strong understanding of our values and standards.

Over the past five years		
<p>More than 6,500 new employees have taken part in our new hire induction, with 1,666 employees participating in FY2024</p>	<p>More than 5,900 employees have attended the Introduction to Sustainability and Brand Promise training sessions, including 1,812 employees in FY2024</p>	<p>More than 1,200 employees have completed the Asian Banking School's Introduction to Ethics in Banking course, with 249 employees completing the course in FY2024</p>

¹³ Only mandatory for new hires that are fresh graduates with less than two years working experience.

Talent Attraction, Development & Retention

Developing & Upskilling Our People

We offer our employees on-the-job exposure and training programmes, as well as the flexibility to tailor their development pathway. Employees are responsible for their own development by achieving 40 hours of required training annually.

Our approach here is to offer a wide range of digital formal training resources, complemented by on-the-job and interpersonal learning opportunities. Employees also have the chance to pursue accreditations that build expertise in specific fields of knowledge, guided by our 70:20:10 Learning Framework. In line with our digitalisation efforts, we have mandated our employees to pursue at least one day of their training digitally.

Digital Training

In FY2024, we launched Go1 – a fully digital learning content library that provides our employees with seamless access to training resources – encouraging an ‘anytime, anywhere’ approach and mindset to learning and development.

Go1 offers all our employees access to over 80,000 modules curated from more than 200 content providers, further extending development opportunities across a wider range of subjects and competencies. It is fully integrated within HLB@Workday, our people and performance management platform.

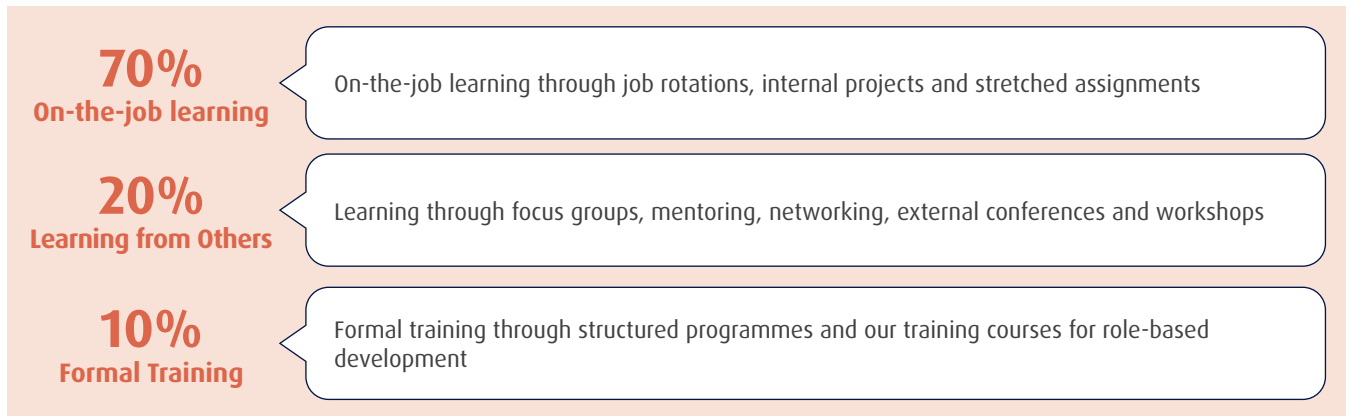
Over the past three years	
Senior Managers have recorded over 50,000 total training hours, including 17,291 hours in FY2024	Managers have recorded over 483,000 total training hours, including 163,231 hours in FY2024
Executives have recorded over 1,000,000 total training hours, including 372,772 hours in FY2024	Non-Executives have recorded over 300,000 total training hours, including 73,678 hours in FY2024

For FY2024	
8,186 employees across the Bank	626,972 training hours Bank-wide, with 77 average training hours per employee
For voluntary e-learning, 4,885 employees completed courses on HLB@Workday, reflecting a 47% increase in participation compared to FY2023 (3,334)	83% of employees who completed voluntary e-learning (4,078) completed more than 16 courses per person on Go1

Talent Attraction, Development & Retention

Our 70:20:10 Learning Framework

Our employee development efforts are underscored by the 70:20:10 Learning Framework, which emphasises the importance of well-rounded learning through the key components of:



In line with the framework, we provide our employees with a variety of role-based and Bank-wide learning and development opportunities, with key programmes and accreditations detailed below.

Target Employees	Programme	Description & Our Progress
Role-based	Islamic Finance Training Programme	<ul style="list-style-type: none"> A comprehensive capacity-building programme with in-house training on Shariah and Islamic Finance, delivered by external trainers Mandatory for employees handling Islamic transactions Over the past three years, more than 6,500 employees have completed the Islamic Finance Training Programme, with 1,778 completions in FY2024
	Coaching for Performance Programme	<ul style="list-style-type: none"> Assists people managers in becoming effective coaches, so they may more effectively empower members of their team Over the past three years, more than 550 employees have completed the Coaching For Performance Programme, with 93 completions in FY2024
People Managers	Driving The People Agenda ("DPA")	<ul style="list-style-type: none"> A forum for people managers to share and align on policy, process and practices related to people management Since 2019, 1,629 People Managers have participated in 66 sessions, with 40 participations in FY2024 In FY2025, DPA will be relaunched as an online self-learning module on HLB@Workday
	"Lunch & Learn" Brown Bag Series	<ul style="list-style-type: none"> Informal learning sessions, focusing on productivity and well-being topics In FY2024, we conducted 35 "Lunch & Learn" sessions, which were attended by 6,882 employees
Bank-wide	Digital Awareness and Soft Skills Training	<ul style="list-style-type: none"> E-Learning courses via Go1 and division initiatives on HLB@Workday covering areas such as digital technology, business communication and soft skills

Talent Attraction, Development & Retention

Delivering Personalised Development

Through our diverse training programmes and on-the-job exposure, employees are empowered to take charge of their own development pathways to meet their career aspirations. Each employee is responsible for their own Individual Development Plan (“IDP”), in line with performance management discussions with their Line Managers at the Goal Setting, Mid-Year Review and Year-End Review checkpoints throughout the financial year.

In addition, we offer our employees the chance to undertake accreditations that are relevant to their career paths. These qualifications empower them to become experts in their field, creating value for our business in the process.

Accreditation Programmes	Description	Our Progress
The Chartered Bankers Programme	A certification programme, jointly awarded by the Asian Institute of Chartered Bankers (“AICB”) and the Chartered Banker Institute, UK, through which we aim to expand our pool of chartered bankers	To date, 23 employees have obtained Chartered Bankers certifications, while 14 more are in the process of obtaining them as of FY2024
AICB Certification in Risk, Audit, Compliance, Credit and AML/CFT	Mandatory AICB courses for all key personnel in critical job functions across five core areas – risk, audit, compliance, credit and AML/CFT – in line with an industry-wide commitment signed in October 2017 between AICB and the member banks of ABM	Of the 1,495 employees identified to complete the AICB courses by 2028, 69% are pursuing certifications, while 31% have completed their respective courses as of FY2024
Islamic Accreditation Programmes	The Islamic Finance Qualification (“IFIQ”) is a mandatory accreditation for all professionals working in the Islamic finance industry	Since 2017, 1,438 employees have obtained IFIQ certifications, with 285 completions in FY2024
	Certified Shariah Advisor (“CSA”) and Certified Shariah Practitioner (“CSP”) programmes	To date, 7 employees have obtained CSA and CSP certifications, with one HLISB employee achieving both certifications in FY2024

In FY2024, **997** employees transitioned to new roles or received promotions, representing an **13%** increase in the number of vacancies filled internally

Talent Attraction, Development & Retention

Supporting Long-Term Development & Retention

Talent Review & Succession Planning

Our talent and succession planning framework aims to develop a pool of highly skilled individuals through two strategies:

Fostering the growth of internal talent

Identifying potential external hires
that meet our human capital needs

To this end, we provide our employees with ample opportunities for both lateral and vertical career growth by regularly advertising internal job openings and offering diverse career pathways within the Bank.

In FY2024, we rolled out the Extraordinary Sales Leadership (“ESL”) Programme, designed specifically for both HLB and HLISB own Senior Sales Managers and Heads to support our capability-building objective. The ESL Programme, created by Cohen Brown Management Group Inc., a leading training provider of corporate solutions, is delivered through hybrid learning and includes physical workshops, video-based learning and Train-the-Trainer sessions.

In FY2024, **380** employees have completed the ESL Programme

Collectively, these initiatives help to forge a culture of meritocracy and growth within the Bank, providing encouragement to our employees that they can achieve their long-term career advancement goals within the organisation.

Providing Competitive Remuneration & Benefits

Our Remuneration Policy Framework

We view remuneration as a key lever to not only attract high-quality talent but also encourage positive, ethical and sustainable behaviours across our workforce. This approach is epitomised by our Remuneration Policy Framework, which links remuneration to non-financial KPIs such as adherence to our Code of Conduct & Ethics, risk and compliance, meritocracy, prudent risk-taking and alignment with our values, and selected ESG measures.

In addition, we have incorporated ESG considerations into our performance indicators to reinforce our commitment to sustainable practices. Selected senior management members who are directly responsible for embedding sustainability into all divisional initiatives, are evaluated against scorecard objectives aligned with our sustainability and climate-related targets and strategy. Similarly, the KRAs of SC and SWC members are linked to sustainability and climate-related non-financial performance targets.









Talent Attraction, Development & Retention

Our Employee Benefits

Our comprehensive benefits package includes diverse leave options, medical coverage, financial assistance, study and scholarship awards, and various subsidies. By investing in these benefits, we aim to foster employee satisfaction and support their overall well-being.

FY2024 Employee Benefits ▼		
LEAVE	 MARRIAGE LEAVE	<ul style="list-style-type: none"> • 10 consecutive working days of paid leave for the first legal marriage while employed with the Bank
	 MATERNITY LEAVE	<ul style="list-style-type: none"> • 120 consecutive days of paid leave for up to 5 surviving children • Option to extend leave by up to 60 consecutive days on an unpaid basis • Maternity leave entitlement also extends to still birth or miscarriages occurring after 22 weeks of pregnancy
	 PATERNITY LEAVE	<ul style="list-style-type: none"> • 5 consecutive working days of paid leave for up to 5 surviving children
	 PILGRIMAGE LEAVE	<ul style="list-style-type: none"> • 10 consecutive working days of paid leave for 1 occasion after completing 3 years of service with the Bank
	 STUDY & EXAMINATION LEAVE	<ul style="list-style-type: none"> • 4 working days of paid study leave per calendar year for Bank-approved examinations • No cap on examination leave for actual exam date for Bank-approved examinations
	 SPORTS PARTICIPATION LEAVE	<ul style="list-style-type: none"> • 10 consecutive working days of paid leave for participation in official sporting events on behalf of the employee's state or home country
	 BIRTHDAY APPRECIATION LEAVE	<ul style="list-style-type: none"> • 1/2 day of paid leave on the employee's actual date of birth if it falls on a working day
	 COMPASSIONATE LEAVE	<ul style="list-style-type: none"> • 3 consecutive working days of paid leave upon the death of an employee's spouse, parent, parent-in-law or child • 2 consecutive working days of leave upon the death of an employee's brother, sister or grandparent
	 CSR LEAVE	<ul style="list-style-type: none"> • 2 working days of paid leave per calendar year
	 PROLONGED ILLNESS LEAVE	<ul style="list-style-type: none"> • Leave of up to 24 months, with the first 6 months on full pay, the following 6 months on half pay and the remaining 12 months on unpaid leave, subject to recommendation by the Bank's panel doctor or a government hospital

Talent Attraction, Development & Retention

FY2024 Employee Benefits (continued)		
MEDICAL	 MEDICAL COVERAGE	<ul style="list-style-type: none"> Covers all employees and their dependents, including 1 legal spouse (if not covered by another employer*) and up to 5 surviving children (ages 15 days to 21 years, unmarried and unemployed) For unionised employees (Association of Bank Officers Peninsular Malaysia - ABOM/ National Union of Bank Employees - NUBE/Sabah and Sarawak), coverage includes the employee and their: <ul style="list-style-type: none"> Legal spouse Children under 18 years Disabled children over 18 years who are not gainfully employed Children up to 23 years if attending full-time education at a local institution <p>* If both the employee and their spouse are employed by the Bank, only 1 set of medical benefits is provided.</p>
	 ANNUAL MEDICAL EXAMINATION	<ul style="list-style-type: none"> Eligible for: <ul style="list-style-type: none"> Employees aged 45 and above at Grade M3 and above, after 12 months of continuous service Unionised employees aged 35 and above
FINANCING SUPPORT	 HOUSING & CAR FINANCING	<ul style="list-style-type: none"> Employee housing financing and car financing at preferential rates
	 SUNDRY LOAN/ FINANCING	<ul style="list-style-type: none"> Eligible for officers, clerical and non-clerical employees, subject to terms and conditions
	 FESTIVAL ADVANCE	<ul style="list-style-type: none"> Eligible for employees at Grade E1 and below, as well as officers, clerical and non-clerical employees, subject to terms and conditions
STUDY & SCHOLARSHIP AWARDS	 EMPLOYEE STUDY AWARD	<ul style="list-style-type: none"> Eligible for employees with at least 1 year of service wishing to pursue a professional courses certificate, diploma, advanced diploma, Bachelor's degree or MBA/Master's degree, subject to terms and conditions
	 HONG LEONG GROUP SCHOLARSHIP AWARD	<ul style="list-style-type: none"> Eligible for permanent Hong Leong Group employees who have served for 5 consecutive years and whose child has not received other scholarships or grants (except National Higher Education Fund Corporation - PTPTN study loans) and candidate is not in their final year of study <ul style="list-style-type: none"> Only 1 application is allowed per year One 1 child per application per annum can be financed for pre-university or tertiary-level education
SUBSIDY	 DISABILITY CARE SUBSIDY	<ul style="list-style-type: none"> Provides employees covered by the Malayan Commercial Banks Association ("MCBA") and ABOM's Collective Agreement, and Sarawak Commercial Banks' Association and Sarawak Bank Employees' Union with: <ul style="list-style-type: none"> RM110 monthly per family for one (1) disabled spouse or child, or RM150 monthly for two (2) or more disabled dependents Provides employees covered by the MCBA and NUBE's Collective Agreement, and Sabah Commercial Banks' Association and Sabah Banking Employees' Union with: <ul style="list-style-type: none"> RM105 monthly per family for one (1) disabled spouse or child, or RM150 monthly for two (2) or more disabled dependents
CHILD-FRIENDLY FACILITIES		<ul style="list-style-type: none"> Access to fully equipped nursing rooms at Hong Leong Tower and PJ City Tower A for nursing mothers

Freedom of Association & Collective Bargaining

We are dedicated to upholding the right to freedom of association and collective bargaining, with 14% of our employees currently covered by collective bargaining agreements. Our engagements with employee unions enable us to better understand employee needs and implement solutions that drive improved satisfaction and enhanced retention.

Diverse & Inclusive Workforce

WHY IT MATTERS

Diversity and inclusion (“D&I”) is a foundational pillar of our culture and crucial to maintaining our reputation as a progressive and sustainable organisation.

