



HongLeong Bank Berhad

Sustainability Report **2019**

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OVERVIEW

About This Report

This Sustainability Report 2019 marks our third year of annual reporting on the topics that are most material to our stakeholders and to our business. The report covers our financial year from 1 July 2018 – 30 June 2019 (“FY2019”), describing the progress we have made to integrate sustainability into our business practices, products and services and create value for our stakeholders.

The report should be read along with our 2019 Annual Report, which provides more comprehensive disclosure on our financial and operational performance.

This report has been prepared in accordance with the Global Reporting Initiative Standards (“GRI Standards”) Core option and Bursa Malaysia Sustainability Reporting Guide (2nd Edition). It has been further guided by the Recommendations of the Task Force on Climate-related Disclosures (“TCFD”) and the United Nations Sustainable Development Goals (“UN SDGs”). Through these frameworks we have sought to communicate the impact of our economic, environmental and social (“EES”) performance of metrics and targets we believe to be relevant for our industry of financial services. References to specific topics covered by the report are available in the GRI Standards Content Index on pages 80-85.

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

This report has been reviewed and approved by HLB’s senior management and its Board of Directors. The contents of this Sustainability Report are governed by a Sustainability Committee that reviewed all material topics to ensure they aligned with the organisation’s strategies. The report was recommended to, and endorsed by, the Board Risk Management Committee (“BRMC”) of the Board of Directors.

This report’s content has been externally assured by an independent body, Malaysia’s leading certification, inspection and testing body, SIRIM QAS International Sdn Bhd. In preparing this report, we have adhered to best practice disclosure standards of our assurers and of the reporting field.

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

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Sustainability Themes

HLB Corporate Vision

“Highly digital and innovative financial services company”

HLB Mission

To help clients succeed through simple, relevant, personal and fair banking;
To provide our people with the best opportunities to realise their potential;
To create stakeholder value

HLB Sustainability Themes



Digital at the Core



Fit-For-Future Workforce



Environmentally and Socially Responsible



SME Growth

Our Material Topics

- Digital Innovation
- Customer Experience
- Cyber Security and Data Privacy
- Fair Banking

- Employee Experience
- Ethics, Integrity and Compliance

- Responsible Lending/ Financing
- Managing our Environmental Footprint
- Supplier Assessment

- Community Banking

Sustainability Risk Management

HLB Sustainability Themes

Description



Digital at the Core

Embracing digital transformation and building internal capability to enhance customer and employee experience, accessibility and efficiency.



Fit-For-Future Workforce

Acquiring strategic skills to enhance critical and core capabilities. Hiring and retaining a high performing inclusive workforce fit for the digital era.



Environmentally and Socially Responsible

Managing the environmental footprint of our operations. Advocating for social and environmental responsibility through our products and services, and through business partners, suppliers and associates that we do business with.



SME Growth

Supporting the growth and capability development of SMEs through the provision of relevant tools, knowledge and banking products and services. Facilitating access to financing for underserved SMEs. Supporting the entrepreneurial spirit of start-ups and FinTechs to build a vibrant future business community.

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

“

Dear Stakeholders,

Building on our tradition of meaningful solutions and better ways of banking, HLB is moving towards a digitally enabled future in which we provide real and sustainable outcomes for each of our stakeholders. For us, sustainability is about authenticity. In order to make a meaningful and positive impact on the world around us, it is essential that we 'walk the talk' by backing our promises with concrete actions. Today, the proliferation of technology offers even greater opportunities to do so.



In FY2019, we are proud to report that we continued to see solid growth across our businesses. Moving forward, we will continue to leverage technological advancements, collaborative engagements and keep an innovation-driven mindset for the sustainable advancement of our business.

To achieve this, an integrated approach to sustainability is needed. Consideration of the economic, environmental and social footprints of our policies, practices and products is crucial if we are to achieve our goals. Central to this approach is the need to establish deep and inclusive connections with those impacted by our actions. This will not only transform how we, as a bank, interact with society but enable us to create products and services that are economically, socially and environmentally sustainable.

EMBRACING INNOVATION

Our innovative spirit is reflected in HLB's adoption of the latest technological developments to drive business success in line with our 'Digital at the Core' strategy. This year, we were proud to pioneer the use of Artificial Intelligence ("AI") during our recruiting process and introduce our second Digital Branch in Malaysia. Additionally, our LaunchPad Programme continues to drive collaboration with high-potential technology startups, helping HLB to maintain our position as a leader in the provision of digital banking products.

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

In FY2019, HLB held two hackathons for the public in October 2018 and April 2019, followed by an employee hackathon in June 2019. During these exciting 24-hour events, which were held for both employees and the public, participating teams raced to identify, develop and prototype digital solutions to real business challenges faced by HLB and the industry. The public hackathons involved over 460 participants and generated more than 90 ideas while the employee hackathon saw 171 teams submit 222 ideas. The sessions not only provided an opportunity to identify new talent and develop new business solutions, but also served as an example of the innovative spirit that drives HLB. We want to incubate creativity and agility as we pioneer new solutions.

Also serving as a symbol of our commitment to embracing innovation is HLB's and the Group's new corporate office building, Menara Hong Leong. This building was awarded a Green Building Index Silver rating in FY2019. It was developed using the latest construction and green building technology to minimise environmental impact and embed sustainability within the building's operations. Moving forward, Menara Hong Leong will serve as a sustainable business hub for the Group, from which we will continue to embrace new ways of thinking, technological advancements and industry change.

ELIMINATING BARRIERS

As a responsible corporate citizen, HLB is committed to provide inclusive banking services and accessible financial support for all. Our transition towards digital financial services and efforts to inculcate digital financial literacy will promote greater access to financial services.

We recorded a 15% increase in the number of retail customers using digital products in FY2019, with the total number of retail digital users now amounting to nearly 50% of the total retail customer base. At the same time, we are cognisant that certain subsets of the population will always be best served by physical transactions and thus maintain a comprehensive network of branches and offices.

This year, our efforts to eliminate barriers culminated in the launch of our flagship Corporate Social Responsibility programme, JumpStart, which provides promising social enterprises with the knowledge, skills and tools needed to succeed. With two successful partnerships under its belt, JumpStart is already making waves in the social enterprise sphere. We will continue to support more high-impact social enterprises through JumpStart.

Our targeted products, services and financing for small and medium enterprises ("SMEs") is a key aspect of supporting economic growth. To promote the accessibility of our financial products and services among SMEs, we deployed over 170 Community Business Managers ("CBM") throughout the country. The CBMs are based at branches across local communities nationwide where they will support uptake of our SME products and services. In FY2019, we also enhanced our focus to support the Islamic SME sector, as reflected by the growing strength of our presence in the Halal business community.

LOOKING TO THE FUTURE

The road ahead will provide promising opportunities and complex challenges. The success of our business will rely on

the ability of our employees to meet these head-on by leveraging their skills, knowledge and abilities to achieve our corporate goals. Our comprehensive talent development and acquisition programmes, for which HLB received six distinct awards in FY2019, will help ensure that we are recruiting and retaining talent who can make this future a reality.

The advent of Industry 4.0 brings exciting new business directions for HLB which we look forward to exploring. As always, the safety and privacy of our customers will be paramount as we move towards increasingly digital operations. So too will be the need to preserve our environment in the face of the current climate challenges, a direction in which HLB is already moving through various measures to reduce resource consumption and promote green financing.

We are also enhancing our responsible lending practices with relevant policies and guidelines which encompass stringent evaluation of risks posed to the physical environment as well as social risks related to people and communities. Our focus is on ensuring that employees are informed on best industry practices, and we will continue to build internal capabilities, such as renewable energy financing and energy efficiency.

We are putting in measures which are essential building blocks of HLB's broad-reaching sustainability strategy, to meet current and future business needs. We will continue to invest in our people, products and services for the delivery of ever evolving sustainable solutions. While there remains much to be done, we firmly believe that, as highlighted by the achievements outlined in this Sustainability Report, we are well on our way to a better and more resilient future.

About Hong Leong Bank



Quality

To consistently provide goods and services of the highest quality at competitive prices



Entrepreneurship

To pursue management's vision and foster entrepreneurship



Innovation

To nurture and be committed to innovation



Honour

To conduct business with honour

Hong Leong Bank Berhad is a leading financial services company forming part of the Hong Leong Group ("the Group"). Headquartered in Kuala Lumpur, Malaysia, we are a community and customer-centred bank with a focus on providing innovative digital solutions for the financial services industry.

Our extensive business network includes 254 branches in Malaysia, 1 branch each in Labuan Offshore, Singapore and Hong Kong, 4 branches and outlets in Vietnam, 6 branches in Cambodia and a representative office in Nanjing, China. We also operate over 1,100 Self-Service Terminals and a full-service call centre. Our brick-and-mortar operations are supplemented by Hong Leong Connect ("HL Connect") and Hong Leong ConnectFirst ("HL ConnectFirst"), our popular online and mobile banking services.

In addition to the conventional banking services we offer across the region, we have provided Islamic financial services to our Malaysian home market since 2005 via our wholly owned subsidiary HLISB.

Guided by our 'Digital at the Core' ethos, our business strategy focuses on harnessing cutting-edge technologies to enhance the customer's banking experience. By integrating digital capabilities and processes into the traditional financial landscape, we have developed a comprehensive range of conventional and Islamic financial products and services to become a leading provider of financial services in Malaysia.

OUR GROUP VALUES

From humble beginnings as a building materials trading company founded in 1963, the Hong Leong Group has grown to become one of the largest conglomerates in Southeast Asia. Guiding this growth has been a strong heritage of responsible business practices, embodied today by our core values.

Our values anchor all actions as the Group seeks to navigate a rapidly changing business environment while balancing environmental, economic and social considerations. We are confident that our progressive approach to integrate sustainability into our business practices will allow the Group to continue to grow while creating positive impacts for stakeholders and contributing to our communities.

About Hong Leong Bank



Human Resources

To enhance quality of human resources – as the essence of management excellence



Unity

To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all



Progress

To continuously improve existing operations and position for expansion and new opportunities



Social Responsibility

To create wealth for the betterment of society

OUR BUSINESS



Personal Financial Services

Principal business activities include providing banking services and financial products which include property, auto, personal loans, payment products, share financing, investment and insurance, as well as deposits and remittance to individuals and small businesses.



Business and Corporate Banking

Principal business activities include the provision of banking solutions, such as deposit and loan services covering business current account, interest-bearing auto-sweep and fixed deposit, as well as financing options ranging from asset acquisition, working capital, and debt capital market structures, for our corporate, commercial and SME client base. HLB also specialises in the provision of transaction banking solutions via cash management solutions, trade financing and cash services.



Global Markets

Principal activities include assisting customers to meet their investment and hedging needs through various treasury products, ranging from foreign exchange, money market, derivatives including interest rate swaps and interest rate swap options, to structured investment products.



Islamic Financial Services

Islamic Financial Services are offered by Hong Leong Islamic Bank, a wholly owned subsidiary of HLB which is focused on providing Shariah-compliant Personal Financial Services, Business and Corporate Banking, and Global Markets products and services.

For more information on HLB's Key Business Pillars, refer to our 2019 Annual Report, under Our Business.

About Hong Leong Bank

REGIONAL FOOTPRINT

Our strong entrepreneurial roots and firm foundational values have helped us to expand and embed ourselves within the ASEAN region and beyond.

MALAYSIA

254

branches (249 Conventional Branches and 5 HLISB Branches) as well as one branch in Labuan Offshore.

CHINA



HONG KONG



CAMBODIA



VIETNAM



MALAYSIA



SINGAPORE



About Hong Leong Bank

SINGAPORE

1
branch

HL Bank Singapore is a full banking license branch offering wealth management, treasury services, deposit products and auto loan services. We have embarked on a transformational journey towards an integrated business model, expanding into health banking, corporate banking for commercial clients and expanded consumer lending propositions.

INVESTMENTS IN CHINA

1
representative
office

HLB was the first Malaysian bank to enter the Chinese banking sector in 2008 with a strategic investment in Bank of Chengdu Co., Ltd ("Bank of Chengdu") and has an 18% stake in the company. Bank of Chengdu is a leading city commercial bank in Western and Central China based in Chengdu, the capital of Sichuan Province, which is listed on the Shanghai Stock Exchange. HLB also holds a 12% equity investment in Jin Cheng Consumer Finance Company, a licensed consumer finance firm established in Chengdu in March 2010. In November 2013, HLB had set up a representative office in Nanjing which commenced operations in February of the following year.

CAMBODIA

6
branches

In July 2013, Hong Leong Bank (Cambodia) PLC commenced operations as a 100% wholly owned subsidiary providing comprehensive financial services covering consumer banking, business banking, global markets and transaction banking services. With six full-fledged branches located in Phnom Penh, HLBCAM's primary customer focus is towards established SME and Commercial corporate customers, high net worth individuals, affluent and emerging affluent as well as tech savvy young professionals.

VIETNAM

4
branches

Hong Leong Bank Vietnam Limited, a subsidiary of the Bank, commenced operations in October 2009. HLBVN is a full-fledged commercial bank in Vietnam whose principal activities include provision of retail loans, deposit products, wealth management, and priority banking services to individuals. Business banking solutions include working capital and term loans, deposit and liability management products and trade finance services as well as foreign exchange ("forex") and money market services. To date HLBVN has a branch and transaction office located in Ho Chi Minh City, and a branch each in Binh Duong and Hanoi.

HONG KONG

1
branch

The Bank's branch in Hong Kong offers Treasury and Wealth Management products and services. It is also the first bank in Hong Kong to launch an Islamic banking window and is now focused on resuming and building its SME business base.

For more detail on all our local and overseas branches, refer to our 2019 Annual Report, under Local and Overseas Branches.

About Hong Leong Bank

PARTNERSHIPS AND COLLABORATIONS

We are a member of a number of organisations and associations that enable us to strengthen our operating principles and help us fulfil the responsibilities we have set for ourselves in terms of meeting the needs and expectations of our various stakeholders.

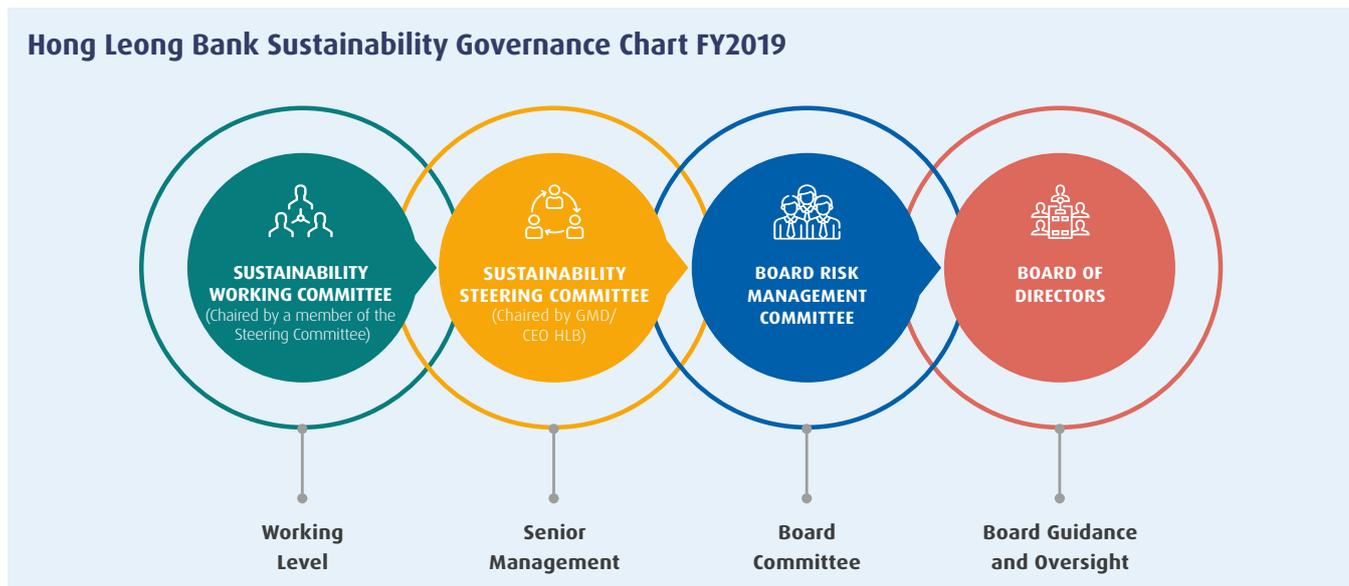
Association	Benefits to our stakeholders	
	<p>Federation of Malaysian Manufacturers</p>	<p>Through our membership, we support Malaysian manufacturers and the nation’s growth and modernisation.</p>
	<p>Ombudsman for Financial Services</p>	<p>Provides a channel for our customers to lodge complaints about our products and services and resolve them without incurring costly legal fees.</p>
	<p>The Association of Banks in Malaysia</p>	<p>Through the association, we are actively involved in initiatives to promote and strengthen the commercial banking industry.</p>
	<p>Asian Institute of Chartered Bankers (“AICB”)</p>	<p>AICB is committed to elevate the banking education landscape by enhancing the quality of professionals who work within the industry. Since 2017, 1,071 employees have completed courses at AICB with the aim to provide them with extensive critical knowledge of the banking sector as well as develop skills and abilities to make professional judgements and informed decisions.</p>
	<p>FIDE Forum</p>	<p>Through the Forum, we keep abreast of best practices in corporate governance (“CG”), which serves to strengthen our internal processes and our CG outcomes.</p>
	<p>The Community Chest</p>	<p>This organisation promotes quality education for all and provides marginalised communities with funds and programmes that enhance the provision of education to children.</p>
	<p>Cagamas Holdings Berhad (“Cagamas”)</p>	<p>We benefit from Cagamas’ Purchase With Recourse, Purchase Without Recourse, and Mortgage Guarantee activities. The company purchases mortgage loans/financings, personal loans, and hire purchase and leasing debts from primary lenders and issues bonds and notes to finance the purchases.</p>
	<p>Payments Networks Malaysia Sdn Bhd (“PayNet”)</p>	<p>Through PayNet, our customers have access to cash at more than 11,000 terminals throughout the country.</p>

About Hong Leong Bank

Association	Benefits to our stakeholders
 Credit Guarantee Corporation ("CGC")	<p>Enterprises, and particularly SMEs, without collateral have access to financing through CGC schemes such as BizJamin and the Green Technology Financing Scheme.</p>
 RAM Holdings Berhad	<p>We tap into services offered by RAM such as obtaining business profiles and company details from Companies Commission of Malaysia (SSM), three-year financial summaries and other critical information pertaining to the financial standing of companies and their directors.</p>
 ABM Investments Sdn Bhd	<p>We can subscribe to reports from ABM, an investment holdings company, which help us to make investment decisions.</p>
 AFC Holdings (Malaysia) Sdn Bhd	<p>We obtain important information on companies – including their registration details, banking payment history, litigation and trade reference – which helps us decide whether to extend credit or conduct business with them.</p>
 Islamic Banking and Finance Institute Malaysia Sdn Bhd	<p>This association allows us to keep track of Shariah developments, especially regarding finance and banking. It also enhances the Shariah services we offer our customers.</p>
 ASEAN Finance Corporation Limited	<p>ASEAN Finance Corporation engages in the design, build, integration and installation of integrated access control and security systems. It enables us to control, monitor and record the flow of people, vehicles and goods in and out of our premises using access control and security electronics.</p>
 The Association of Islamic Banking Institutions Malaysia ("AIBIM")	<p>HLISB is one of 26 member banks comprising 11 domestic banks and 6 development financial institutions. HLISB actively supports AIBIM to promote sound Islamic banking systems and practices in Malaysia, and to seek advice and assistance in the development of Islamic banking and finance at the local, regional and global levels while promoting public awareness.</p>
 Financial Industry Collective Outreach ("FINCO")	<p>Through HLB's collaboration with FINCO, one of the largest collective impact initiatives in Malaysia, the Bank supports the implementation of programmes for sustainable community outreach through shared funding and resources for children and youth. The initiative focuses on the enhancement of literacy development in the English language, providing life aspiration, increasing financial literacy, enhancing education and supporting disaster relief and preparedness.</p>

HOW SUSTAINABILITY IS GOVERNED

Sustainability at Hong Leong Bank is driven by our Board of Directors. Members of the Board, and especially the Board Risk Management Committee, oversee our sustainability and climate change-related actions and policies, ensuring they are aligned with our corporate values and supportive of our business goals and vision.



In FY2019, the Bank embedded Environmental Risk in the Risk Management Structure as depicted below:



Environmental risk is actual or potential threat of adverse effects on living organisms and environment by effluents, emissions, wastes, resource depletion and other impacts arising out of an organisation’s activities. In our particular case, given our role in the economy, in addition to our own activities, we are cognisant of the fact that people and companies we do business with also have an impact on the environment, and hence, ensure that our lending and procurement policies, for example, take this risk into account.

For other key risks, further information can be found in our 2019 Annual Report, under Corporate Governance Overview, Risk Management & Internal Control Statement.

OUR SUSTAINABILITY APPROACH

Our sustainability strategy represents HLB’s approach to integrating economic, environmental and social considerations into all that we do. This encompasses our range of business activities within the sphere of traditional and Islamic banking, as well as our internal operations and our impact on local communities and the environment at large. One of our guiding principles under this approach is HLB’s promise to be “here for the long term” and our commitment to delivering long-lasting sustainable solutions and value creation.

Our approach to sustainability is anchored in our ability to build deeper and meaningful relationships with our stakeholders. By analysing our impacts as a solution provider, we are able to holistically manage the economic, environmental, and social contexts in which we operate. Beyond that, we are able to support the growth and success of our stakeholders through our products and services.

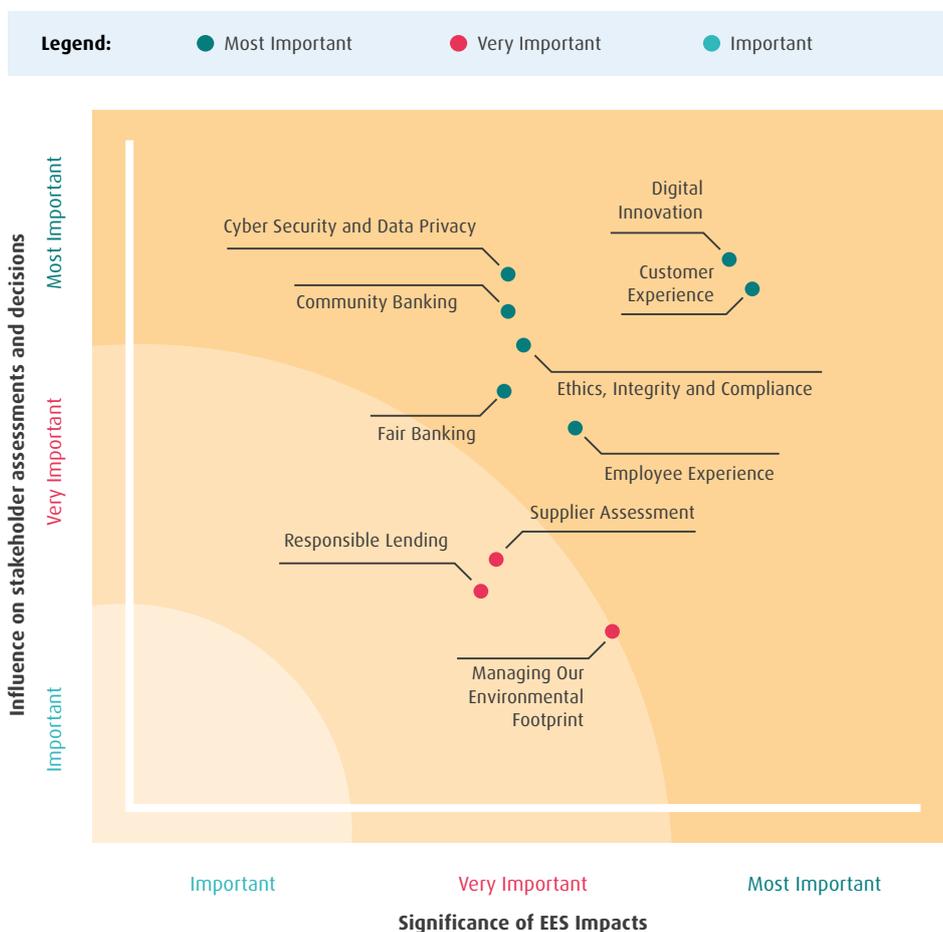
Materiality

In FY2019, our sustainability approach was guided by the materiality matrix established by the Bank in the previous year. This matrix maps out the relative importance of ten material business topics according to the Bank’s business priorities and information provided by customers, employees, suppliers and community development partners. By analysing the interests of both internal and external stakeholders, our materiality process aims to facilitate the development of a strategy for long-term value creation which aligns with the needs of each group.

OUR MATERIALITY MATRIX

SUSTAINABILITY TOPICS IDENTIFIED

- Digital Innovation
- Customer Experience
- Employee Experience
- Ethics, Integrity and Compliance
- Community Banking
- Fair Banking
- Cyber Security and Data Privacy
- Responsible Lending
- Managing Our Environmental Footprint
- Supplier Assessment



OUR SUSTAINABILITY APPROACH

OUR MATERIAL TOPICS

Core Principles	Material Topic	GRI Topic	Topic Boundary	Description
 <p>Digital at the Core</p>	Digital Innovation	-	HLB and HLISB	We strive to innovate with digital products and services for greater customer accessibility and convenience.
	Customer Experience	-	Customers of HLB and HLISB	We focus on delivering products and services that are relevant to our customers' needs. We strive to create positive customer experiences in all of our banking operations. This includes meeting our customers' dynamic demands for innovative digital banking services.
	Cyber Security and Data Privacy	Customer Privacy	HLB and HLISB	We protect our organisation and customer data from unauthorised access or attacks aimed to exploit such information. This involves implementing measures to prevent, identify and address vulnerabilities and threats to personal and confidential customer data.
	Fair Banking	Marketing and Labelling	HLB and HLISB	We aim to provide products and services that meet our customers' expectations and take into consideration the interests of both parties in terms of fairness in all aspects.
 <p>Fit-For-Future Workforce</p>	Employee Experience	Employment, Labour/ Management Relations, Training and Education, Diversity, Equal Opportunity	Employees of HLB and HLISB	We foster a high-performance culture and aim to attract, develop and retain the next generation of leaders to ensure we are fit for the future. Our employees are empowered to deliver and take ownership of results. We provide relevant learning and development opportunities, competitive rewards and recognition programmes and a conducive work environment that ensures our people are highly trained and well-equipped to serve the community.
	Ethics, Integrity and Compliance	Socioeconomic Compliance, Anti Corruption	HLB and HLISB	We are committed to meeting all applicable regulations and core operational regulations (e.g. Companies Commission of Malaysia and Bank Negara Malaysia Regulations, Data Protection Acts, Anti-Money Laundering Acts). We inculcate and expect our employees to adhere to our values, principles, standards and behavioural norms, as outlined in our Code of Conduct and Ethics. This is supported by a Whistleblowing Policy.
 <p>Environmentally and Socially Responsible</p>	Responsible Lending/ Financing	Product Portfolio	HLB, HLISB and Customers	We have policies, principles and codes of conduct to ensure the interests of HLB are aligned with the interests of existing and potential customers. These include audits to assess and screen for environmental and social risks, financial health assessments of existing and potential customers, and the provision of basic banking products to those who cannot afford to pay for fees so that they can participate in the financial system.

OUR SUSTAINABILITY APPROACH

Core Principles	Material Topic	GRI Topic	Topic Boundary	Description
 Environmentally and Socially Responsible	Managing Our Environmental Footprint	Materials, Energy, Emissions	HLB and HLISB	We endeavour to reduce waste (such as paper and water) and use energy efficiently to reduce our greenhouse gas (“GHG”) emissions and carbon footprint at all levels of our operations.
	Supplier Assessment	-	HLB, HLISB and Suppliers	We have an Independent Tender Review Committee that assess diligence reviews of suppliers’ financial strength and performance, disaster recovery and business continuity plans and cyber security capabilities. Suppliers have to satisfy our zero tolerance for corruption and unfair practices, whilst also meeting our environmental assessment requirements before we onboard them as business partners.
 SME Growth	Community Banking	Local Communities	HLB, HLISB and Hong Leong Foundation	We seek to engage and to help local communities develop their SME ecosystem via programmes that have been designed to meet their specific needs.

HLB Material Topics’ relevance to the United Nations Sustainable Development Goals (“UN SDGs”)

At HLB, we are mindful of global sustainability frameworks and agendas and recognise our responsibility to contextualise our material topics in relation to these frameworks. Of the 17 UN SDGs, we have identified 8 of the goals that we are able to positively contribute to.



