

Code of Ethics for Directors



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	Code of Ethics for Directors

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1. PURPOSE

Hong Leong Bank Berhad (“**Bank**”) and its subsidiaries (collectively, the “**Group**”) are committed to a high standard of professionalism and ethics in the conduct of business and professional activities.

2. SCOPE

The Code of Ethics for Directors is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieving the following intended objectives:

- (a) to establish standards of ethical conduct for Directors based on acceptable belief and values the Bank upholds;
- (b) to uphold the spirit of accountability and transparency in line with the legislations, regulations and guidelines governing the Bank; and
- (c) to promote the sustainability of the Bank by pursuing Environmental, Social and Governance (“**ESG**”) strategies in its business.

3. POLICY STATEMENT

The Board shall observe the Code of Ethics for Directors.

A Director of the Bank is responsible for fully understanding and complying with the Code of Ethics for Directors. He/she is required to provide an affirmation that he/she has read, fully understood and will comply with the Code of Ethics for Directors, annually.


4. CODE OF ETHICS PRINCIPLES

In the performance of his/her duties, a Director should at all times observe the following principles:


4.1 Corporate Governance

A Director:

- a) shall have a clear understanding of the aims and objectives, capabilities and capacity of the Bank;
- b) shall devote sufficient time and effort to prepare for, attend and participate at Board and Board Committee meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. A Director of the Bank shall attend at least 75% of all Board meetings held during a financial year and must not appoint another person to attend or participate in a Board meeting on his/ her behalf;
- c) shall ensure at all times that the Bank is properly managed and effectively controlled;
- d) shall stay abreast of the affairs of the Bank and be kept informed of the Bank’s compliance with relevant legislations and contractual requirements;
- e) shall insist on being kept informed on all matters of importance to the Bank in order to be effective in corporate management;

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- f) shall limit his/her directorship to a manageable number of companies to which he/she can best devote his/her time and effectiveness. While it is a Director's own judgement pertaining to his/her abilities and how best to manage his/her time effectively in the companies in which he/she holds directorships, he/she shall not hold more than five (5) directorships in public listed companies;
- g) shall have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper governance practices, procedures, rules and regulations are adhered to or complied with;
- h) shall at all times exercise his/her powers for the purposes they were conferred, for the benefit and prosperity of the Bank;
- i) shall provide the following disclosures to the Board:
 - (i) for Independent Non-Executive Director, immediately disclose any change in circumstances which may affect his/her status as an Independent Non-Executive Director;
 - (ii) immediately disclose any fact or reason that may affect his/her satisfaction of the requirement and standards of a fit and proper person as required by the Laws;
 - (iii) as soon as practicable disclose his/her interests in contracts, whether directly or indirectly etc. with the Bank. For this purpose, a general notice given to the Bank that he/she is an officer or member of a specific corporation and is to be regarded as interested in any contract with that corporation is sufficient declaration of interests;
 - (iv) disclose his/her interests in the Securities of the Bank and/ or its related corporations in respect of any initial acquisition of Securities or changes thereof within the period prescribed by the Laws. For this purpose, a Director shall give notice in writing to the Bank of such particulars relating to the Securities and particulars of any changes in his/her interests in the Securities;
 - (v) disclose the nature and extent of his/ her conflict of interest or potential conflict of interest, including interest in a material transaction or material arrangement of the Bank, as soon as practicable after the relevant facts have come to his/ her knowledge, and if such conflict of interest situation, material transaction or material arrangement is being deliberated during a Board or Board Committee meeting, to be absent from the meeting during such deliberations;
- j) shall neither divert to his/her own advantage any business opportunity that the Bank is pursuing, nor may he/she disclose to any other person (other than authorised persons in connection with the Bank's business) or use Confidential Information or Price-Sensitive Information obtained by reason of his/her office for his/her own advantage or that of others, including but not limited to dealing in the listed Securities of the Bank or of other listed company as long as he/she is in possession of Price-Sensitive Information relating to such listed securities;
- k) shall at all times act with utmost good faith towards the Bank in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her fiduciary duties;
- l) shall be willing to exercise independent judgment and, if necessary, in his/ her fiduciary duty, openly oppose if the vital interest of the Bank is at stake;

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- m) shall attend continuous professional development programmes to keep abreast with corporate governance developments and regulatory requirements;
- n) shall ensure that reasonable steps are taken in accordance with relevant Laws to properly wind up or strike off the Bank register if the Bank is not likely to commence business or has ceased to carry on business and is not likely to commence business in the future or again to carry on business, as the case may be;
- o) shall not during the term of his/ her appointment as a Director of the Bank be an Active Politician or accept any appointment as a director of or consultant to any person, firm or company that may be or is in conflict with the interest of the Bank or that may put him/ her in a position of conflict of interest in his/ her role as a Director of the Bank; and
- p) shall refrain from offering, giving or receiving gifts and other form of benefits from person or entities who deal with the Bank where the gift would reasonably be expected to influence the performance of the Director's duties in any aspect.

4.2 Relationship with Shareholders, Employees, Creditors, Customers and Other Stakeholders


A Director:

- a) shall be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the Bank;
- b) shall ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;
- c) shall ensure adequate safety measures and provide proper protection to workers and employees at workplaces;
- d) shall at all times promote professionalism and raise the competency of management and employees; and
- e) shall adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.