Our meritocratic approach to D&I in all our HR practices – spanning recruitment, remuneration and development – ensures that we provide equal opportunities for all employees to realise their career aspirations, thus boosting our human capital and driving greater levels of employee satisfaction and retention.

OUR APPROACH

Our Code of Conduct and Ethics stipulates that all employees – regardless of their demographics, age or background – should be treated equally and be free from discrimination at all times. This forms the foundation of our deeply-held commitment to D&I, informing the efforts elaborated on below.

Monitoring Our Gender Pay Ratio

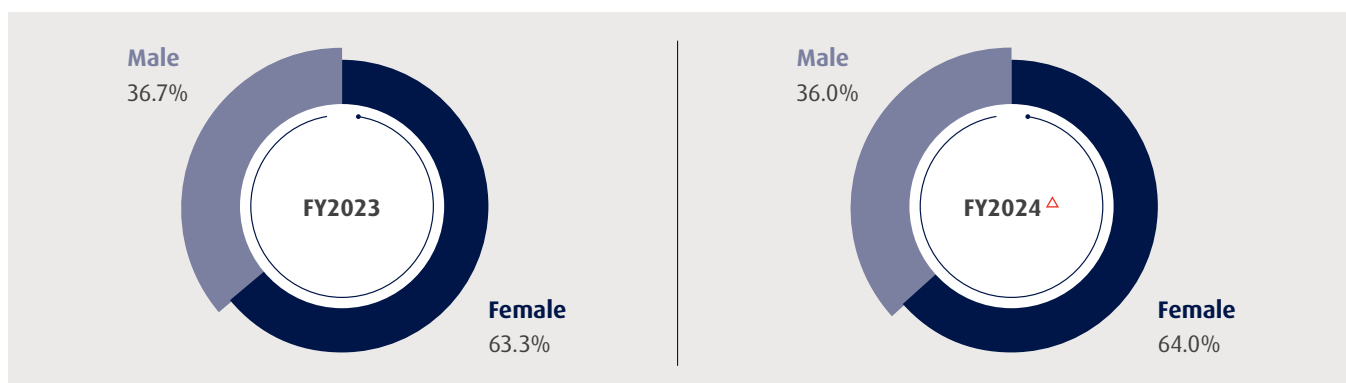
We monitor and review our remuneration data to calculate our ratio of average pay between female to male employees across different employee categories. This is done by indexing average male pay to 1.00 and expressing average female pay as a proportion of this figure.

In FY2024, the gender pay gap narrowed within the Senior Manager and Manager categories. This improvement follows a review of our data, where FY2023 average salaries included C-Level executives and expatriates. To provide a more accurate representation of the wider Bank population, we excluded these groups from our calculations starting in FY2024.

Gender Pay Ratio	FY2023		FY2024	
	Male	Female	Male	Female
Senior Manager	1.00	0.75	1.00	0.92
Manager	1.00	0.89	1.00	0.91
Executive	1.00	1.00	1.00	0.99
Non-Executives (Clerical, Non-Clerical, Others)	1.00	1.12	1.00	1.12

Maintaining a Diverse Workforce

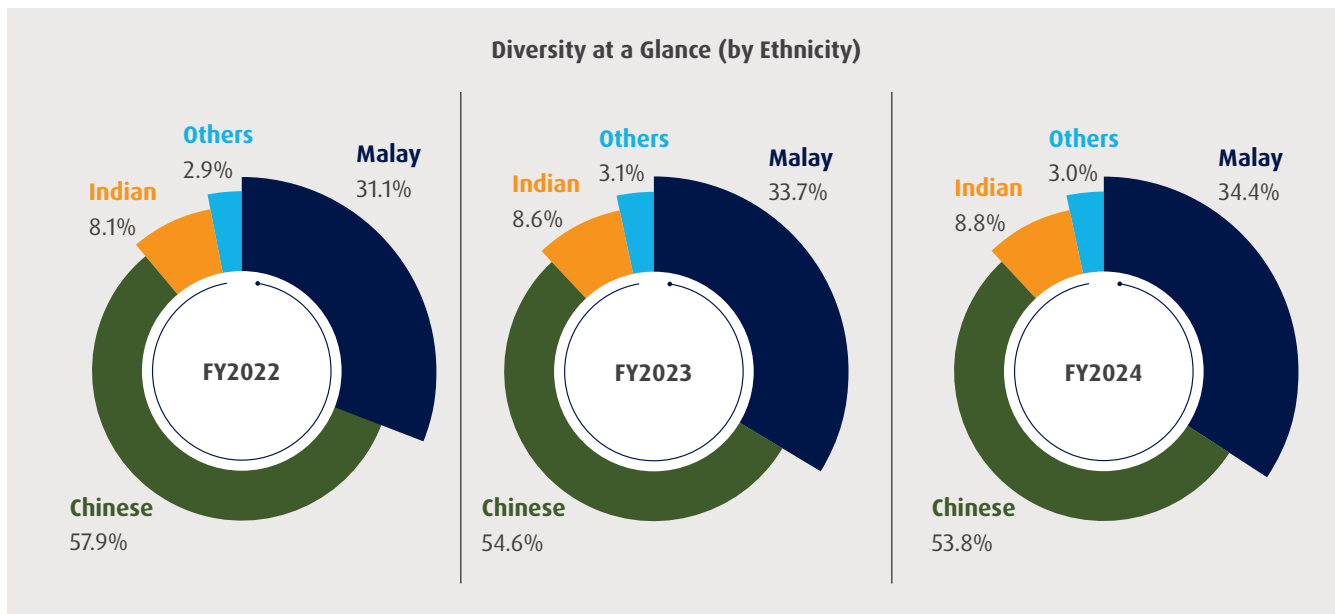
In FY2024, the relative proportion of males and females within our workforce remained similar to FY2023, with females making up a slightly larger percentage, at 64.0% compared to 63.3% in FY2023.



△ This data has been independently assured. Refer to independent limited assurance report on page 151.

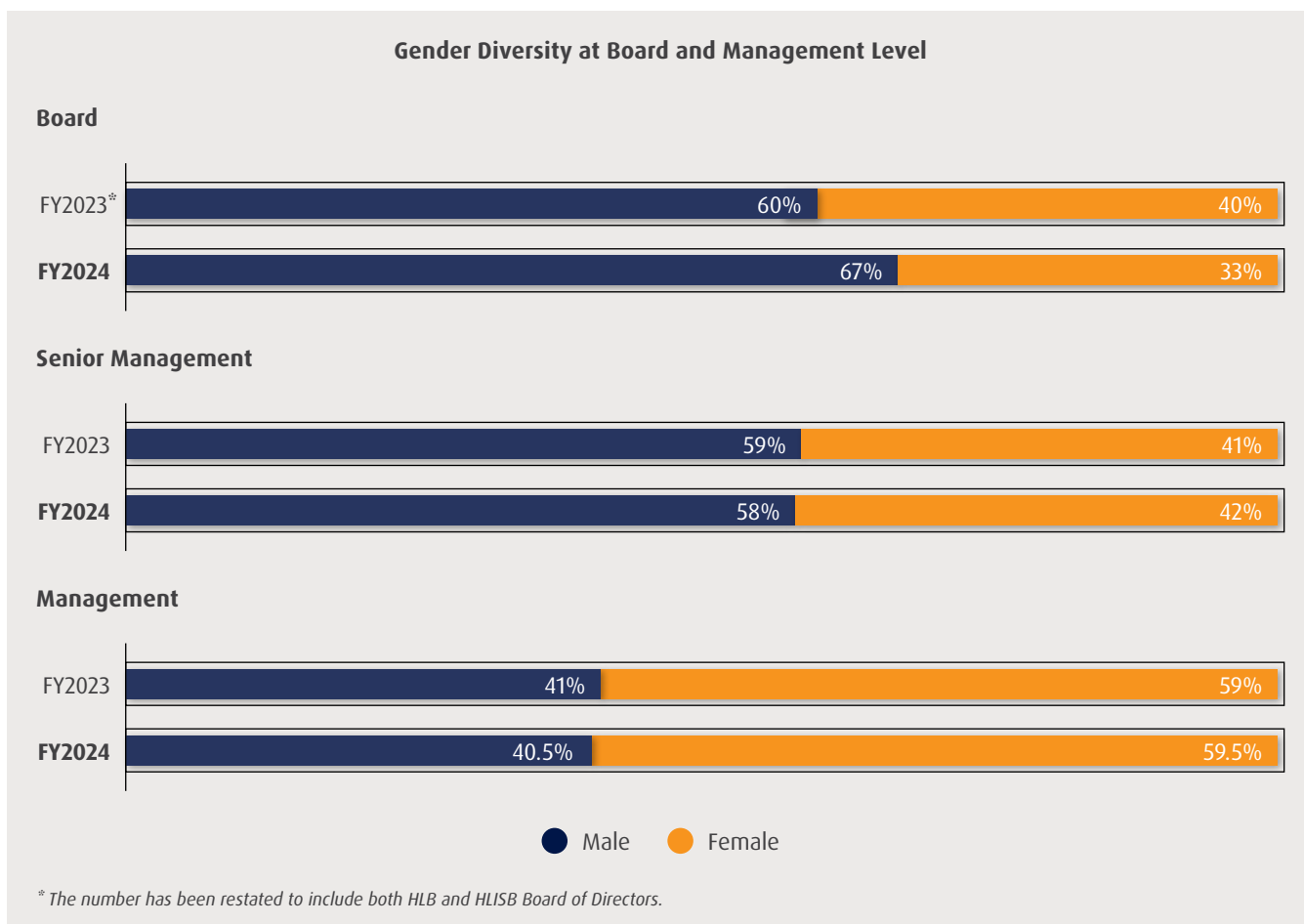
Diverse & Inclusive Workforce

Similarly, our workforce has maintained a consistent racial composition over the past three years.



Gender Diversity in Leadership

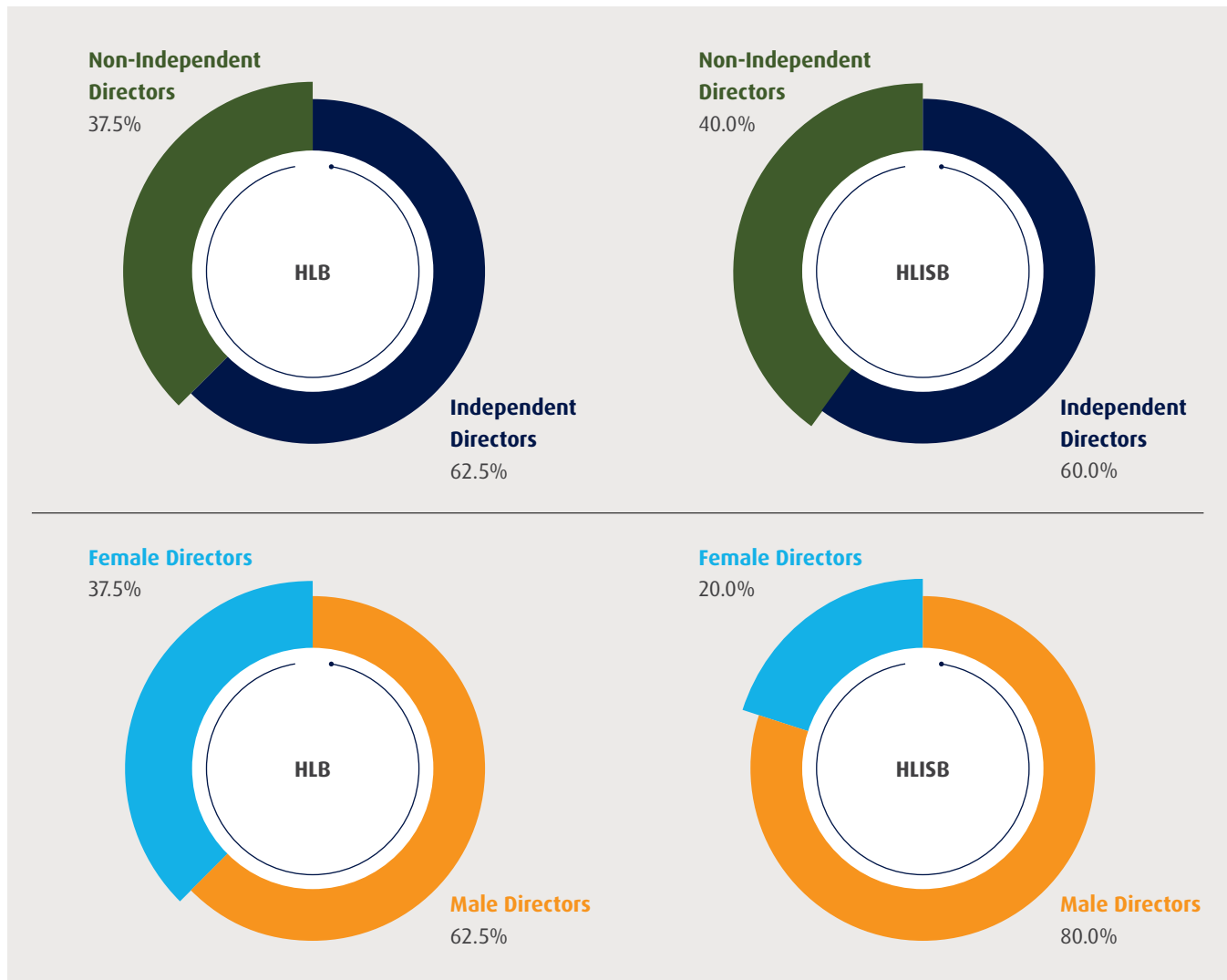
In FY2024, we continued to maintain a balance of male and female staff in management-level positions and our Board.



Diverse & Inclusive Workforce

Maintaining a Diverse Board

Our commitment to fostering diversity and inclusivity extends to our Board. We nominate and appoint all directors based on merit, with no discrimination based on gender, race or religion. Furthermore, we strive to maintain an appropriate balance between Independent and Non-Independent Directors to promote sound and balanced Board decision-making.



Standing Against Discrimination

In line with Principle 7: Work Environment of our Code, we are committed to ensuring a safe and non-violent working environment and will address any unacceptable behaviours. To that end, we will not tolerate any form of discrimination, harassment (including sexual harassment) or intimidation, and all allegations will be taken seriously and thoroughly investigated.

As the Code forms part of the terms and conditions of employment, our employees are required to adhere to a high standard of professionalism and ethics in their work, professional activities and personal lives. Non-compliance constitutes misconduct and may result in disciplinary action, including termination of employment or engagement.

In FY2024, there were zero substantiated complaints concerning human rights violations.

Employee Well-Being, Health & Safety

WHY IT MATTERS

Looking after the well-being, health and safety of our employees is not our duty as a responsible employer; it is also a key driver of productivity, satisfaction and value creation.

By engaging consistently with our workforce, we develop initiatives that drive their physical, mental and social well-being holistically. At the same time, we maintain a proactive approach to workplace safety that considers and mitigates all potential hazards that our employees may face in the course of carrying out their work. This, in turn, minimises reputational and financial risks to our business.

OUR APPROACH

Strengthening Occupational Safety & Health

Developed in line with national-level health and safety regulations, our Occupational Safety and Health (“OSH”) Standard Operating Procedure (“SOP”) establishes a comprehensive framework for managing OSH risks, ensuring consistency in safety and health standards throughout the Bank.