Our sustainability framework is aligned with our purpose and business strategy. In addition to meeting the needs of our customers, our focus includes environmental sustainability, financial inclusion and responsible lending. Through this, the Bank supports the aims of the UN SDGs.

Zalman Zainal,
 Chief Marketing and Communications Officer

OUR SUSTAINABILITY APPROACH

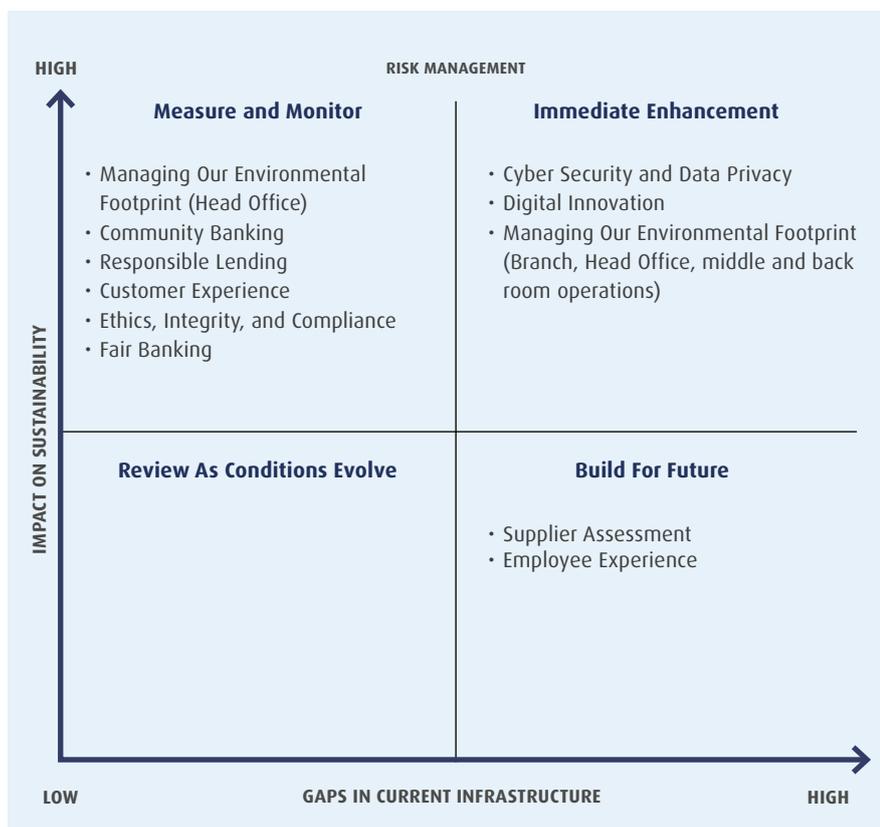
SUSTAINABILITY RISK MANAGEMENT

Sustainability risk is the risk that the Bank is not able to achieve its sustainability goals. Sustainability risk management involves the design and implementation of a risk management framework to mitigate the risks.

If the Bank is not able to achieve its sustainability goals, the impacts can be classified into three categories:

Impact Categories when Sustainability Goals are Not Achieved	Description
Sanctions	Failure to comply with sustainability regulations could result in sanction(s) imposed on the Bank.
Financial Performance	Failure of the Bank or the Bank’s customers to comply with sustainability regulations and/or requirements could result in deteriorated financial performance of the Bank or its customers, which may adversely impact the asset quality of the Bank’s portfolio.
Investor Preference	Research demonstrates that the equity price performance of companies that incorporate sustainability practices is better than other companies. Increasingly, institutional investors prefer to invest in companies that embrace sustainability goals. The inability of the Bank to achieve its sustainability goals could affect the Bank adversely in the equity market as investors choose companies that have successfully achieved their sustainability goals.

HLB has further categorised the 10 sustainability topics into the matrix below. To support these initiatives, the Group Risk Management division identified and assessed the impact on sustainability and the gaps in the current infrastructure of the Bank. Improvement plans have been established and are in varying stages of implementation.



Measure and Monitor

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

Immediate Enhancement

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

Review as Conditions Evolve

Quadrant indicates topics that have low gaps in current infrastructure and a low impact on sustainability. This means that the topics will be reviewed annually or as conditions evolve.

Build for Future

Quadrant indicates topics that have gaps in current infrastructure and a low impact on sustainability. Areas of improvement need to be identified for these topics. It is important for the Bank to ‘build for the future’.

OUR SUSTAINABILITY APPROACH

Measure, monitor and review

HLB Sustainability Themes	Sustainability Topics
Digital at the core	<ul style="list-style-type: none"> Customer Experience Ethics, Integrity and Compliance
Fit-For-Future workforce	<ul style="list-style-type: none"> Ethics, Integrity and Compliance
Environmentally and socially responsible	<ul style="list-style-type: none"> Managing Our Environmental Footprint (Head Office) Responsible Lending Fair Banking Community Banking
SME growth	<ul style="list-style-type: none"> Community Banking

Actionable Areas

HLB Sustainability Themes	Sustainability Topics
Digital at the core	<ul style="list-style-type: none"> Digital Innovation Cyber Security and Data Privacy
Fit-For-Future workforce	<ul style="list-style-type: none"> Employee Experience
Environmentally and socially responsible	<ul style="list-style-type: none"> Managing Our Environmental Footprint (Branch) Supplier Assessment

The Bank has allocated resources in these areas and will regularly measure and monitor outcomes.

SUSTAINABILITY INITIATIVES IMPLEMENTATION IN FY2019

The Bank has implemented various initiatives to continuously embed sustainability practices and risk management. Below are some of the key initiatives:

- Enhanced our policies to embed sustainability risk management. This include the Bank's credit policy to require sales and credit staff to review the borrowers' compliance with applicable environmental and social laws and review of the same at annual reviews of loan/financing facilities to ensure ongoing compliance;
- Implemented supplier attestation to uphold the Bank's sustainability values;
- Monitored the energy, emissions and water consumption in our two main corporate towers, Menara Hong Leong and PJ City;
- Monitored all waste generated in Menara Hong Leong and PJ City;
- Reduced bank-wide printing and paper consumption;
- Recruited a renewable energy industry specialist to focus on building internal knowledge to boost our capacity for renewable energy financing;
- Developed a renewable energy industry handbook for BCB front line staff to equip them with the knowledge to better serve industry stakeholders; and
- Conducted regular employee education and awareness programmes to promote waste reduction and practice the separation of recyclable waste streams at Menara Hong Leong.

OUR SUSTAINABILITY APPROACH

Stakeholder Engagement

To enhance our growth as an organisation, we need to be open to dialogue and engagement. This is because stakeholder needs are constantly evolving. We have in place structured channels of engagement at HLB and continue to explore new ways of reaching out to stakeholders.



OUR SUSTAINABILITY APPROACH

Stakeholder	Engagement Method	Frequency of Engagement	Interests
Employees	Bank-wide Town Hall sessions	Minimum twice yearly	Our employees want to know that their concerns are being heard by management and want to see transparency in our business priorities. They also voice interest in the availability of opportunities for upskilling and professional development, programmes for employee retention, a conducive workplace as well as a systematic rewards programme.
	Group Managing Director Bankwide communications	Ongoing	
	Social media and career fairs	Ongoing	
	Performance management process	Goal setting, mid-year review and final year appraisal, supported by Individual Development Plan discussion	
	Learning and Development initiatives	Ongoing	
	Scholarship programme	Ongoing as per request	
	Graduate programmes	Based on business unit requirements	
	SmartUp bite-size learning	24/7	
	HALI helpdesk chatbot	24/7	
	Employee engagement survey, themed My Thoughts, Our Future	Annually	
	Apple e-Touch appreciation platform	Annual Apple-ciation Day Quarterly-basis for Apple e-Touch programme	
	HLB Games	Ongoing	
Whistleblowing channel	Contact information published on HLB's website as and when channeled by whistleblower to the Bank		
Customers	At our branches	Daily	Our customers are interested in the protection of their personal data and the banking principles that are upheld by the Bank. They also prioritise user-friendly systems and easily accessible banking products and services.
	Self-Service Terminals	24/7	
	Internet and mobile banking	24/7	
	Customer surveys	Daily	
	Telephone and email	24/7	
	Social media (e.g. HLB Facebook, Twitter, LinkedIn, Youtube)	24/7	
	Customer events organised by HLB	Multiple engagements a year, including festive season celebrations	
	Whistleblowing channel	Contact information published on HLB's website as and when channeled by whistleblower to the Bank	

OUR SUSTAINABILITY APPROACH

Stakeholder	Engagement Method	Frequency of Engagement	Interests
Investors	Annual General Meetings (“AGMs”)	Annually	Our investors want to know about the stability of the Bank and the security of savings and deposits. They are also interested in the enhancement of stakeholders’ value.
	Investor roadshows	At least 2 conferences a year	
	Meetings with investors and analysts	At least 120 investors and analysts in a year	
Regulators	Bank Negara Malaysia (“BNM”)	As and when required	Industry regulators seek to ensure that the Bank is fully compliant with relevant laws and regulations. This includes meeting the expectations and requirements of banking regulators and compliance with Shariah requirements where applicable.
	Bursa Malaysia	As and when required	
	Perbadanan Insurans Deposit Malaysia (“PIDM”)	Yearly engagement	
	Securities Commission (“SC”)	As and when required	
	Federation of Investment Managers Malaysia (“FIMM”)	As and when required	
	Personal Data Protection Act (“PDPA”) Commissioner	As and when required	
	Ombudsman for Financial Services (“OFS”)	As and when required	
Suppliers	Supplier engagement rating process	Minimum once yearly	Our suppliers and outsourcing service providers seek transparency in HLB’s procurement process and want to ensure that they are fulfilling the Bank’s “service level agreement”.
	e-Bidding (live auction)	Monthly	
	Tender process	Monthly	
	Proof of Concept engagements	Based on project. Ongoing	
	Supplier onboarding programme	Ongoing	
	Supplier due diligence review	Annually	
	Outsourcing Service Provider onboarding programme	Ongoing	
	Outsourcing Service Provider due diligence review	Annually	
	Supplier and vendor whistleblowing channel	Contact information published on HLB’s website as and when channeled by whistleblower to the Bank	

OUR SUSTAINABILITY APPROACH

Stakeholder	Engagement Method	Frequency of Engagement	Interests
Community	SME segment engagement programmes	Ongoing through various activities, relationship manager, regional and national managers	Community members are interested in the availability and accessibility of funds and programmes for those in need.
	Corporate Social Responsibility events	Monthly	
	Hong Leong Foundation's programmes	Monthly	
Media	Press conferences	Financial results: 2 times a year Products/Services: As and when required CSR: Minimum 2 times a year	Media groups require adequate communication platforms and expect to see proactive media engagement from the Bank.
	Media get-togethers	Minimum 2 engagements a year	
	Media announcements	Ongoing basis	
	Social media	Daily communication	

As one of our key communication platforms and a significant stakeholder group, the media play a central role in the Bank's communication and engagement strategy. We practice an open-door approach to relations with local media and maintain close ties with key players within the industry to facilitate the dispersal of information about our business. Through press conferences, media get-togethers, announcements and social media platforms, we communicate updates regarding different aspects of our business operations, from workplace updates to new products and services.

In FY2019, we introduced a Public Relations Policy ("PR Policy") to govern communication with this important stakeholder group. The PR Policy, which is applicable to all HLB employees, provides essential guidance on matters relating to communication and interaction with the media, taking into consideration the interests of customers, the company and the public in terms of fairness and responsible communication. Guided by the PR Policy, HLB hopes to ensure the continuation of our strong and meaningful relations with the media.

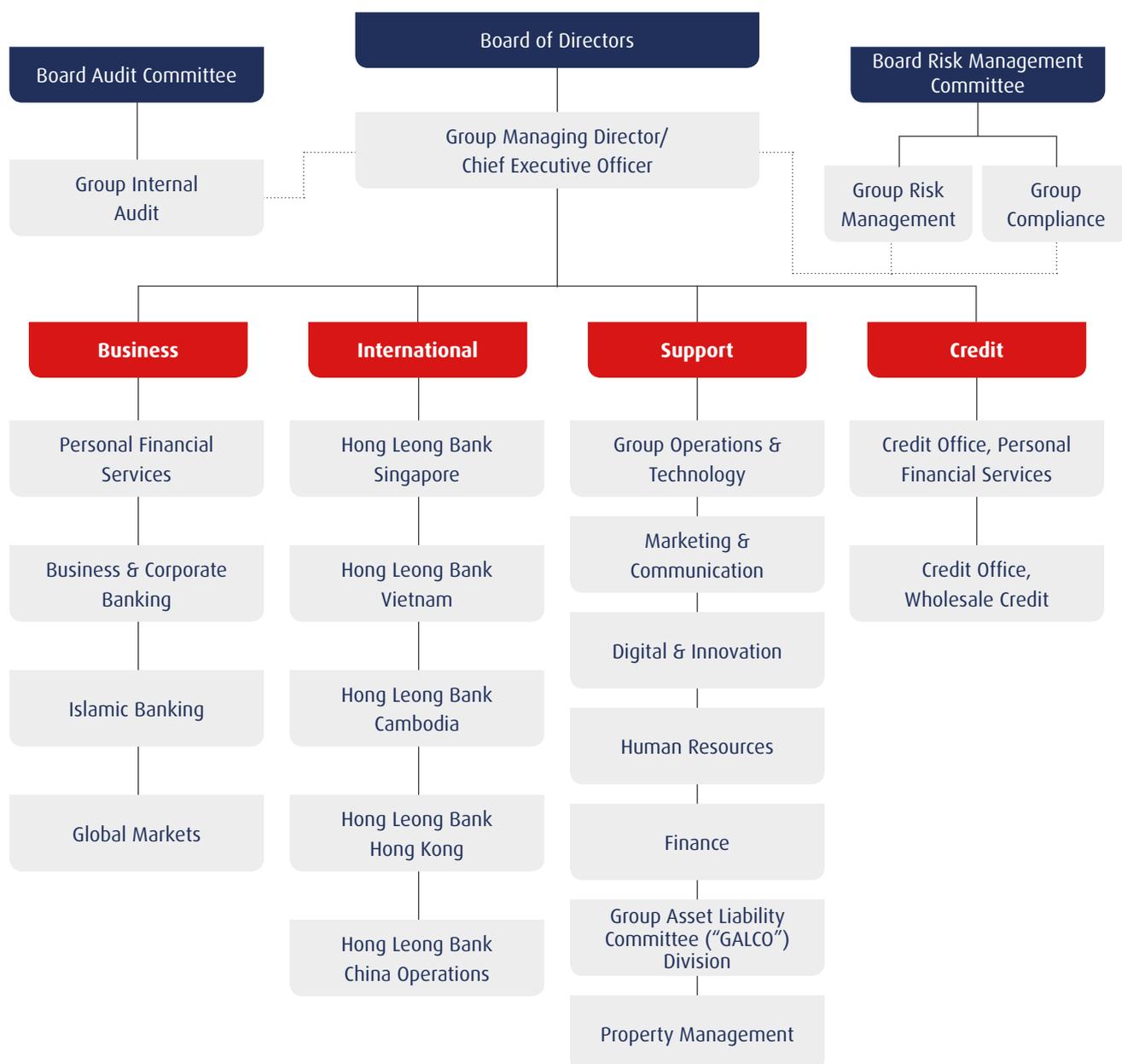
Financial Brand Power 100's quarterly score publications of the highest scoring banks in relation to the Social Media performance (Facebook likes, Twitter followers, YouTube views). HLB has not only enhanced its social media presence through an engaging YouTube presence but also continues to use social media as a platform to educate the community on our products and services.

GOOD BUSINESS CONDUCT

A culture of ethics and good conduct is fundamental to the positive growth of the organisation. We have incorporated various policies, processes and system to ensure an enhanced culture of good conduct at HLB. Underlying our efforts is a clear tone from the top, right from our Board of Directors to senior management with regards to good business conduct.

CORPORATE GOVERNANCE

Sound leadership is an essential component of any business sustainability strategy. At HLB, our experienced Board of Directors provides strong leadership and independent oversight in line with best practices for corporate governance. Along with our management team, the Board plays an important role in overseeing the implementation of the Bank's stringent principles and policies for responsible business conduct. These include policies and procedures related to whistleblowing, anti-money laundering, anti-bribery and corruption and ethical conduct, among others. Policies are frequently reviewed and updated to ensure that we continue to meet best practice standards.



GOOD BUSINESS CONDUCT

ETHICS AND INTEGRITY

At HLB, we hold ourselves to the highest standards of professional conduct. Our Code of Conduct and Ethics outlines expected standards of behaviour for all HLB employees with respect to corporate governance and ethical principles, anti-bribery and corruption requirements, prohibition of position misuse, integrity of record and information, safeguarding customer information, conflict of interest and other legal and regulatory regulations. The Code of Conduct and Ethics applies to all Bank employees, subsidiaries and affiliates of HLB's vendors and business partners. In order to ensure employees' adherence to the Code of Conduct and Ethics, new employees are provided with awareness training on its contents during their on-boarding programme. Effective 2020, the Board of Directors will provide annual attestation to the Code of Conduct and Ethics.

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



COMPETENCE

The Banking Group 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.



FAIRNESS

A core mission of the Banking Group is to help our clients 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.



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 friendships or association in performing their role. Decisions must be made on a strictly arms-length business basis.



INTEGRITY

The Banking Group's values-based culture guides decisions, actions and interactions as a key enabler for the success of our business.



CONFIDENTIALITY

The Banking Group is committed to providing a safe, reliable and secured banking experience for our customers.



ENVIRONMENT

The Banking Group is committed to reducing the effect of our operations on the environment to build our franchise in a safe and healthy environment. We aim to do this by managing resources across the Banking Group and raising staff awareness about the importance of caring for the environment. The Banking Group will be mindful of its activities with employees, business partners and the community we operate within to ensure human rights are safeguarded. Where there are adverse impacts, we are committed to addressing these.

Value-based Intermediation Initiative for Islamic Banking

At HLISB, we are increasingly integrating a Value-based Intermediation ("VBI") approach into our business practices and the financial products and services that we offer. This is done in accordance with the VBI Framework issued by Bank Negara Malaysia in 2017 and these efforts include the provision of greater access to financial services in general. Examples of this approach include our Islamic chat bot, which we have pioneered to promote public knowledge-sharing for Islamic finance. We continue to operate additional channels for the enhancement of Islamic financial literacy and financial services, with the goal of supporting a robust and sustainable Islamic banking system in Malaysia.

GOOD BUSINESS CONDUCT

RESPONSIBLE BANKING

The Bank makes every effort to be fully compliant with all applicable laws, regulations and standards in each of the jurisdictions in which we operate, namely Malaysia, Singapore, Hong Kong, Cambodia, Vietnam and China. Our Group Compliance Policy serves as a guide for ensuring uniformity in understanding the roles, responsibilities, processes and practices related to compliance within the Bank.

Under the Compliance Framework set out in the Compliance Policy, a Business Unit Compliance Officer (“BUCO”) and a Business Unit Compliance Representative (“BUCR”) review and evaluate compliance requirements for each business and support unit. The BUCO and BUCR help business and support units achieve compliance or escalate issues to Group Compliance for further management as needed. In addition to BUCO and BUCR oversight, all business units are required to conduct compliance self-assessments. Further, as a second line of defence, Group Compliance conducts a compliance assurance programme using a variety of assurance tools. In FY2019, HLB also introduced a monthly compliance calendar under which all managers are responsible for holding weekly or monthly compliance huddles as part of their team meetings with their employees.

To prevent money laundering, terrorist financing or other financial crimes, the Bank has in place a Group Financial Crime Policy and related procedures. The Financial Crime Compliance Department of Group Compliance has oversight of the financial crime prevention framework and work closely with

Bank Negara Malaysia and other enforcement authorities to manage financial crime risks. All Anti-Money Laundering (“AML”) and Counter Financing of Terrorism (“CFT”) matters are governed by our HLB Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT Policy”), which establishes governing principles and minimum requirements that identify, mitigate and manage potential money-laundering and terrorism financing risks that the bank may face.

PROMOTING A CULTURE OF COMPLIANCE

A strategic priority for us is to promote understanding among our organisation and business partners of our internal policies and the external regulations we adhere to. This fosters transparency and awareness and, in doing so, builds a strong compliance culture.

Domenic Fuda, Group Managing Director

We ensure adherence to the highest standards of integrity and professionalism by providing employees with regular compliance training. This includes training that is delivered bank-wide, as well as role-based training based on the specific risks associated with individual positions. All new employees are required to complete mandatory e-learning material via our digital learning app, SmartUp, covering AML/CFT, Customer Data Protection, Know Your Client, Anti-Bribery and Corruption and more. Every employee is required to view mandatory videos explaining these topics and complete a corresponding assessment.

Role-based compliance training specifically caters for the needs of each unit including Collection, Credit Department, Trade Centre, BUCO and BUCR, operations, branches and front-line staff. Training is customised for each division and supported by business subject matter experts. In FY2019, HLB established a ‘No Training, No Sales Policy’ to ensure that all new and existing personal financial services front-line sales employees are equipped with the necessary product and compliance knowledge to ensure competency in their role. We also conducted AML awareness-training workshops for the Board of Directors and senior management, and Business General Managers, Branch Managers, Customer Service and Operations Managers. For the year, a total of 8,463 employees received blended training (Brown Bag Series Lunch & Learn, e-learning compliance modules and compliance huddles and classroom trainings).

Any changes as well as new regulatory requirements are disseminated by Group Compliance to the bank-wide Horizon Scanning Working Group (“HSWG”) to identify and assess their impact on the affected divisions. Regulatory updates issued or published by the regulators are shared via a weekly circular to relevant staff.

At the HLB Branch in Sungai Petani, Kedah, Customer and Service Operations Manager Tan Cher Lee believes that compliance huddles have made a real difference in creating a compliance culture within the branch. Each week, the branch employees work together in teams to prepare a response to a discussion question on the topic of compliance. At the end of the week, teams present their response for Mr. Tan's review, with the discussion providing an opportunity for employees to share knowledge with each other. Employees demonstrate a high level of team morale throughout the process, and each team member takes turns to serve as team leader, regardless of their designation.

The huddles have not only brought our teams closer together, but also created a space where all employees are comfortable to address issues, escalate and ask questions

Tan Cher Lee

WHISTLEBLOWING POLICY

In order to safeguard the integrity of the Bank's operations, we encourage all employees, business associates and customers to raise any concerns about improper conduct at the earliest opportunity. Our Whistleblowing Policy outlines the channels available for doing so as well as the procedures to be followed by the Bank in addressing such concerns. If a report of non-compliance or improper conduct is received, specified officers will independently investigate the concerns.

The Whistleblowing Policy is published on our corporate website so it can be accessed and understood by all employees, business associates and customers.



DIGITAL AT THE CORE

DIGITAL TRANSFORMATION

CUSTOMERS



Digital
Branches



Hong Leong
Connect Retail



Digital ConnectFirst
for Business



Digitisation in
Cyber Security and
Data Privacy



Digitisation
of Customer
Experiences

SOCIETY



Towards a
Cashless Society



Digitisation in
Shariah Knowledge
Sharing

INTERNAL - DIGITISING OUR OPERATIONS



Digitisation of
Bank Operations



Digitisation in
Human Resources
Operation

Material Topics:

Digital Innovation; Customer Experience;
Cyber Security and Data Privacy; Fair Banking

DIGITAL AT THE CORE

DIGITAL TRANSFORMATION

The Digital Landscape

Technological advances and societal shifts are changing the face of financial services. Digitisation provides an opportunity to improve the functionality, accessibility and affordability of banking transactions. At its core, digitisation is both about technology and relationships. As banks embrace digital offerings, it is essential that a balance is achieved between rapid inclusion of new digital services and the needs of customers. Building trust is the key to unlocking true digital transformation.

At Hong Leong Bank, our goal is to serve as a leader in digital financial services by leveraging the latest technology to offer meaningful financial products and services to our customers. We seek to find opportunities in challenges and develop innovative ways to meet customer expectations while continuously enhancing our internal capabilities and the accessibility of our products for the delivery of an ever-improving customer experience.

As we progress along our digital journey, Hong Leong Bank strives to serve not just as a financial services provider, but as a trusted partner for our customers and business partners.

We aim to drive the creation of a financially empowered society, in which those who are presently underserved gain easy and reliable access to financial services through improved financial literacy and convenient digital platforms. Ultimately, we hope to support a new generation of more informed customers with better access to the digital products, reliable services and sophisticated financial guidance that they need.

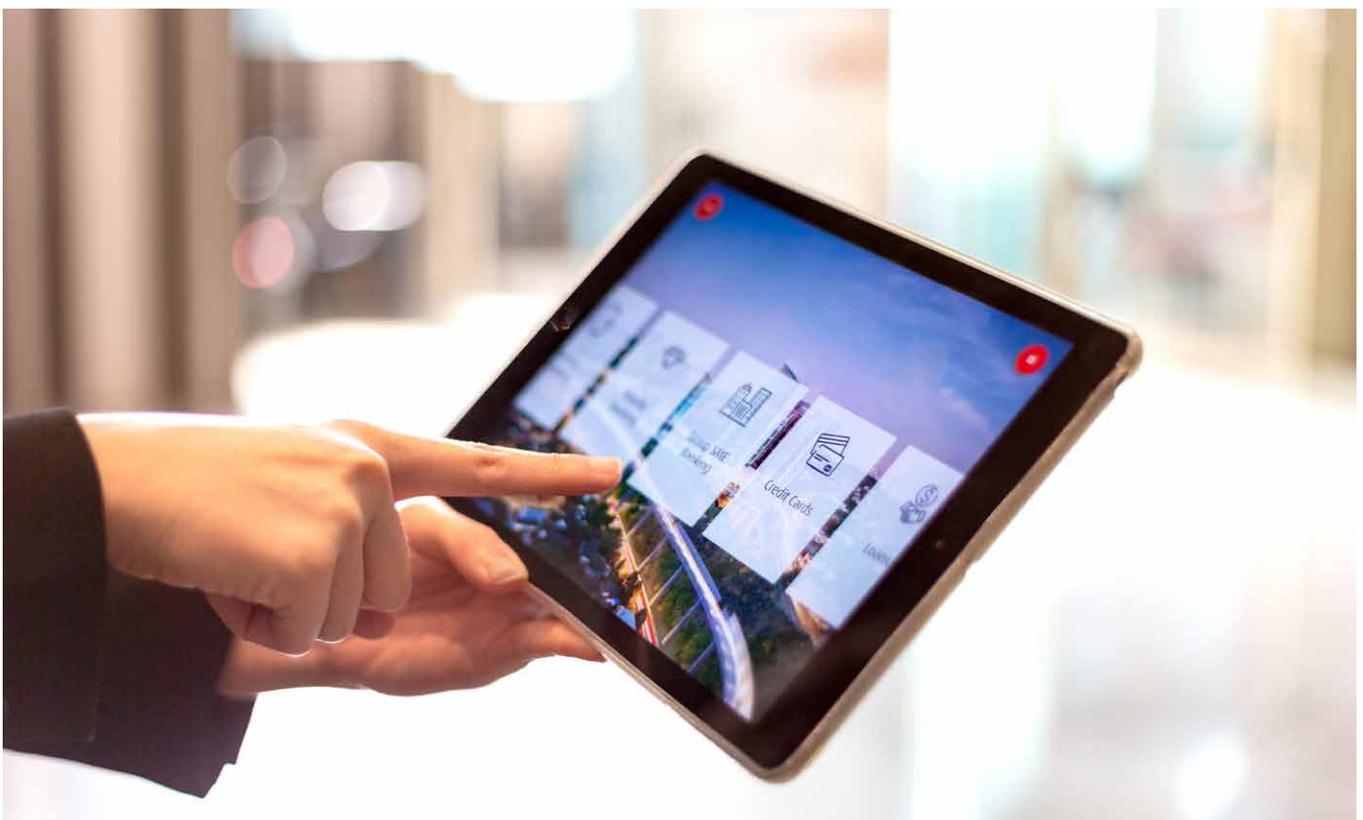
Our investments in our 'Digital at the Core' business strategy have already paid dividends, with new digitisation initiatives introduced within the financial year yielding total cost savings of approximately RM55 million, equivalent to a cost reduction of 2.6% over total cost base.