4.3 Sustainability Practices

A Director must take accountability for ESG in the Bank by –

- a) integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;
- b) ensuring that the Bank sets its sustainability strategies, goals and targets which are aligned with the Bank's overall strategy and vision;
- c) being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;
- d) striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;
- e) ensuring that the Bank's policies are in line with international trends to promote human rights in the corporate environment;

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- f) ensuring that the activities and the operations of the Bank do not harm the interest and well-being of the environment and the society at large; and
- g) ensuring effective use of natural resources and continuously reducing its carbon footprint.

4.4 Corporate Liability


A Director must ensure that the Bank –

- a) practices the highest level of integrity and ethics;
- b) complies fully with the applicable laws and regulatory requirements on anti-corruption;
- c) effectively manages the key corruption risks of the organisation;
- d) puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the organisation, in order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures;
- e) conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation;
- f) provides employees with adequate training and communicate to business associates the organisation's anti-corruption position, to promote their understanding of the same, especially in relation to their role within or outside the commercial organisation in the context of the Bank;
- g) conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced; and
- h) ensures that the Bank's anti-corruption policy be made publicly available and should also be appropriately communicated to all employees and business associates.

4.5 Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing ("AML/CFT/CPF") and Targeted Financial Sanctions ("TFS")

To prevent the Bank from risk of being exposed to AML/CFT/CPF activities, a Director must ensure that the Bank –

- a) adopts policies and procedures which are consistent with the principles set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AMLA**") and the BNM policy document on AML/CFT/CPF and TFS, and keeps the shareholders and employees abreast on matters under AMLA and the BNM policy document on AML/CFT/CPF and TFS, as applicable;
- b) conducts its business in conformity with high ethical standards to ensure that laws and regulations are adhered to; and
- c) remains vigilant against undertaking any business transaction that is or may be connected with or may facilitate money laundering/ terrorism financing and ensure that approval is not given for transactions where there are good reasons to suppose that transactions are associated with Money Laundering/ Financing of Terrorism activities.

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4.6 Reporting Violations of the Code of Ethics

Directors must immediately report any concern about possible or actual breaches of the Code of Ethics or unlawful or unethical behaviour by any Director to the Board or the Chairman of the Board.

4.7 Enforcement of the Code of Ethics

In the event of any violation of the Code of Ethics by any Director, the Board shall determine appropriate actions to be taken after considering all relevant information and circumstances or may take necessary action to ratify on the non-compliance by Directors.

5. RECORDS

Company Secretarial Department shall maintain records of all documents and information relating to the annual affirmation by Directors that he/she has read, fully understood and will comply with the Code of Ethics for Directors.

Company Secretarial Department shall maintain a record of breaches of the Code of Ethics for Directors and the action(s) taken to address such breaches.

6. DEFINITIONS

“Active Politician” refers to being a member of any national or state legislative body, or who is an officer bearer of, or holds any similar office or position in a political party.

“BNM CG Policy” refers Bank Negara Malaysia policy document on Corporate Governance.

“BNM F&P Policy” refers Bank Negara Malaysia policy document on Fit and Proper Criteria.

“Board” refers the Board of Directors of the Bank.


“CA 2016” refers Companies Act 2016.

“CCM Code” refers Code of Ethics for Company Director issued by the Companies Commission of Malaysia.

“Bank” or **“HLB”** refers Hong Leong Bank Berhad.

“Confidential Information” shall include, without limitation, the following:

- i) information of whatever nature relating to the Bank’s and/or the Group’s business, finances, operations, activities or affairs, whether of a technical nature or not (including but not limited to trade secrets, know-how, processes and other technical or business information) which is obtained, whether (without limitation) in writing, pictorially, in machine-readable form or orally, which you acquire directly or indirectly from the Bank or the Group or by observations during visits to the Bank’s and/or the Group’s premises or branches;
- ii) information (whether written or verbal) of or relating to the Bank or the Group’s respective customers or employees;
- iii) Board and Board committee papers;
- iv) Discussions and minutes of the Board and Board committees; and
- v) information in respect of which the Bank or any entity within the Group is bound by an obligation of confidence to a third party.

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“Director” refers any person occupying the position of director of the Bank by whatever name called, including executive and non-executive directors of the Bank. This includes a person in accordance with whose directions and instructions the majority of directors of the Bank are accustomed to act and an alternate or substitute director.

“Group” refers collectively Hong Leong Bank Berhad and its subsidiaries.

“Laws” refers to the applicable laws and regulations including without limitation the policies, guidelines and directives as may be issued by the relevant authorities.

“MCCG 2021” means the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia.

“MMLR” refers the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

“NC” refers the Nomination Committee of the Bank.

“Price-Sensitive Information” refers to information that on becoming generally available would or would tend to have a material effect on the price or value of securities, influence reasonable persons who invest in securities in deciding whether or not to acquire or dispose of such securities, or enter into an agreement with a view to acquire or dispose of such securities.

“SC Guidelines” refers to Securities Commission Malaysia’s Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries.

“Section 17A Guidelines” refers the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009.

“Securities” refers shares/ options/ rights/ debentures/ contracts.