Guided by this protocol, our inspection team conducts regular risk assessments to effectively identify, evaluate and address hazards across our workplaces. Meanwhile, our OSH Committee - which consists of both management and employee representatives for balanced decision-making - oversees the implementation of OSH practices across the Bank.

These efforts are complemented by OSH-related modules and workshops, curated and rolled out by our Learning & Development team in partnership with the Property & Facilities Management (“PFM”) team, as guided by Malaysia’s latest 2022 amendment to the OSH Act 1994. This includes extensive and up-to-date modules approved by the Department of Occupational Safety & Health (“DOSH”) on OSH-Coordinator training and First Aider training to enhance employee capability and ensure Bank-wide compliance with safety and health regulations.

In FY2024, **9,287** [△] employees completed Bank-wide OSH e-learning module

	FY2022	FY2023	FY2024
No. of employees who completed the Bank-wide OSH e-Learning module	N/A [^]	8,498	9,287

Looking ahead, we aim to further advance our OSH practices by continuing the deployment of First Aid, OSH-Coordinator, Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) and other OSH-related workshops.

Health & Safety Performance	FY2022	FY2023	FY2024
Absenteeism Rate (%)	1.29	2.39	2.65 [△]
No. of work-related fatalities	NIL	NIL	NIL [△]
No. of accidents inside workplace premises	4	5	3
No. of days lost due to accidents inside workplace premises ¹⁴	191.50	67	34
Lost Time Incident Rate (LTIR)	0.034	0.064	0.025

In FY2024, we recorded **zero fines** or **non-monetary sanctions** for workplace safety violations

Adhering Strictly to Labour Laws

At the Bank, we stay abreast of and compliant with labour laws by diligently monitoring updates to relevant labour legislations, such as Malaysia’s Employment Act 1955, Industrial Relations Act 1967 and Trade Union Act 1959.

Our commitment to staying informed is further reinforced by attending seminars and conferences that provide crucial updates on legislative changes and best practices. Additionally, the Bank is an Executive Committee Member of the MCBA, a platform dedicated to discussing updates to labour laws and their implications.

This multi-faceted approach ensures that we uphold our commitment of observing high standards in labour law compliance.

In FY2024, we recorded **zero fines** or **non-monetary sanctions** related to incidents of non-compliance with labour laws

[^] The OSH module was only included as part of our Bank-wide mandatory e-Learning since FY2023.

¹⁴ Calculated based on our reporting to Malaysia’s Department of Occupational Safety and Health.

[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Employee Well-Being, Health & Safety

Fostering Employee Engagement & Satisfaction

Employee Matters

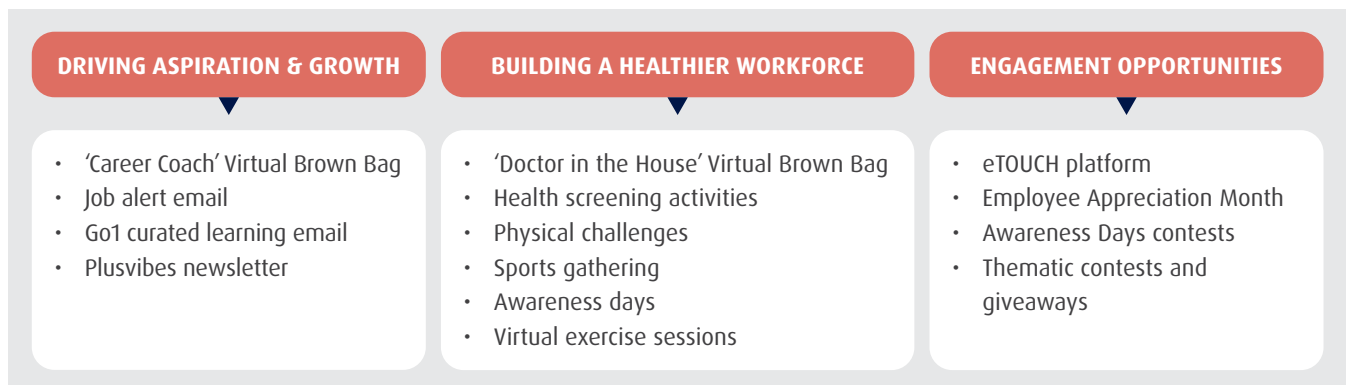
We provide multiple channels for open communication, aiming to foster meaningful connections between employees and senior management across the Bank.

These engagements also enable us to identify and effectively address the specific issues that our employees are facing, with potential solutions including the provision of financial or other forms of support, depending on the issue in question.

In FY2024, **10** employee matters were raised and resolved

Employee Engagements

In FY2024, we continued to sharpen our focus on driving aspiration and growth, building a healthier workforce, both physically and mentally, and creating more opportunities for employees to engage with one another.



Some of these initiatives are further elaborated on below.

In celebration of International Women's Day ("IWD"), we organised a CSR outreach initiative under the theme "Inspire Inclusion", reaching out to homes with women residents nationwide. This effort impacted 682 residents with the support of 95 employees. Additionally, we hosted sharing sessions featuring inspirational speakers to empower and equip our employees with new skills.

Other activities included celebrating International Family Day, hosting online contests showcasing Malaysian cuisines and reinstating physical games like badminton.



Our IWD CSR outreach initiative included the donation of essential items in kind

Employee Well-Being, Health & Safety



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



Fun activities, such as sharing of favourite food, enabled employees to participate and get to know each other better



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

Meanwhile, as part of our efforts to prioritise employee health and well-being, we organised a year-long eTOUCH campaign themed "Our Heartbeat". During this period, we held a Virtual Walk for Heart Health Challenge and wellness fairs focused on heart health. We also ran a pledge contest on the eTOUCH platform to encourage employees to commit to new behaviours and actions that align with our updated operating rhythm and way of working.

The campaign culminated in Employee Appreciation Month, where employees recognise their colleagues for exceptional contributions. Additionally, the eTOUCH Pledge Contest was held to further engage and motivate staff.



The Virtual Walk For Heart Health Challenge encouraged employees to incorporate exercise into their daily routines and keep heart health top of mind



The Appreciation Month eTouch Pledge Contest encouraged employees to demonstrate actions aligned with our Brand Values and our new operating rhythm, "Our Heartbeat"

Employee Well-Being, Health & Safety

CONGRATULATIONS TO OUR TOP 10 eTOUCH RECEIVERS FOR Q4 FY23/24

<p>11 eTouch</p>  <p>Chuop Samphichetra PFS</p> <p>"Your willingness to go above and beyond to help the team has been truly remarkable. We couldn't have done it without you." From: Samnang Voleak, PFS</p>	<p>9 eTouch</p>  <p>Lim Kok Siang PFS</p> <p>"Working under his leadership has shaped my career in numerous ways and I'm very appreciative of his guidance!" From: Ooi Wei Jun, PFS</p>	<p>8 eTouch</p>  <p>Yan Shey Vi Group Operations</p> <p>"Thank you for all the guidance and for being such a fantastic colleague. It's a pleasure to work with you." From: Ling Suet Fong, Group Operations</p>	<p>6 eTouch</p>  <p>Sera Tiew Joo Ping Group Operations</p> <p>"Thank you Sera for all the hard work to arrange the CSR activity for us. We had such a fabulous and meaningful weekend workout!" From: Yeap Ellie, Group Operations</p>	<p>6 eTouch</p>  <p>Lam Boey Yee RWM</p> <p>"Boey Yee is a good team leader who has given meaningful guidance to her team members." From: Young Swee Chin, PFS</p>
<p>6 eTouch</p>  <p>Julie Ooi Lay Peng PFS</p> <p>"Thanks for your guidance over the past 2 years. I have become a more resilient person under your guidance." From: Gay Choo Sim Eng, PFS</p>	<p>5 eTouch</p>  <p>Siti Jamilah A Bakar Group Operations</p> <p>"Your patience in guiding us to solve system issues step by step is much appreciated. Happy to work with you." From: Ang Sew Ling, Group Operations</p>	<p>5 eTouch</p>  <p>Veronica Loo PFS</p> <p>"Thank you for all your knowledge sharing and for your kind facilitation in Control Room matters." From: Cherraine Yeoh Shern Leng, Compliance</p>	<p>4 eTouch</p>  <p>Raasmieran A/L Selvarajah Compliance</p> <p>"Thank you for being such a great colleague to work with. Hope to work with you more in the future as well." From: Beverly Loi Guong Ginn, Compliance</p>	<p>4 eTouch</p>  <p>Shafinaz Abdul Shukor Group Operations</p> <p>"I would like to say thank you for always assisting and giving prompt replies to our queries. Glad to work with you." From: Chia Wan Qian, CCB</p>

[Click here to send an eTOUCH now!](#)

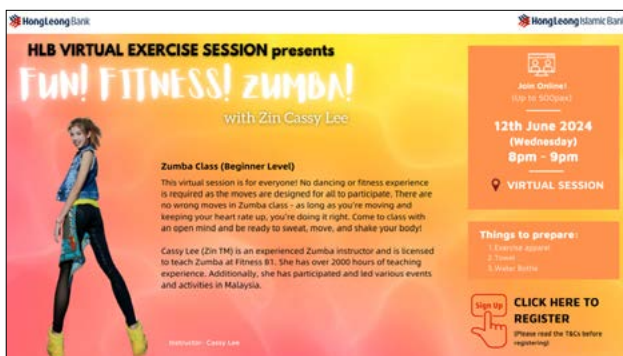


Our eTOUCH platform remains key in cultivating a culture of appreciation for colleagues who have gone above and beyond their duty to help customers, colleagues or others around them

Recognising the importance of our employee's physical, emotional and mental well-being, we organised several virtual wellness events during the year, including exercise sessions and brown bag discussions on physical and mental health.

We proudly offer PlusVibes, a mobile-first well-being platform, as a vital resource to support our employees in building personal resilience and enhancing their physical and mental well-being. Accessible to all employees, PlusVibes covers a wide range of topics, including finance, family, leadership, self-development and relationships. The platform also features a Wheel of Life, a visual assessment tool that helps employees identify areas needing more attention, empowering them to practise self-care as needed.

For those requiring additional support, PlusVibes enables employees to connect with qualified counsellors directly through the app. Additionally, the platform provides a comprehensive list of relevant associations, allowing employees to explore and connect with these resources as they see fit.



HLB VIRTUAL EXERCISE SESSION presents
FUN! FITNESS! ZUMBA!
with Zin Cassidy Lee

Zumba Class (Beginner Level)
This virtual session is for everyone! No dancing or fitness experience is required as the moves are designed for all to participate. There are no wrong moves in Zumba class - as long as you're moving and keeping your heart rate up, you're doing it right. Come to class with an open mind and be ready to sweat, move, and shake your body!

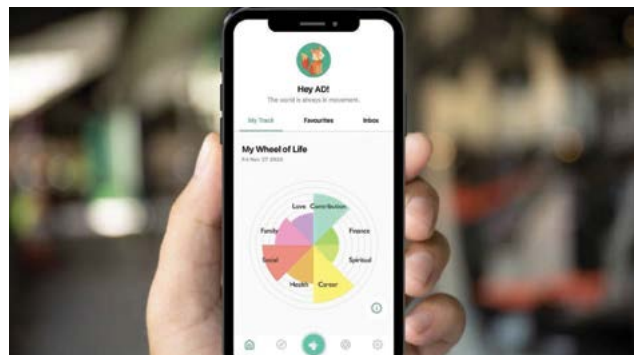
Cassidy Lee (Zin) is an experienced Zumba instructor and is licensed to teach Zumba at Fitness 81. She has over 2000 hours of teaching experience. Additionally, she has participated and led various events and activities in Malaysia.

12th June 2024 (Wednesday) 8pm - 9pm
VIRTUAL SESSION

Things to prepare:
1. Exercise Apparel
2. Towel
3. Water Bottle

CLICK HERE TO REGISTER
Please read the T&Cs before registering!

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



The PlusVibes all-in-one well-being app features a visual representation of the user's life areas, known as the "Wheel of Life," and offers options to speak to qualified listeners through messaging, access relaxation activities and engage with inspirational content for self-care

Fostering a Sustainability-Driven Culture

WHY IT MATTERS

Raising ESG awareness and fostering an impact-conscious mindset among our employees is crucial to the success of our sustainability agenda. By creating opportunities for them to learn - through modules, webinars and courses - and avenues to give back by volunteering, we empower them to be champions of our ESG mission, amplifying positive change for natural environments and the communities we serve.

OUR APPROACH

Strengthening Sustainability Knowledge across the Bank

Sustainability Training

To create awareness of sustainability across our workforce, we require all employees to complete an annual mandatory e-Learning course on "Introduction to Sustainability", while new hires benefit from virtual training on the same course, provided by our Group Sustainability Division.

Beyond this foundation, we utilise training programmes, brown bag sessions and internal communication tools to highlight and foster discussion around current and specific sustainability-related issues, thus deepening our employees' understanding of the fast-evolving ESG landscape.

Sustainability Training Key Highlights

New Hires

1,812 new hires attended the "Introduction to Sustainability" training

Bank-wide Mandatory e-Learning

1,688 new hires completed the mandatory Sustainability e-Learning course

Voluntary e-Learning

Since its launch in 2022, more than **5,000** employees completed WWF's Asia Sustainable Finance Initiative ("ASFI") Sustainability modules, with **686** completions in FY2024

External Training

- In addition to internal training, we also send our employees to attend training provided by external providers for capacity building and continuous learning
- Selected employees driving sustainability matters at HLB have attended specific sustainability and climate related topics, including sustainable finance, green, social and sustainable bonds, climate risk management, carbon capture utilisation and storage, sustainability reporting and measuring, and managing environmental and social ("E&S") impacts and risks, among others

Digital Learning

- Digital learning modules on sustainability-related topics, such as Introduction to Environmental Sustainability, Decarbonisation, ESG and Sustainable Investing, and Financial Materiality, are offered on Go1 to employees to learn at their own pace and time

Fostering a Sustainability-Driven Culture

Sustainability Training Key Highlights (continued)

Role-Based - BCB

- The Fundamental Account Sales Training (“FAST”) is conducted for all new hires in BCB annually
- In FY2024, **4** sessions were conducted, attended by **132** participants
- A walkthrough of BCB’s ESG Policy is also included within this programme
- In January 2024, Margie Ong, CEO of Thoughts in Gears, facilitated a highly impactful ESG workshop for BCB’s senior managers
- This session was attended by **43** participants
- Between March to April 2024, the ESG & Sustainability team held training sessions specifically for their Account Relationship Managers and Credit Risk Managers, totaling **17** sessions and training **232** employees

Role-Based - PFS

- In February 2024, the PFS Sustainability team conducted a briefing session on the ESG Assessment Guidance Questionnaire for their SME Mortgage division, specifically targeting Mortgage Agency Sales (“MAS”) Agents and Mortgage Sales Centre (“MSC”) Sales Managers
- The session aimed to empower Sales Agents and Managers to effectively implement the ESG Assessment Questionnaire with their customers
- In April 2024, PFS organised a total of **3** sessions on BNM’s CCPT classification training for the auto loan and mortgage sales channels, as well as SME Community Business Managers, attended by a total of **539** participants
- These sessions were designed to introduce the CCPT classifications and provide participants with the necessary knowledge to categorise customers according to CCPT criteria

During FY2024, we continued our partnership with WWF’s ASFI Academy to develop specific competencies at the intersection of sustainability and finance. This training is vital as it complements our efforts to launch additional green financing products and position such products as a key driver of our ESG and business agendas alike.