Digitisation Initiatives

Digitisation to Simplify Workflow

Digitisation to Lower Purchasing Cost

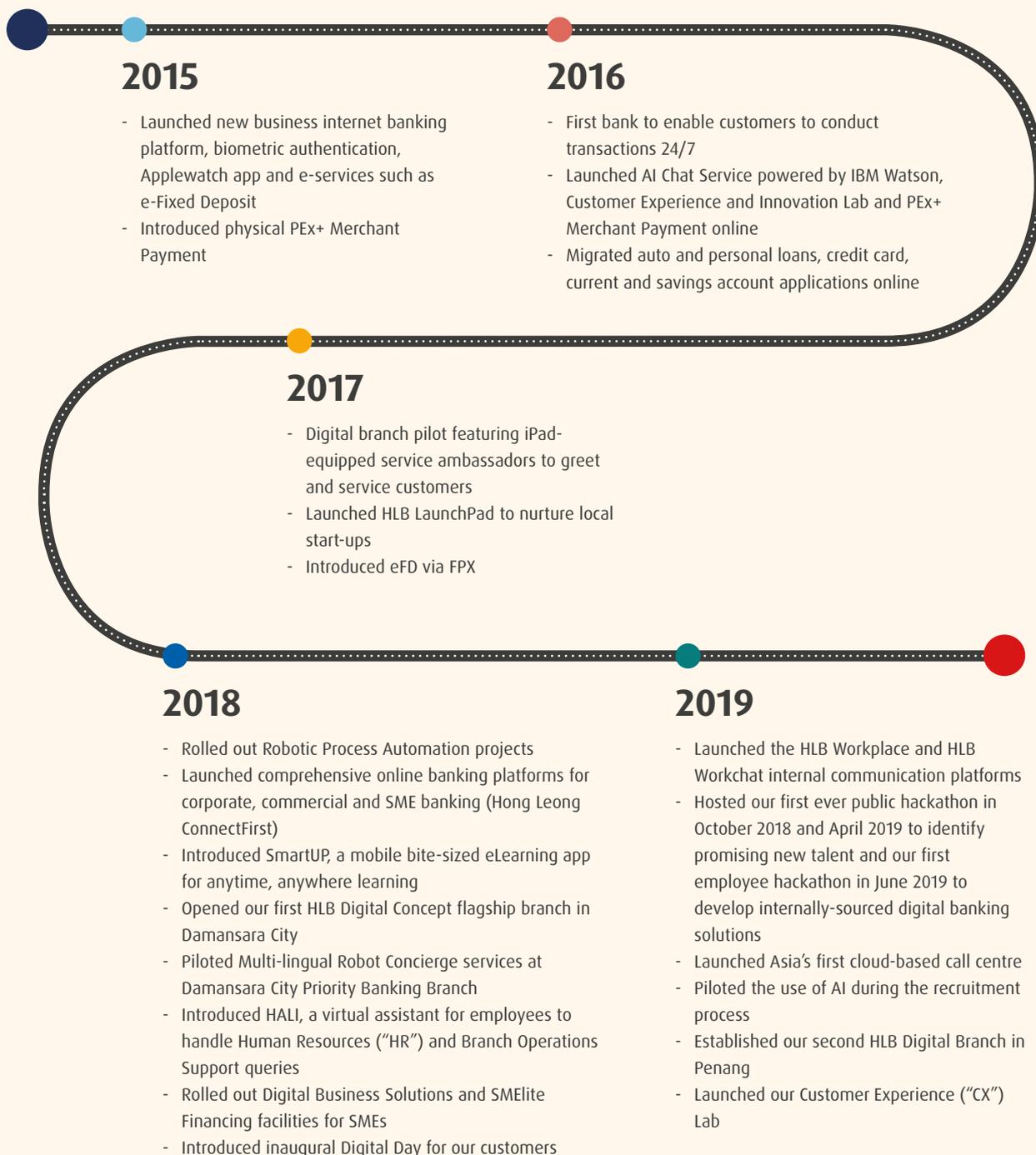
Resulted in a 2.6% reduction over total cost base in FY2019



DIGITAL AT THE CORE

Our Digital Journey

Our Entrepreneurial and Digital Innovation Journey.



DIGITAL AT THE CORE

DIGITAL ENHANCEMENTS

In FY2019, we allocated half of our total capital expenditure for the financial year for digital initiatives, enhancing the range of products and services available online, improving online security focusing on facial recognition technology and the development of our virtual assistant chatbots to enhance the availability of customer interactions 24/7. Several digital enhancements were executed to make transactions easier for customers, including the use of Robotics Process Automation (“RPA”) to automate 23 card operations processes and the introduction of RPA to 3 cheque processing centres, with full implementation to be completed by October 2019. We also continued to implement AI for the automation of repetitive tasks in order to increase productivity and efficiency in operations. HLISB will also digitise several processes under HLISB’s ASNB Funds and ASB Financing-i in our efforts to enable more processes and transactions to be performed online.

In total, 36 major digitally derived projects were delivered during the reporting period, with another 49 still under execution. Beyond our Malaysian operations, there were strong efforts to strengthen the Bank’s digital footprint across our international offices and branches in Cambodia, Vietnam and Singapore.

We also invested in compliance initiatives to ensure the protection of our customers and our business. In doing so, we remain focused on maintaining robust cyber security capabilities to safeguard customer data, privacy and security. Further information is detailed in the Digitisation in Cyber Security and Data Privacy sections within this Report.

Digital Highlights in FY2019

81%

of total transactions completed digitally

53%

increase in mobile transactions

36%

reduction in physical branch transactions



DIGITAL AT THE CORE

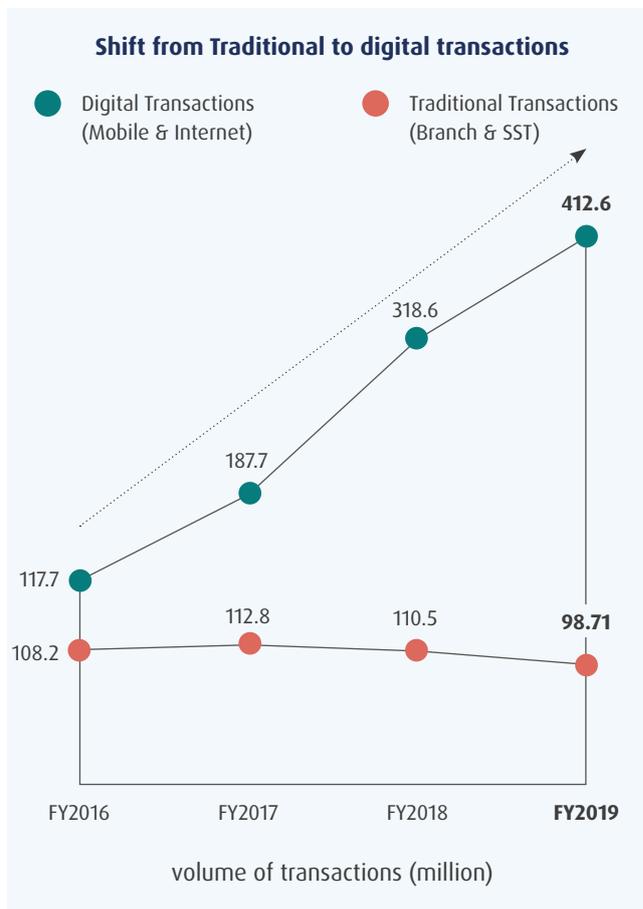
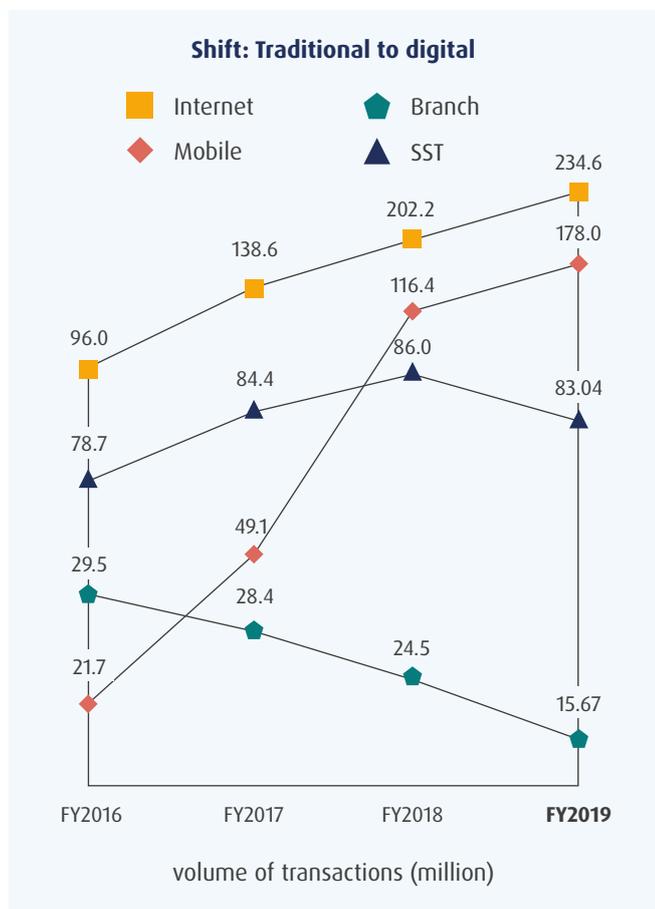
A DIGITAL FUTURE

With more than half of our customers presently utilising our digital banking services, both the number and value of digital transactions completed by our customers continue to rise. This growth is driven by both younger and older customers, reflecting a growing trust placed in us by our customer base and a successful shift in social attitudes towards the adoption of digital technologies.

Moving forward, we intend to uphold this trust by continuing to deliver the quality of service that our customers expect while also offering the latest in digital banking technology. In FY2020, the allocation of our capital expenditure for digital capability enhancements and initiatives will include investments into our AI-enabled virtual assistant, which will be able to pay bills and transfer funds in response to voice commands, as well as investments into increased mobile functionality, including Scan & Pay functions and fund transfers based on phone numbers.

With our Centre of Excellence (“CoE”) for internal digital capacity-building and our combined development team of over 100 employees across different roles, the Bank is accelerating digital developments across all our banking entities. To invest in future local talents, we have initiated a graduate hiring scheme with some of Malaysia’s leading Information Technology (“IT”) education facilities to take in batches of digital-focused Malaysian graduates each year over the next four years. The successful graduates will be mentored and trained by our existing employees to build and maintain in-house customer- and employee-facing digital channels. There are now 12 of such e-channels, an increase of 50% since the last reporting period.

The first intake of graduates has commenced employment with the Bank and the CoE continues to deliver new products and services in an increasingly agile way. These graduates specialise in various programming languages and have capabilities in the area of User Interface/User Experience (“UI/UX”). With this initiative, we are demonstrating the Bank’s commitment to the digital economy and our ethos of being Digital at the Core, while also providing and creating jobs that are fit for the future.



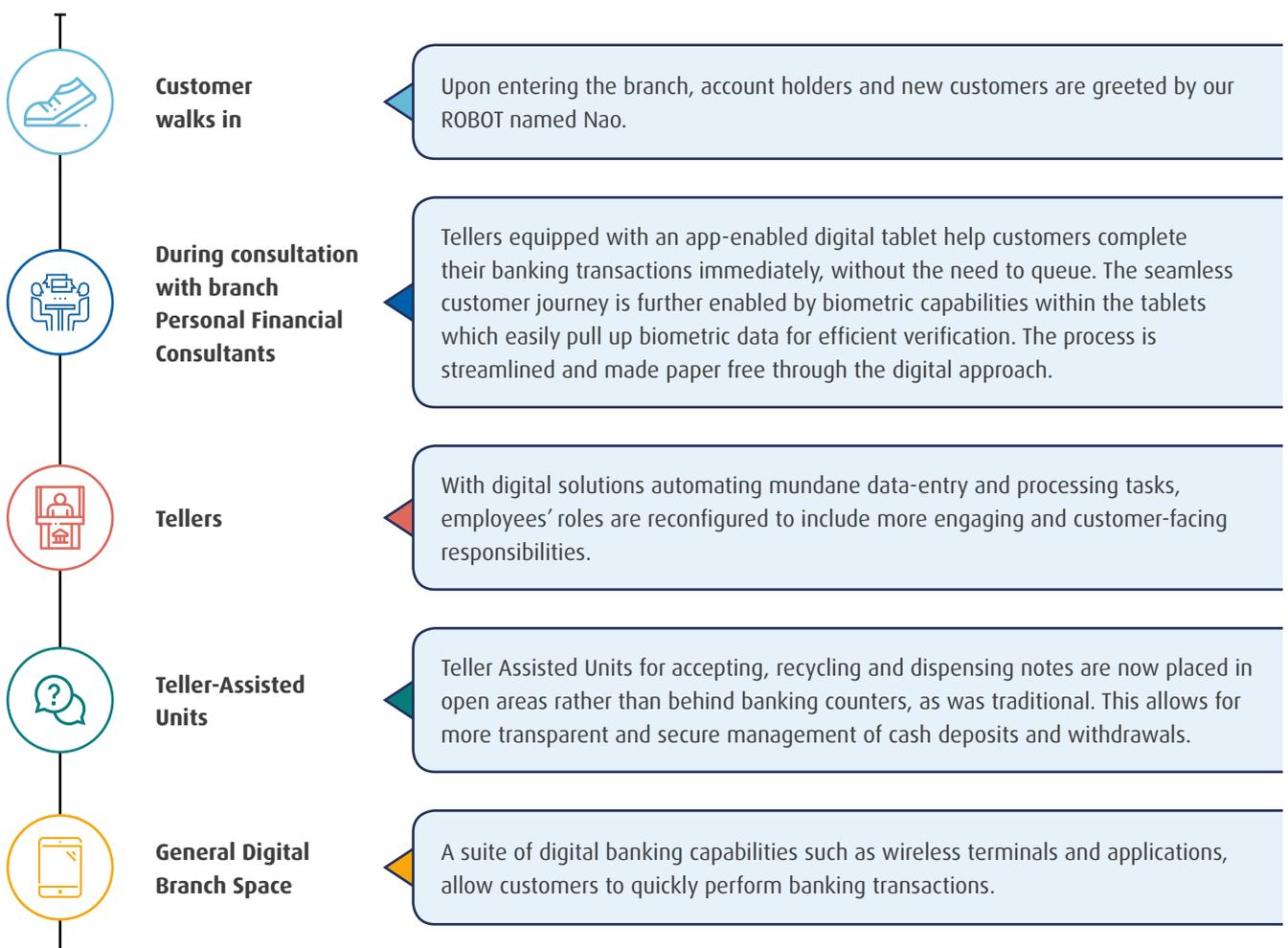
CUSTOMERS

Digital Branches

As part of HLB's business sustainability initiative, our Digital Branches serve to usher in a new era for brick-and-mortar banking by delivering banking services through a suite of digital banking capabilities. Designed to improve efficiency and enhance the customer experience, the branches leverage new technology to depart from conventional methods of in-branch service delivery.

Our flagship Digital Branch in Damansara City, Kuala Lumpur was launched in November 2017 featuring various digital solutions to enable customers to quickly perform personalised conventional and Islamic banking transactions. Since then, we have introduced a second Digital Branch in Penang, and continue to roll-out digital solutions to branches around Malaysia such as the Bank's implementation of enhanced tablet-based teller solutions incorporated to teller assist units with biometric authentication capabilities for efficient in-branch servicing and product applications. To date, all of the retail-based service functions have been rolled onto the solution. We are on track to implement these across 140 branches by the end of 2019.

Digital Branch Customer Journey



DIGITAL AT THE CORE

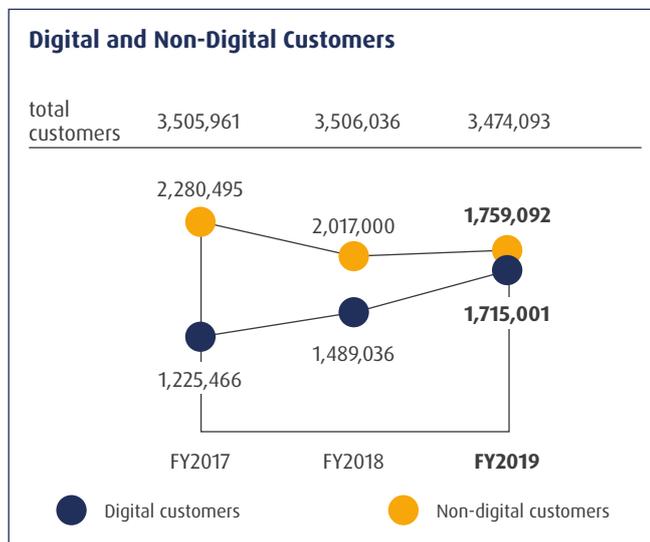
Hong Leong Connect Retail

At Hong Leong Bank, we have always been a bank for our community. Our focus has always been prioritising the needs of our customers, enhancing our capabilities to provide a seamless and connected customer experience across our products, channels and digital platforms.

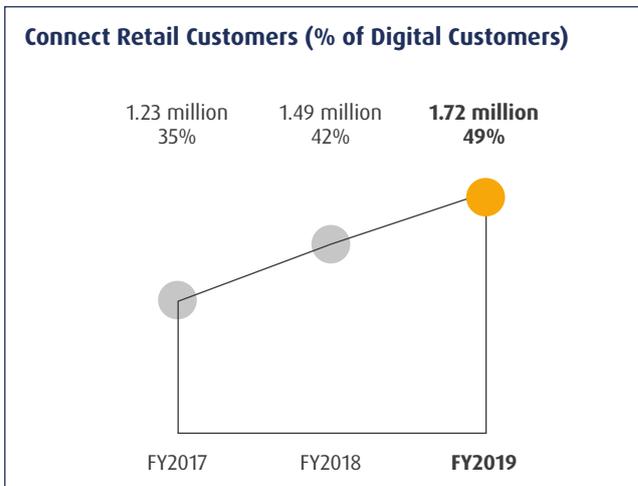
Charles Sik, Personal Financial Services Managing Director

Our digital banking platform, HL Connect, offers a host of digital banking services online and via mobile applications allowing our retail customers to bank with ease across multiple devices. Each year, we strive to adapt to the changing digital sphere of banking services by offering new solutions to attract new customers and retain our existing customers. To further drive our digital journey, we evaluate our success based on customer uptake of our digital services and the number of digital transactions we record.

We are pleased to report a 15% increase in the number of customers using digital products in FY2019, with the total number of digital users now amounting to nearly 50% of our total customer base. We are well on our way to reaching over 60% of our retail client base actively using HL Connect Internet Banking by FY2021. We will continue our ongoing efforts to understand customer needs and aspirations so that we can provide more tailored digital solutions and therefore grow our digital customer base for HL Connect Retail.



Connect Retail Customers (% of Digital Customers)



In FY2019, we enhanced our e-Fixed Deposit (“eFD”) function to allow customers to set a higher transaction limit when using our digital payment gateway to transfer funds from other banks, saving them from requiring multiple placements. Concurrently, for customers who have yet to take up eFD and still choose to perform this service in-branch, we are in the process of digitising our over-the-counter Fixed Deposits (“FD”) process and no longer print physical FD certificates. As with eFD, customers who take up a FD in-branch can manage their deposits and view and make withdrawals online. As a result of these improvements, we saw a 29% increase in the number of eFD placements in FY2019.

To improve the level of service provided to our credit card customers, in FY2019 we enabled seven new credit card self-service functions on the HL Connect digital webpage and mobile app, including card activation, card replacement and travel notifications, among others. The initiative was implemented in phases from March 2018 to June 2018. Following the upgrade, we saw a 25% decrease in call volume related to these seven services, indicating a high rate of customer take-up of the new digital service option. We also introduced the Call-for-Cash function to HL Connect in FY2019, allowing credit card holders to borrow any amount within their credit limit online to receive funds in their HLB account by the next business day. The service is available online, at any time during the day, with instant approval. Since its launch in April 2019, the number of transactions from Call-for-Cash increased significantly.

In order to promote better protection of our customers and make the purchasing of simple insurance products more accessible, in FY2019 we added credit card Credit Shield Premier insurance purchasing options to the HL Connect platform. Moving forward, we plan to enable more credit card-related self-service options on HL Connect, including enabling digital credit card issuance to accelerate card acquisition and minimise the manpower required to handle hard-copy applications.

DIGITAL AT THE CORE

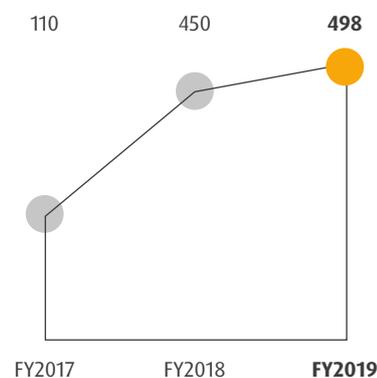
In line with customers' expectations for the digital availability of the same quick and reliable services provided in-branch, we also intend to introduce Instant Disbursement to our Balance Transfer Plus and Call-For-Cash products. This will allow applicants' funds to be instantaneously transferred to their Hong Leong Bank account following application approval.

In FY2019, HLISB also saw success with the launch of an exciting new Investment Account ("IA") service on HL Connect that offers a digital alternative to the traditional investment experience. As the first Islamic bank in Malaysia to offer a digital investment account to the public, HLISB is at the forefront of supporting the financial future of the tech-savvy younger generations of today. HLISB ensures that the investment journey is both simple and seamless.

To evaluate the success of our digitisation efforts, we monitor key indicators such as the number and value of eFD placements, the number of mobile transactions undertaken using our Scan & Pay function and our Pay Mobile app, the number of digital accounts opened and the overall customer satisfaction of our HL Connect app. In FY2019, we saw increases in all of these metrics with the exception of our Scan & Pay transactions which had decreased as we directed our focus to online merchants.

	FY2017	FY2018	FY2019
eFD balance (RM, billion)	1,703,680	2,784,107	4,716,599
Number of eFD placements	137,343	260,859	335,671
Number of Scan & Pay Transactions (Monthly)	1,919	2,958	909
Number of Pay Mobile App transactions (Monthly)	5,417	11,933	13,386
Number of Pay Mobile App transactions (Annual)	65,001	143,200	160,631
Online Current & Savings Accounts Opened	110	450	498
HL Connect App satisfaction score (Customers choosing Satisfied, or Very Satisfied)	78%	85%	84%

Number of Online Current & Savings Accounts Opened



Moving ahead, we aim to provide even more digital offerings for our customers while simultaneously promoting their migration from conventional branch transactions to our HL Connect platform. To promote this transition and improve the digital customer experience, we are working towards a comprehensive overhaul of the user interface and user exchange design of the HL Connect platform. We are also working towards the launch of our very own online community platform exclusive for HL Connect customers, HLB Designed by You, for customers to share and discuss ideas. Through this platform, we aim to gather customer insights to improve our existing products and services, as well as engage more with our customers to develop meaningful relationships and build trust. To support our Islamic banking customers and increase public awareness of Islamic banking and financial services, we created our very own digital knowledge-sharing platform and Chatbot. Through these initiatives, and others, we aim to realise our vision of a digital enabled future of banking for all.

HL ConnectFirst for Business

Our deep domain expertise has enabled us to champion the specific financial needs of key industries. Moving forward, we will continue to broaden and strengthen our business offerings to support current and developing sectors of the economy.

Yow Kuan Tuck, Business & Corporate Banking Managing Director

DIGITAL AT THE CORE

To better serve the needs of our corporate, commercial and SME customers of HLB and HLISB, Business and Corporate Banking created the HL ConnectFirst platform, launched in 2017, to offer a comprehensive suite of advanced cash, trade and foreign exchange solutions to meet business needs. Customers can customise the platform in line with their specific business needs, choosing from a range of transaction banking services including account management, payables, receivables, liquidity management, trade, treasury management, e-investment and e-procurement. Our Corporate Internet Banking users, inclusive of ConnectFirst and ConnectBiz users, have increased by 13% compared to FY2018.

	FY2018	FY2019
Corporate Internet Banking Users	63,638	72,021
Transaction Vol. (#)	7,087,993	8,803,884
Transaction Value (RM)	72,451,435,979	87,646,594,697

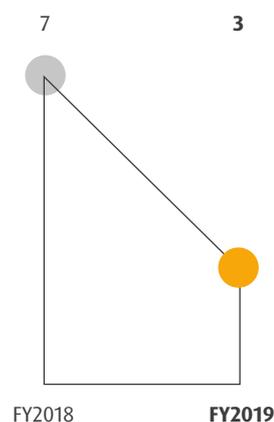
To further promote uptake of HL ConnectFirst and the digitisation of our BCB services, we collaborated with a leading ASEAN online payment gateway solution provider, to establish e-Mandate, an online transaction verification solution to streamline the direct debit application approval process. We will continue to strengthen our product offerings and channel capabilities to capture a larger market share in the transaction banking space. We are also investing significant effort and resources into improving the client experience for BCB customers through re-designing and digitising the account-opening and credit application and approval processes. Soon, HLB clients will be able to open a business current account and apply for merchant facilities via HL ConnectFirst, without the need to visit our branches.

In FY2019, the HL ConnectFirst cash management platform was recognised by the industry as a leading digital banking solution for business and corporate customers. In recognition of our contributions to the digital banking landscape, we were named 'Best Payment Bank in Malaysia' by the Asian Banker during the 2019 Transaction Awards and named 'Best Treasury & Cash Management Banks and Providers 2019 – Malaysia' by Global Finance.

Digitisation in Cyber Security and Data Privacy

While the digitisation of banking services provides new opportunities to acquire and service customers more effectively, it also presents new risks. In order to drive business success while protecting our customers from online malice, we continue to invest in our digital defence infrastructure to counter evolving threats in the cyber world. Our team of developers, information technology ("IT") staff and fraud and cyber management specialists deploy specialist knowledge and technologies to protect against fraud and to promptly detect and respond to cyber-attacks. Recognising that security can be bolstered by better employee and customer vigilance, we also seek to educate our employees and clients on the risks and consequences of fraud and other digital risks. In FY2019, we recorded 3 phishing and phone scam complaints.

Phishing and phone scam complaints



As an emerging business driver, the regulatory environment around digital banking is rapidly changing, as are regulatory requirements around cyber security. In order to respond quickly to changes in Bank Negara Malaysia regulations, we take a dynamic and responsive approach to cyber security and data privacy to safeguard both our business operations and our stakeholders' trust. In accordance with our regulatory obligation to protect any information we receive, we are constantly striving to update our organisational, technical and physical security measures.

Our crisis management strategy includes involvement with national and international early warning systems for cyber security risks. We subscribe to the Financial Services – Information Sharing and Analysis Centre ("FS-ISAC") in order to stay abreast of potential cyber-attacks within Malaysia. We have also enlisted Recorded Future as our official cyber threat intel provider to deliver real-time threat intelligence.

In addition to our targeted cybersecurity measures, we have in place a Privacy Notice to promote transparency in the Bank's handling of confidential personal information entrusted to us by our customers, employees and business partners. The Privacy Notice serves to help these individuals understand how the Bank handles their personal information and what rights and protection they are entitled to as a data owner. The notice is available online in both English and Bahasa Malaysia and any changes to the notice are communicated to stakeholders via the Bank's website or other appropriate communication means as determined by the Bank from time to time.

We also have in place a Group Data Protection and Customer Secrecy Policy to govern the receipt, storage and protection of customers' private and sensitive information in compliance with the Personal Data Protection Act (2010) ("PDPA"). This Policy serves to outline the necessary compliance-related roles, responsibilities, processes and practices to be observed within the Bank and helps cultivate a culture of compliance among our employees.

While we invest heavily in our digital and technological systems for cyber security, we are conscious that customers and employees remain a major point of risk for data loss. By improving human awareness of cyber security measures and practices, we are able to strengthen the front line of defence against cyber-attacks and scams. We strive to fortify this human infrastructure by building a data security culture in which customers and employees have sufficient knowledge to protect themselves and the Bank from risk. Our best practices include:

Employees	Customers
Staff Awareness: PDPA & FSA (Secrecy)	
<ul style="list-style-type: none"> - "Mandatory Learning" module delivered via SmartUp. - Onboarding classroom training. - Compliance Month held in February 2019, during which the focus of compliance-themed huddle for the month was Data Protection and Customer Secrecy. - Employee engagement in the #ComplianceStartsWithMe group page on the HLB Workplace platform, run by the Compliance Division, to engage employees on compliance awareness based on the 2019 compliance calendar. - Brown Bag Lunch & Learn talks aligned to the 2019 compliance calendar. - Third-party testing of our defence mechanisms. 	<ul style="list-style-type: none"> - HLB Website provides information to customers on how they can safeguard themselves from scams, phishing, malware alert, other common internet scams and common ATM fraud. It also outlines customers' roles and responsibilities and tips for a safer banking experience. - HLB Website - External Link Disclaimer - Customers are prompted with a message that HLB's Privacy Notice shall cease when they click on any third-party websites. - Hong Leong Connect Online Banking - Security Reminder on Login Page and Personal Inbox Message. - The importance of reading the Privacy Notice.