WWF’s ASFI Module	No. of Employees Who Have Completed the Module as of FY2024
Module 1: Fundamentals of Responsible Banking	1,062
Module 2: Aligning Financial Flows with Sustainable Development Goals	1,062
Module 3: Incorporating Sustainability into Banks’ Governance and Culture	987
Module 4: Measuring and Managing E&S Impacts and Risks	690
Module 5: Engaging Customers, Clients and Stakeholders to Develop Sustainable Financial Products	824
Module 6: Sustainability Reporting - A Critical Tool for Enhancing Corporate Transparency	424

Fostering a Sustainability-Driven Culture

Sustainability Month

In our ongoing efforts to foster a culture of sustainability within the organisation, we organised our annual HLB Sustainability Month in November 2023. This month-long initiative focused on raising awareness and training employees on ESG issues through a variety of channels, including webinars, workshops and posters.

During Sustainability Month, we hosted four webinars, covering introductions to GHG and materiality assessment, and presentations on two social enterprises we support: Primus Wellness and Refiller Mobile¹⁵. A total of 371 participants attended.

We also released infographics periodically throughout the month on topics such as our sustainability initiatives and climate action.



HLB Expert Engagement Sessions

To further enhance sustainability awareness within the organisation and secure support from our top management, we conduct annual expert engagement sessions for senior management, featuring discussions on current topics in the evolving sustainability landscape.

Two sessions were held in FY2024:

- In July 2023, we held a session on green buildings led by Dr. Serina Hijjas, Vice President of the Malaysia Green Building Council
- The second session, titled “Getting the Net Zero Pathway Right” and conducted by McKinsey & Co in June 2024, addressed the importance, challenges and opportunities of developing a credible Net Zero strategy



¹⁵ For more information, refer to the “Supporting Social Enterprises & Communities” section of this Sustainability Report, on page 76.

Appendix I: Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Manager	Percentage	56.00	100.00	100.00
Manager	Percentage	51.00	100.00	100.00
Executive	Percentage	52.00	100.00	100.00
Non-Executive	Percentage	19.00	100.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	-	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	-	476,600.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	9,013
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Manager Below 30 years old	Percentage	0.00	0.00	0.00
Senior Manager 30 to 50 years old	Percentage	62.50	59.40	58.90
Senior Manager Over 50 years old	Percentage	37.50	40.60	41.10
Manager Below 30 years old	Percentage	2.40	3.00	2.40
Manager 30 to 50 years old	Percentage	81.80	80.60	80.30
Manager Over 50 years old	Percentage	15.80	16.40	17.30
Executive Below 30 years old	Percentage	39.80	45.50	43.60
Executive 30 to 50 years old	Percentage	55.80	50.30	51.80
Executive Over 50 years old	Percentage	4.40	4.20	4.60
Non-Executive Below 30 years old	Percentage	0.00	0.00	0.00
Non-Executive 30 to 50 years old	Percentage	83.00	81.70	77.20
Non-Executive Over 50 years old	Percentage	17.00	18.30	22.80
Gender Group by Employee Category				
Senior Manager Male	Percentage	59.50	58.60	58.10
Senior Manager Female	Percentage	40.50	41.40	41.90
Manager Male	Percentage	42.20	41.20	40.50
Manager Female	Percentage	57.80	58.80	59.50
Executive Male	Percentage	34.90	34.60	33.70
Executive Female	Percentage	65.10	65.40	66.30
Non-Executive Male	Percentage	33.30	33.10	32.90
Non-Executive Female	Percentage	66.70	66.90	67.10
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67.00	60.00	67.00
Female	Percentage	33.00	40.00	33.00
Below 30 years old	Percentage	0.00	0.00	0.00
30 to 50 years old	Percentage	0.00	0.00	0.00
Over 50 years old	Percentage	100.00	100.00	100.00

Appendix I: Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	38,174.85	36,886.51	35,121.02
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.03	0.06	0.03
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	8,498	9,287
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Manager	Hours	19,965	13,021	17,291
Manager	Hours	175,257	145,495	163,231
Executive	Hours	344,525	325,423	372,772
Non-Executive	Hours	80,967	166,470	73,678
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.30	1.00	0.90
Bursa C6(c) Total number of employee turnover by employee category				
Senior Manager	Number	33	31	38
Manager	Number	390	399	355
Executive	Number	1,087	1,314	1,183
Non-Executive	Number	66	40	45
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	94.00	94.60
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	61.200000	71.100000	92.700000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	37.90
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	18.00	17.70	19.10
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	18.80
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	94.00	124.00	103.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	27,360.00	26,533.00	25,220.00
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	9,054.00	11,931.00	13,388.00

Notes:

- Anti-corruption training in FY2022 was conducted for new hires only. In FY2023 and FY2024, the training was rolled out to all employees.
- Our ABC risk assessment is done on a biennial basis. Hence, there is no data for percentage of operations assessed for corruption-related risks in FY2023.
- We commenced data collection of total amount invested in communities and total beneficiaries in FY2024, and shall endeavour to improve our data collection efforts in this area moving forward.
- We rolled out our occupational safety and health e-learning module in FY2023. Hence, there is no data for number of employees trained on health and safety standards in FY2022.
- We commenced data collection on supplier spending in FY2023. Hence, there is no data for proportion of spending on local suppliers in FY2022.
- Data for total volume of water used covers water consumption from main buildings only.
- Waste management data covers waste from main buildings only.
- As we only commenced the tracking of wet waste in March 2024, data for total waste generated is only available for FY2024, with this figure encompassing data collected for waste directed to disposal during the time period of March 2024 to June 2024 only.
- We recommenced tracking of our plastic and can waste in FY2024 with an improved methodology that we can plan to continue moving forward. Hence, the data presented for total waste diverted from disposal in FY2024 includes paper, plastic and can waste, whereas the corresponding data presented for FY2022 and FY2023 includes only paper waste.
- As we only commenced the tracking of wet waste in March 2024, the data for total waste directed to disposal in FY2024 covers the period of March 2024 to June 2024 only.
- Our total energy consumption is reported in the unit of MWh.

Appendix II: HLB in Numbers

Employee Composition

Limited to only employees registered in Malaysia

	FY2022		FY2023		FY2024	
	HLB	HLISB	HLB	HLISB	HLB	HLISB
Total No. of Employees	7,864	144	8,073	134	8,057	129
Male	2,917	64	2,954	60	2,896	52
Female	4,947	80	5,119	74	5,161	77
Total No. of Employees by Contract Category						
Permanent	7,759	143	7,993	133	7,987	129
Male	2,858	63	2,911	60	2,863	52
Female	4,901	80	5,082	73	5,124	77
Temporary	105	1	80	1	70	0
Male	59	1	43	0	33	0
Female	46	0	37	1	37	0
Total No. of Employees by Employee Category						
Senior Manager	244	15	237	12	242	11
Male	144	10	138	8	139	8
Female	100	5	99	4	103	3
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	151	11	140	8	141	8
More than 50 years old	93	4	97	4	101	3
Manager	1,995	45	1,986	49	1,979	40
Male	839	21	816	22	800	17
Female	1,156	24	1,170	27	1,179	23
Below 30 years old	48	1	62	0	48	0
30 to 50 years old	1,634	34	1,599	41	1,590	31
More than 50 years old	313	10	325	8	341	9
Executive	4,199	61	4,464	52	4,497	57
Male	1,460	25	1,541	23	1,516	20
Female	2,739	36	2,923	29	2,981	37
Below 30 years old	1,664	29	2,025	31	1,958	26
30 to 50 years old	2,349	29	2,254	18	2,332	28
More than 50 years old	186	3	185	3	207	3
Non-Executive	1,426	23	1,386	21	1,339	21
Male	474	8	459	7	441	7
Female	952	15	927	14	898	14
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	1,179	23	1,131	18	1,035	15
More than 50 years old	247	0	255	3	304	6

Appendix II: HLB in Numbers

Employee Turnover

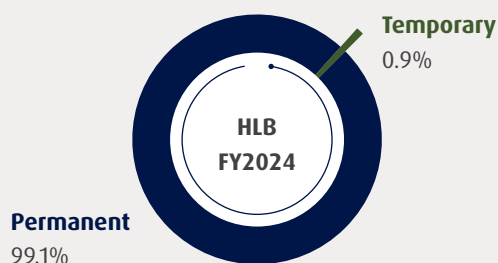
Limited to only employees registered in Malaysia

	FY2022		FY2023		FY2024	
	HLB	HLISB	HLB	HLISB	HLB	HLISB
Bank-wide	1,542	34	1,761	23	1,588	33
Senior Manager	30	3	27	4	35	3
Male	18	1	21	2	22	2
Female	12	2	6	2	13	1
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	13	2	15	2	16	1
More than 50 years old	17	1	12	2	19	2
Manager	376	14	393	6	344	11
Male	172	10	192	3	159	6
Female	204	4	201	3	185	5
Below 30 years old	4	0	7	1	15	0
30 to 50 years old	293	10	333	4	271	9
More than 50 years old	79	4	53	1	58	2
Executive	1,071	16	1,301	13	1,164	19
Male	426	6	493	7	452	9
Female	645	10	808	6	712	10
Below 30 years old	444	5	676	6	658	14
30 to 50 years old	592	11	600	7	484	4
More than 50 years old	35	0	25	0	22	1
Non-Executive	65	1	40	0	45	0
Male	33	1	14	0	17	0
Female	32	0	26	0	28	0
Below 30 years old	0	0	0	0	0	0
30 to 50 years old	31	1	18	0	23	0
More than 50 years old	34	0	22	0	22	0

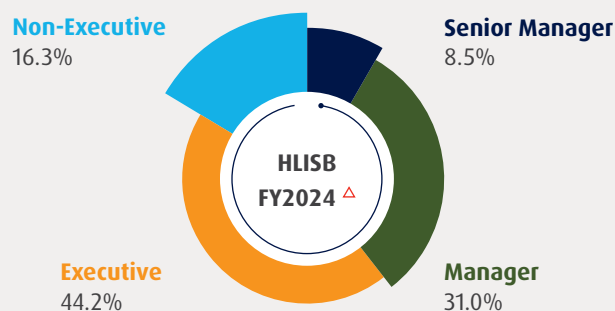
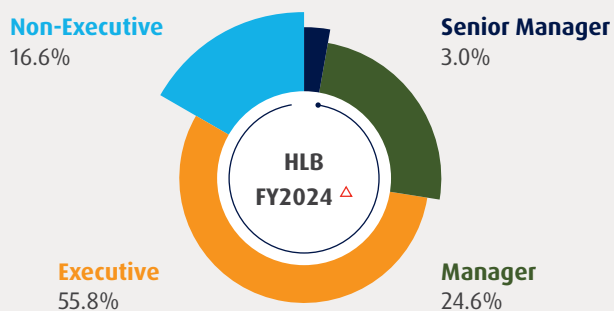
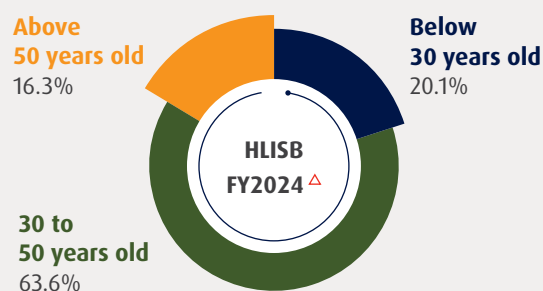
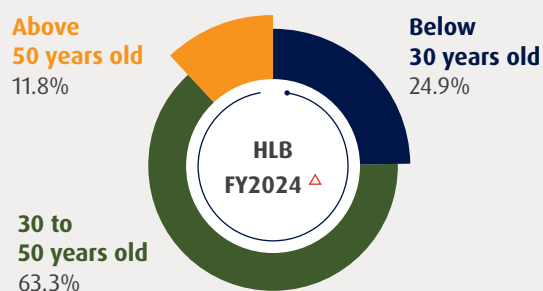
* The employee turnover figures presented above include both voluntary and involuntary turnover, whereas in previous reporting periods the figures reported included only voluntary turnover. As such, our turnover for FY2022 and FY2023 (as presented in our Sustainability Report 2023) has restated in this year's report.

Appendix II: HLB in Numbers

Percentage of Employees that are Permanent and Contractors/Temporary Staff



Percentage of Employees by Age and Employee Category



Hours of Training by Employee Category	FY2022		FY2023		FY2024	
	HLB	HLISB	HLB	HLISB	HLB	HLISB
Senior Manager	18,519	1,446	12,347	674	16,545	746
Manager	171,270	3,986	142,225	3,270	159,925	3,306
Executive	339,852	4,673	321,921	3,502	367,868	4,904
Non-Executive	79,666	1,301	164,019	2,451	72,311	1,367

Onboarding Programme Training Data	FY2021	FY2022	FY2023	FY2024
Total no. of new employees who took part in our new hire induction	799	1,720	1,732	1,666
Total no. of employees who attended the "Introduction to Sustainability and Brand Promise" training sessions	384	1,875	1,840	1,812
Total no. of employees who completed the Asian Banking School's "Introduction to Ethics in Banking" course	268	320	218	249

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

[△] This data has been independently assured. Refer to independent limited assurance report on page 151.

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Credit Risk Governance	The Credit Risk Governance Board Policy (“Board Policy”) provides guidance in ensuring that credit risk management is part of an integrated approach to the enterprise-wide risk management.	May 2022 (Latest review as of May 2024)	<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>
		April 2021 (Latest review as of May 2024)	<p>6.3 Credit Evaluation and Approval</p> <p>6.3.1 Credit Evaluation</p> <p>a.</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>i.</p>

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on BCB Credit	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.	August 2020 (<i>Latest review as of February 2024</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> <ol style="list-style-type: none"> 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; To foster a cultural shift, thus making ESG a business as usual (BAU) consideration among bank staff; and To create the best product & service offerings in the market when it comes to promoting sustainable business practices. <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 recognize 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 paper² and International Finance Corporation (IFC) standards.</p>
Management Policy on BCB Credit	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.	February 2023 (<i>Latest review as of April 2024</i>)	<p>41 Environmental, Social and Governance Guidelines</p> <p>41.2 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>41.2.1 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 list² 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 areas³. Operations, which use fire for land clearance or preparation of land⁴. Fishing activities using drift nets or explosives. Financing of any greenfield coal-fired power plants⁵ beginning 1st July, 2021 and financing of all coal-fired power plants effective 1st July, 2026.