Digitisation of Customer Experiences

In line with our ambition to be a leading provider of digital banking services, we are constantly seeking new opportunities to enhance the digital experience for our customers, while actively monitoring the success of our present operations. As we ramp up our digital delivery capabilities, we continue to focus on ensuring the continuity of our service and functional offerings in order to deliver the best possible customer experience. For the third year in a row, we recorded a reduction in year-on-year unplanned downtimes of our digital services, with unplanned downtime decreasing by a further 13% over FY2018 levels. This was achieved by continuous alignment with the Hong Leong Bank Technology strategy which includes a number of technological system upgrades.

In order to drive improvements to the customer experience, in FY2019 we launched a new Customer Experience ("CX") Lab in which cross-functional business, operations and technology teams work together with external partners to co-create the next generation of digital banking products and services. Anchored in design thinking methodologies, the CX Lab enables rapid prototyping and product development in order to accelerate the delivery of new products and services to our customer base. The lab also serves as a platform for the development and exploration of exciting new technologies, such as AI, machine learning, and more. To date, we have worked with more than 3,500 customers to understand the banking solutions that they would like to see brought to life.

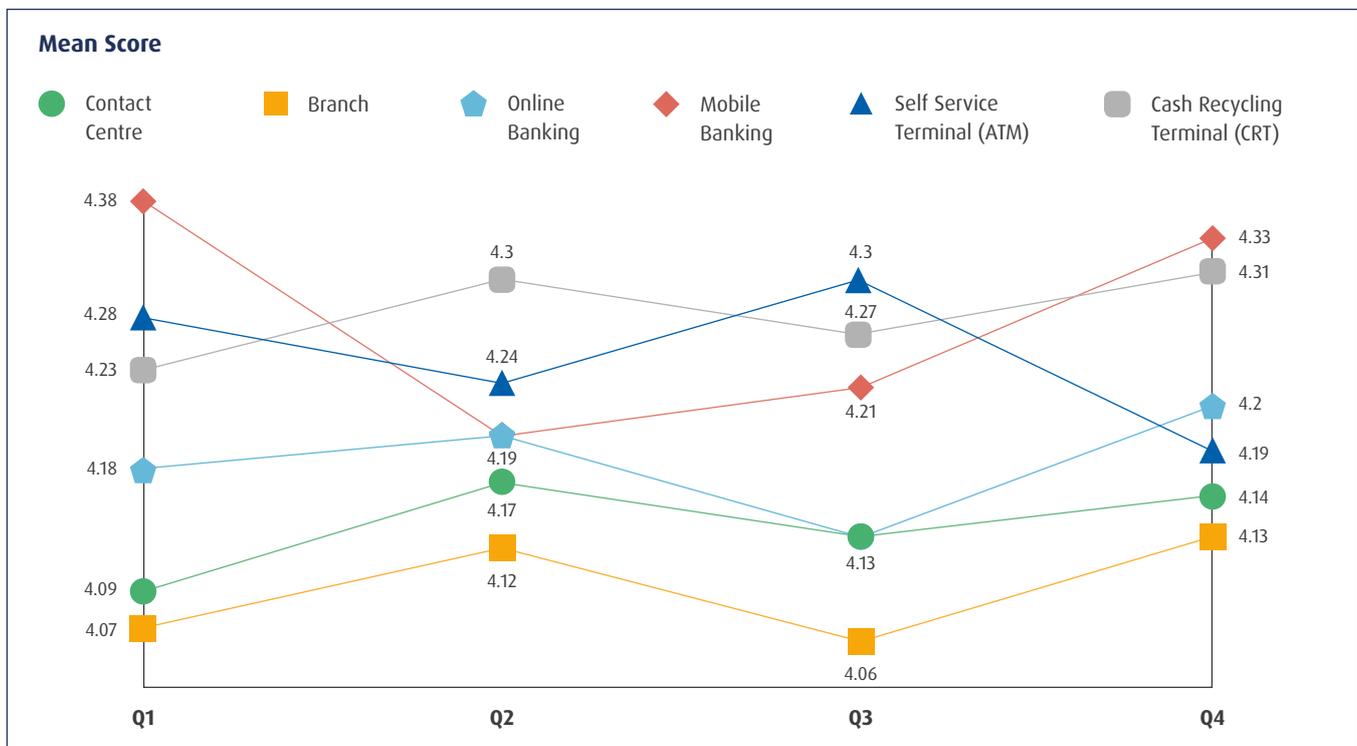
DIGITAL AT THE CORE

This year, we also undertook efforts to transform our customer support management system with the implementation of a cloud-based contact centre powered by Amazon Web Services. The contact centre, which was deployed to HLB’s Singapore operations, is the first of its kind in Asia, offering a more agile, network-based service and advanced analytical capabilities for insights into elevating the customer service experience. By leveraging our geographical network to pilot the cloud-based contact centre for our Singapore operations, we are able to better prepare our Malaysian business for the deployment of this next-generation technology, ensuring a smoother customer experience during roll-out.

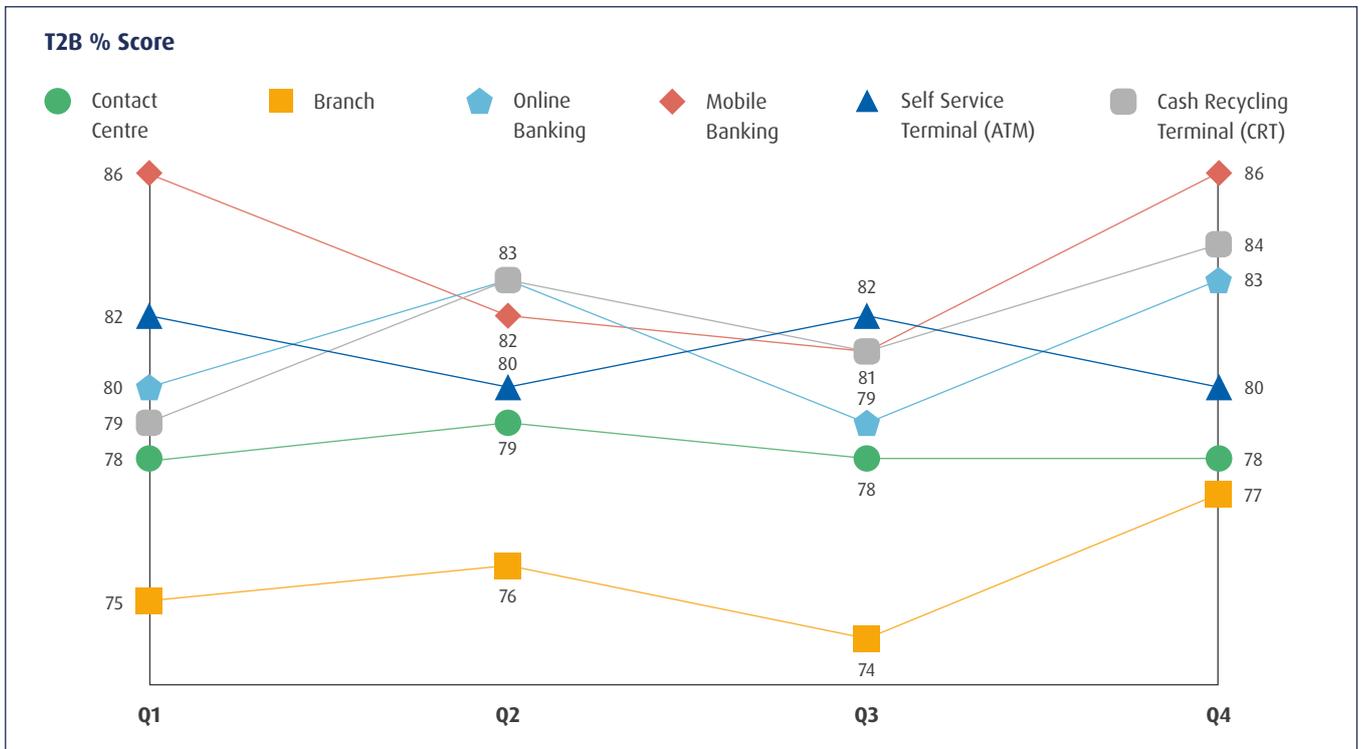
Innovation aside, achieving success in the integration of banking services and digital technologies requires careful consideration of our customers’ experience with the banking solutions that the Bank offers. As customers increasingly transition towards the use of our digital banking products and services, we ensure that these offerings are focused on delivering an optimal customer experience. By actively monitoring customer satisfaction, we not only ensure the quality of our service but gain valuable insights to improve our digitisation strategy.

Our touchpoints for collecting customer feedback include our contact centre, branches, self-service terminals and digital banking. Feedback collected at these points is managed using an Enterprise Feedback Management (“EFM”) platform, which collects and reports customer feedback in real-time. Under the EFM, customer feedback for manned channels can be forwarded directly to the agent or teller that served a customer as well as their supervisor, providing the opportunity for immediate remedial action or follow-up. For other channels, customer feedback is shared on a monthly basis to guide improvement efforts and identify areas of success.

We share a visual dashboard of customer satisfaction scores with our internal stakeholders as testament to our employees’ excellent service standards. The dashboard shows customer satisfaction scores for the customer-facing divisions of the Bank as a live rating out of five stars and as a percentage of customers who have given a rating of four or five (“T2B Score”).



DIGITAL AT THE CORE



Another key metric for the service we provide to our clients is the speed of response and resolution of their complaints. In FY2019, the average time taken to respond to feedback was 1.35 days with the average time to resolve the complaint taking 4.45 days.

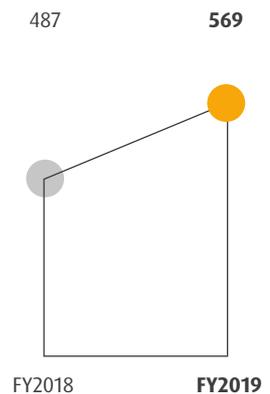
SOCIETY

Our digital banking transformation strategy is already changing the way our customers undertake their financial transactions and engage with their financial institutions. By championing the early adoption of the most future-focused digital technology, we seek to create a digitally enabled society that benefits from more personalisation, ease of access and transparency in their financial management. As a key player driving the digital advancement of the Malaysian banking industry, we also strive to leverage our online presence to promote greater awareness of industry developments among stakeholders.

In FY2019, we exceeded our goal to have 20% of our customer base nominate their HLB accounts as receiving accounts for their registration on the National Addressing Database. As of July 2019, approximately 32% of our Business and Corporate Banking customers had registered HLB accounts on the National Addressing Database, with HLB holding the second highest number of bank accounts registered for DuitNow out of all Malaysian financial institutions.

A Cashless ATM was introduced at Lembaga Zakat Selangor (LZS). As there is no cash stored in the machine, customers use their debit cards to perform zakat payments. In FY2019, 569 transactions were performed for the two cashless ATMs.

Number of transactions using cashless ATMs



DIGITAL AT THE CORE

Towards a Cashless Society

Hong Leong Bank is at the forefront of the development of an integrated financial ecosystem in which financial transactions can be seamlessly woven into daily life. A key advantage of this will be the realisation of a cashless society where businesses and consumers will benefit from reduced risk of crime, increased ease of transactions and more traceable banking activity.

At HLB, we leverage financial technology to promote cashless transactions to our customers through credit or debit card usage, mobile payment methods and online banking. We also continue to focus on expanding our merchant network by seeking out business owners and offering incentives such as low transaction rates, waived desktop terminal rental fees and complimentary set-up services. To keep up with the rapid migration towards a cashless economy in Malaysia, in FY2019 we released a new integrated Point-of-Sales terminal for merchants that accepts all card and mobile payments, including QR codes and major e-wallet operators.

To facilitate ease of cashless payments for tourists and Malaysians using the WeChat messaging platform, in 2018 we became the first bank outside of China and Hong Kong to partner with Tencent's WeChat wallet, allowing customers to conduct transactions using the messaging platform's digital payment function. This year, we expanded our partnership to offer Malaysian SME's a new channel for the expansion of their business presence using a WeChat Official Account, as the sole banking partner for WeChat in Malaysia. In partnership with Qtronex Sdn Bhd, the Bank is pleased to offer new and existing SME customers the chance to sign up for these accounts, which enable greater business reach.

The Bank also partnered with MEBSales for the development of a cashless food-ordering system within the WeChat platform, WeEat, where customers can order, pay and enjoy their meals without having to queue. WeEat is currently active in Damansara City Mall in Kuala Lumpur. A key intended beneficiary of this solution is smaller merchants, who can leverage the system to drive business growth and achieve operational efficiency.

Digital Day 2019

In 2019, we celebrated a cashless future at our 3rd Annual Digital Day Celebration, which was themed 'Bye-bye Cash, No Cash, No Problem'. During the event, customers were encouraged to go cashless with incentives including the chance to win 365 days of bubble tea by applying for a HLB Credit Card, registering for Hong Leong Connect, or linking their HLB Debit Card to WeChat Pay Wallet. The campaign also featured light-hearted campaign videos which showed different consumers 'breaking up' with cash in the style of K-drama, Bollywood and Chinese period drama films.

Digitisation in Shariah Knowledge Sharing

As a responsible provider of Islamic banking solutions, HLB through HLISB, strives to increase awareness of Islamic banking and financial services to enable our customers to identify the banking solutions that best fit their needs.

To better advise customers and the general public on the topic of Islamic banking principles, we developed AI-enabled Islamic banking knowledge platform, Shariah UNiversal Digital Assistant for You ("SUNDAY") in partnership with the University of Malaya ("UM"). This particular Chatbot is equipped with general Shariah knowledge regarding the authorities, articles and scholarly discussions in relation to Shariah contracts. Through SUNDAY, users compare Islamic banking products and services and receive real-time advice for banking products. SUNDAY is the first chatbot in Malaysia that is equipped with Islamic banking and finance knowledge and able to relay this information and converse with the public in the National language, Bahasa Malaysia.

By providing these digital educational platforms, the Bank ensures that our knowledge-sharing efforts are accessible across the country and delivered in an easily digestible and user-friendly format for maximum uptake of information.

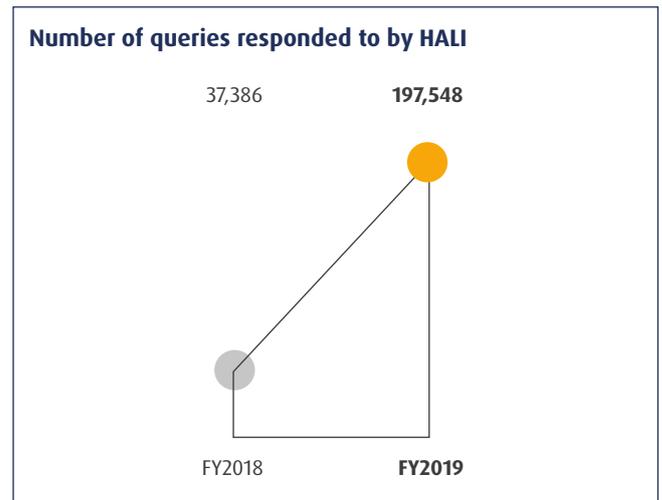
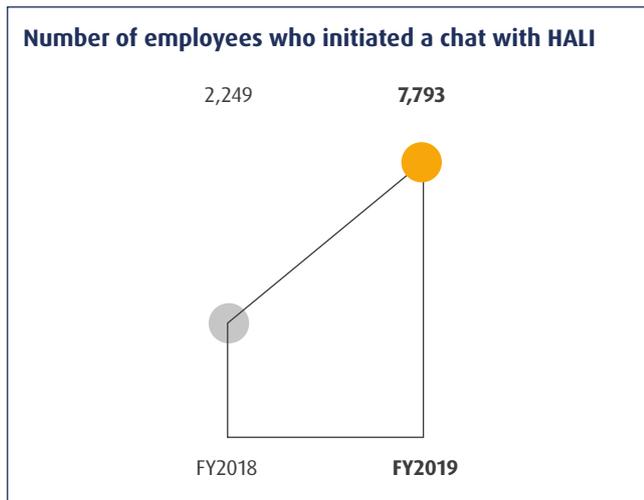
INTERNAL - DIGITISING OUR OPERATIONS

Digitisation of Bank Operations

In addition to delivering digital solutions to our customers and society, our digital strategy includes embracing the latest advances in technological development across our own business functions. We are focused on building current and future capabilities in important areas for the digital future, with a view to achieving self-sufficiency in selected technology functions across all operations by December 2021. To meet this goal, we have already established one CoE to drive technological capacity development within the Bank and intend to establish a second CoE to focus specifically on Robotics Process Automation and Blockchain technologies. Senior management within the Bank has also endorsed a data analytics strategy to modernise the legacy data warehouse, with the project expected to reach completion by the end of 2021.

Digitisation in Human Resources Operation

The Bank's AI chatbot, HALI, was originally introduced in FY2018 to serve as a virtual assistant for the Bank's HR team and to support branch operations. Since then, it has evolved to provide greater support along the HR value chain, including during the earliest stages of applicant screening during the recruitment process. HALI also continues to respond to staff queries about policies and procedures, saving HR staff valuable time which can now be invested in other employee support and development functions.



As a direct result of our dynamic and digitally-enabled approach to recruiting new talent, HLB was selected from 11 other finalists to receive the Gold award for 'Most Innovative Recruitment Strategy - In House' at the Asia Recruitment Awards 2019.

At the Human Resources Excellence Awards 2018, HLB was also awarded the Gold award for 'Excellence in Human Resources Innovation' and the Gold award for 'Excellence in Innovative Use of Human Resources Tech'.



FIT-FOR-FUTURE WORKFORCE

WORKFORCE DEVELOPMENT



Recruiting Talent



Employee Skills
Development



Digital Training



Talent Retention and
Career Development

OUR WORKPLACE CULTURE



Nurturing a
Culture of High
Performance

CARING FOR OUR TEAM



Employee
Engagement



Remuneration
Philosophy and
Framework



Employee
Benefits



Safety and
Well-being

Material Topics:

Employee Experience
Ethics, Integrity and Compliance

FIT-FOR-FUTURE WORKFORCE

Our aim is to create a best in class workforce that is resilient, adaptable and equipped to provide the highest level of service in a digital age.

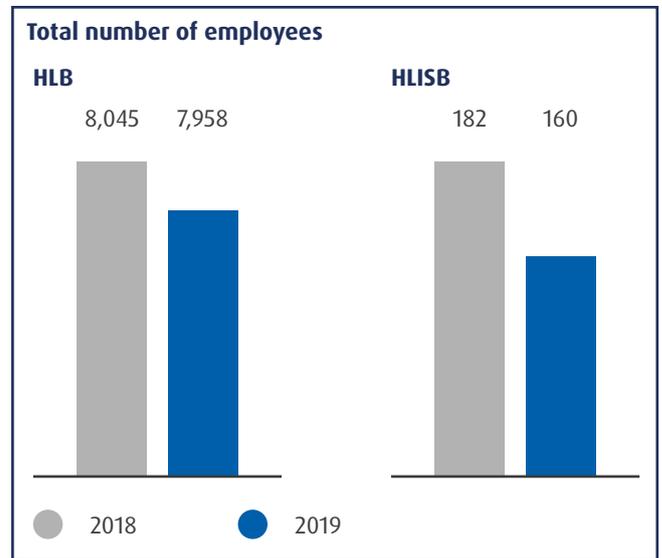
We seek to attract, develop and retain individuals who will diversify our thinking, develop new ideas and demonstrate the skills needed to address future business challenges. By investing in our employees, we not only promote the success of our business but also drive job satisfaction and engagement. Above all, we strive to create a conducive work environment that genuinely considers our employees' needs, ambitions and wellbeing.

For HLB, this means adopting a HR strategy that focuses on attracting the brightest talent and establishing an inclusive and engaging workplace.

Technological disruption is the norm today and data, customer expectations and unparalleled connectivity are helping to accelerate and reshape the financial landscape as we know it. To excel in the future workplace, employees will need to evolve as well: by learning key digital competencies, cultivating an entrepreneurial mindset and nurturing the agility to learn and unlearn skills quickly. The shifting technological landscape has driven us to continually seek new ways of sourcing, recruiting, developing and retaining our employees. This is important for us as our employees are at the heart of the Bank's digital transformation journey.

Fiona Fong, Head of Human Resources

WORKFORCE DEVELOPMENT



As new technologies, shifting customer expectations and ongoing business challenges create new dimensions to our growth, it is vital that we are prepared to transform our workforce at a rapid pace. Our workforce development strategy is guided by four key pillars, which form the foundations of our approach to attracting, developing and retaining a Fit-For-Future Workforce.



Strategic Workforce Planning



Strong employee-employer proposition



Commitment to develop employee potential



Focus on leveraging technology

Under this strategy we operate comprehensive talent management and learning and development initiatives to drive business success within the Bank.

FIT-FOR-FUTURE WORKFORCE

Recruiting Talent

As the skill sets and experience needed to drive business success evolve, so do the methods by which we recruit candidates. At HLB, we seek to create a multi-dimensional workforce by hiring across different industries and skill sets. For example, by channelling a diverse pool of employees into our graduate employment programmes, we bring a multitude of perspectives to our business, enhancing group-wide creativity and entrepreneurial capabilities. In line with this strategy, in FY2019 we created several innovative new recruitment platforms, while continuing to maintain existing strategies.

“Can You Hack It” Hackathons

During the year, HLB ran two 24-hour hackathons for the public in October 2018 and April 2019 to identify potential talents and source digital solutions to real problems faced by the Bank. Each of these events saw more than 50 teams compete to develop digital prototypes for challenges posed by HLB based on real business scenarios, with Google and Rakuten coming onboard as partners for the April 2019 hackathon. The two events combined received a total of 461 participants and generated more than 90 innovative ideas in areas such as eWallets, digital onboarding, financial literacy and more.

Building on the momentum from the public hackathons, an employee hackathon was held in June 2019 and the event saw 171 teams submitting 222 ideas.

The hackathons were well received by participants, evidenced by positive feedback on HLB’s guidance and active engagement during the events. Participants welcomed the opportunities for sharing knowledge across different skill levels and expertise and as one participant described it, the event was ‘an upgrade to the Malaysian hackathon scene’.

HLB is currently working with winning teams from both the public and employee hackathons to bring their ideas to life at our CX Lab and a number of high-potential individuals identified during the public hackathon have already been recruited into the Bank.

IT Executive Programme

To support the development of candidates who lack relevant employment experience and to create a digital talent pipeline to drive the Bank’s technological ambitions, we initiated the IT Executive Programme for fresh graduates. Established in partnership with some of Malaysia’s leading information and communication technology education facilities, the programme will see the Bank take in batches of IT graduates per year for the next four years. Graduates accepted into the programme will participate in extra-curricular courses and training during their final year of studies and receive permanent positions in HLB’s Technology team upon their successful completion of the preparatory training.

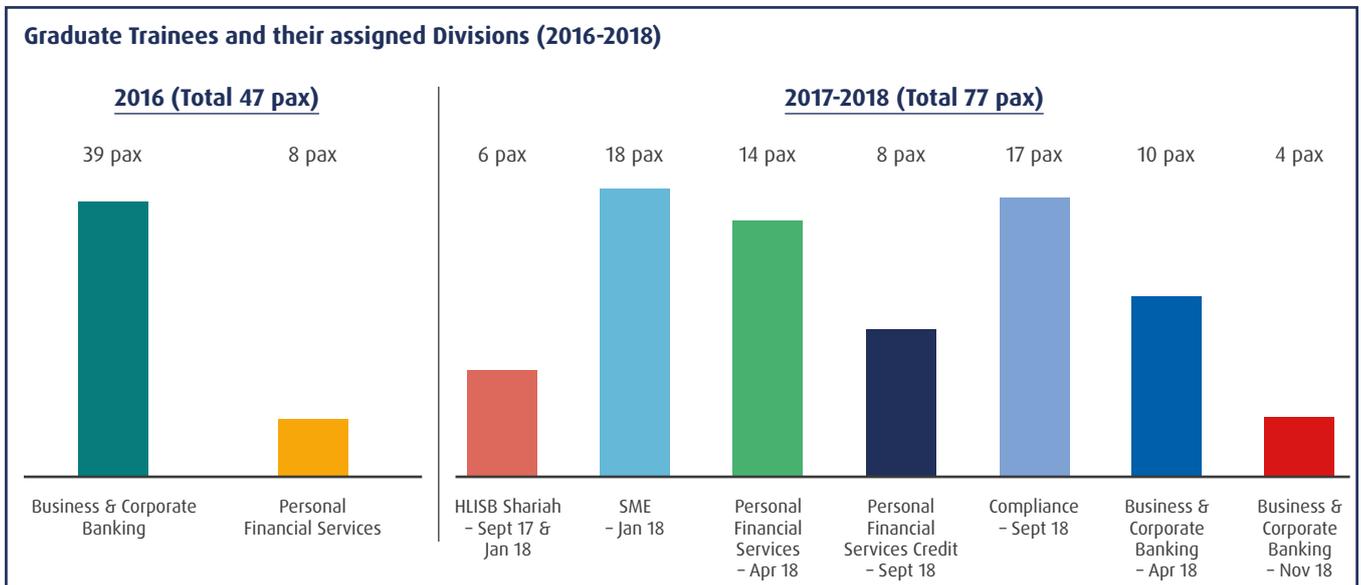
In recognition of our excellence and distinction in graduate recruitment, HLB was named one of the Top 5 Employer Brands in the Banking category by universities nationwide at the Graduates’ Choice Awards 2018.

Management Associate Programme

The HLB Management Associate (“MA”) Programme, launched in October 2017, is customised to cultivate the ‘Best of the Best’ in banking and nurture future leaders of the Bank. The 21-month programme provides young graduates the opportunity to rotate their scope of work across the Bank’s different departments. The programme framework comprises excellent training and development opportunities, with fast-track progression to senior management levels. In 2018 and 2019, a total of 32 new graduates were pipelined into the programme.

Graduate Trainee Programmes

Our Graduate Trainee (“GT”) programmes are developed for specific business divisions and are uniquely tailored in collaboration with business leaders. The GT programmes serve to create subject matter experts within their selected divisions, with the aim of creating a holistic young banker at the end of the 18-month programme.



PROTÉGÉ Programme

The PROTÉGÉ programme, formerly known as Skim Latihan 1 Malaysia (“SL1M”) Programme, has gone from strength to strength expanding from 17 PROTÉGÉ participants in 2017 and 2018 respectively, to 43 participants in 2019. In line with the Malaysian government’s strategic priorities, HLB’s PROTÉGÉ programme aims to enhance employability among Malaysian graduates through structured trainings and exposure to the operations of the Bank. The programme focuses on elevating participants’ skills, knowledge and working experience, with the ultimate goal of absorbing participants as employees at the end of the eight-month programme. Through this upskilling programme, HLB has absorbed ten PROTÉGÉ programme participants from the first two batches of PROTÉGÉ intake into permanent roles at HLB.

Internship Programme

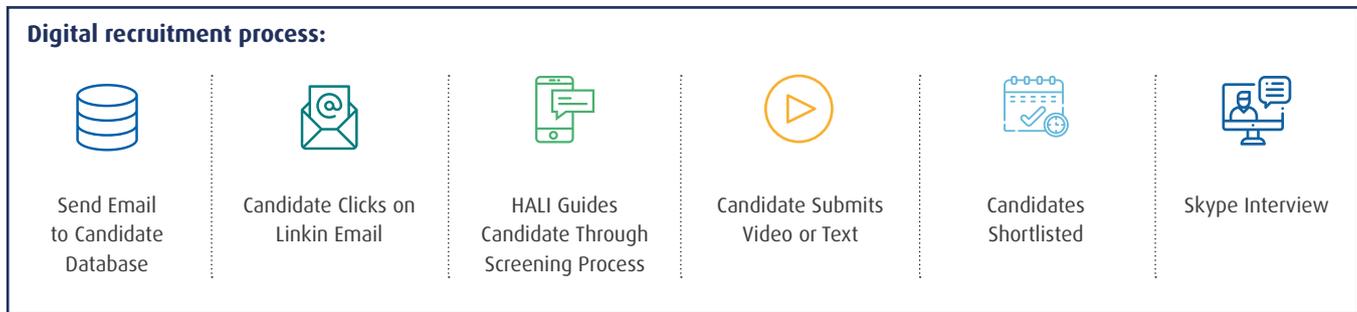
In addition to our efforts to support and recruit Malaysian graduates, we reach out to high-potential first- and second-year university students through our Internship Programme. The programme enables students to gain invaluable skills to excel in a rapidly evolving technology landscape underpinned by Industry 4.0. These skills include cultivating a mindset to make things happen, taking ownership of tasks at hand in an ambiguous environment and developing digital and entrepreneurial

qualities in an organisation that strives to be ‘Digital at the Core’. The programme also serves as part of the Bank’s long-term recruitment strategy by building stronger relations with the youngest members of the up-and-coming workforce. Throughout the year we promoted our Internship Programme and built our employer brand presence through targeted career talks and participation in campus career days.