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section						
			<p>41.2.2 Customer Environmental (E) Due Diligence Screening Environmental Risk Assessment Pursuant to the updated BNM CCPT guidelines, all BCB Non-Individuals Borrowers are required to undergo an Environmental Assessment regardless of the sectors they operate in.</p> <p>The Environmental Checklist is now updated to adopt an industry-wide standardized CCPT Due Diligence Questionnaire/environmental checklist by BNM.</p> <p>41.2.3 Customer Social (S) Due Diligence Screening Social Risk Assessment and the Sector/Sub-sector Screening The purpose of the sector/sub-sector screening is to identify if borrowers fall within the inherently High Social (High S) risk sectors/sub-sectors.</p> <p>The Social risk factors that are required to be addressed are as follows:</p> <ol style="list-style-type: none"> 1) Compliance and legal issues. 2) Stakeholder management. 3) Health & Safety. 4) Accommodations and living conditions of both Foreign and Local labours. 5) Fair Treatment in the workplace. 6) CSR Projects. <p>41.2.4 ESG Assessment & Facility Level Screening All borrowers are subjected to environmental risk assessment, whilst borrowers in the identified high S risks sectors will be required to undergo social risk assessment.</p> <p>The general steps to conduct the Facility Level Screening, E and/or S due diligence can be found in BCB and CED Standard Operating Procedure.</p>						
PFS Credit Management Policy (Secured Products)	To set out policies governing PFS Credit lending and credit underwriting practices in order to maintain healthy credit asset quality whilst supporting loan growth strategies.	June 2022 (Latest review as of June 2024)	<p>Section 8.1.6 (9) Financing including Solar Panel Application meeting conditions below is eligible for Solar Panel Financing with maximum xx% in additional LTV (all in LTV including Insurance, Legal and Solar up to xx%)</p> <p><i>Conditions have been omitted for this report</i></p>						
		June 2023 (Latest review as of June 2024)	<p>Section 8.2.4 (2) New Car In order to mitigate recovery risk and enhance operational efficiency, the following to impose maximum allowable MOF for new vehicle based on car brands and customer risk profile, i.e. Risk Band ("RB").</p> <table border="1"> <thead> <tr> <th>Type</th> <th>Vehicle Category</th> <th>Risk Band</th> <th>MOF%</th> </tr> </thead> <tbody> <tr> <td>.....</td> <td>.....</td> <td>.....</td> <td>.....</td> </tr> </tbody> </table> <p><i>Car brands include vehicles that are BEV, PHEV and HEV</i></p>	Type	Vehicle Category	Risk Band	MOF%
Type	Vehicle Category	Risk Band	MOF%						
.....						

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
		June 2023 (Latest review as of June 2024)	<p>Section 10 Environmental, Social, and Governance (ESG)</p> <p>10.1 Introduction</p> <p>To incorporate ESG principles into our lending policy to ensure we contribute to the country sustainability initiatives and in doing so, to achieve HLB Value of 'Here for long term.'</p> <p>ESG issues pose a financial, business viability and reputational risks for our clients and for us. Furthermore, with the increasing threats of climate change and the broader environmental degradation such as biodiversity loss, we have a fiduciary duty as a financial institution to address these issues by incorporating ESG standards into our day-to-day business operations. In committing to ESG principles and best practices, we hope to fulfil five key visions:</p> <ol style="list-style-type: none"> To "Engage" and "Walk the Talk" with our panel developers on Bank's belief on the importance of contributing towards "Sustainability"; To build and inculcate a "Culture of Best Practices" among panel developers; Recognize the "Risks" and "Impacts" of climate change on economy, social economy, business operations and financial system; To introduce "Environmentally Friendly - Green Projects" concept as the 1st step into executing our ESG strategy; and To increase "ESG Awareness" and create a cultural shift among The Bank staffs in daily processes and operations. <p>This policy, procedures, guidelines, and practices serves as an essential guide on the Bank's expectation for all departments/units and staff personnel engaged in the mortgage financing business. The said guidelines outline our ESG philosophy and approach driving the ESG journey with the Bank's panel developers.</p> <p>10.2 ESG policy philosophy and approach</p> <p>Sustainability is a component of our "PFS" strategy. Our ESG philosophy is that we will work responsibly with our panel developers to encourage sustainability practises and enable economic activities that create shared prosperity for current and future generations. We believe that actively engaging and working in partnership with our stakeholders is crucial to addressing sustainability concerns, whilst promoting ESG best practices.</p> <p>The financial sector has an important role to play in addressing the need to transition to a sustainable, low-carbon economy that balances the environmental, social, and economic needs of society. This can be achieved by establishing an objective standard of measurement for green developments, which promotes efficient use of resources such as energy, water and other building materials and thus lowering the carbon footprint of the built environment.</p> <p>In developing this PFS ESG policy, we referred to international and national frameworks such as United Nation's Sustainable Development Goals (SDGs), Bank Negara Malaysia's (BNM) Climate Change and Principle-based Taxonomy paper (Appendix 1), Green Building Index rating system (GBI) and Green Real Estate rating tools (GreeRE) and Leadership in Energy & Environmental Design (LEED).</p>

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
			<p>The PFS Environmentally Friendly “Green Projects” is depicted in Diagram 1, and consists of three assessment stages for under-construction projects:</p> <ul style="list-style-type: none"> i) Initial screening ii) Assess the project against “Green Certification” obtained iii) Classification of project under 3 categories as per following: <ul style="list-style-type: none"> a. Category 1 (GP1/ GP2), b. Category 2 (GP3/ GP4), and c. Category 3 (GP5) <p><i>Diagram 1 has been omitted for this report</i></p> <p>We have also embedded BNM’s climate change framework and guiding principles (“GP”) within the PFS ESG policy, aligning with BNM’s directions in supporting the greening of economic activities.</p> <p>10.3 ESG assessment stages</p> <p>The ESG assessment is applied to under-construction project within Malaysia. This will be conducted during the End Financing empanelment process for new to bank developer and/ or existing panel developers when a new project is assessed for empanelment.</p> <p>This section outlines the ESG assessment stages in detail, which consists of:</p> <ul style="list-style-type: none"> i) Initial screening ii) Assess the project against ESG rating criteria guideline and certification iii) Classification of project under 3 categories <p>10.3.1 Initial screening for under construction EF projects</p> <p>The purpose of initial screening is to identify the developer which is new to the bank or existing panel developer to categorize respectively based on the under-construction project developed by them.</p> <p>As a general guideline, the initial screening process is to classify the project into 3 categories.</p> <p>10.3.2 Assess the project against ESG rating criteria guidelines and checklist</p> <p>The second stage is to assess the project against ESG rating criteria guidelines outlined in Table 2.</p> <p><i>Table 2. ESG rating criteria guidelines has been omitted for this report</i></p> <p>10.4 Roles & Responsibilities</p> <p>The internal stakeholders involved in the ESG assessments are Developer Management Unit (DMU), MSC sales team and PF credit officers as outlined in Table 3.</p> <p><i>Table 3. Roles & Responsibilities has been omitted for this report</i></p>

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section																
			<p>10.5 Climate Change and Principle-based Taxonomy - BNM guiding principles</p> <p>BNM guiding principles</p> <table border="1"> <thead> <tr> <th>Guiding Principles</th> <th>Examples/evidence (non-exhaustive)</th> </tr> </thead> <tbody> <tr> <td> Guiding Principle 1 (GP1): Climate change mitigation </td> <td> <ul style="list-style-type: none"> Increase contribution of renewable energy in power generation Optimize energy consumption Encourage low carbon mobility Promote green buildings </td> </tr> <tr> <td> Guiding Principle 2 (GP2): Climate change adaptation </td> <td> <ul style="list-style-type: none"> Implement measures to increase own resilience Contribute to the adaptation of other economic activities to mitigate physical effects of climate change </td> </tr> <tr> <td> Guiding Principle 3 (GP3): No significant harm to the environment </td> <td> <ul style="list-style-type: none"> Prevent and control pollution (air, water and land); Protect healthy ecosystem and biodiversity; and Sustainable and efficient use of energy, water, and other natural resources. </td> </tr> <tr> <td> Guiding Principle 4 (GP4): Remedial efforts to promote transition </td> <td> <ul style="list-style-type: none"> Remedial efforts and improvement programs undertaken by the business, Commitment or willingness demonstrated by the business. </td> </tr> <tr> <td> Guiding Principle 5 (GP5): Prohibited activities </td> <td> <ul style="list-style-type: none"> HLB/PFS's general exclusions </td> </tr> </tbody> </table> <p>10.5.1 Comparison of BNM's prohibited activities and HLB/HLISB's general exclusions</p> <p>Comparison of BNM's prohibited activities and HLB/PFS's general exclusions list.</p> <table border="1"> <thead> <tr> <th>BNM's prohibited activities</th> <th>HLB/HLISB - PFS's general exclusions</th> </tr> </thead> <tbody> <tr> <td> 1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal); 2. Operations which use fire for land clearance; 3. Operations involving illegal deforestation; 4. Activities within, adjacent to, or upstream of designated protected areas and habitats of rare/ endangered species; and 5. Operations which practice drift net fishing or fishing with the use of explosives. </td> <td> 1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal). 2. Over extraction of limestone and granite. 3. Operations which use fire for land clearance. 4. Operations involving illegal deforestation. 5. Activities within, adjacent or upstream of designated protected areas and habitats of rare/ endangered species. 6. None compliance of regulatory requirement (I.e illegal land acquisition & etc). 7. Worker welfare - poor accommodation 8. Illegal activities - illegal worker, exceed working hour </td> </tr> </tbody> </table>	Guiding Principles	Examples/evidence (non-exhaustive)	Guiding Principle 1 (GP1): Climate change mitigation	<ul style="list-style-type: none"> Increase contribution of renewable energy in power generation Optimize energy consumption Encourage low carbon mobility Promote green buildings 	Guiding Principle 2 (GP2): Climate change adaptation	<ul style="list-style-type: none"> Implement measures to increase own resilience Contribute to the adaptation of other economic activities to mitigate physical effects of climate change 	Guiding Principle 3 (GP3): No significant harm to the environment	<ul style="list-style-type: none"> Prevent and control pollution (air, water and land); Protect healthy ecosystem and biodiversity; and Sustainable and efficient use of energy, water, and other natural resources. 	Guiding Principle 4 (GP4): Remedial efforts to promote transition	<ul style="list-style-type: none"> Remedial efforts and improvement programs undertaken by the business, Commitment or willingness demonstrated by the business. 	Guiding Principle 5 (GP5): Prohibited activities	<ul style="list-style-type: none"> HLB/PFS's general exclusions 	BNM's prohibited activities	HLB/HLISB - PFS's general exclusions	1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal); 2. Operations which use fire for land clearance; 3. Operations involving illegal deforestation; 4. Activities within, adjacent to, or upstream of designated protected areas and habitats of rare/ endangered species; and 5. Operations which practice drift net fishing or fishing with the use of explosives.	1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal). 2. Over extraction of limestone and granite. 3. Operations which use fire for land clearance. 4. Operations involving illegal deforestation. 5. Activities within, adjacent or upstream of designated protected areas and habitats of rare/ endangered species. 6. None compliance of regulatory requirement (I.e illegal land acquisition & etc). 7. Worker welfare - poor accommodation 8. Illegal activities - illegal worker, exceed working hour
Guiding Principles	Examples/evidence (non-exhaustive)																		
Guiding Principle 1 (GP1): Climate change mitigation	<ul style="list-style-type: none"> Increase contribution of renewable energy in power generation Optimize energy consumption Encourage low carbon mobility Promote green buildings 																		
Guiding Principle 2 (GP2): Climate change adaptation	<ul style="list-style-type: none"> Implement measures to increase own resilience Contribute to the adaptation of other economic activities to mitigate physical effects of climate change 																		
Guiding Principle 3 (GP3): No significant harm to the environment	<ul style="list-style-type: none"> Prevent and control pollution (air, water and land); Protect healthy ecosystem and biodiversity; and Sustainable and efficient use of energy, water, and other natural resources. 																		
Guiding Principle 4 (GP4): Remedial efforts to promote transition	<ul style="list-style-type: none"> Remedial efforts and improvement programs undertaken by the business, Commitment or willingness demonstrated by the business. 																		
Guiding Principle 5 (GP5): Prohibited activities	<ul style="list-style-type: none"> HLB/PFS's general exclusions 																		
BNM's prohibited activities	HLB/HLISB - PFS's general exclusions																		
1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal); 2. Operations which use fire for land clearance; 3. Operations involving illegal deforestation; 4. Activities within, adjacent to, or upstream of designated protected areas and habitats of rare/ endangered species; and 5. Operations which practice drift net fishing or fishing with the use of explosives.	1. Illegal waste management including release of untreated toxic and hazardous industrial waste (generate, storage, treatment, and disposal). 2. Over extraction of limestone and granite. 3. Operations which use fire for land clearance. 4. Operations involving illegal deforestation. 5. Activities within, adjacent or upstream of designated protected areas and habitats of rare/ endangered species. 6. None compliance of regulatory requirement (I.e illegal land acquisition & etc). 7. Worker welfare - poor accommodation 8. Illegal activities - illegal worker, exceed working hour																		

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Liquidity Management (“LMBP”)	<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> <ul style="list-style-type: none"> (i) Inability to liquidate securities <ul style="list-style-type: none"> • The inability to convert securities into cash without significant haircut to the securities nominal value (ii) Inability to raise funding from the wholesale market <p>The inability to raise reasonably price deposits or interbank borrowings from the wholesale market.</p>	July 2022 (<i>Latest review as of July 2023</i>)	<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> <ul style="list-style-type: none"> • Progressive enhancement of depositor data to incorporate ESG ratings. • Establish additional ratios to enhance visibility of ESG related risks (e.g., High ESG Risk customer concentration). • 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>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 determinations are made with respect to the appropriateness of application, and appropriate time of application to the Bank’s business activities.</p>
Board Policy on Internal Capital Adequacy Assessment Process	To clearly articulate the governance structure and the approach taken for the assessment and review of Internal Capital Adequacy Assessment Process (“ICAAP”)	June 2023 (<i>Latest review as of June 2024</i>)	<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>

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Stress Testing	To highlight the governance structure of the stress testing and reverse stress testing programs, which are an integral part of the Internal Capital Adequacy Assessment Process (“ICAAP”) and are pertinent requirements of an effective and robust stress testing program.	June 2024	<p>Section 9 Climate Risk Stress Testing (“CRST”)</p> <p>(a) Climate change and its effect on the environment and economy could present significant risks to the stability and health of financial institutions, leading to wider consequences for the economy and financial system.</p> <p>(b) The Bank shall perform climate risk stress testing to evaluate its susceptibility to various climate-related scenarios.</p> <p>(c) The Bank must conduct the CRST exercise by employing the following three long-term adverse climate scenarios to capture the impact from a range of different permutations of physical and transition risks. The following climate scenarios are based on internationally recognized scenarios developed by the Network for Greening the Financial System (“NGFS”):</p> <ul style="list-style-type: none"> (i) Net Zero 2050 (NZ 2050) (ii) Divergent Net Zero (DNZ 2050); and (iii) Nationally Determined Contributions (NDCs) <p>In addition, the Bank shall conduct a short-term acute physical risk scenario that considers a one-off 1-in-200-years flood event in Malaysia.</p> <p>An overview of each NGFS scenarios and selected climate and macroeconomic variables as prescribed by BNM for the CRST exercise are outlined in Addendum 5.</p> <p>(d) CRST time horizon includes long-term climate scenarios that will span over a 27-year period from December 2023 (starting position) until 2050.</p> <p>(e) The Bank shall adopt a quantitative approach when assessing the credit risk portfolio as outlined in the Methodology Paper. While a qualitative approach can be adopted for market risk, liquidity risk and operational risk portfolios.</p> <p>The Bank is required to report its CRST to BNM on an annual basis from 2024 until 2029, followed by a 5-year interval throughout the stress horizon.</p>
		June 2024	<p>Addendum 5 Climate Scenarios and Variables</p> <p>Climate Scenarios</p> <p>Orderly: Net Zero 2050 (NZ 2050)</p> <p>This climate scenario rests on strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas (“GHG”) emissions, limiting global warming to 1.5°C. It reflects key features of an early and orderly transition to a low carbon world. To achieve this goal, stringent climate policies are applied immediately across all sectors of the economy, while significant innovation and technology breakthrough will have to take place. This includes major strides in the carbon dioxide removal (“CDR”) technology and a sharp shift toward renewable energy production, resulting in high transition risk.</p> <p>Disorderly: Divergent Net Zero 2050 (DNZ 2050)</p> <p>The scenario differs from the NZ 2050 scenario in several aspects. Here, global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven, with some sectors being affected even more relative to the rest suggesting varied focus of climate policies being introduced at different points in time. This could result from the imposition of differentiated carbon taxes or carbon prices across certain economic sectors. Moreover, technology advancements in CDR and renewable energy are lower relative to NZ 2050 reflecting inherent limitations of adequate financial funding and constraints within existing economic structure. The combination of these factors is expected to result in a medium to higher transition risks, relative to the NZ 2050 scenario, while impact from physical risk on the economy will be lower than the NDCs scenario.</p>