Digital Recruitment Methods

In line with our strategy to embrace digital innovation, in FY2019 we piloted a digital recruitment approach to primary screening for applicants to the Management Associate Programme. Selected candidates were invited to participate in the evaluation process via email and then asked to complete an assessment via video or text before being shortlisted for video conference interviews. AI capabilities were leveraged throughout the process, with HLB’s AI chatbot HALI guiding candidates through the assessment and a Neural Network Model evaluating candidates’ submissions. HALI’s algorithm achieved an accuracy of 75% based on scoring criteria predetermined by recruiters to evaluate digital literacy, analytical thinking, sentiment and passion and enthusiasm. Through this approach, recruiters were able to save 1,500 hours of time that would otherwise have been spent screening candidates by phone.

FIT-FOR-FUTURE WORKFORCE



Employee Skills Development

Our ability to remain competitive within the industry relies on the continuous development of our employees’ skills, experience and knowledge. To drive this development, we have implemented a learning framework that encompasses bank-wide training as well as tailored programmes to enhance overall employee skillsets as well as role-specific capabilities.



Bank-Wide Training

Onboarding Programme

Our structured onboarding programme integrates new employees into their roles by introducing HLB’s culture and strategic direction as well as familiarising new hires with our organisation and digital transformation agenda. The five-day programme is mandatory for new hires and runs on a monthly basis with an agenda that includes a discussion on the Bank’s Code of Conduct & Ethics, divisional overviews, fundamental Islamic Banking and participation in Design Thinking workshops.

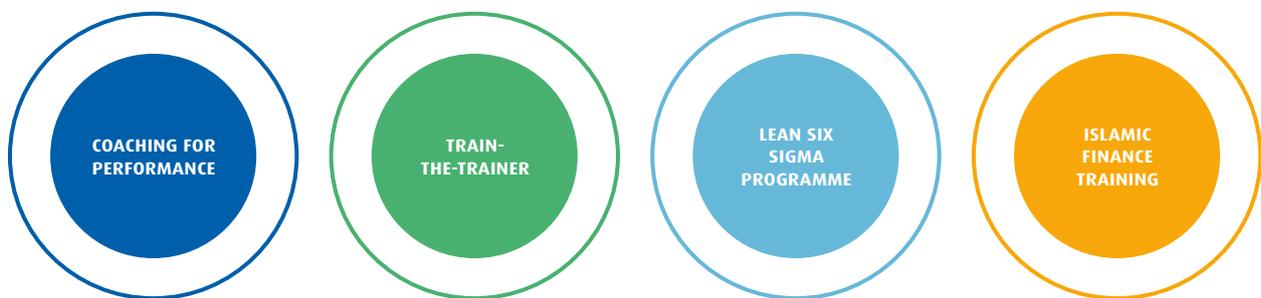
Pursuant to the industry-wide commitment to professionalise the Malaysian banking industry, we partnered with the Asian Banking School to ensure existing and new employees who are graduates with less than two years’ working experience attend the Introduction to Ethics in Banking programme. The programme covers fundamental principles of ethics in the context of banking so as to provide participants with a foundation for ethical business practices.

FIT-FOR-FUTURE WORKFORCE

Brown Bag 'Lunch & Learn' Series

To encourage employees to upskill themselves within a flexible learning environment, we continued to drive the Brown Bag 'Lunch & Learn' Series in FY2019. These sessions focus on topics related to the Bank's sustainability themes, covering topics from wellness to social responsibility and Industry 4.0 technology. As of 18 June 2019, the attendance rate by employees to all 11 Brown Bag 'Lunch & Learn' Series amounted to 1,891 since the programme's introduction. In alignment to our business priorities, we also leveraged this format to deliver compliance-themed talks at HLB's branches, such as Fair Banking for Customers, which was held at HLB's branches in 11 states.

Role-Based Training



Coaching for Performance

In order to ensure employees are provided with the necessary learning opportunities and guidance for their success, Branch Managers and Customer Service Operations Managers participate in Coaching for Performance Workshops. During these sessions, managers learn about the different stages of the coaching process and how to develop coaching skills. Managers are now practising coaching in their daily routine and this has helped them to have a more quality and structured conversation with coaches in working towards a common goal. In FY2019, 408 employees were involved in Coaching for Performance, including Branch Managers, Customer Service and Operation Managers, Regional (Operation) Managers, BCB SME & Community Business Manager Team Leads and PFS Credit managers.

Train-the-Trainer

Through 'Train-the-Trainer' sessions we upskill Digital and Innovation Office employees in key critical roles to drive learning and productivity within the Bank. In FY2019, eight employees participated in these sessions, gaining the skills needed to facilitate Design Thinking labs for HLB's workforce.

LEAN Six Sigma Programme

In FY2019, we introduced the LEAN Six Sigma Programme to improve internal processes through training. The programme was completed by 20 Group Operations and Technology employees, who are now driving bank-wide projects to reduce process wastage and inefficiencies to better meet customers' needs.

Islamic Finance Training

We have in place a comprehensive capacity-building initiative for Islamic Finance in order to facilitate the future growth of our business in this area. The initiative includes engaging external training providers to develop and provide structured in-house training on Shariah and Islamic Finance. Employees who are directly or indirectly involved with handling Islamic transactions are required to undergo a one-day training session, named Islamic Finance 2.0. As of FY2019, 3,438 of our 3,700 targeted employees had completed training.

FIT-FOR-FUTURE WORKFORCE

Accreditation Programmes

General Accreditation Programmes

We ensure the competency of our employees and support the professionalisation of the Banking industry by ensuring that our staff hold relevant specialised qualifications. Pursuant to this, we have established a four-year plan from 2017 to 2020 to oversee the certification of 1,119 employees in Audit, Compliance, Credit, AML/CFT and Risk roles. We are committed to ensuring that 50% of these employees are certified by year-end 2020 and 100% of employees are certified by year-end 2022. As of FY2019 year-end, 184 employees, or approximately 16% of targeted employees, had completed their certification.

In addition to this certification program, 48 employees from core banking functions within HLB and HLISB registered for the Chartered Bankers programme in FY2019, four of whom successfully obtained the qualification. The 5-year duration of this initiative will enable all 48 employees in this programme to obtain the qualification.

Islamic Accreditation Programmes

In addition to our accreditation programmes for general financial functions, we support the accreditation of our employees working in the Islamic financial industry. This includes Islamic Finance Qualification (“IFiQ”), which is required for all staff directly involved with Islamic transactions. The IFiQ is offered at two different levels, namely Intermediate and Advanced. As of FY2019, 409 students completed the IFiQ Intermediate qualification, with 391 of those completing the IFiQ Advance qualification.

The Shariah Division team is also undergoing the Certified Shariah Advisor (“CSA”) and Certified Shariah Practitioner (“CSP”) programmes which consist of three certification levels, with participants undertaking either CSA or CSP based on their prior qualifications. A total of seven employees had completed Level I of the CSA/CSP programmes and are working to complete their Level II modules as of FY2019.

Digital Training

In line with our digital roadmap, HLB launched its Fit-For-Future Programme in FY2018 based on six digital competencies that the HR team identified as a suite of horizontal capabilities that have become increasingly important for finance practitioners. Comprising six pillars, HLB’s Fit-For-Future capabilities programme

was designed with the end-goal of serving our customers better and faster by improving the way we do our business, and staying relevant to the need of our customers. Through structured training, platform development and engagement we have moved to progressively inculcate these six competencies within our workforce.



Digital Awareness

Understanding application of new technologies to business

- AI / Machine Learning
- Blockchain / Distributed Ledger Technology
- Cloud
- Internet of Things
- Application Programming Interface
- DevOps



Data Driven Decision Making

Understand how to apply data analytics to decision making, insights and problem solving

- Data Management
- Data Engineering
- Data Project Lifecycle



Human Centered Design

Understand how to design products & services from a customer perspective

- Human-centered Design



AGILE

Apply agile principles to all aspects of business

- Agile
- Experimental Mindset
- Business Model Canvas

FIT-FOR-FUTURE WORKFORCE



Future Communication

Engage customers effectively in the digital era

Digital Marketing Framework

Communication Platforms

Content Generations Strategies



Risk & Governance

Understand how to manage risks in a digitalised world of financial services

Risk & Compliance

Financial Crime

Cybersecurity

Digital Governance

SmartUp

A key component of our digital competency-building strategy is SmartUp, a mobile and web-based micro learning app which delivers bite-sized learning content to HLB and HLISB's workforce on the go. The content, which has been crafted by internal and external subject matter experts, is easily digestible, engaging and available anytime, anywhere. It includes e-learning programmes, reading materials and assessments which must be completed within 60 days from programme initiation, participation and completion, which can be tracked across the Bank.

SmartUp has served as an integral part of our Fit-For-Future Programme, enabling the delivery of Digital Awareness Training Modules focused on the six key critical digital competencies. To drive employee uptake of SmartUp and to promote a culture of digital learning, pre-read materials for the new employee onboarding programme are delivered through the app, providing an overview of the Bank for new hires. The app also serves as a platform for mandatory e-learning modules covering topics such as Compliance and Islamic Banking and is used to evaluate uptake of information for classroom-based learning. SmartUp also plays an important role in delivering Islamic Finance learning modules.

The migration of learning to the SmartUp digital platform has enabled more efficient tracking of learning completion rates



Mandatory e-learning

96%

completion rates across the mandatory modules



Pre-read materials for on-boarding

95%

completion rate



No Training, No Sales e-learning program

100%

completion rate

A key challenge of introducing SmartUp was shifting employees' perceptions of learning as a classroom-based activity to fun, bite-sized content at their fingertips that can be consumed anytime, anywhere. Campaigns, including roadshows in HLB offices, competitions based on participation metrics and the migration of training pre-read documents onto SmartUp, opened our employees' eyes to the value of app-based digital learning. As of the first quarter of 2019, 93% of HLB and HLISB employees were actively using SmartUp.

FIT-FOR-FUTURE WORKFORCE

Design Thinking

A central strategy for our digital journey is Design Thinking (“DT”), or designing products and services with the customer experience at the forefront. We provide awareness-level DT workshops for both new and existing employees to drive a culture of customer-centric thinking. In FY2019, 519 new hires and 762 existing employees have attended DT workshops, including both awareness workshops and role-based workshops for employees in specific divisions. The DT workshops bring the Human Centred Design pillar in our Fit-For-Future Programme to life, by equipping employees with the skills to drive innovation and subsequently, new product and service offerings.

Can-You-Hack-It – Employees’ Edition

In FY2019, an internal version of our ‘Can-You-Hack-It’ recruitment hackathon gave our employees an opportunity to practice the skills they have acquired through our digital training initiatives and DT workshops. Employees worked in teams to identify customer-experience related problems or bottlenecks and developed and prototyped solutions to resolve these issues. Solutions were required to address one or more of five key themes, namely revenue generation, cost savings, customer experience, employee experience and the Group Total Efforts Programme, which seeks to leverage the scale and strength of the Group by finding areas of synergy and collaboration.

A total of 222 ideas were submitted by 171 teams, who worked together to contribute to the Bank’s digital transformation, building more cohesive internal relationships and driving our culture of innovation. The top 14 teams from the challenge were invited to present their solutions to the CEO and

division heads for judging. The winners went on to work with the Bank’s Digital and Innovation Office to oversee the refinement and implementation of their ideas within the Bank. These include solutions to enhance the efficiency of our processes for our customers, such as all-in-one product application systems or the establishment of new customer communication channels using QR codes.

Feedback on HLB’s ‘Can-You-Hack-It?’ event was resoundingly positive, with participants commenting favourably on the fairness provided by the event’s structure and the responsiveness of HLB as the organiser when handling participants’ queries.

The employee hackathon was an excellent opportunity to source ideas from internal talents and to let employees, particularly those outside of the central region, have their voices heard. We were able to share and discuss ideas on how to improve everyday tasks and processes.

Kimberly Lou Sok Keng, Mortgage Marketing – Central – TeamTriple B, Employee hackathon winner



Talent Retention and Career Development

We believe that employee retention is essential not only to maintain institutional knowledge and promote workplace morale, but to ensure the satisfaction of our customers and the growth of our business. We prioritise open and effective internal communication and strive to provide opportunities for our employees to grow and develop their careers within the Bank. Ensuring that our employees feel valued for

their contributions, knowledgeable about their performance and the Bank's promotion of upward mobility, helps to keep our talent within the Bank. In FY2019, 96% of employees received a performance review.

To further promote recognition of key achievements, HLB has a performance, bonus and increment cycle in place which rewards staff for their yearly accomplishments. Under this system, business goals and targets are set at the beginning of the year, and bonuses awarded to high-performing employees based on mid and year-end reviews.

We seek to provide both lateral and vertical opportunities for employees to advance their careers. We hold Career Days for our staff to discover opportunities within the organisation and regularly communicate internal job opportunities to staff via email. We also implement performance evaluation checklists to help managers identify high-potential individuals. After identification, managers initiate a discussion with the selected employee based on an Individual Development Plan Template to establish career goals and determine an appropriate strategy for growth and development.

At a more senior level, the Talent Council, comprised of the Group Managing Director and senior executives, serves to identify future leaders within the Bank based on performance and potential. The Talent Council discusses and deliberates all promotions to senior management in order to maintain a high standard of leadership within the Bank.

Celebrating our Employees

In FY2019, HLB celebrated its employees with 'Appreciation Day', during which each employee received an apple with a message from the CEO as a token of appreciation. This is done annually, but in FY2019 we used the opportunity to launch the Apple eTOUCH employee appreciation programme. This is a platform for employees to share a message of appreciation to a colleague who has gone above and beyond their duties in the workplace to help a colleague or customer. Each quarter, the five employees who receive the most messages will be recognised and awarded a prize. More than 2,000 messages were shared in the first month following the program's launch, amounting to ten times the number of messages shared in all of 2018.

OUR WORKPLACE CULTURE

Nurturing a Culture of High Performance

At HLB, we are committed to nurturing a high-performance culture. Our focus is on ensuring that we add value in our dealings with all stakeholders, whether they are customers or employees, while adhering to the highest standards of personal and professional integrity. A key example of this is the enrolment of our employees in design thinking workshops to upskill them. These new skillsets were then put into practice with the employees' edition hackathon that was held in June 2019. Further information on our commitment to ethical conduct and regulatory compliance, including the training provided to employees on these topics, can be found in pages 23-25 of this report.

Our Code of Conduct and Ethics guides the establishment of a safe and inclusive workplace, strictly prohibiting discrimination of any kind.

As of December 2018, we had 7 full-time employees who identify as differently abled.

International Women's Day 2019

For International Women's Day 2019, the Bank's engagement champions and branches worked together to ensure that every female employee received a token of appreciation. A panel forum based around the theme "Balance for Better" was held with four female leaders to celebrate women's achievements and emphasise that a balanced world is a better world.

In 2018, Hong Leong Bank was awarded Best New Entrant (Malaysian Organisation) at the LIFE AT WORK Awards 2018 hosted by Talent Corporation Malaysia, the national agency that drives Malaysia's talent strategy. The awards celebrated companies that champion the diversity and inclusion agenda by supporting employees' work advancements in the digital era.

FIT-FOR-FUTURE WORKFORCE

CARING FOR OUR TEAM

We take a comprehensive approach to caring for our workforce and support their wellbeing across multiple areas, including mental, physical, personal and financial. We believe the foundation of a positive and productive workplace is a safe, satisfied and engaged workforce and we strive to facilitate an optimum work environment.

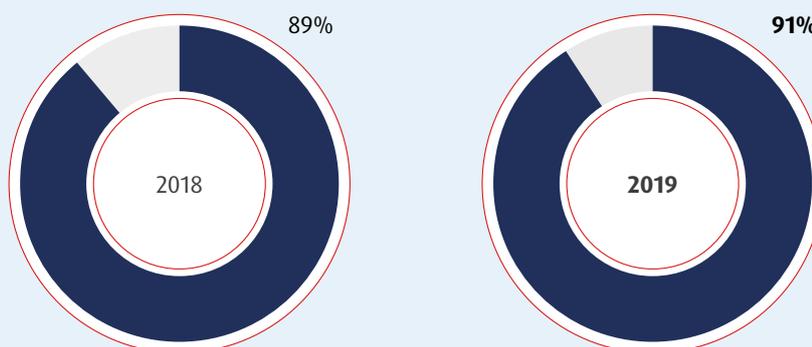
Employee Engagement

We promote open and regular communication with our employees through a number of channels. Chief among these is our intranet network, which provides a platform for employees to receive important messages and updates, easily obtain information related to various departments and receive updates

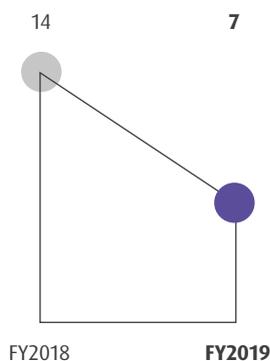
from employee Townhall sessions. In FY2019, we introduced HLB Workplace and HLB Workchat to connect, communicate and collaborate with all HLB and HLISB employees. This digital engagement tool was designed to function similarly to social media platforms with which employees are already familiar, supporting group chats, voice and video calling and screen sharing. Through HLB Workplace and Workchat, users gain flexibility in their communication capabilities, promoting collaboration across the Group and empowering employees to engage in numerous activities and conversations.

In addition to our communication platforms, we have official channels through which employees can voice their work-related issues or grievances, which are then forwarded to the appropriate level of management to be resolved. In FY2019, a total of seven grievances were voiced and resolved.

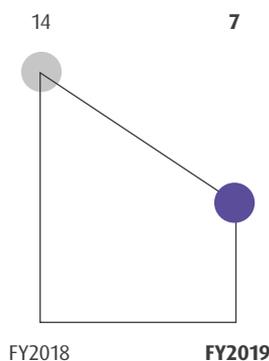
Employee engagement survey response rate



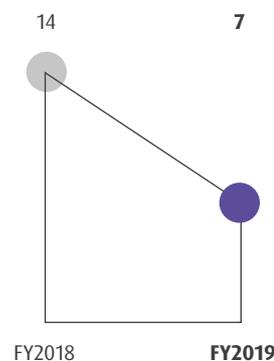
Total number of grievances



Number of grievances addressed during reporting period



Number of grievances resolved during reporting period



We conducted the second bank-wide employee engagement survey. Named 'My Thoughts, Our Future', the survey was built upon the baseline established in FY2017 to determine the Bank's progress in the eyes of its employees. The survey provides an engagement score derived from employees' response to questions regarding the company's values, customer focus and rewards and recognition. The survey yielded a score of 79% based on response provided by over 90% of the Bank's workforce. The results of the survey provided further data for us to fine-tune employee engagement strategies and formulate new engagement activities.

FIT-FOR-FUTURE WORKFORCE

To establish appropriate engagement strategies for the Bank's employees throughout all stages of their employment, we held a series of dialogue sessions with people managers across our Malaysian operations to validate employee verbatims from our employee engagement survey in FY2019. The session served to align business priorities with people managers on the ground and hear their face-to-face feedback on how they felt about processes, work and culture at the Bank. They were then taken through the key actions required to build better teams from recruitment to retention via the Employee Life-Cycle. After each session, people managers were encouraged to put their new knowledge into practice with the help of a 'Driving the People Agenda' guide which was made available on SmartUp. These people manager engagement sessions were held in branches throughout Malaysia, reaching 561 managers in FY2019.

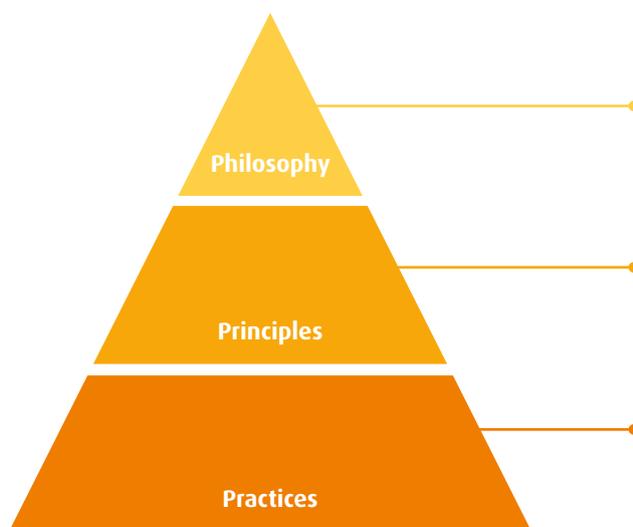
In response to the results of the employee engagement survey conducted in FY2019, we established Engagement Champions ("ECs") to ensure that our engagement activities are reaching every HLB employee. ECs were established for every State that the Bank operates in Malaysia and for each of our offices in Vietnam, Cambodia, Hong Kong and Singapore. The ECs were supported in their engagement efforts by project committees, who provided execution plans and supporting materials for each activity in order to promote successful outreach by ECs.

In FY2019, to promote closer bonds between employees, encourage recreational activity and support employee health and wellness, we launched the HLB Games, a sports engagement programme for employees. Featuring different sports every quarter, the first iteration of the HLB Games included after-work bowling, badminton and futsal programmes, with 1,200 employees, for example, across the country participating in the bowling event held from March to April 2019 and badminton from July to August 2019.

Remuneration Philosophy and Framework

HLB Group's remuneration strategy supports and promotes a high-performance culture to deliver the Bank's vision to be a highly digital and innovative ASEAN financial services company. It also forms a key part of our Employer Value Proposition with the aim to drive the right behaviours and create a workforce with strong values, integrity, a clear sense of responsibility and high ethical standards. The remuneration framework provides a balanced approach between fixed and variable components. Remuneration decisions are determined using a robust and rigorous performance management process which incorporates key performance indicators such as meritocracy in performance, HLB values, prudent risk-taking and key behaviours in accordance to our Code of Conduct and Ethics and risk and compliance management.

Remuneration Policy Framework



Remuneration philosophy hinges on:

- Our Values and commitment to the employees of the Bank
- High-performance culture
- Strong alignment between prudent risk taking and reward

Remuneration principles are based on 3 key principles:

- Oversight by Remuneration Committee & Board of Directors
- Prudent risk-taking
- Governance process for Bonus, Increment and Promotion

Remuneration practices:

- Details how the remuneration principles will be achieved in practice
- Includes remuneration structures, design, implementation and workflow/ procedures

For more information on our Remuneration Framework, refer to our 2019 Annual Report, under Corporate Governance Overview, Risk Management & Internal Control Statement.

FIT-FOR-FUTURE WORKFORCE

Employee Benefits

We strive to provide benefits packages that are competitive among other leading financial institutions in the country to maintain our position as a preferred employer. As the Bank grows and develops, we continually seek to improve our offerings. We provide the following benefits for all permanent and contract employees:

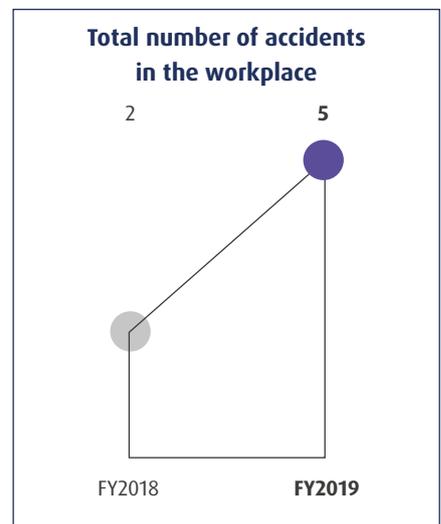
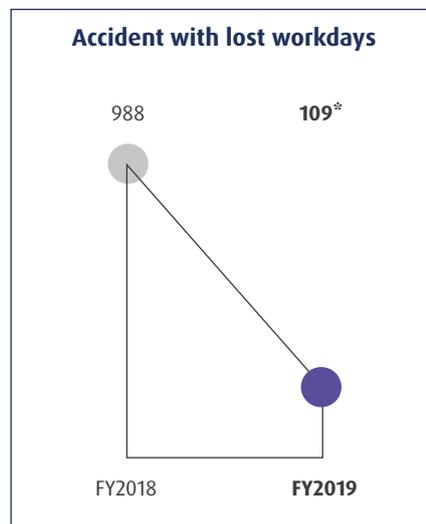
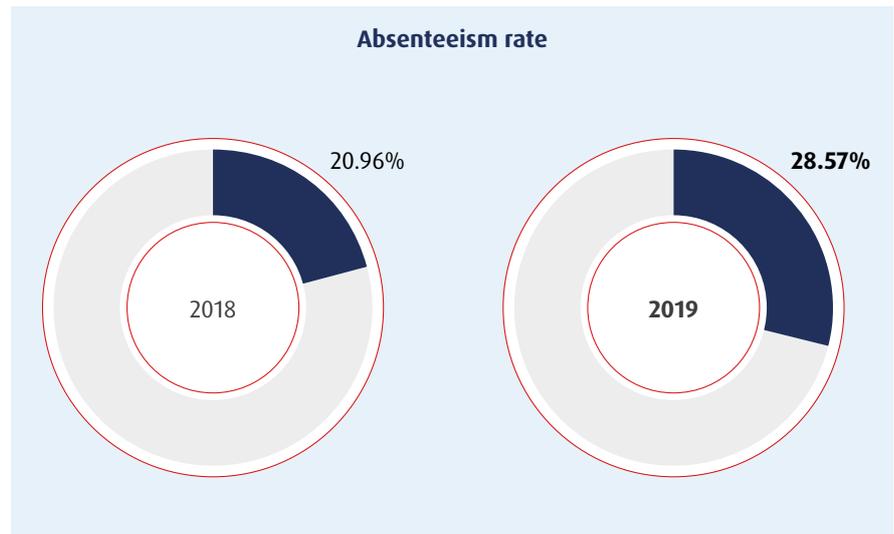
- Life insurance
- Maternity and paternity leave in excess of regulatory requirements
- Study leave
- Healthcare
- Disability and invalidity coverage
- An Employee Assistance Programme, encompassing Staff Housing and Car Loans, a Staff Sundry Loan and a Staff Festival Advance

Part-time employees also receive partial health coverage, medical leave and annual leave.

Safety and Well-being

Ensuring the health and safety of our team is a priority for the Bank. We have in place Occupational Health and Safety Procedures to provide practical advice and controls for all workplaces in accordance with relevant standards. In FY2019, we revised the boundary for our health and safety programme metrics to focus exclusively on those incidents that are directly related to factors under our control. Under this scope, we recorded 5 workplace accidents and a total of 109 workdays lost due to accidents.

In addition to promoting occupational health and safety, HLB seeks to support the personal health and wellbeing of our employees. In FY2019 we delivered several health-related lunchtime Brown Bag talks and organised a 'Virtual Run' in which employees were challenged to complete a 15 km walk or run over a period of 5 days. Employees who successfully completed the Virtual Run were awarded a medal in recognition of their commitment to healthy living. In FY2019, over 1,200 employees participated in our workplace health and wellness programmes.



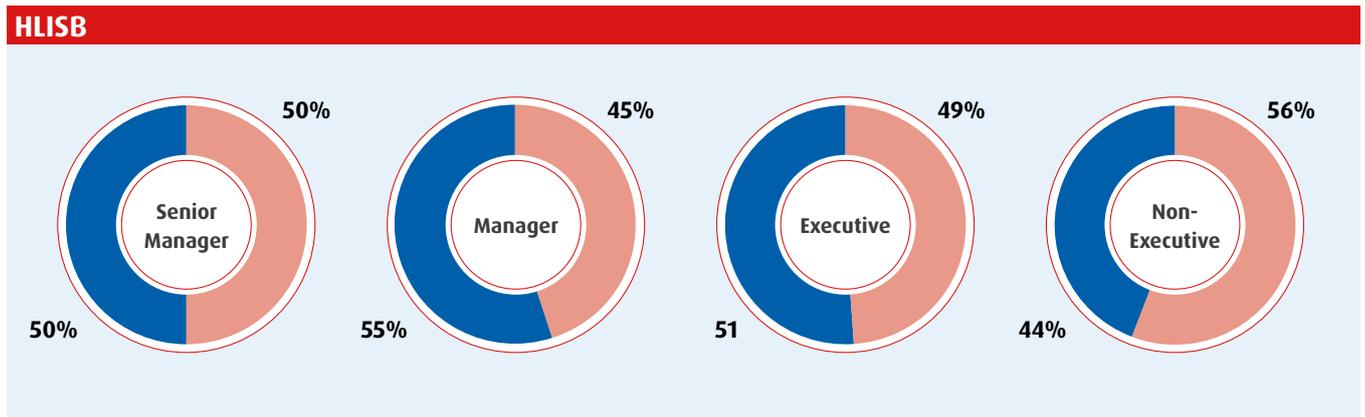
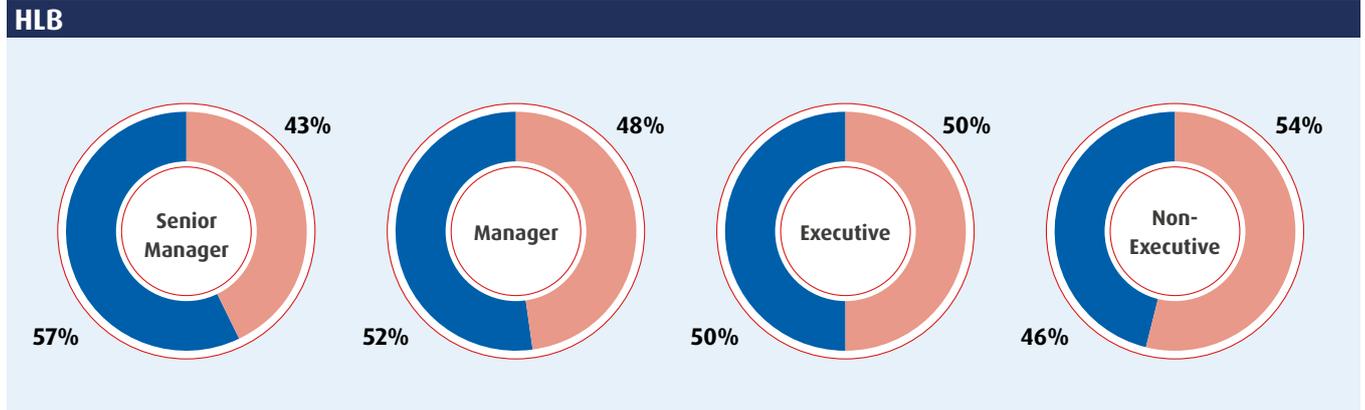
Note:

* Our measurement of accident with lost workdays has been refined to focus on accidents on work premises.

HR PERFORMANCE DATA:

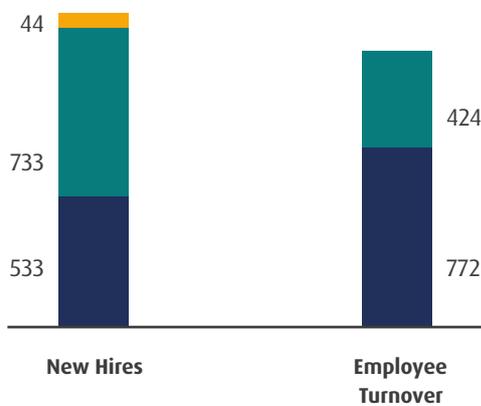
Ratio of Salary of Women to Men by Employee Category

● Women ● Men

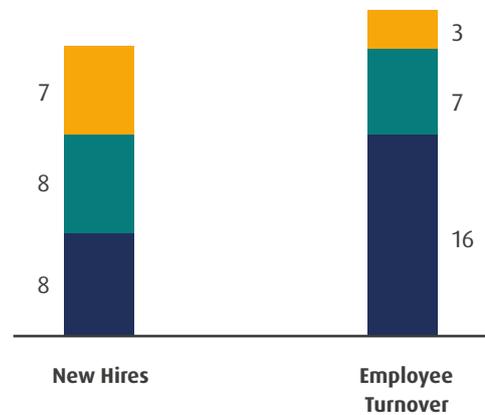


New Hires and Employee Turnover By Age

HLB



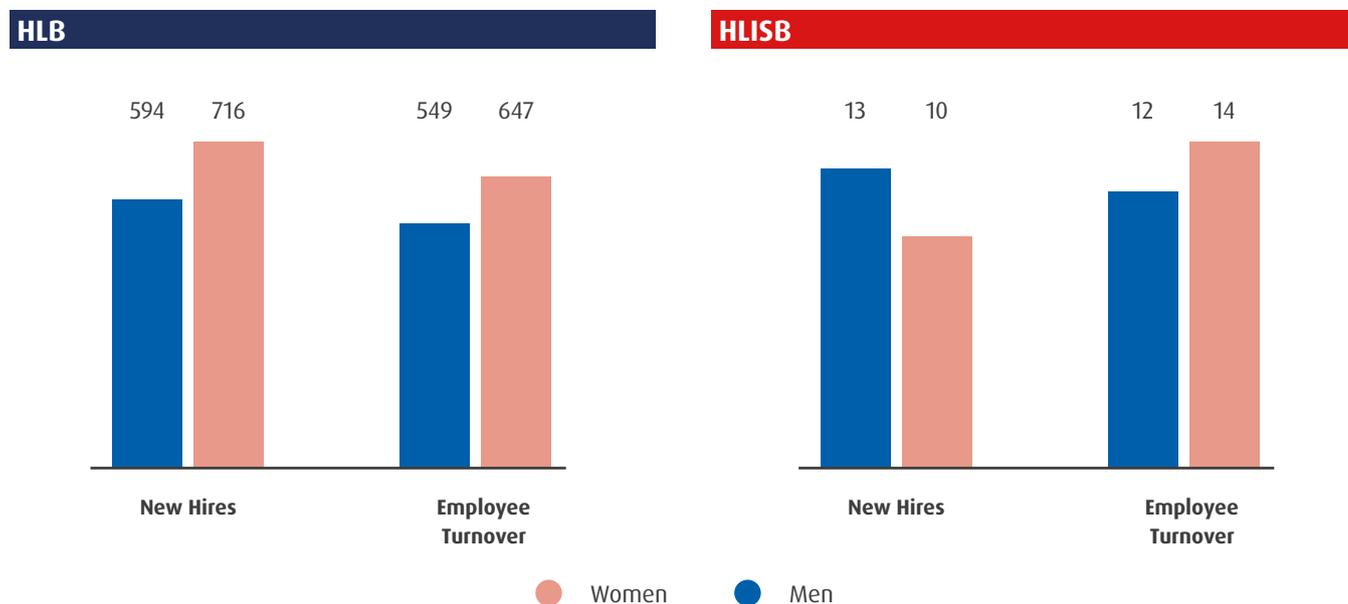
HLISB



● <30 years old ● 30-50 years old ● >50 years old

FIT-FOR-FUTURE WORKFORCE

By Gender

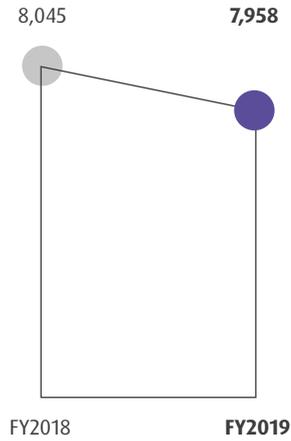


By Region	HLB		HLIB	
	New Employee Hires	Employee Turnover	New Employee Hires	Employee Turnover
Johor	76	56	2	2
Kedah	15	15	0	0
Kelantan	7	1	0	0
Melaka	16	13	0	1
Negeri Sembilan	12	12	0	0
Pulau Pinang	84	85	3	0
Pahang	16	11	0	0
Perlis	1	1	0	0
Perak	39	34	1	1
Sabah	25	23	1	0
Singapore	2	1	0	0
Selangor	406	378	6	10
Sarawak	42	24	0	1
Terengganu	5	1	0	0
Wilayah Persekutuan Putrajaya	3	1	0	1
Wilayah Persekutuan Labuan	1	0	0	0
Wilayah Persekutuan Kuala Lumpur	560	540	10	10
Total	1310	1196	23	26

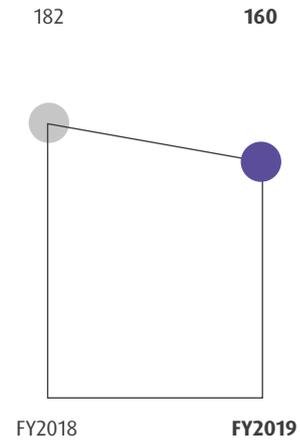
FIT-FOR-FUTURE WORKFORCE

Total Number of Employees

HLB

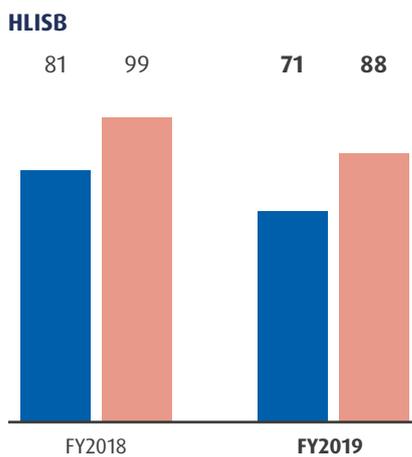
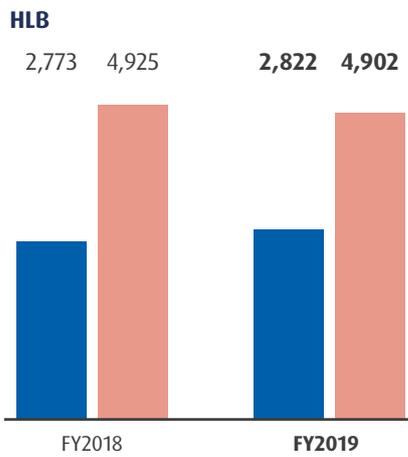


HLISB

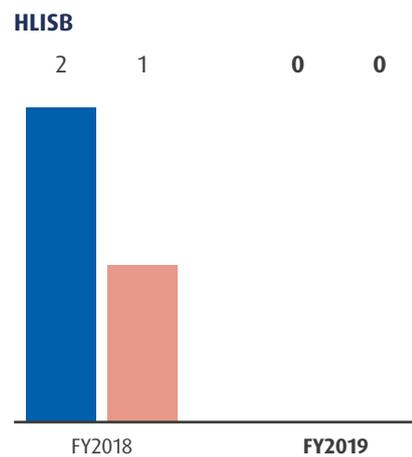
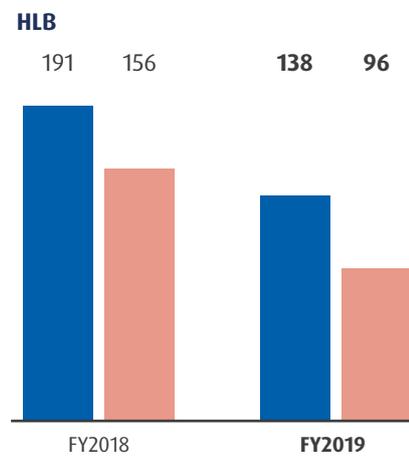


By Contract Type

Permanent employees



Temporary employees

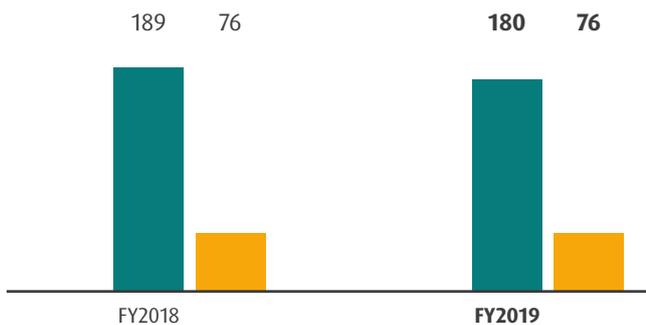
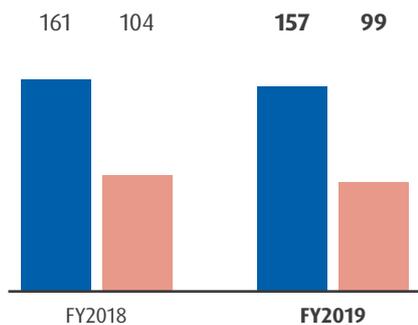


FIT-FOR-FUTURE WORKFORCE

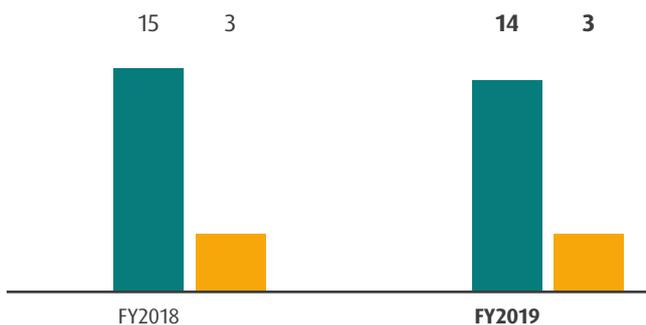
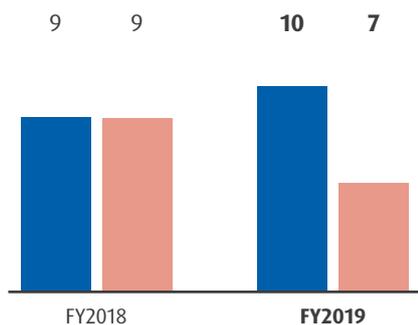
By Employee Category

Senior Manager

HLB

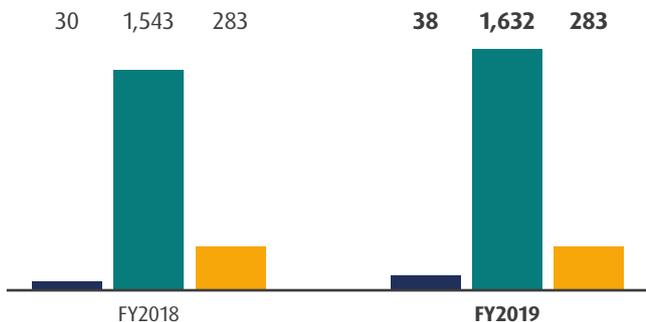
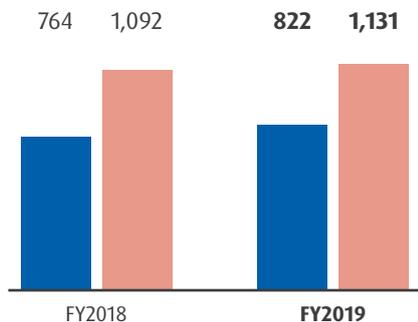


HLISB



Manager

HLB



● Women ● Men

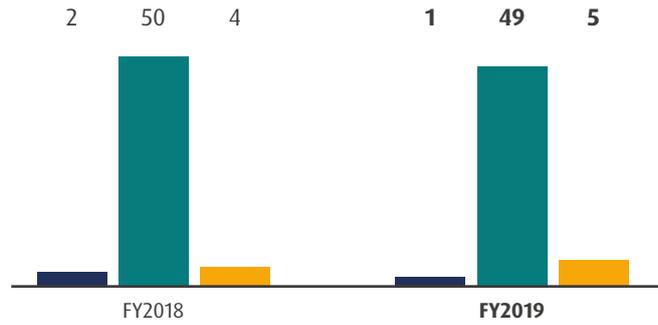
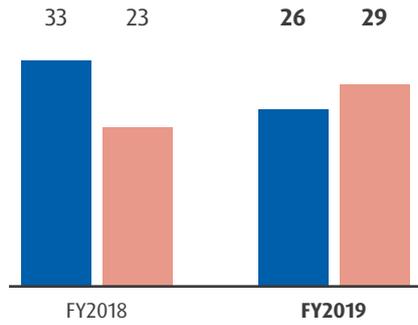
● <30 years old ● >50 years old ● 30-50 years old

FIT-FOR-FUTURE WORKFORCE

By Employee Category

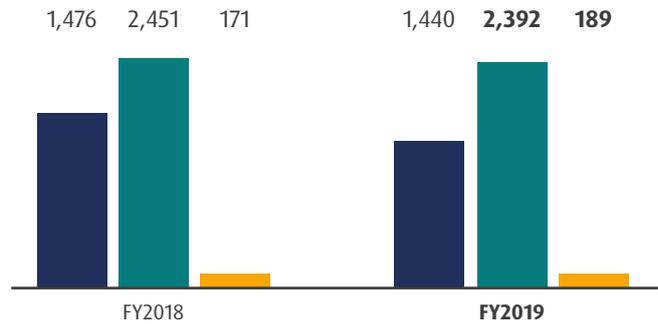
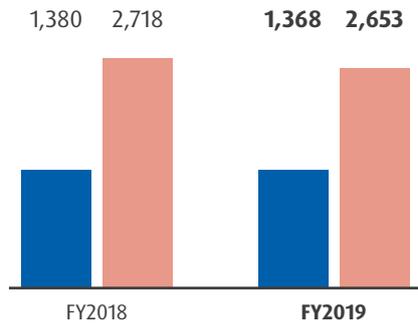
Manager

HLISB

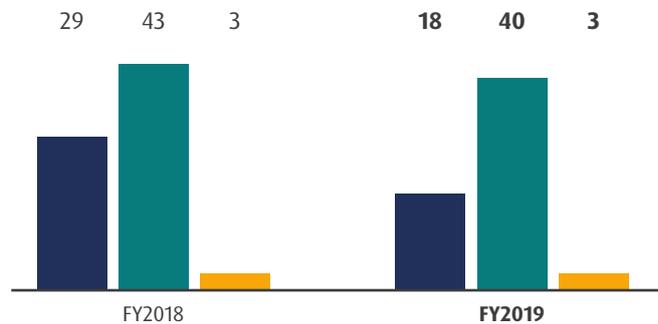
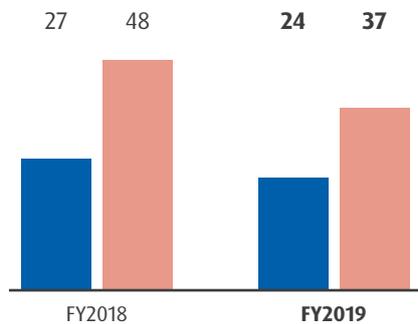


Executive

HLB



HLISB



● Women ● Men

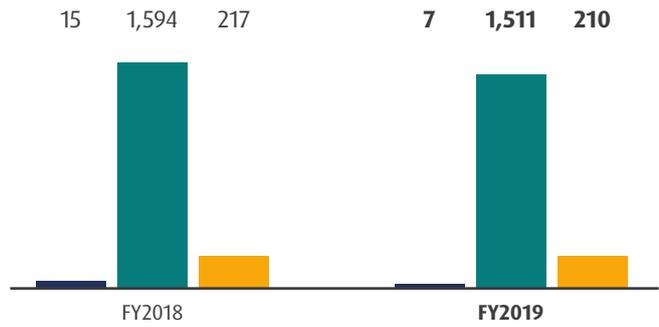
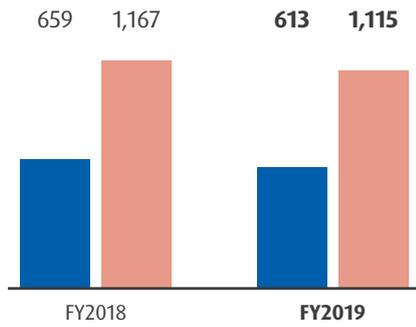
● <30 years old ● >50 years old ● 30-50 years old

FIT-FOR-FUTURE WORKFORCE

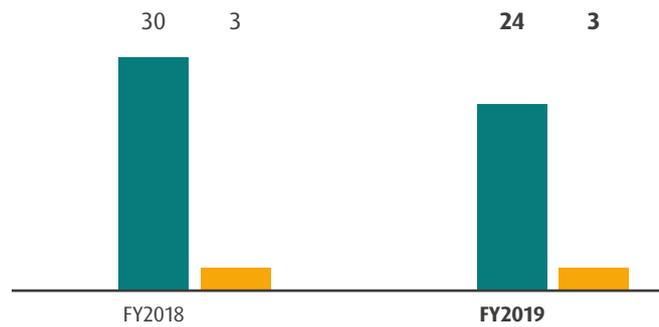
By Employee Category

Non-Executive

HLB



HLISB



● Women ● Men

● <30 years old ● >50 years old ● 30-50 years old



ENVIRONMENTALLY AND **SOCIALLY RESPONSIBLE**



Managing Our
Environmental
Footprint



Responsible
Lending/Financing



Financial Inclusion
and Social
Responsibility

Material Topics:

Managing our Environmental Footprint;
Responsible Lending/Financing;
Supplier Assessment.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

MANAGING OUR ENVIRONMENTAL FOOTPRINT

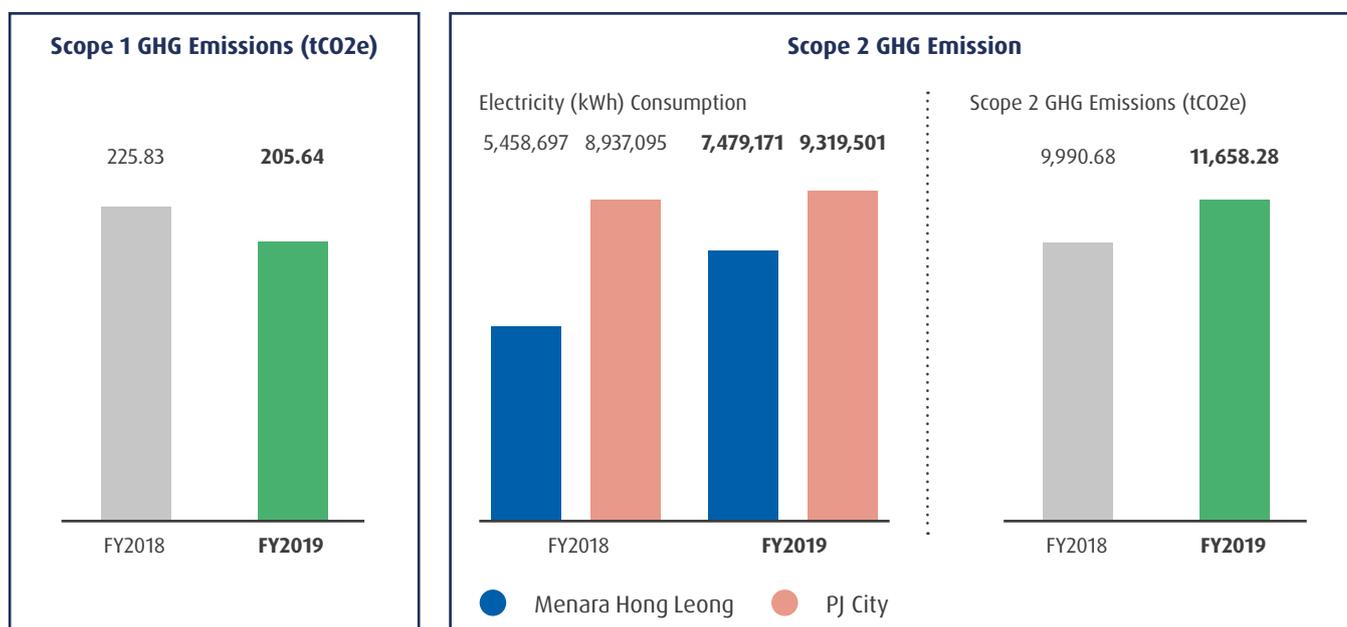
At Hong Leong Bank, a commitment to reducing our environmental impact is part and parcel of our future-focused business strategy. Our digital transformation is a key driving force behind this, reducing our reliance on material resources through our transition to resource-and energy-efficient digital alternatives.

Energy and Emissions

In order to monitor progress against our environmental goals, we track our Scope 1 and Scope 2 GHG emissions.

We monitor the fuel consumption of our company-owned vehicles, informing us of our Scope 1 GHG emissions. We have changed our approach to the measurement of fuel consumption of HLB fleet, reflected in the FY2018 and FY2019 reported figures here, to form a new baseline which we will continue monitoring against in future reporting. We observed a decrease in fuel consumption in FY2019 compared with FY2018 amounting to a 9% decrease in Scope 1 tCO₂e from FY2018 levels.

In FY2019, we recorded an increase in the electricity consumed by both our towers compared to FY2018 levels, although the increase in consumption at Menara Hong Leong can primarily be attributed to the tower’s increased occupancy rates, as other tenants started moving in to the Tower and the ongoing renovation works to accommodate the moving-in of these tenants. By continuing to upgrade and replace aging equipment in PJ City Tower, we hope to achieve our goal of a 5% reduction in electricity consumption by 2020 for that building compared to 2017 baseline levels.



Scope 1

- Scope 1 in FY2019 reporting has been changed to tCO₂e (previously kgCO₂e) for more universal tracking metric

Scope 2

- Scope 2 in FY2019 reporting has been changed to tCO₂e (previously kgCO₂e) for more universal tracking metric
- Scope 2 combines Menara Hong Leong and PJ City into a single figure. The increase from FY2018 is due to the increase in electricity consumption of Menara Hong Leong from the building’s increased occupancy rate in FY2019

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE



Menara Hong Leong

Hong Leong Group's iconic corporate office space, Menara Hong Leong, is a symbol of the Group's commitment to driving environmental sustainability. The building was awarded a Green Building Index Silver rating in FY2019 and is fitted with the latest innovations in construction technology to provide a range of green and sustainable features.

The building has been designed for maximum energy efficiency and outfitted with high-performance fixtures to further mitigate energy and water consumption. These include a coupled air-conditioning and heat recovery system, photocell sensor-controlled perimeter lighting, LED lighting and motion-controlled lighting. Both electricity and water consumption are actively monitored in order to encourage optimal consumption of these utilities and identify abnormal usage patterns.

Sustainability has been embedded into Menara Hong Leong at all stages of its lifecycle. During its construction, the building was assessed under QLASSIC, the quality assessment methodology for building construction works and its contractors were encouraged to engage in sustainable construction practices, such as prioritising the use of reused or recycled material. At present, the building's comprehensive recycling facilities encourage ongoing sustainable behaviour among its occupants and tenants.

Reducing Paper Consumption

We have undertaken several measures to reduce paper use by customers and our internal bank operations. These include reducing the distribution of passbooks, fixed deposit certificates and cheques as well as promoting JomPAY as an e-payment solution by offering competitive rates for the service. Internally, we continue to use 100% recycled paper for letterhead material and 100% FSC certified paper for our copier machines and computer forms. Our design thinking team is currently working to develop innovative solutions to reduce bank-wide printing and further reduce material consumption.

77%

reduction in accounts opened with passbook since July 2018

Increased

64%

conversion from paper statements to e-statements as at FY2019 end

21%

reduction in cheques issued in 2019

As at FY2019 end, we saved

41.7

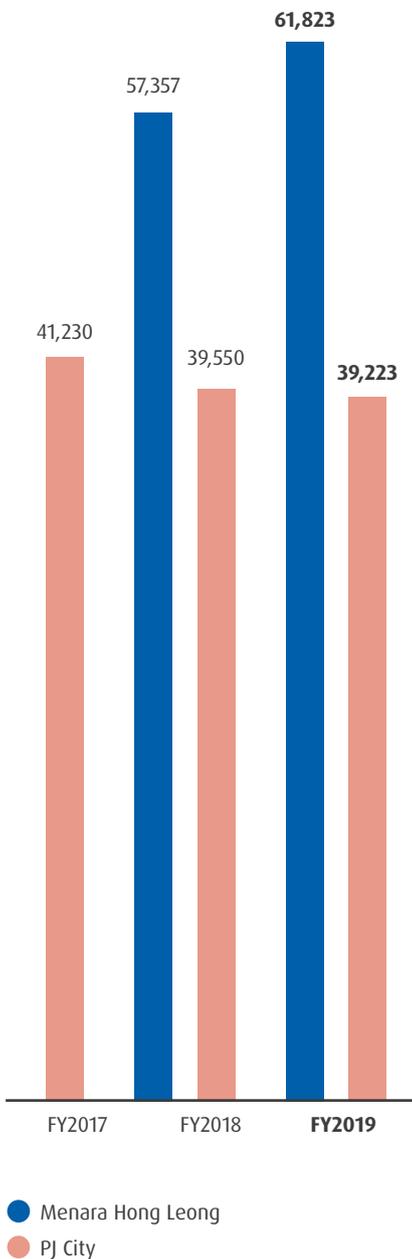
metric tonnes of paper

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Water Consumption

Our water conservation efforts for PJ City continues to achieve reductions in water consumption year-on-year. As Menara Hong Leong continues to have tenants moving in, we are still seeing changes in the water consumption of the tower.