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section									
			<p>Hot House World: Nationally Determined Contributions (NDCs) The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and will lead to an approximately 2.5°C increase in temperatures, and a materialization of moderate to severe physical risks. Compared to the other two scenarios, impact from transition risk is expected to be lower for this scenario.</p> <p>Climate Variables These climate variables, embodying physical risk and transition risk are based on the high-level global and regional pathways as simulated by the NGFS and have been downscaled and calibrated to Malaysia via the National Institute Global Econometric Model.</p> <p>Consequently, the impact from these climate variables under the above scenarios on the rest of the company are reflected in the macroeconomic and financial market data provided by the Bank.</p> <table border="1"> <thead> <tr> <th>Climate Variables</th> <th>Macroeconomic Variables</th> <th>Financial Market Variables</th> </tr> </thead> <tbody> <tr> <td>Physical • Near-surface temperature</td> <td>• GDP • Gross value added (GVA) by selected sectors</td> <td>• Central Bank policy interest rate • 3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield</td> </tr> <tr> <td>Transition • Shadow carbon price pathway • Emissions pathway • Global and domestic energy prices • Energy consumption and energy mix</td> <td>• Private/ government consumption • Private/ government investment • Exports and imports (goods and services) • Headline inflation • Unemployment rate • House price index (residential, 2015=100)</td> <td>• 3-year, 5-year, 10-year and 15-year private debt security yield (by rating) • Real effective exchange rate (index; 2017=100) • Equity prices (index; 2017=100)</td> </tr> </tbody> </table> <p><i>All variables are for Malaysia only unless otherwise indicated.</i></p>	Climate Variables	Macroeconomic Variables	Financial Market Variables	Physical • Near-surface temperature	• GDP • Gross value added (GVA) by selected sectors	• Central Bank policy interest rate • 3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield	Transition • Shadow carbon price pathway • Emissions pathway • Global and domestic energy prices • Energy consumption and energy mix	• Private/ government consumption • Private/ government investment • Exports and imports (goods and services) • Headline inflation • Unemployment rate • House price index (residential, 2015=100)	• 3-year, 5-year, 10-year and 15-year private debt security yield (by rating) • Real effective exchange rate (index; 2017=100) • Equity prices (index; 2017=100)
Climate Variables	Macroeconomic Variables	Financial Market Variables										
Physical • Near-surface temperature	• GDP • Gross value added (GVA) by selected sectors	• Central Bank policy interest rate • 3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield										
Transition • Shadow carbon price pathway • Emissions pathway • Global and domestic energy prices • Energy consumption and energy mix	• Private/ government consumption • Private/ government investment • Exports and imports (goods and services) • Headline inflation • Unemployment rate • House price index (residential, 2015=100)	• 3-year, 5-year, 10-year and 15-year private debt security yield (by rating) • Real effective exchange rate (index; 2017=100) • Equity prices (index; 2017=100)										
		June 2023 (Latest review as of June 2024)	<p>Section 7 Environment, Social and Governance (“ESG”) 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>									

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
		June 2022 (Latest review as of June 2024)	<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"> Credit risk market risk; IRRBB/RORBB; liquidity risk; risk arising from securitisation activities; operational risk; Shariah Non-Compliance (“SNC”) risk; financial group risk: and sustainability risk / climate-related risks <p>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>
Board Policy on Shariah Governance	To establish a Shariah governance (“SG”) structure for Hong Leong Islamic Bank. The Board Policy on Shariah Governance (“the Policy”) will be reviewed on an annual basis.	Dec 2021 (Latest review as of December 2023)	<p>4.3 Shariah Policy Making</p> <p>4.3.2 Value-based Intermediation (VBI) agenda</p> <p>Principles of VBI are integrated at both levels: transactions and overall HLISB operations. HLISB has on boarded VBI agenda driven and is dedicated to enhance further by focusing on the impact of Islamic banking to both people and the planet whilst also ensuring that profit returns for shareholders remain a priority with Shariah propositions embedded.</p> <p>HLISB has three key visions in VBI for 3P (Prosperity, People and Planet) strategic commitment namely; Innovation, Efficiency and Effective Ecosystem. In line with the VBI agenda, HLISB fully supports HLB’s sustainability directions by adopting relevant frameworks such as HLB’s BCB Credit ESG Policy that had incorporated BNM’s Climate Change and Principle-based Taxonomy (CCPT), which is consistent with BNM’s VBI.</p> <p>For this VBI agenda, VBI officers will be the Lead Coordinators that shall coordinate, manage, assist, guide, monitor and report on VBI initiatives to be in line with HLISB VBI strategy.</p>
Management Policy on Shariah Compliance	To encapsulate the essence of Shariah compliance aspects.	Jan 2022 (Latest review as of October 2023)	<p>4.6 Value-Based Intermediation (“VBI”)</p> <p>HLISB is expected to generate positive and sustainable impacts to ‘3P’ in Triple Bottom Line (“TBL”) namely economy (‘prosperity’), community/social (‘people’) and environment (‘planet’). HLISB articulates integration of VBI principles and implementation strategies towards a sustainable financial ecosystem and these VBI initiatives are to be consistent with Shariah principles. The details of VBI Core Principles can be referred in Appendix J.</p>
Environmental Policy	The purpose of this Environmental Policy (“Policy”) is 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.	January 2021 (Latest update as of August 2023)	<p>4. Principles</p> <p>4.1. General Principles</p> <p>The Property, Facilities Management (“PFM”) will ensure the following general principles to be performed:</p> <ol style="list-style-type: none"> To inculcate awareness among Bank employees on the severity of environmental pollution impacted by their daily behaviors through effective communications; To raise knowledge of Bank employees in their daily energy-efficient practices to consume energy and water in the most optimized, To promote energy and water efficiency and conservation awareness to all stakeholders on an ongoing basis; To perform information gathering, data monitoring in order to identify wasteful and non-productive patterns of energy and water consumption; To measure and analyze the carbon footprint of the Bank’s business activities in conjunction with Principle 4.1.d;

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
			<ul style="list-style-type: none"> 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; i) To encourage the use of efficient products and services designed to improve efficiencies in energy, water and waste performance of the Bank Buildings; j) To adopt a procurement program 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; <p>4.2. Triple-R Principles for Waste Management 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> <ul style="list-style-type: none"> a) Reduce To reduce the purchase of single use items whenever possible, such as non-rechargeable batteries, catering disposables etc. 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. c) Recycle <ul style="list-style-type: none"> i. 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; ii. To procure, where practical, products made from recycled materials; <p>5. Compliance to Mandatory Laws and Regulations This 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; 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> <ul style="list-style-type: none"> a) To appoint a Registered Electrical Energy Manager (REEM) and ensure our legal duties are fulfilled in accord to EMEER 2008; b) To establish an EEEM Committee to fulfil the legal requirements of the EMEER 2008; c) 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;

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
			<p>5.2. Code of Practice 2005 on indoor air quality under Occupational Safety and Health Act 1994;</p> <p>Good indoor air quality (IAQ) is required for a healthy indoor work environment. Poor indoor air quality can cause a variety of short-term and long-term health problems.</p> <p>The bank adheres to the requirement under Section 15 of Occupational Safety and Health Act 1994 (OSHA) to ensure practicable, the safety, health and welfare of all the employee; which one of it is to ensure employees are protected from poor indoor air quality that could adversely affect their health and well-being, and thereby reduce their productivity. Health problems commonly associated with poor IAQ include allergic reactions, respiratory problems, eye irritation, sinusitis, bronchitis and pneumonia.</p> <p>5.3. Solid Waste & Public Cleansing Management Act 2007 (Act 672);</p> <p>This Act governs the management of controlled solid waste and public cleansing for the purpose of maintaining proper sanitation and for matters incidental thereto. The Bank adheres to the Act and reduces the quantity of solid waste disposed on land by recycling recyclable solid waste such as papers, plastics, and metals.</p> <p>6. 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).

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section												
			<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> <ul style="list-style-type: none"> a) Water taps b) Basin taps c) Sink taps d) Shower taps e) Ablution taps f) Water closet g) Urinal Equipment h) Shower Heads 												
Management Policy on Counterparty Credit and Issuer Risk ("CCIR")	To outline the principles, policies and methodologies in managing counterparty credit and issuer risk (CCIR) in Hong Leong Bank Group (the Bank).	June 2021 (Latest review as of January 2024)	<p>Section 6.2 Additional Credit Caveats</p> <p>(i) Exposure to 3rd Generations of IPP Financing of 3rd Generation IPPs may be considered (though without the 100% offtake of power generation by TNB) on a case to case basis depending on the merits of the Issuer/borrower, subject to the satisfactory assessment on the cashflow and project viability.</p> <p>In promoting a strong ESG culture and sustainable finance and climate action, GM shall adopt the following commitments:</p> <ul style="list-style-type: none"> • Cease financing any new coal-fired power plants effective 1 July 2021. <p>Cease financing all coal-fired power plants effective 1 July 2030.</p>												
Management Policy on Reputational Risk	To document the key principles to be upheld by the Bank in managing the reputational risks of the Bank.	March 2022 (Latest review as of May 2024)	<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>•</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>•</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>•</td> <td>•</td> </tr> </tbody> </table>	Key Stakeholders	Expectations	Sources of reputational risk	Customers	•	<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"> • 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	•	•
Key Stakeholders	Expectations	Sources of reputational risk													
Customers	•	<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"> • 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	•	•													

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	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>Shareholders/ Investors</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. • Achieving sustainability agenda and deepening adoption of sustainability practices • Being recognised by global sustainability indices and assessments </td> <td> <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 </td> </tr> <tr> <td>Suppliers/ Vendors/ OSP</td> <td> <ul style="list-style-type: none"> • </td> <td> <ul style="list-style-type: none"> • </td> </tr> <tr> <td>Business Partners Rating Agencies/ Analysts</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>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>	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 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 • 	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																						
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 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 • 																						
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"> • 																						
			<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>																					

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section														
Board Policy on Outsourcing	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.	September 2023	<p>Section 6.2 Assessment of OSP (Outsource Service Provider)</p> <p>6.2.3 BPO (<i>Business Process Owner</i>) shall assess the impact of climate-related events on internal operations as a whole, including material outsourcing activities and OSP's ability to quickly recover capacity to continue providing critical services at an optimum level. The outcome of the assessment, if significant to the critical business functions, shall be reflected in the BCP accordingly.</p> <p>6.2.4 BPO shall assess the susceptibility of OSP's primary site, alternate site and data centre (both primary and alternate) locations to severe weather events.</p> <p>Section 6.12 Risk Assessment</p> <p>6.12.2 Key Outsourcing Risks</p> <table border="1"> <thead> <tr> <th>Risk</th> <th>Concerns</th> </tr> </thead> <tbody> <tr> <td>(1)</td> <td></td> </tr> <tr> <td>(2)</td> <td></td> </tr> <tr> <td>(7) Sustainability Risk</td> <td>OSP's business conduct and impact in terms of environment, social and governance factors (ESG).</td> </tr> <tr> <td>(8) Climate Risk</td> <td>Potential risk that may arise from climate change, related impacts and economic and financial consequences.</td> </tr> <tr> <td>(18)</td> <td></td> </tr> <tr> <td>(19)</td> <td></td> </tr> </tbody> </table>	Risk	Concerns	(1)		(2)		(7) Sustainability Risk	OSP's business conduct and impact in terms of environment, social and governance factors (ESG).	(8) Climate Risk	Potential risk that may arise from climate change, related impacts and economic and financial consequences.	(18)		(19)	
		Risk	Concerns														
		(1)															
(2)																	
(7) Sustainability Risk	OSP's business conduct and impact in terms of environment, social and governance factors (ESG).																
(8) Climate Risk	Potential risk that may arise from climate change, related impacts and economic and financial consequences.																
(18)																	
(19)																	
September 2022 (Latest review as of September 2023)	<p>Section 6.10 Proposal Paper</p> <p>6.10.1 Business Proposal Paper Requirements</p> <p>a.</p> <p>b. All proposals for outsourcing a specified function must take into consideration the following factors, among others:</p> <p>(i)</p> <p>(ii)</p> <p>(x) Sustainability Review</p>																
September 2021 (Latest review as of September 2023)	<p>Section 6 Management of Outsourcing Risks</p> <p>6.2 Assessment of OSP (Outsource Service Provider)</p> <p>6.2.2 The due diligence must take into consideration the following factors regarding the OSP:</p> <p>a.</p> <p>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 trainings to its staff, among others</p> <p>s.</p>																

Appendix III: HLB Policies with Integration of ESG Elements

Policy Name	Purpose	Date of ESG Inclusion	Extracted Section
Board Policy on Product Risk Approval	The Board Policy on Product Risk Approval is a policy to: <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. 	August 2019 <i>(Latest review as of October 2023)</i>	4.0 PRINCIPLES 4.1 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. 4.8
Board Policy on Procurement	The purpose of this Policy is to govern the Bank's: <ul 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; 	<i>Latest review as of June 2023</i>	4.1 Guiding Principles a) Eliminate waste and promote controlled usage 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. 4.6 Vendors a) 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. The evaluation criteria include but are not limited to the criteria set out below for prospective and Panel Vendors ("Vendor(s)"): <ul style="list-style-type: none"> (i) (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. (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)

Appendix IV: Stakeholder Engagement

We consistently engage with our various key stakeholder groups to understand their evolving needs and priorities in sustainability. This enables us to progressively evolve our strategies and develop initiatives that create lasting, shared value.