Water Consumption (m³)



Waste Management

We practice the separation of recyclable waste streams at Menara Hong Leong and PJ City where the recyclable waste is monitored and tracked in order to understand our operational footprint. In FY2019, a total of 1,382 kg of plastic, 24,625 kg of paper and 1.55 kg of cans were recycled.

Sustainable Procurement Practices

At HLB we hold our suppliers to the same standards of sustainability practices in our business operations. Suppliers and vendors are expected to uphold the Bank’s sustainable values through self-declaration of their environmental and social responsibility during the screening process. Our whistleblowing policy is also incorporated in all procurement and purchase orders as well as in the on-boarding vendor profile form, to ensure that it is always available to suppliers.



RESPONSIBLE LENDING AND FINANCING

As a responsible financial institution, HLB considers the protection and healthy growth of our nation and communities throughout all stages of our banking operations. This includes who we choose to lend to as well as how our operations in areas like procurement and marketing reflect a socially and environmentally responsible culture.

Responsible Lending and Financing

At HLB, responsible lending and financing means incorporating broader social and environmental considerations into our lending and financing decisions. Due diligence activities that we practice include site visits, environmental record assessments and third-party reviews of potentially harmful business proposals. We also ensure that all employees are cognisant of responsible banking practices decisions by requiring that all employees are aware of and compliant to all relevant regulations.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Our Business and Corporate Banking Credit Policy (“BCB Credit Policy”), which governs the credit risk function of the Bank for corporate and commercial loans and financing, aims to build a healthy and cohesive credit culture. Our Chief Credit Officer provides comprehensive guidance on the BCB Credit Policy and supervision of its enactment in order to ensure that all necessary risk assessments and due diligence activities are carried out. The BCB Credit Policy, which is updated at least annually, serves to guide decisions about existing or future products and services as well as engagement with stakeholders.

To manage environmental risks within our financing activities, we have established an Environmental Sustainability Risk set of policies in the BCB Credit Policy. These encompass risks posed to the physical environment as well as social risks related to people and communities. Credit applications by businesses which present sustainability risks are assessed based on the business’ ability to demonstrate full compliance to rules and regulatory requirements of that business sector.

The regulations that guide our assessment of credit application include industry-specific policies as well as general regulations that promote responsible business conduct.

All	Forestry	Chemical	Oil Palm (Plantation & Manufacturing – Milling & Refinery)
Environmental Quality Act 1974 and Environmental Quality (Amendment) Act 2007	National Forestry Act 1984 Sustainable Forest Management (SFM)	Poisons Act Ordinance 1952	Roundtable on Sustainable Palm Oil (“RSPO”)
Other relevant regulatory and legislation compliance wherever applicable	Malaysian Timber Certification Scheme		Malaysian Sustainable Palm Oil (“MSPO”)
			National Policy on Environment

To further ensure the sustainability of our operations and avoid reputational risk, the Bank has classified the sectors within specific industries into low, medium and high-risk categories for the purpose of providing direction to lending personnel in their marketing efforts. The classification also enables the Bank to maintain its desired sectoral lending proportions for each industry sector.

The basis for the classification of these industries, which the Bank will not or may not provide financing for, is set out in the BCB Credit Policy. Industry classifications are as follows:

Grow	Sectors in the lower risk category with positive industry outlook and which the Bank has good lending experience and risk appetite for.
Selective Growth	Sectors in the medium risk category with moderate industry outlook. The Bank may consider granting loans/financing on selective basis for established players with good financial standing and proven track record within these sectors.
Special Attention	Sectors in the higher risk category with negative and/or challenging industry outlook where the business is required to exercise greater care and discretion.

The industry focus categories are updated by Group Wholesale Credit periodically to ensure that the risk assessment process is representative of current trends in the industry, environment and global economy.

In addition, HLB is in discussion with various authorities and non-profit organisations such as WWF to refine our corporate ESG framework as part of our client selection and credit decision process, for implementation in FY2020. This will also include capacity building programmes to train and provide our staff with relevant ESG knowledge to provide advisory to our corporate customers as well as working hand-in-hand to incorporate ESG best practices into their business operations as part of our larger sustainability commitment.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Green Financing

Climate change is fundamentally altering the risks that businesses and the financial sector face throughout the world. While the physical impact of climate change already affects companies, shifting market trends and public policies are also accelerating the transition towards a low-carbon economy. New opportunities arise as investments in renewable energy and energy efficient solutions can reconcile financial returns with environmentally sound behaviour.

To better support the renewable energy business community, HLB developed an industry handbook for front line staff engaging with prospective clients in FY2019. The handbook includes an overview of the industry, renewable energy mix and development, incentive programmes and general financing requirements to equip staff with the knowledge to better serve industry stakeholders. This handbook will be updated

periodically to reflect latest trends and solutions. In FY2019, we also recruited a renewable energy industry specialist to focus on building internal knowledge to boost our capacity for renewable energy financing. We then hosted a briefing for clients to share the latest developments in the renewable energy sector and opportunities for development.

In line with the national agenda to accelerate the growth of Malaysia’s green technology industry, HLB supports the country’s Green Technology Financing scheme (“GTFS”). Up to FY2019 year-end, we have approved close to RM 85 million of financing under GTFS to support local companies’ and entrepreneurs’ green technology-based projects. Our financing has focused on projects involved in the production of green energy, including energy derived from Solar Photovoltaic, Biomass and Biogas sources. The Bank will continue to participate in GTFS and aims to develop its human capital for greater engagement with stakeholders to further grow this sector.

Supporting Green Power Generation



At HLB, we are proud to alleviate barriers to the adoption of green energy in Malaysia by supporting Concord Group’s foray into developing biogas power generation facilities within the country. As a new player in the industry in 2014, Concord Group’s main barrier to successful implementation of biogas plants was access to financing. In addition to providing that financing, HLB played a key role in advising Concord Group on how they could increase mileage in warranty coverage from their key equipment suppliers – part and parcel of the Bank’s service to its clients.

HLB has enabled the company to fulfil its aspirations to become a key player in the Malaysian biogas industry and the company has now successfully delivered four distinct biogas projects. With several more in the pipeline, Concord Group, supported by HLB, continues to drive the generation of green energy in the country.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Managing EES Risks

Understanding the importance of mitigating economic, environmental and social (EES) risks associated with our business activities, the Bank has incorporated consideration of EES risk issues into its internal policies and procedures. These policies, which are reviewed and endorsed by the Board, include the BCB Credit Policy, Product Evaluation & Approval Policy and Outsourcing Policy.

In further recognition of our responsibility towards the environment, we have taken action to improve our ability to manage the risks presented by climate change. This represents a first step in response to the recommendations of the Taskforce on Climate-related Financial Disclosure. In FY2019, our appointment of an Renewable Energy specialist within our Bank's corporate level is a strategy adopted to propel the Bank's investments into climate-positive financing. This supports our initiative to provide RM500 million of financing to corporations and SMEs for activities relating to renewable or sustainable energy by FY2022.

Recognising that EES risk management can also be applicable within our own operations, the measuring and monitoring of our Scope 1 and Scope 2 GHG emissions is part of our continuous effort to manage internal climate risks and monitor its relevant metrics.

Fair Banking

We are committed to upholding fair banking practices at every stage of our business cycle and ensuring that our operations are not only fully compliant with relevant regulations, but that they also uphold our values and principles. This includes Bank Negara Malaysia's Principles for Fair and Effective Financial Market, Guidelines on Prohibited Business Conduct, Guidelines on Product Transparency and Disclosure, and Guidelines on Responsible Financing. All new products and product variations, including those developed by our subsidiary companies, are assessed by the Product Evaluation and Approval Committee ("PEAC"). Comprised of senior management and the Group Managing Director, the PEAC evaluates all products against relevant regulatory requirements, associated risks and the Bank's responsibilities to customers.

Responsible Marketing

Many customers rely on our guidance when they complete financial activities, such as investing their savings or buying a home. It is fundamental that customers can depend on the integrity of the advice that they receive and trust that the Bank is acting in their best interest. In order to protect consumers from misleading advertisements and unfair consequences, all advertising and promotional materials comply with applicable rules, regulations and guidelines issued by Bank Negara Malaysia and other regulatory authorities. We have in place internal policies, including Standard Operating Procedures ("SOPs") for Marking and Product Management which all business units and departments must adhere to. The SOPs are reviewed and updated regularly to ensure that our business practices keep pace with new product development and regulatory changes.

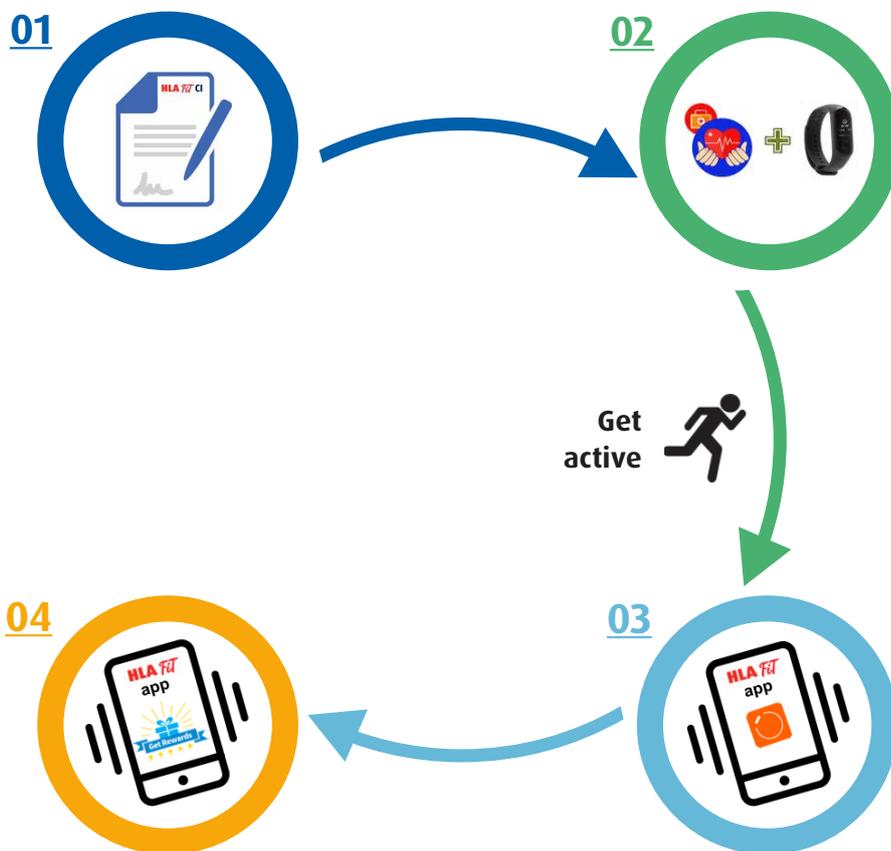
Products contributing to social development

Just as we strive to carry out our business practices in a responsible and sustainable manner, we also endeavour to deliver products that are socially responsible in their own right. This includes products which promote positive social change or cater to underserved segments of the population.

To help meet this goal, in FY2019 we supported first-time home buyers in lower income groups by rolling out the enhanced Skim Rumah Pertamaku in line with Bank Negara's initiative to promote accessibility to first time home ownership. We further supported this initiative at the REDHA Home Ownership Campaign Property Expo in March and April 2019, where we provided approximately 600 complimentary credit reports for attendees, helping potential homeowners to interpret the report and understand their eligibility for obtaining housing loans. Moving forward, we intend to launch the First Time Home Buyer Online Journey, a digital campaign to educate first-time home buyers on their financial readiness for home ownership. We will also partner with developers and property intermediaries to promote financial readiness for homeownership using an online educational system and pre-screening services.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

In FY2019, to promote health and wellness among our customers we launched the Hong Leong SMART Fit CI Insurance. The plan, which is underwritten by Hong Leong Assurance Berhad, is a traditional health insurance plan which provides protection against ten major critical illnesses. The policy promotes a healthy lifestyle by rewarding customers based on their physical activity, which is monitored using a complimentary fitness tracker provided to customers along with the Hong Leong Assurance fitness app, HLA FIT. The first fitness app in Malaysia to include an integrated biological age model, HLA FIT encourages customers to stay active by awarding points to customers who reduce their 'biological age' by engaging in physical activity. Customers can then redeem points for exciting rewards, including an HLA discount voucher.



01
e-enrolment through Banca portal

02
Get 10 CI coverage and a complimentary Fitness Tracker

03
Fitness Tracker App uploads data to the Fit Age calculator in HLA Fit app

04
Redeem rewards through HLA Fit app

Potential rewards:
- Premium vouchers
- Movie tickets
- F&B vouchers
- Shopping vouchers

This year, we also developed new products and services to cater to the needs of our Islamic customers, including ASB Financing ("ASBF-i") and regular contribution Takaful products, namely i-Saver20 and Amanah Saver. In recognition of our commitment towards providing even more diversified offerings to all Malaysians, HLB and HLISB were awarded the 'Inspirational Starz Award' at the Amanah Saham Nasional Berhad Starz Award Nite 2018. The award comes less than a year after the Bank commenced its ASNB Fund distribution partnership with ASNB.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

FINANCIAL INCLUSION AND SOCIAL RESPONSIBILITY

HLB JumpStart

Our flagship CSR programme, HLB JumpStart, was launched in September 2018 to support social enterprises by empowering them with the knowledge, skills and tools needed to succeed. Under JumpStart, we partner with knowledge specialists in the fields of finance, branding and advertising, design and volunteerism to improve the ability of social enterprises to sustain their businesses. As critical vehicles for economic development and social wellbeing, the social enterprises supported by Hong Leong through JumpStart play an important role in driving the development of the nation.

Case Study

SURI

Established with the goal of providing financial opportunity and skills development for single and disadvantaged mothers in Klang, SURI is a denim upcycling organisation that converts used denim into handbags, backpacks, totes and household items. Set up by single mother Sally Ahmad, SURI helps its seamstresses earn a living while improving their future employability through the certification of their skills under Sijil Kemahiran Malaysia.

In September 2018, HLB JumpStart selected SURI as our first collaboration partner under JumpStart's Demi Kita campaign, which ran from September to November 2018. Delivered in partnership with brand agency Naga DDB Tribal and local designer group Tarik Jeans, the Demi Kita campaign sought to help SURI improve its marketing, branding and product design to drive business success. Throughout the campaign SURI was provided with access to digital banking tools, social media-related advisory services and financial and business management coaching, mentoring and advice.

As a result of *Demi Kita* and JumpStart's support, SURI was able to secure enough capital to relocate to a new commercial unit in January 2019. During the campaign period, SURI's new brand videos garnered over 2 million views while other promotional activities generated a total of RM1.3 million worth of public relations value. The Bank also hosted a denim collection drive to obtain raw materials for SURI, collecting half a tonne of used denim – approximately three months' worth of collection work – in just five days. HLB's employees were proud to support the partnership by volunteering their time and effort to participate in denim recycling workshops, denim collection and the SURI relaunch event.

Thanks to the support provided by the Demi Kita campaign and the successes realised by SURI, the organisation was awarded the Star Newspaper's Golden Heart Award 2018 and awarded Best Social Enterprise by MaGIC in 2018. The SURI management team was also recruited to speak about their successes at Tenaga Nasional Berhad's ("TNB") Women Entrepreneur Conference and appointed as a paid Training Provider by TNB for marginalised communities.

Green Hero

For its second collaboration, launched in May 2019, HLB JumpStart selected GreenHero, a social enterprise focused on reducing food waste in Malaysia. Launched by Penang-based green activist Calvin Chan in response to the high levels of avoidable food waste produced by Malaysians, GreenHero uses an online platform to connect consumers with food and beverage outlets willing to sell their surplus food at a discounted price.

To support GreenHero's nationwide expansion, HLB JumpStart provided valuable business and marketing expertise to guide the business's rebranding as well as its development of a sustainable business model for national success. JumpStart also served as a technical advisor, supporting the development of GreenHero's iOS mobile application and providing the business with sustainable smart business technology.

In addition to the direct business support provided to GreenHero by HLB JumpStart, HLB also worked to champion the social enterprises' cause by raising awareness of food wastage in Malaysia. The Bank hosted its first Food Surplus Donation Drive across its Selangor and KL branches and offices nationwide, inviting employees and members of the public to donate their excess non-perishable foodstuff for its redistribution to those in need.

Following two successful collaborations, JumpStart has set its sights on a third social enterprise to partner with in FY2020 in order to promote skill development and employment opportunity among underserved Malaysian youth.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Enhancing Financial Literacy

Improving financial literacy is crucial to driving financial wellbeing, particularly in underserved or economically disadvantaged areas of society. To support financial literacy within Malaysia, HLB serves as a sponsor and supporter of Bank Negara Malaysia’s Karnival Kewangan events, which provide a platform to elevate awareness of financial matters. Held throughout Malaysia, Karnival Kewangan events serve as a one-stop interaction platform for financial institutions and act as an important vehicle for connecting with rural communities.

In addition to conventional financial knowledge, the Bank actively promotes awareness and understanding of Islamic banking principles within the banking community and society at large. In FY2019, members of the HLISB team participated in several industry seminars and conferences to share their knowledge and expertise with other industry stakeholders. We also delivered an educational programme for Malaysian students to promote financial planning and awareness of Islamic banking, reaching a total of 250 students at the high school, undergraduate and postgraduate levels.

Serving the Underserved

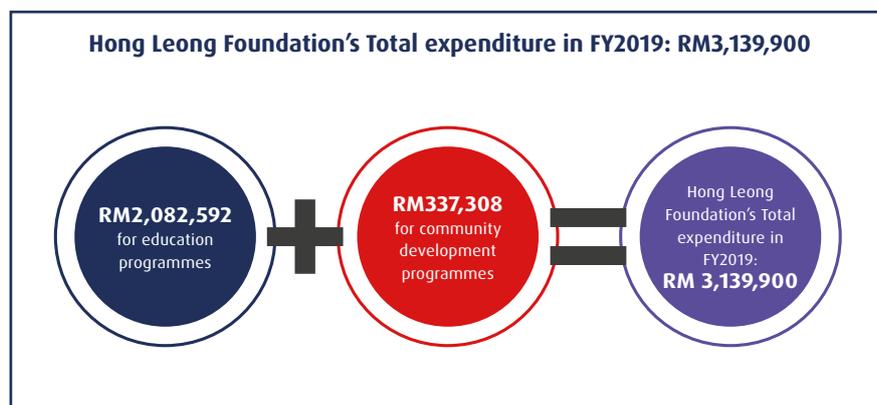
Conscious of the need to make financial services available to underserved segments of society, we have set up branches and self-service terminals in low-populated as well as economically disadvantaged areas. The low-populated areas are defined by the Economic Planning Unit (“EPU”) based on the Gross Domestic Product (“GDP”) per capita per state in 2017.

Branches	2018	2019
Points of access available in low-populated or economically disadvantaged areas	92	93
Total point of access	273	254
% of points of access in low-populated or economically disadvantaged areas	34%	37%
Self Service Terminals		
Points of access available in low-populated or economically disadvantaged areas	381	376
Total point of access	1,178	1,087
% of points of access in low-populated or economically disadvantaged areas	32%	35%

Hong Leong Foundation

Aside from the financial products and services offered by the Bank to support lower income groups, Hong Leong Group’s charitable arm, Hong Leong Foundation (“HLF” or “the Foundation”), carries out several philanthropic and social outreach programmes. The Foundation, which was established in 1992, is funded by contributions from Hong Leong Group’s companies and focuses on delivering meaningful change under the themes of Education and Community Development.

The Foundation’s goal is to deliver sustainable programmes that yield positive long-term impacts. Programmes are undertaken in partnership with established charitable organisations or other community change agents in order to leverage these groups’ specific knowledge and support infrastructure for maximum impact. The programmes delivered by the Foundation also provide an opportunity for Hong Leong Group’s employees, including employees of the Bank, to make meaningful contributions to the beneficiaries.



ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

HLF Focus Area: Education

HLF's education-based initiatives focus on enhancing curriculum-content for schoolchildren and providing additional academic support for skills development. This year, the Foundation invested RM2,802,592 into education programmes, including an investment of RM2,616,486 into the HLF Merit Scholarship and Reach Out and Rise education programme.

Engagement for Supporting Education		
PROJECT NAME	PROJECT PARTNER	PROJECT DESCRIPTION
"Inclusive Education for All - Strategies for Inclusion" Forum	Yayasan Hasanah, Unique Learning Academy and University of Birmingham	In collaboration with Yayasan Hasanah, Unique Learning Academy and the University of Birmingham, United Kingdom, HLF organised a forum focusing on Inclusion in Education on 29 th November 2018. The forum was attended by approximately 140 individuals from various sectors of the government and relevant NGOs to advocate for equal and inclusive education for all. The main objectives were to learn from the expert panellists about successful strategies on inclusive education development from home to classroom to schools; to understand and implement effective policies, systems, structures to attain measurable outcomes; and to focus on inclusive education and the landscape of inclusion as a school-wide approach which involves multiple stakeholders.

Scholarships		
Merit Scholarship		<p>Intended to benefit Malaysian students from low-income families, HLF's Merit Scholarships help students attain higher education to equip themselves with the knowledge and skills for employability. In addition to financial assistance, the Hong Leong Foundation Scholarship Programme also offers opportunities for industrial training or internship at relevant group subsidiary companies.</p> <p>In FY2019, there were 32 Merit Scholarships awarded, bringing the total number of active Merit scholars to 142.</p>
Reach Out and Rise Education Development Programme	SOLS 24/7	<p>The Reach Out and Rise ("ROAR") Education Development Programme was started in 2014 to provide an opportunity for students to pursue their higher education studies. ROAR scholars are bright young people who, due to uncondusive circumstances, were not able to excel further. The ROAR programme is fully funded by the Foundation and managed by Science of Life 24/7 which covers academic fees, accommodation, meals and enrichment programmes for students pursuing Diploma courses leading to Degree programmes at partner universities. ROAR Education Development Programme's scholarships have benefitted 55 scholars.</p> <p>In FY2019, the total number of scholars who have graduated from the programme reached 38.</p>

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

After School Learning Programmes		
PROJECT NAME	PROJECT PARTNER	PROJECT DESCRIPTION
Chumbaka	Makers PLT	<p>'Chumbaka', a technology enrichment programme, focuses on educationally underserved students and under-supported teachers at five high-need schools in Kapar and Klang. The six-month programme equips students with 21st century skills through hands-on technology-based learning.</p> <p>In FY2019, the programme reached 92 primary school students across the 5 participating schools, supporting 10 teachers and school leaders. Students from four of the sponsored schools also participated in the Junior Innovate Challenge held in Bukit Jalil in August 2018, where SK Kapar was selected as the winner and nominated to join the Science Fair Finals in Penang.</p>
Special Learners Programme	Child Information, Learning and Development Centre	The Special Learners Programme is a six-month programme focusing on coaching and providing additional academic support for students in preparation for the year-end school examination. In FY2019, the programme was delivered at 6 schools, assisting 12 teachers and school leaders to prepare 120 primary school students for their final examinations. The programme has concluded, with the intention that teachers are inspired to use the tools and materials they gained to support the next batch of deserving students in need of the extra help.
Literacy and Numeracy Screening Programme	MyReaders (Persatuan Literasi Anak Malaysia)	HLF foundation partners with the MyReaders Project to promote literacy among children and improve training for schoolteachers. Delivered under the Literacy and Numeracy Screening ("LINUS") programme, HLF's support seeks to provide a sustainable solution to deficiencies in student literacy. In FY2019, the programme supported 295 school children and 21 school teachers across 7 different schools in Klang. The programme is still ongoing in FY2020.

HLF Focus Area: Community Development

HLF provides year-round philanthropic contributions to the community through the delivery of structured community and social development programmes. This year, the total investment in these types of initiatives amounted to RM337,308.

Community Welfare Programmes		
Pusat Aktiviti Kanak-Kanak	Yayasan Chow Kit	HLF funded the operational costs for Pusat Aktiviti Kanak-Kanak, a safe space for vulnerable children in the Chow Kit area. In FY2019, 102 children benefitted from this funding.
Nurse on Duty	Hospis Malaysia	HLF provides funding for the operational costs of having one nurse on duty to provide 24 hour on-call service to individuals facing terminal illness. The nurse on duty was able to serve up to 30 patients a month throughout the funding period in FY2019.
Speech Therapist Services	IDEAS Autism Malaysia	Under this programme, funding is directed towards the appointment of a speech therapist to conduct one-on-one speech therapy sessions for autistic children every month. These sessions, which includes the participation of the children's parents, are intended to help the children overcome problems with speech and non-verbal communication. In FY2019, 32 children received therapy sessions under this programme.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE



Community Welfare Programmes (Continued)

PROJECT NAME	PROJECT PARTNER	PROJECT DESCRIPTION
Educational Programme	Persatuan Penduduk Rumah Pangsa Sri Aman	This three-month programme is intended to provide experiential learning for disadvantaged children in order to improve their reading, writing and counting abilities. Parents and the resident association of the Public Housing Flats are involved in the programme in order to ensure the children's progress is closely monitored. In FY2019, 40 children between the ages of 6 and 8 benefitted from the programme.
Supporting Families In Need	Great Heart Charity	HLF, through Great Heart Charity, reaches out to underprivileged families by allocating funds and resources to mitigate some of their burdens for a period of six months or more. Beneficiaries include individuals who temporarily lost their earning capability and single parent families who wish to fund their children's studies for a better future. In FY2019, 30 families were supported by the programme.

ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Social Enabler Programmes		
PROJECT NAME	PROJECT PARTNER	PROJECT DESCRIPTION
Toy Library Programme	Persatuan Perpustakaan Permainan Malaysia	This initiative supports the 'Toy Library' established at Apartment Idaman, Damansara Damai to serve as a platform for early childhood education. Aimed at enhancing learning abilities and communication development, Toy Library serves as a location for children to learn through play. HLF's support for the programme allowed Toy Library Malaysia to accommodate children, conduct classes and construct a covered outdoor play area. In FY2019, 300 children benefited from HLF's contributions to Toy Library Programme.
Woman Empowerment Programme	Pertubuhan Pembangunan Wanita Tamarai Pulau Pinang	Under the Woman Empowerment Programme, Tamarai, HLF's programme partner, conducts START workshops to equip underprivileged women with the skills to make and market accessories. In FY2019, 50 women received training.
Empowering Social Entrepreneurs	ROAR – An Appetite to Reach Out & Rise	In FY2019, in collaboration with HLB, Guocoland, DC Mall and Sofitel, HLF supported an initiative to repurpose a vacant café outlet as a platform to empower local social entrepreneurs and women in entrepreneurship. Held in the month of November 2018, the collaboration comprised of a Community Café operated by 4 food and beverage social enterprises and a Community Shop featuring locally crafted items and cottage products from 12 vendors. The combined revenue for all entrepreneurs involved was approximately RM44,000.
Foodbank Initiative	Kechara Soup Kitchen	HLF is contributing to cover the one-year rental fees for a new centre of operations for Kechara Soup Kitchen in PPR Desa Rejang. The centre aims to address urban poverty issues through the provision of food while also functioning as a skills training programme for the homeless and urban poor. Volunteer doctors will also use the space to provide free medical service to the underserved. The programme commenced in June 2019 and will be ongoing throughout FY2020. More than 12,000 individuals are expected to benefit from the surplus food bank programme operating at the centre.
Education System Empowerment	Malaysian Collective Impact Initiative Bhd	Malaysian Collective Impact Initiative ("MCII") is a registered non-governmental organisation seeking to achieve systematic educational and social change in Malaysia through cross sector partnerships. MCII works alongside the community and relevant stakeholders to identify areas for improvement in student outcomes and map these areas against existing member programmes in a coherent framework. In FY 2019, 14 schools in Klang benefitted from MCII-driven initiatives.
Food Collection Drive 2018	Kechara Soup Kitchen	In FY2019, Operating Companies within the Hong Leong Group participated in a Food Collection Drive for Kechara Soup Kitchen. The total amount of food materials collected amounted to 1,094 kg, which was distributed to families in need.



ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Community Initiatives at the Division Level

In addition to the programmes funded by the Foundation, HLB and HLISB also support various community causes of their own.