Employees

Their Expectations

- Acknowledgement of employee concerns by management, alongside transparent communication of business priorities
- Access to upskilling and professional development opportunities
- Employee retention programmes
- Creation of a conducive workplace environment
- Implementation of a systematic rewards programme based on meritocracy to recognise and reward initiatives, contributions and achievements

Bank-wide Communications

Engagement Channel	Frequency
Town hall sessions	Minimum twice yearly
Group Managing Director (“GMD”) messages on email	Monthly and as required
HR Communications (“HR Comms”) emails	Ongoing
Senior management virtual coffee chat sessions	As per our annual engagement calendar

HR Initiatives

Engagement Channel	Frequency
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
Workday Assistance Chatbot	24/7

Employee Engagements – My Thoughts, Our Future (“MTOF”)

Engagement Channel	Frequency
Appreciation Month and e-Touch appreciation platform	Annually and quarterly, respectively
Breast Cancer Awareness Month	Annually
International Women’s Day	
International Men’s Day	
International Children’s Day	
HLB Fitness Activities and Games (virtual and physical)	As per our annual engagement calendar
Brown Bag Virtual Lunch and Learn	Monthly
Driving the People agenda	Monthly for new and existing people managers

Appendix IV: Stakeholder Engagement



Employees (continued)

Employee Engagements – Others

Engagement Channel	Frequency
Sustainability Month	Annually
HLB Expert Engagement sessions	
Our Group Scholarship Programme	

Others

Engagement Channel	Frequency
Whistle-blowing channel	Upon initiation of whistle-blowing cases. Contact information is available on the HLB website.



Customers

Their Expectations

- Protection of personal data and secure service delivery
- Easy accessibility to banking services for convenience
- Secure experiences in both physical and digital interactions with the Bank

Engagement Channel	Frequency
Our branches	Daily
Self-service terminals (“SSTs”)	18/7
Internet and mobile banking	24/7
Customer surveys	Daily
Telephone and email	24/7
Social media (HLB Facebook, X (Formerly Twitter), LinkedIn and Youtube)	
Customer events	Ongoing, especially during festive seasons
Sustainability roundtable sessions	As per our roundtable session annual calendar
Our whistle-blowing channel	Upon initiation of whistle-blowing cases. Contact information is available on the HLB website.



Investors

Their Expectations

- Our stability and growth prospects
- Continuous enhancement of stakeholder value
- Prioritisation of sustainability initiatives
- Clear goals and ongoing progress updates

Engagement Channel	Frequency
Annual General Meetings (“AGMs”)	Annually
Meetings and briefings with investors and analysts	Ongoing
Quarterly results briefings	Quarterly

Appendix IV: Stakeholder Engagement



Regulatory Bodies & Government Agencies

Their Expectations

- Strong capital base and liquidity ratios to sustain our operations across economic cycles
- Full compliance with relevant laws, regulations and Shariah requirements, where applicable

Engagement Channel	Frequency
BNM	As and when required
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	



Suppliers & Outsourcing Service Providers

Their Expectations

- Transparency in our procurement process
- Fulfilment of our service level agreements
- Proactive discussion of issues and actions for resolution
- Commitment to meeting contractual and service-level commitments

Engagement Channel	Frequency
Supplier engagement rating processes	Minimum once a year
e-Bidding sessions (live auction)	As and when required
Tender processes	
Proof of concept ("POC") engagements	Ongoing, based on the particular project
Supplier onboarding programme	Ongoing
Supplier due diligence reviews	Annually
Supplier performance reviews	
Outsourcing service provider onboarding programme	Ongoing
Outsourcing service provider due diligence reviews	Annually
Outsourcing service provider performance reviews	
Supplier and outsourcing service provider whistle-blowing channel	Upon initiation of whistle-blowing cases. Contact information is available on the HLB website.

Appendix IV: Stakeholder Engagement



Community

Their Expectations

- Availability and accessibility of support programmes for those in need
- Opportunities to collaborate with the Bank on CSR or community activities

HLB Jumpstart

Engagement Channel	Frequency
Programmes for social enterprises	Minimum twice yearly

HLB DuitSMART

Engagement Channel	Frequency
Social media (bite-sized content)	Minimum two social media postings a month
Engagements with: <ul style="list-style-type: none"> • Schools • Visually impaired community • Other marginalised and underserved communities 	As per the DuitSMART annual calendar

NGOs and Civil Society Organisations

Engagement Channel	Frequency
Online engagements and contributions (volunteering hours and donations)	As and when required



Media

Their Expectations

- Utilisation of adequate communication platforms for media engagement
- Proactive engagement with the media
- Prompt, detailed and transparent responses to media queries

Engagement Channel	Frequency
Press conferences and media briefings	<ul style="list-style-type: none"> • Financial results announcements: Twice a year • Products/services launches: As and when applicable • CSR initiatives: As and when applicable
Interviews	As and when applicable
Media get-togethers (appreciation luncheons and dinners)	
Festive greetings and care pack deliveries	

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Services Statement	Hong Leong Bank Berhad has reported the information cited in this GRI content index for the period of 1 July 2023 to 30 June 2024 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation
				Page Numbers	References SR2024	
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 2-3	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 3	About This Report	
				pg 149-150	Appendix VII: SIRIM Independent Assurance Statement	
				pg 151-162	Appendix VIII: PwC Limited Assurance Report	
	2-6	Activities, value chain and other business relationships		pg 5-6	About Hong Leong Bank	
				pg 137-140	Appendix IV: Stakeholder Engagement	
	2-7	Employees		pg 118-120	Performance in Numbers • Employee Composition	
	2-8	Workers who are not employees		pg 118	Performance in Numbers • Employee Composition	
	2-9	Governance structure and composition		pg 27	Our Corporate Governance Structure	
				pg 28	Our Sustainability Governance Structure	
	2-10	Nomination and selection of the highest governance body		pg 141-157	Hong Leong Bank Annual Report 2024 • Corporate Governance Overview	
			pg 160-168	Hong Leong Bank Annual Report 2024 • Risk Management		
			pg 158-160	Hong Leong Bank Annual Report 2024 • Internal Control Statement		
2-11	Chair of the highest governance body		pg 27	Our Corporate Governance Structure		
2-12	Role of the highest governance body in overseeing the management of impacts		pg 28	The Role of the Board Risk Management Committee		
2-13	Delegation of responsibility for managing impacts		pg 28	Our Sustainability Governance Structure		
2-14	Role of the highest governance body in sustainability reporting		pg 30	The Role of the Sustainability Committee		

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation
				Page Numbers	References SR2024	
General disclosures						
GRI 2: General Disclosures 2021	2-15	Conflicts of interest		pg 123-126	Hong Leong Bank Annual Report 2024 • Board of Directors' Profile	
				pg 123-126	Hong Leong Bank Annual Report 2024 • Ethics, Integrity and Compliance	
	2-16	Communication of critical concerns		pg 61-65	Good Governance & Ethical Business Conduct	
	2-17	Collective knowledge of the highest governance body		pg 32	Board Skills Matrix	
	2-18	Evaluation of the performance of the highest governance body		pg 31-32	The Role of the Sustainability Committee	
	2-19	Remuneration policies		pg 30	The Role of the Sustainability Committee	
				pg 103	Providing Competitive Remuneration & Benefits	
	2-20	Process to determine remuneration		pg 145-150	Hong Leong Bank Annual Report 2024 • Corporate Governance Overview, Risk Management & Internal Control Statement	
	2-21	Annual total compensation ratio		pg 106	Monitoring Our Gender Pay Ratio	
	2-22	Statement on sustainable development strategy		pg 8-11	Group Managing Director/Chief Executive Officer's Statement	
	2-23	Policy commitments		pg 121-136	Appendix III: HLB Policies with Integration of ESG Elements	
	2-24	Embedding policy commitments		pg 121-136	Appendix III: HLB Policies with Integration of ESG Elements	
	2-25	Process to remediate negative impacts		pg 61-65	Good Governance & Ethical Business Conduct	
	2-26	Mechanisms for seeking advice and raising concerns		pg 61-65	Good Governance & Ethical Business Conduct	
	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 7	Partnerships & Collaborations	
pg 137-140				Appendix IV: Stakeholder Engagement		
2-29	Approach to stakeholder engagement		pg 137-140	Appendix IV: Stakeholder Engagement		
2-30	Collective bargaining agreements		pg 103-105	Providing Competitive Remuneration & Benefits		

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation	
				Page Numbers	References SR2024		
Material Topics							
GRI 3: Material Topics 2021	3-1	Process to determine material topics		pg 22-23		Materiality	
	3-2	List of material topics			pg 22-23		Materiality
		GRI Material Topic Standards	HLB Material Topics				
		201	Economic Performance	Sustainable & Responsible Financing			
		201, 203	Economic Performance, Indirect Economic Impacts	Fair Treatment & Dealing of Customers			
		201, 203	Economic Performance, Indirect Economic Impacts	Fostering a Sustainability-Driven Culture			
		203	Indirect Economic Impacts	Digital Finance & Innovation			
		203	Indirect Economic Impacts	Customer Experience & Satisfaction			
		205	Anti-Corruption	Good Governance & Ethical Business Conduct			
		302, 303, 305	Energy, Emissions, Water and Effluents	Building Climate Resilience to Facilitate a Low-Carbon Transition			
		302, 303, 305	Energy, Emissions, Water and Effluents	Managing Our Operational Environmental Footprint			
		308	Supplier Environmental Assessment	Sustainable Supply Chain			
		401 & 404	Employment & Training and Education	Talent Attraction, Development & Retention			
403	Occupational Health and Safety	Employee Well-Being, Health & Safety					

Appendix V:

GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation	
				Page Numbers	References SR2024		
Material Topics							
GRI 3: Material Topics 2021	3-2	List of material topics		pg 22-23	Materiality		
			GRI Material Topic Standards			HLB Material Topics	
		405	Diversity and Equal Opportunity			Diverse & Inclusive Workforce	
		413	Local Communities			Supporting Social Enterprises & Communities	
418	Customer Privacy	Privacy, Data Protection & Cybersecurity					
Economic Performance							
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 36-47		Addressing Climate Change	
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	FN-CB-550a.2	pg 36-47		Addressing Climate Change	
Indirect economic impacts							
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 61-65		Good Governance & Ethical Business Conduct	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported		pg 36-47		Addressing Climate Change	
				pg 76-82		Supporting Social Enterprises & Communities	
	203-2	Significant indirect economic impacts		pg 36-47		Addressing Climate Change	
				pg 76-82		Supporting Social Enterprises & Communities	
Procurement Practices							
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 73-74		Sustainable Supply Chain	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers		pg 73-74		Sustainable Supply Chain	
Anti-corruption							
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 61-65		Good Governance & Ethical Business Conduct	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	FN-CB-510a.2	pg 61-65		Good Governance & Ethical Business Conduct	
	205-2	Communication and training about anti-corruption policies and procedures		pg 61-65		Good Governance & Ethical Business Conduct	
	205-3	Confirmed incidents of corruption and actions taken		pg 61-65		Good Governance & Ethical Business Conduct	

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation
				Page Numbers	References SR2024	
Energy						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 48-59		Managing Our Operational Environmental Footprint
GRI 302: Energy 2016	302-1	Energy consumption within the organisation		pg 50-51		Managing Our Operational Environmental Footprint
	302-4	Reduction of energy consumption		pg 50-51		Managing Our Operational Environmental Footprint
Water and Effluents						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 50-59		Managing Our Operational Environmental Footprint
GRI 303: Water and Effluents 2018	303-5	Water consumption		pg 58		Managing Our Operational Environmental Footprint
Biodiversity						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 48-49		Managing Our Operational Environmental Footprint
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored		pg 48-49		Managing Our Operational Environmental Footprint
Emissions						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 48-49		Managing Our Operational Environmental Footprint
GRI 204: Procurement Practices 2016	305-1	Direct (Scope 1) GHG emissions		pg 52-57		Managing Our Operational Environmental Footprint
	305-2	Energy indirect (Scope 2) GHG emissions		pg 52-57		Managing Our Operational Environmental Footprint
	305-3	Other indirect (Scope 3) GHG emissions		pg 52-57		Managing Our Operational Environmental Footprint
	305-5	Reduction of GHG emission		pg 49		Managing Our Operational Environmental Footprint
Waste						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 50-59		Managing Our Operational Environmental Footprint
GRI 306: Waste 202	306-1	Waste generation and significant waste-related impacts		pg 59		Managing Our Operational Environmental Footprint
	306-4	Waste diverted from disposal		pg 59		Managing Our Operational Environmental Footprint
Supplier Environmental Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 73-74		Sustainable Supply Chain
GRI 308: Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	FN-CB-410a.2	pg 73-74		Sustainable Supply Chain

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation
				Page Numbers	References SR2024	
Employment						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 99		Talent Attraction, Development & Retention
GRI 401: Employment 2016	401-1	New employee hires and employee turnover		pg 118-120		Performance in Numbers • Employee Composition
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		pg 103-105		Talent Attraction, Development & Retention
	401-3	Parental leave		pg 103-105		Talent Attraction, Development & Retention
Occupational health and safety						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 109-112		Employee Well-Being, Health & Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system		pg 109-112		Employee Well-Being, Health & Safety
	403-2	Hazard identification, risk assessment, and incident investigation		pg 109-112		Employee Well-Being, Health & Safety
	403-3	Occupational health services		pg 103-105		Providing Competitive Remuneration & Benefits
	403-4	Worker participation, consultation, and communication on occupational health and safety		pg 109-112		Employee Well-Being, Health & Safety
	403-5	Worker training on occupational health and safety		pg 109-112		Employee Well-Being, Health & Safety
	403-6	Promotion of worker health		pg 110-112		Employee Well-Being, Health & Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		pg 109-112		Employee Well-Being, Health & Safety
	403-9	Work-related injuries		pg 109-112		Employee Well-Being, Health & Safety
Training and education						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 98-103		Talent Attraction, Development & Retention
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee		pg 100		Talent Attraction, Development & Retention
				pg 120		Appendix II: HLB in Numbers
	404-2	Programmes for upgrading employee skills and transition assistance programmes		pg 99-103		Talent Attraction, Development & Retention
	404-3	Percentage of employees receiving regular performance and career development reviews		pg 101-103		Talent Attraction, Development & Retention

Appendix V: GRI Content Index with Alignment to Key Standards

GRI Standard	Disclosure	Description	SASB	Location		Omission & Explanation
				Page Numbers	References SR2024	
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 106-108		Diverse & Inclusive Workforce
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees		pg 106-108		Diverse & Inclusive Workforce
	405-2	Ratio of basic salary and remuneration of women to men		pg 106-108		Diverse & Inclusive Workforce
Local communities						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 76-82		Supporting Social Enterprises & Communities
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes		pg 76-82		Supporting Social Enterprises & Communities
Supplier Social Assessment						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 73-74		Sustainable Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria		pg 73-74		Sustainable Supply Chain
Customer privacy						
GRI 3: Material Topics 2021	3-3	Management of material topics		pg 93-94		Privacy, Data Protection and Cybersecurity
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	FN-CB-230a.2	pg 93-94		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 27-32	Our Sustainability Governance Structure
G2 (Basic)	Sustainability Governance Structure including Climate-related Matters at the Management Level	pg 26 pg 27-32	Our Net Zero Ambition Our Sustainability Governance Structure
G3 (Basic)	Sustainability and Climate-related Board Credentials	pg 32	Board Skills Matrix
G4 (Basic)	Sustainability and Climate-related Training	pg 32	Sustainability-related Training & Learning
G5 (Basic)	Sustainability and Climate-related Discussions in Board Meetings	pg 27-32	Our Sustainability Governance Structure
G6 (Basic)	Sustainability/Climate-linked Remuneration	pg 27-32	Our Sustainability Governance Structure
G7 (Stretch)	Separate Committee on Sustainability and Climate-related Matters	pg 27-32	Our Sustainability Governance Structure
Strategy			
S1 (Basic)	Identification of Climate-related Risks and Opportunities	pg 36-38	Identifying and Managing Our Climate-related Risks
S2 (Basic)	Impact of Climate-related Risks and Opportunities	pg 36-38	Identifying and Managing Our Climate-related Risks
		pg 38-43	Undertaking Scenario Analysis
		pg 44-47	Capitalising on Climate-related Opportunities
S3 (Basic)	Strategy and Risk Appetite on Climate-related Risks and Sustainability Measures	pg 36-38	Identifying and Managing Our Climate-related Risks
S4 (Stretch)	Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	pg 38-43	Undertaking Scenario Analysis
Risk Management			
R1 (Basic)	Process for Identifying and Assessing Climate-related Risks	pg 36-38	Identifying and Managing Our Climate-related Risks
R2 (Basic)	Process for Managing Climate-related Risks	pg 33	Integrating Sustainability Holistically
		pg 34	Facilitating Robust ESG Risk Management
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 33	Integrating Sustainability Holistically
		pg 34	Facilitating Robust ESG Risk Management
		pg 36-38	Identifying and Managing Our Climate-related Risks
R4 (Stretch)	Process for Identifying and Assessing Climate-related Risks	pg 33	Integrating Sustainability Holistically
		pg 34	Facilitating Robust ESG Risk Management
		pg 36-38	Identifying and Managing Our Climate-related Risks
		pg 68-70	Supporting Our SME, Commercial and Corporate Customers
R5 (Stretch)	Process for Managing Climate-related Risks	pg 68-70	Supporting Our SME, Commercial and Corporate Customers
		pg 71	Facilitating Sustainability Knowledge Sharing
		pg 113-115	Strengthening Sustainability Knowledge across the Bank
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 68-70	Supporting Our SME, Commercial and Corporate Customers
Metric & Targets			
M1 (Basic)	Key Climate-Related Metrics	pg 27-32	Our Sustainability Governance Structure
		pg 38-43	Undertaking Scenario Analysis
		pg 44-47	Capitalising on Climate-related Opportunities
		pg 52-57	GHG Emissions
		pg 68-70	Supporting Our SME, Commercial and Corporate Customers
		pg 71	Facilitating Sustainability Knowledge Sharing
M2 (Basic)	Key Climate-Related Targets	pg 4	FY2024 Sustainability Highlights
		pg 44-47	Capitalising on Climate-related Opportunities
		pg 49	Progressing to Net Zero
M3 (Stretch)	Key Climate-Related Metrics	pg 58-59	Financed Emission

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 FY2024. 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 statement. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) as listed below, within the assurance scope which is included in HLBB Sustainability Report FY2024.

The management of HLBB was responsible for the preparation of the Sustainability Report FY2024. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the HLBB Sustainability Report and the Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with 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. The assurance process involves verifying the sustainability performance information disclosed in the section titled "Our Approach to Sustainability" and "Our Sustainability Theme," which encompasses the following topics: Environmental Management, Socially Responsible Business, Community Investment, Digital at the Core, and Workforce Readiness. It should be noted that specific contents were excluded as they were externally assured by another appointed party. Details of the coverage and exclusions are provided in Appendix 1.

The verification was carried out by SIRIM QAS International between August and September 2024, 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 Report 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 the work did not involve verification of other information reported in HLBB's Annual Report 2024.
- The head office at Hong Leong Tower, Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of HLBB's entities, operations and assets; and,
- The verification team did not conduct any verification of the data and services provided by appointed contractors and third parties.

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 statement. 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 statement have 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 FY2024, is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement 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 FY2024 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. Aine Jamaliah Mohamad Zain	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Nur Ruzaini Ab Razak	:	Team Member
5)	Ms. Farhanah Ahmad Shah	:	Team Member

Statement Prepared by:

Statement Approved by:



AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 18 September 2024



Ts. MD ADHA BIN RAHMAT

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd

Date: 23 September 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (18 September 2024).

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024

We have been engaged by Hong Leong Bank Berhad (“HLB” or “the Bank”) to perform an independent limited assurance engagement on selected sustainability indicators for the year ended 30 June 2024 (the “Subject Matter Information”) as defined below and marked with the symbol “ Δ ” on pages 15 to 120 in the Bank’s Sustainability Report for the year ended 30 June 2024 (the “Sustainability Report 2024”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in the Report.

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 has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on pages 15 to 120 of the Sustainability Report 2024 and referenced in the “Subject Matter Information and Reporting Criteria” section below.

Subject Matter Information and 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 Subject Matter Information and the Reporting Criteria are set out below:

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2024
Other environmental indicators			
1. Total energy consumption	<ul style="list-style-type: none"> Bursa Common Indicator C4(a) GRI 302-1 	Malaysia operations:	<u>35,121,016 kWh</u>
		1. Hong Leong Tower	7,568,498 kWh
		2. PJ City	7,647,377 kWh
		3. Other HLB premises (branches, data centre & operation centres)	19,905,141 kWh
		Singapore operations	584,379 kWh
		Hong Kong operations	47,265 kWh
		Cambodia operations	674,965 kWh
		Vietnam operations	390,917 kWh
2. Total water consumption	<ul style="list-style-type: none"> Bursa Common Indicator C9(a) GRI 303-5 	Hong Leong Tower	53,146 m ³
		PJ City (Tower A)	39,559 m ³
		Branches	135,334 m ³
3. Total paper consumption	GRI 301-1	Total office paper purchased for entire Malaysia operations	68,262 reams
		Total paper recycled for HLT and PJCA (office buildings) only	19,069 kg

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, Menara TH 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2024
GHG emissions			
4. Scope 1 GHG Emissions	<ul style="list-style-type: none"> Bursa Common Indicator C11(a) GRI 305-1 	Malaysia operations	103 tCO _{2e}
		Singapore operations	9 tCO _{2e}
		Hong Kong operations	-
		Cambodia operations	9 tCO _{2e}
		Vietnam operations	-
5. Scope 2 GHG Emissions	<ul style="list-style-type: none"> Bursa Common Indicator C11(b) GRI 305-2 	Malaysia operations	25,220 tCO _{2e}
		Singapore operations	244 tCO _{2e}
		Hong Kong operations	31 tCO _{2e}
		Cambodia operations	422 tCO _{2e}
		Vietnam operations	361 tCO _{2e}
6. Scope 3 GHG Emissions	<ul style="list-style-type: none"> Bursa Common Indicator C11(c)* GRI 305-3 	Malaysia operations:	<u>13,388 tCO_{2e}</u>
		1. Business travel	1,597 tCO _{2e}
		2. Employee commuting	10,943 tCO _{2e}
		3. Downstream leased assets	848 tCO _{2e}
		Singapore operations:	<u>123 tCO_{2e}</u>
		1. Business travel	13 tCO _{2e}
		2. Employee commuting	110 tCO _{2e}
		Hong Kong operations:	<u>33 tCO_{2e}</u>
		1. Business travel	5 tCO _{2e}
		2. Employee commuting	28 tCO _{2e}
Cambodia operations:	<u>172 tCO_{2e}</u>		
1. Business travel	88 tCO _{2e}		
2. Employee commuting	84 tCO _{2e}		
Vietnam operations:	<u>108 tCO_{2e}</u>		
1. Business travel	47 tCO _{2e}		
2. Employee commuting	61 tCO _{2e}		
7. Scope 3 GHG Emissions: financed emission auto loans	<ul style="list-style-type: none"> GRI 305-3 GHG Protocol PCAF 	Total Scope 3 GHG emissions for Malaysia operations.	655,715 tCO _{2e}

*only applicable to business travel and employee commuting

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2024
Loan/financing portfolio exposures			
8. Cumulative approved renewable energy financing	HLB's internal framework/guideline	Cumulative approved renewable energy financing within Malaysia.	RM3,520 million
9. Breakdown of the total outstanding for: <ul style="list-style-type: none"> Green auto loan/financing Green, affordable and green and affordable mortgage portfolio 	HLB's internal framework/guideline	Breakdown of total outstanding loan/financing within Malaysia.	<u>Green auto loan/financing:</u> RM1,240 million <u>Green, affordable and green and affordable mortgage portfolio:</u> <u>RM14.6 billion</u> Green RM5.2 billion Affordable: RM9.3 billion Green and affordable: RM0.1 billion
10. Business and Corporate Banking ("BCB") portfolio exposures breakdown by <ul style="list-style-type: none"> high environmental and social risk sectors 	HLB's internal framework/guideline	Portfolio exposures breakdown within Malaysia.	<u>Before EDD Assessment:</u> Low/Medium risk: 64% Inherently high E&S risks: 36% <u>After EDD Assessment for the 36% of inherently high E&S risks:</u> Low & Medium ESG risks: 31% High without mitigation: 2% High with mitigation: 3%
Sustainable Supply Chain			
11. Total Tier 1 vendors assessed under the Vendor Sustainability Self-Assessment	<ul style="list-style-type: none"> GRI 308-1 GRI 414-1 HLB's internal framework/guideline 	Total Tier 1 vendors assessed under the Vendor Sustainability Self-Assessment within Malaysia.	99 vendors <u>No of vendors rated:</u> Best in Class: 70 (71%) Satisfactory: 27 (27%) Improvement Need: 1 (1%) Exit within Duration: 1 (1%)
12. Proportion of spending on local suppliers	<ul style="list-style-type: none"> Bursa Common Indicator C7(a) GRI 204-1 	Proportion of spending on local suppliers for Malaysia operation.	94.6%

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2024
Health and Safety			
13. Number of work-related fatalities	<ul style="list-style-type: none"> Bursa Common Indicator C5(a) GRI 403-9 	Number of work-related fatalities within Malaysia.	NIL
14. Number of employees trained on Health and Safety Standards	<ul style="list-style-type: none"> Bursa Common Indicator C5(c) GRI 403-5 	Number of employees trained on Health and Safety Standards within Malaysia.	9,287
15. Percentage of absenteeism rate	GRI 403-6	Percentage of absenteeism rate within Malaysia.	2.65%
Diversity			
16. Percentage of employees by gender	HLB's internal framework/guideline	Percentage of employees by gender within Malaysia.	Male: 36.0% Female: 64.0%
17. Percentage of employees by age and employee category	HLB's internal framework/guideline	Hong Leong Bank Berhad ("HLB")	<u>By age:</u> Below 30 years old: 24.9% 30 to 50 years old: 63.3% Above 50 years old: 11.8% <u>By employee category:</u> Executive: 55.8% Non-Executive: 16.6% Manager: 24.6% Senior Manager: 3.0%
		Hong Leong Islamic Bank Berhad ("HLISB")	<u>By age:</u> Below 30 years old: 20.1% 30 to 50 years old: 63.6% Above 50 years old: 16.3% <u>By employee category:</u> Executive: 44.2% Non-Executive: 16.3% Manager: 31.0% Senior Manager: 8.5%

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2024
Community Investment			
18. Community Investment <ul style="list-style-type: none"> Total amount invested in the community where the target beneficiaries are external to be listed issuer Total number of beneficiaries of the investment in communities 	<ul style="list-style-type: none"> Bursa Common Indicator C2(a) & C2(b) GRI 201-1 HLB's internal framework /guideline 	Community investment for Malaysia operation.	<u>Total amount invested:</u> RM476,600 <u>Total number of beneficiaries:</u> 1. Direct: 9,013 beneficiaries 2. Indirect: 1,535 beneficiaries

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

- The Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad;
- 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") or Partnership for Carbon Accounting Financials ("PCAF")

Responsibilities of the Directors and management

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 2024 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 2024 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 the Bank which are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Bank's sustainability reporting process.

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

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

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.

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, ISAE 3000 (Revised) for 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.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International 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.

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

Summary of work performed

Our work included the following procedures. We:

- Evaluated the suitability in the circumstances of Hong Leong Bank Berhad's Reporting Criteria as the basis for preparing the Subject Matter Information;
- Obtained an understanding of Hong Leong Bank Berhad's control environment, processes and systems relevant to the preparation of the Subject Matter Information at Hong Leong Bank Berhad's 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 the Bank, 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 the Bank's estimates;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing on a sampling basis on transactions included in the Subject Matter Information of the Bank, 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;
- Checked mathematical formulas, proxies and default values used in the Subject Matter Information against the Bank's Reporting Criteria; and
- Evaluated the appropriateness of the disclosures and presentation of the Subject Matter Information based on the Reporting Criteria.

Our assurance procedures involved agreeing to certain information obtained by Hong Leong Bank Berhad from third party sources. However, our scope did not extend to testing the completeness and accuracy of the information obtained from third party sources. Nor did we perform procedures on financial information extracted from the audited financial statements of the Bank and used in the calculation of the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2024 (cont'd)

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 dated 5 July 2024 (the "agreement"). We consent to the inclusion of this report in the Hong Leong Bank Berhad's Sustainability Report 2024 which will be accessible at www.hlb.com.my in connection with the Bank's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Subject Matter Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Bank for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 September 2024

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed the Sustainability Report 2024

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 defined below and marked with the symbol "△" on pages 46 and 47 in the Bank's Sustainability Report for the year ended 30 June 2024 (the "Sustainability Report 2024").

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in the Report.

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 has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on pages 46 and 47 of the Sustainability Report 2024 and referenced in the "Subject Matter Information and Reporting Criteria" section below.

Subject Matter Information and 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 Subject Matter Information and the Reporting Criteria are set out below:

The Subject Matter Information	Reporting Criteria	Eligible Criteria	Figures disclosed in the Sustainability Report 2024
The proceeds from Hong Leong Bank Berhad's Green Bond issuances	Eligibility Criteria as per Hong Leong Bank Berhad's Green Bond Framework dated April 2022	Renewable Energy	RM430.6 million
		Sustainable Transportation	RM 796.3 million
		Green Building	RM1,267.5 million

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2024 (cont'd)

Responsibilities of the Directors and management

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 2024 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 Bank's Sustainability Report 2024 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 the Bank which are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the Bank's sustainability reporting process.

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 and 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.

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, ISAE 3000 (Revised) for 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.

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2024 (cont'd)

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International 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.

Summary of work performed

Our work included the following procedures. We:

- 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 and presentation of the Subject Matter Information based on the Reporting Criteria.

Our assurance procedures involved agreeing certain data to information obtained from third party sources. However, our scope did not extend to testing the completeness and accuracy of the information obtained from third party sources. Nor did we perform procedures on financial information extracted from the audited financial statements of the Bank and used in the calculation of the Subject Matter Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Appendix VIII: PwC Limited Assurance Report



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2024 (cont'd)

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

Our report, including our conclusion, has been prepared solely for the Board of Directors of the Bank in accordance with the agreement between us dated 5 July 2024 (the "agreement"). We consent to the inclusion of this report in the Sustainability Report 2024 of the Bank which will be accessible at www.hlb.com.my in connection with the Bank's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Subject Matter Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Bank for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.

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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
23 September 2024

This page is intentionally left blank

This page is intentionally left blank

Hong Leong Bank Berhad

Registration No. 193401000023 (97141-X)

Level 19, Menara Hong Leong
No. 6, Jalan Damanlela, Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2081 8888
Fax : 03-2081 7801

www.hlb.com.my

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