HLISB	
Rental of Space at Bazaar Ramadhan, Kampung Seri Jugra Banting	HLISB rented five spaces at the bazaar Ramadhan to help single mothers expand the reach of their products and services. The initiative helped about 10 single mothers at a cost of RM1,300 in total for the rental of bazaar booths.
Braille Al-Quran to the Sightless	In conjunction with Nuzul Al-Quran, HLISB donated ten units of Braille Al-Quran to the Malaysia Braille Resources of the Blind. The contribution, which amounted to a total value of RM2,500, benefitted ten sightless individuals from Klang Valley and Pakistan.
'Kempen Seorang Sekampit Beras' Programme	<p>For the past three years, HLISB has been participating in 'Kempen Seorang Sekampit Beras' programme during the month of Ramadhan to provide dry food supplies and financial contributions to underprivileged recipients. The programme is organised by the Association of Islamic Banking Institutions Malaysia.</p> <p>In FY2019, HLISB participated in the event held on 14 May 2019 at Dewan Belia Rembau, Negeri Sembilan, the first destination outside of Kuala Lumpur, where we hand delivered supplies to the homes of five underprivileged recipients in Rembau. HLISB contributed a total of RM12,000 in the form of non-perishable food and cash to 40 families.</p>
'HLISB Turun Padang' Campaign	As part of HLISB Gives Back campaign, in December 2018 HLISB launched the 'HLISB Turun Padang' activity. Under this programme, HLISB made door-to-door visits in PPR Taman Melati, Gombak for the distribution of AEON and KFC vouchers to each family. AEON cash vouchers were also distributed to families in need in Kampung Seri Jugra, Banting. In total, RM5,400 worth of vouchers were distributed under these initiatives in FY2019 benefitting eight families from the PPR area and ten families from Kampung Seri Jugra.
HLISB Embraces the Elderly During Ramadhan and Raya	Approximately 25 HLISB HQ staff volunteers came together to purchase and distribute items such as diapers, non-perishable food, detergent and other necessities to two retirement homes in Puchong and Kajang. This initiative has impacted about 120 of the elderly from both houses combined. Approximately RM17,330 worth of food was supplied to both houses combining both events of Ramadhan and Raya.



ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE

Personal Financial Services Division	
You Matter!	In FY2019, HLB's Personal Financial Services division arranged a half-day event for 72 orphans from the Lighthouse Children Welfare Home Association. The event included activities such as games and canvas painting and was supported by 38 HLB Volunteers.
Branch Volunteerism	We encourage all our branches to participate in and support community initiatives within their respective regions. In FY2019, our branches participated in several outreach events including orphanages and homes for the elderly, distributing close to RM14,000 worth of essential supplies and donations.
Group Operations and Technology Division	
Pertiwi Collaboration	In FY2019, our Group Operations and Technology Division partnered with Pertiwi, Malaysia's longest running NGO, to distribute food to the homeless and poor in Chow Kit and Kota Raya. Altogether, 124 employees joined Pertiwi over 13 distribution events to hand out food to 400-500 individuals each night.
Finance Division	
Contribute to a Good Cause	In August 2018, Group Finance spent a day supporting the Malaysian Associate for the Blind ("MAB"). A total of 58 participants in the event, including staff and family members purchased useful items, paint supplies and binding machines for their visit. Activities for the day were general cleaning, painting of walls, binding and packaging Braille books and audio book recordings.



SME GROWTH



Empowering SMEs
on the Financial
Front



Innovative Digital
Solutions for SMEs

Material Topics:

Community Banking

SME GROWTH



EMPOWERING SMES ON THE FINANCIAL FRONT

In order to support the development of SMEs within Malaysia and broader economic growth within the country, HLB offers a comprehensive suite of financial solutions for SMEs. These include access to financing, specially tailored digital and conventional banking products, payment collection solutions and structured mentorship and support programmes. We also continue to develop products and services with our SME clients in mind to capitalise on the growth potential of this market segment.

FinTech Future

Rather than viewing FinTechs as a threat to conventional banking operations, we see the fast-growing business sector and our partnerships with its key players as an opportunity to enhance the level of service provided to SMEs. Financing opportunities for SMEs that we are moving to explore with FinTechs include digital business solutions, e-commerce marketplaces, supply chain financing and straight-through loans and financing applications with the use of scorecards and data science in decision making.

In addition to financial services and support, we leverage our financial knowledge and business experience to provide promising SMEs and start-ups with mentorship and guidance. This initiative is driven through the HLB LaunchPad mentorship program, which identifies high-potential technology start-ups in the ASEAN region for collaboration with

HLB, based on three pillars: Simplifying Banking Today; Digitising Customer Journey and Experience; and Reimagining Banking for Tomorrow. Selected start-ups and SMEs are invited to develop and showcase solutions to the Bank's day-to-day business challenges, along the way gaining insights into business development, exposure from programme marketing and the opportunity to validate their products in the market.

HLB LaunchPad Activate 2018, held in November 2018, saw 21 FinTechs, SMEs and start-ups from across ASEAN pitch technology solutions to our management team. We are now working closely with the top three winners as well as selected other participants to implement their solutions at HLB.

Industry Engagement

As an active supporter of the digital banking start-up sphere, HLB LaunchPad is committed to promoting industry dialogue surrounding the opportunities that SMEs, FinTechs and start-ups have to offer to the digital economy. In FY2019, together with HLB Group SME Banking, HLB LaunchPad supported the FinTech Association of Malaysia's ("FAOM") Internet Finance & Accessing Credit event. Attended by over 100 participants, the event served to spur innovation and industry collaboration between up and coming businesses, regulators and other key industry players.

HLB LaunchPad also continued its collaboration with the Malaysian Business Angel Network in FY2019, by hosting the network's start-up pitching sessions. Held every three months, these occasions provide start-ups with the opportunity to drive business exposure, acquire financial support and connect with industry partners.

While our SME and start-up development programmes provide important support for these businesses to expand, the Bank also recognises the importance of providing tailored solutions to meet their specific business needs. Our digital tools for SMEs continued to be popular in FY2019, including our HR and accounting management systems, Kakitangan and Biztory. To help SMEs secure loans for property purchases and refinancing, we also offer our property-backed SME financing program, SMElite. Designed to cater to the holistic banking requirement of Malaysian SMEs, SMElite is HLB's flagship SME financing programme, bundling property financing and refinancing with working capital financing to support customers' business expansion. The scheme, which is guaranteed by Credit Guarantee Corp Malaysia Bhd, provides loans of up to RM10 million, bundled with working capital requirements of up to a 150% margin of financing.

In order to improve the level of service provided to our SME customers, we continue to focus on the development of HLB ConnectFirst Lite, a streamlined digital platform for cash management targeted at SME customers. A simplified version of HLB ConnectFirst, HLB ConnectFirst Lite will strip away functions that are non-essential to SMEs in order to provide cash management tools to efficiently and effectively run business operations. The platform is expected to launch in FY2020.

To promote the accessibility of our financial products and services among SMEs and drive the acquisition of new banking clients, we deployed over 170 Community Business Managers ("CBM") throughout the country in FY2019 and we target to have 180 CBMs nationwide by FY2020. The CBMs will be based at branches across local communities nationwide with the aim of improving access to financing by local SMEs as we are located within their area of operation.

All CBMs undergo a mandatory two-month training course with internal certification covering credit, customer relationship management, products, compliance, and other banking solutions and knowledge tailored to the SME segment customers. This ensures they are well-equipped with the right skills and knowledge before being out in the field doing sales. The new hires are typically relationship managers with prior SME Banking experience or are well-versed with the community that they will serve in.

Supporting Financing for SMEs

The Bank's commitment to enhancing the availability of financing for SMEs is demonstrated by the target we have set for ourselves to approve RM7.5 billion worth of financing to Malaysian SMEs in FY2020. We are also working closely with government agencies and SME development bodies to further our SME outreach.

A notable achievement in FY2019 was the signing of a Memorandum of Understanding ("MoU") with the Malaysia Motorcycle and Scooter Dealers Association ("MMSDA") in June 2019. Under this agreement, HLB will provide a comprehensive suite of banking solutions to bolster the motorcycle and scooter industry as well as overall SME growth within the country. Over 6,000 MMSDA members comprising 16 State Associations are expected to benefit from the agreement.

Industry-Specific Solutions

Under the MoU signed between HLB and MMSDA, the Bank will establish a tailor-made financial programme, the Motorcycle Dealers Programme ("MDP"), offering up to RM5 million worth of working capital financing as well as eligibility for auto loan packages, cash management, payments and merchants services, foreign exchange service and digital business solutions.

The agreement serves as an example of the Bank's understanding that working capital is a major source of concern for SMEs and that business growth depends on supportive financial assistance by financial institutions. By creating the MDP, which is specifically tailored to meet the needs of motorcycle and scooter dealers, HLB demonstrates its commitment to providing solutions that are built around the needs of a specific segment of customers.

In order to further expand our services to underserved businesses, HLB is presently working with industry partners to develop a financing product programme for start-ups. Once established, the programme will allow us to provide even greater financial support for this segment of SMEs.

SME GROWTH



Expanding Islamic Banking opportunities in the SME Market

HLISB is also taking steps to expand its footprint in the SME and Bumiputera market through collaboration with SME Corporation Malaysia to offer the Shariah Compliant SME Financing Scheme (“SSFS”) and partnering with Unit Peneraju Agenda Bumiputera (“TERAJU”) as a panel bank for its Programme Syarikat Bumiputera Berprestasi Tinggi (“TERAS”) programme. The objective of the TERAS programme is to identify high-potential Bumiputera companies and help those companies improve their businesses by providing business opportunities based on merit.

Our FY2019 outreach initiatives to support the Islamic SME sector included participation in Halal trade expos and summits throughout Malaysia, including serving as a forum panellist at the World Halal Conference as well as participation in MIHAS 2019. We also undertook a six-month Halal financing campaign to encourage front-liners to support the Halal Pharmaceutical and Food and Beverage industries.

To further support the halal business communities, an industry handbook was also designed to facilitate better understanding of the halal industry as a whole, its certification processes and due diligence, as well as general financing requirements. The handbook will provide our relationship managers with a guide to advise and acquire prospective clients within the industry.

The strength of our presence in the Halal business community was reflected in growing uptake of our Islamic banking products targeted to these customers. In FY2019, we recorded high interest in these services from new customers to the Bank, indicating that our engagement strategy is building strong connections to a previously untapped customer base.

Moving forward, we intend to continue our support for the industry through participation in outreach events and the on-boarding of Halal industry experts to increase our ability to connect with the Halal business community.

Small and Medium Enterprise Centres

	FY2018	FY2019
Points of access available in low-populated or economically disadvantaged areas	35	35
Total points of access	150	150
% of points of access in low-populated or economically disadvantaged areas	23%	23%

Supporting the Halal Industry

Thanks to its comprehensive halal certification system, steady economic growth and political and social stability, Malaysia has emerged as a leader in the global halal industry. At HLB, we aim to further support the growth of the country’s halal market by working closely with industry players. Our newly established partnership with Ramly Poultry Integrator Sdn Bhd (“Ramly”) is testament to our efforts. As a major player within the Halal industry and a leading food and beverage distributor within Malaysia, Ramly distributes frozen packaged food products to Singapore, Thailand, Indonesia, Cambodia, Myanmar and Bangladesh.

We will continue partnering with halal industry players, both emerging and mature, to enable their growth and further enhance Malaysia’s reputation as a global centre for the halal industry.

INNOVATIVE AND DIGITAL SOLUTIONS FOR SMES

With business strategies that are driven by rapid growth and the early adoption of new technologies, SMEs and start-ups require banking products that can merge seamlessly with their business practices. To meet these needs, our comprehensive suite of digital business solutions for SMEs offers digital accounting, payroll and HR, advertising and tax advisory services for businesses. In order to deliver more functional, intuitive and innovative service to our customers, we are continuously seeking improvement to these offerings.

In FY2019, we made several improvements to our e-accounting software, Biztory, which enables better control of accounts and finances for businesses by helping them track cash flows, manage receivables and improve collection and reconciliation. In FY2019, 95 customers were onboarded to Biztory, which is provided for free to any HLB SME customers or ConnectFirst users.

Uptake of our Kakitangan digital HR software also continued to grow in FY2019, with 91 customers signing on to the platform. Kakitangan has a full suite of HR functionalities, which allows it to perform automatic payroll calculations for wage contributions, distribution of employee payslips and employee leave approval.

The software is provided for free to any HLB SME customers or ConnectFirst users, helping our customers to increase business efficiency by automating the HR process.

To further support our customers, in FY2019 we partnered with iPay88, a leading payment gateway in ASEAN. Through iPay88, our customers can now develop specific merchant portals through which they can receive direct-debit payments from customers.

Moving forward, we intend to simplify several of our SME banking products to reduce service turnaround times and improve the customer experience. We also hope to launch a new partnership with local FinTech Juris Technologies in FY2020 to improve our SME financial offerings through technological improvements.

Recognition for our SME Banking

In recognition of the efficient and effective financial tools that we have established for SMEs to enhance their business performance, HLB was awarded 'Best SME Bank in Malaysia' at the Asian Banker International Excellence in Retail Financial Services Awards 2019. The Bank was also named 'Top Financial Institution Partner-Overall Category' at the CGC SME Awards Ceremony 2019 in recognition of our active participation in CGC's financing schemes and our continued commitment towards supporting the financing needs of Malaysian SMEs.

Mr. Teh is the owner and founder of Takong Sdn Bhd, a motorcycle dealership distributing Yamaha motorcycles and accessories in the Klang Valley. Mr. Teh, who started the business using his own capital, was struggling to find banks who were willing to provide financing for the expansion of his dealership.

In November 2017, Mr. Teh partnered with HLB under the Motorcycle Dealers Program, securing the financing that he needed and gaining valuable merchant solutions. Thanks to the partnership, Mr. Teh has been able to renovate his business premises and expand his product and service offerings, leading to a 44% increase in his annual turnover.

As a small business, my biggest dream is to expand to meet the needs of my customers. Thanks to HLB, I now am in a better position to do so, as I have the means to provide a better array of products and solutions

Mr. Teh, owner and founder of Takong Sdn Bhd



GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/OMMISSION(S)
GRI 101: FOUNDATION 2016			
GRI 102: GENERAL DISCLOSURES			
ORGANISATIONAL PROFILE			
GRI 102: GENERAL DISCLOSURES 2016	102-1	Name of the organisation	6 About Hong Leong Bank
	102-2	Activities, brands, products, and services	7 About Hong Leong Bank – Our Business
	102-3	Location of headquarters	8-9 About Hong Leong Bank, Regional Footprint
	102-4	Location of operations	8-9 About Hong Leong Bank – Regional Footprint
	102-5	Ownership and legal form	6-7 About Hong Leong Bank
	102-6	Markets served	7-9 About Hong Leong Bank – Our Business, Regional Footprint
	102-7	Scale of the organisation	7-9; 53-58 About Hong Leong Bank – Our Business, Regional Footprint; Fit-For-Future Workforce – HR Performance Data
	102-8	Information on employees and other workers	53-58 Fit-For-Future Workforce – Workplace Breakdown
	102-9	Supply chain	20 Our Sustainability Approach – Stakeholder Engagement
	102-10	Significant changes to the organisation and its supply chain	8-9 About Hong Leong Bank – Regional Footprint
	102-11	Precautionary Principle or approach	12 How Sustainability is Governed
	102-12	External initiatives	10-11 Partnerships and Collaborations
	102-13	Membership of associations	10-11 About Hong Leong Bank – Partnerships and Collaborations
STRATEGY			
GRI 102: GENERAL DISCLOSURES 2016	102-14	Statement from senior decision-maker	4-5 Chairman and Group Managing Director/Chief Executive Officer’s Sustainability Review
	102-15	Key impacts, risks, and opportunities	16-17 Sustainability Risk Management
ETHICS AND INTEGRITY			
GRI 102: GENERAL DISCLOSURES 2016	102-16	Values, principles, standards, and norms of behaviour	6-7 About Hong Leong Bank – Our Group Values
	102-17	Mechanisms for advice and concerns about ethics	22-25 Good Business Conduct Hong Leong Bank Annual Report 2019 – Corporate Governance Overview

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)	
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES				
GOVERNANCE				
GRI 102: GENERAL DISCLOSURES 2016	102-18	Governance structure	12; 22-25	How Sustainability is Governed; Good Business Conduct
	102-19	Delegating authority	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-26	Role of highest governance body in setting purpose, values and strategy	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-30	Effectiveness of risk management processes	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-31	Review of economic, environmental and social topics	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-32	Highest governance body’s role in sustainability reporting	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-33	Communicating critical concerns	12; 16-17	How Sustainability is Governed; Our Sustainability Approach – Sustainability Risk Management
	102-37	Stakeholders’ involvement in remuneration	122-126	Hong Leong Bank Annual Report 2019 – Corporate Governance Overview
STAKEHOLDER ENGAGEMENT				
GRI 102: GENERAL DISCLOSURES 2016	102-40	List of stakeholder groups	18-21	Our Sustainability Approach – Stakeholder Engagement
	102-41	Collective bargaining agreements		21.71% of total employees covered by collective bargaining agreements
	102-42	Identifying and selecting stakeholders	18-21	Our Sustainability Approach – Stakeholder Engagement
	102-43	Approach to stakeholder engagement	18-21	Our Sustainability Approach – Stakeholder Engagement
	102-44	Key topics and concerns raised	18-21	Our Sustainability Approach – Stakeholder Engagement

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)	
GRI 101: FOUNDATION 2016				
GRI 102: GENERAL DISCLOSURES				
REPORTING PRACTICE				
GRI 102: GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements	2	Overview – About This Report
	102-46	Defining the report content and topic Boundaries	2	Overview – About This Report
	102-47	List of material topics	13-15	Our Sustainability Approach – Materiality
	102-48	Restatements of information		Restatements are noted as and when they appear
	102-49	Changes in reporting	2	Overview – About This Report
	102-50	Reporting period	2	Overview – About This Report
	102-51	Date of most recent report	2	Overview – About This Report
	102-52	Reporting cycle	2	Overview – About This Report
	102-53	Contact point for questions regarding the report	2	Overview – About This Report
	102-54	Claims of reporting in accordance with the GRI Standards	2	Overview – About This Report
	102-55	GRI Content Index	80-85	GRI Standard Content Index For “In Accordance” – Core
	102-56	External assurance	86-89	SIRIM Assurance Statement Certification
GRI 200 ECONOMIC				
MATERIAL TOPIC: DIGITAL INNOVATION				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	14	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its component	26-39	Digital at the Core
	103-3	Evaluation of the management approach	26-39	Digital at the Core
MATERIAL TOPIC: CUSTOMER EXPERIENCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	14	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	31-37	Digital at the Core – Customers
	103-3	Evaluation of the management approach	35-37	Digital at the Core – Customers – Digitisation of Customer Experiences

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)									
GRI 200 ECONOMIC												
MATERIAL TOPIC: CYBER SECURITY AND DATA PRIVACY												
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	14 Our Sustainability Approach – Our Material Topics									
	103-2	The management approach and its components	34-35 Digital at the Core – Digitisation in Cyber Security and Data Privacy									
	103-3	Evaluation of the management approach	34-35 Digital at the Core – Digitisation in Cyber Security and Data Privacy									
MATERIAL TOPIC: ETHICS, INTEGRITY AND COMPLIANCE												
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	14 Our Sustainability Approach – Our Material Topics									
	103-2	The management approach and its components	22-25 Good Business Conduct – Corporate Governance, Ethics and Integrity, Responsible Banking, Promoting a Culture of Compliance, Whistleblowing Policy									
	103-3	Evaluation of the management approach	22-25 Good Business Conduct – Corporate Governance, Ethics and Integrity, Responsible Banking, Promoting a Culture of Compliance, Whistleblowing Policy									
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<table border="1"> <thead> <tr> <th></th> <th>FY2018</th> <th>FY2019</th> </tr> </thead> <tbody> <tr> <td>Ratio of the entry level wage by gender</td> <td>1:1</td> <td>1:1</td> </tr> <tr> <td>Proportion of senior management hired from the local community, where local refers to our home market, Malaysia</td> <td>88%</td> <td>93%</td> </tr> </tbody> </table>		FY2018	FY2019	Ratio of the entry level wage by gender	1:1	1:1	Proportion of senior management hired from the local community, where local refers to our home market, Malaysia	88%	93%
		FY2018	FY2019									
Ratio of the entry level wage by gender	1:1	1:1										
Proportion of senior management hired from the local community, where local refers to our home market, Malaysia	88%	93%										
202-2	Proportion of senior management hired from the local community											
GRI 205: ANTI-CORRUPTION 2016	205-2	Communication and training about anti-corruption policies and procedures	23-24 Good Business Conduct – Ethics and Integrity, Promoting a Culture of Compliance									

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)
GRI 300: ENVIRONMENTAL			
MATERIAL TOPIC: MANAGING OUR ENVIRONMENTAL FOOTPRINT			
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	15 Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	60-62 Environmentally and Socially Responsible – Managing our Environmental Footprint
	103-3	Evaluation of the management approach	60-62 Environmentally and Socially Responsible – Managing our Environmental Footprint
GRI 301: MATERIALS 2016	301-1	Materials used by weight or volume	61 Environmentally and Socially Responsible – Managing our environmental footprint – Reduced Paper Consumption
GRI 302: ENERGY 2016	302-1	Energy consumption within the organisation	60 Environmentally and Socially Responsible – Managing our Environmental Footprint – Energy and Emissions
	302-4	Reduction of energy consumption	60 Environmentally and Socially Responsible – Managing our Environmental Footprint – Energy and Emissions
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	60 Environmentally and Socially Responsible – Managing our Environmental Footprint – Energy and Emissions
	305-2	Energy indirect (Scope 2) GHG emissions	60 Environmentally and Socially Responsible – Managing our Environmental Footprint – Energy and Emissions
	305-5	Reduction of GHG emissions	60 Environmentally and Socially Responsible – Managing our Environmental Footprint – Energy and Emissions

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GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)	
GRI 300: ENVIRONMENTAL				
MATERIAL TOPIC: SUPPLIER ASSESSMENT				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	15	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	15; 20; 62	Our Sustainability Approach – Our Material Topics; Our Sustainability Approach – Stakeholder Engagement; Environmentally and Socially Responsible – Managing our Environmental Footprint – Sustainable Procurement Practices
	103-3	Evaluation of the management approach	15; 20; 62	Our Sustainability Approach – Our Material Topics; Our Sustainability Approach – Stakeholder Engagement; Environmentally and Socially Responsible – Managing our Environmental Footprint – Sustainable Procurement Practices
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	20; 62	Our Sustainability Approach – Stakeholder Engagement; Environmentally and Socially Responsible – Managing our Environmental Footprint – Sustainable Procurement Practices
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	20; 62	Our Sustainability Approach – Stakeholder Engagement; Environmentally and Socially Responsible – Managing our Environmental Footprint – Sustainable Procurement Practices

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD		DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)
GRI 400: SOCIAL				
MATERIAL TOPIC: EMPLOYEE EXPERIENCE				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	15	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	40-58	Fit-For-Future Workforce – Workforce Development, Talent Retention and Career Development, Our Workplace Culture, Caring for our Team
	103-3	Evaluation of the management approach	40-58	Fit-For-Future Workforce – Workforce Development, Talent Retention and Career Development, Our Workplace Culture, Caring for our Team
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	54	Fit-For-Future Workforce – HR Performance Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52	Fit-For-Future Workforce – Employee Benefits
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-6	Promotion of worker health	52	Fit-For-Future Workforce – Safety and Well-being
	403-9	Work-related injuries	52	Fit-For-Future Workforce – Safety and Well-being
	403-10	Work-related ill health	52	Fit-For-Future Workforce – Safety and Well-being
GRI 404: TRAINING AND EDUCATION 2016	404-2	Programs for upgrading employee skills and transition assistance programs	44-49	Fit-For-Future Workforce – Employee Skills Development
	404-3	Percentage of employees receiving regular performance and career development reviews	44-49	Fit-For-Future Workforce – Employee Skills Development
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Ratio of basic salary and remuneration of women to men	53	Fit-For-Future Workforce – HR Performance Data

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD		DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/ OMISSION(S)
GRI 400: SOCIAL				
MATERIAL TOPIC: COMMUNITY BANKING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	15	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	62-68; 75-79	Environmentally and Socially Responsible – Responsible Lending and Financing, Financial Inclusion and Social Responsibility; SME Growth
	103-3	Evaluation of the management approach	62-68; 75-79	Environmentally and Socially Responsible – Responsible Lending and Financing, Financial Inclusion and Social Responsibility; SME Growth
GRI G4 SECTOR DISCLOSURES	G4-FS13	Access points in low-populated or economically disadvantaged areas by type	68; 78	Environmentally and Socially Responsible – Financial Inclusion and Social Responsibility – Serving the Underserved; SME Growth
MATERIAL TOPIC: FAIR BANKING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	14	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	62-63; 65	Environmentally and Socially Responsible – Responsible Lending and Financing – Responsible Lending and Financing, Fair Banking, Responsible Marketing
	103-3	Evaluation of the management approach	62-66	Environmentally and Socially Responsible – Responsible Lending and Financing – Responsible Lending and Financing, Fair Banking, Responsible Marketing
GRI 417: MARKETING AND LABELLING 2016	417-1	Requirements of product and service information and labelling	62-66	Environmentally and Socially Responsible – Responsible Lending and Financing – Responsible Lending and Financing, Responsible Marketing

GRI STANDARD CONTENT INDEX FOR “IN ACCORDANCE” – CORE

GRI STANDARD	DISCLOSURE DESCRIPTION	PAGE NUMBER	SECTION DISCLOSURE/OMMISSION(S)	
GRI 400: SOCIAL				
MATERIAL TOPIC: RESPONSIBLE LENDING				
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	15	Our Sustainability Approach – Our Material Topics
	103-2	The management approach and its components	62-66	Environmentally and Socially Responsible – Responsible Lending and Financing
	103-3	Evaluation of the management approach	62-66	Environmentally and Socially Responsible – Responsible Lending and Financing
GRI G4 SECTOR DISCLOSURES	G4-FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	75-79	SME Growth
	G4-FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	64	Environmentally and Socially Responsible – Responsible Lending and Financing – Green Financing

SIRIM ASSURANCE STATEMENT CERTIFICATION

Methodology

The verification process was carried out by SIRIM QAS International in August 2019. It involved the following activities:

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

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

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in the Hong Leong Bank Annual Report 2019;
- The verification was designed to provide limited assurance irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- Only the corporate office in Hong Leong Tower at Jalan Damanela, Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Hong Leong Bank's operating assets;
- The verification team did not review any contractor or third party data.

SIRIM ASSURANCE STATEMENT CERTIFICATION

Materiality

The materiality assessment process allowed Hong Leong Bank to gain information on topics determined as important to both Hong Leong Bank and their stakeholders i.e. customers, employees, suppliers, investors, regulators and community development partners. The sustainability approach was guided by the materiality matrix established by Hong Leong Bank in the previous year. The matrix maps out the relative importance of ten material business topics according to Hong Leong Bank's business priorities and the stakeholders. By analyzing the interest of both internal and external stakeholders, the materiality process aims to facilitate the development of a strategy for long-term value creation which aligns with the need of each group. Moreover, in recognizing Hong Leong Bank's responsibility to contextualize the material topics in relation to the global sustainability frameworks and agendas, Hong Leong Bank material topics were mapped into relevant Sustainability Development Goals (SDGs) applicable to Hong Leong Bank.

Greenhouse Gases (GHG) emissions and Carbon Footprint

Hong Leong Bank's GHG emission reporting in year 2019 had covered Scope 1 – Direct Emission; from fuel consumption as tracked by Hong Leong Bank's fleet system and Scope 2 – Indirect Emission; the electricity consumption by Hong Leong Tower and PJCITY building. The verification was carried out in accordance with the requirements of ISO 14064-3:2006. Based on reviewed information, the following was verified:

Greenhouse gas emissions (tCO ₂ e)	
Scope 1	Scope 2
205	11,658

SIRIM ASSURANCE STATEMENT CERTIFICATION

Conclusion

Based on the scope of the verification process, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in the Hong Leong Bank Sustainability Report 2019 is fair and acceptable;
- The Sustainability Report was prepared in accordance with the GRI Standards : Core Option;
- The overall report content and quality were well established. The level of sustainability performance information in the report was found to be acceptable;
- The information has been presented in an appropriate manner;
- Most of the personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- Hong Leong Bank has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The report provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Bank.

Prepared by:



AERNIDA ABDUL KADIR

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

Date : 30 August 2019

Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

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

Date : 30 August 2019

Note:

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

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