



HongLeong Bank Berhad

Sustainability Report **2020**

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Overview

About This Report

This Sustainability Report 2020 marks our fourth 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 2019 – 30 June 2020 (“FY2020”), describing the progress we have made to integrate sustainability into our business practices, products and services as we strive to create long-term value for our stakeholders.

The report should be read along with our 2020 Annual Report, which provides more comprehensive disclosure on our financial and operating performance.

This report has been prepared in accordance with the Global Reporting Initiative Standards (“GRI Standards”) Core option and Bursa Malaysia Sustainability Reporting Guide (2nd Edition). 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 via metrics and targets we believe to be relevant for our financial services industry. References to specific topics covered by the report are available in the GRI Standards Content Index on pages 80-86.

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. All data in this report relates to the operations of Hong Leong Bank (“HLB”) and its subsidiaries (collectively, “the Bank”), including Hong Leong Islamic Bank (“HLISB”) in Malaysia, as they represent our most material businesses.

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

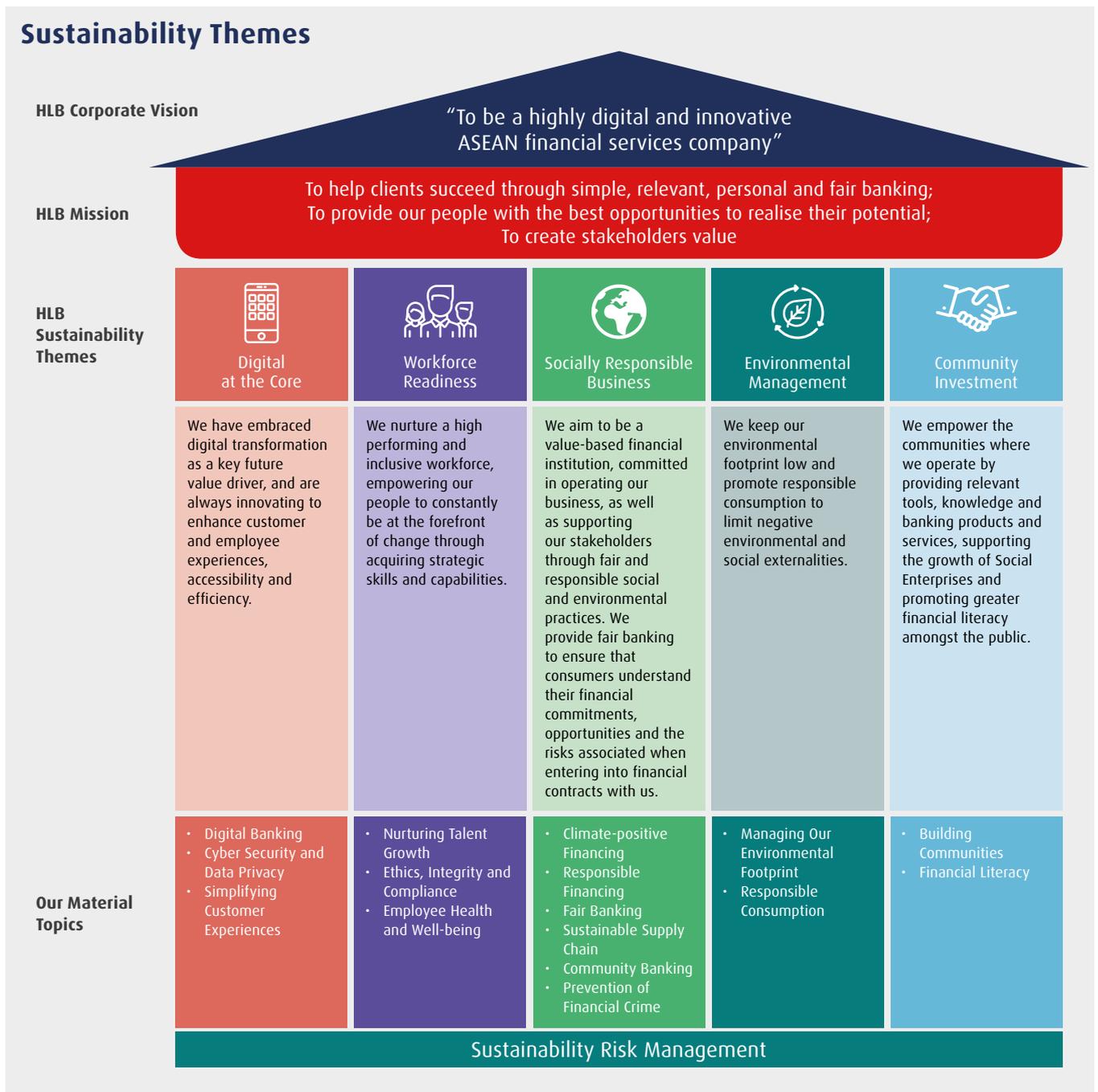
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In FY2020 we updated our Sustainability Themes to fit with the current needs and growth opportunities of the Bank. Further emphasis has been placed on our commitment to embedding social and environmental considerations into the Bank's operations and continued support for our SME customers under the Socially Responsible Business pillar. The Community Investment pillar drives our initiatives targeted at building communities and supporting financial literacy. We have also restructured our previous Fit-For-Future Workforce pillar to Workforce Readiness to match our human resource initiatives in nurturing competence and inclusivity today and as we move forward as the "future" is now.

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



Dear Stakeholders,

In creating sustainable value for the benefit of all stakeholders and communities we do business with, we continue to ensure that our strategy evolves with resiliency to see us through challenging times.

This preparedness has come to the fore with the unprecedented events of 2020, reinforcing our view that our purpose must always be to drive value creation for the people and businesses that we serve. We are here for the long term, and sustainability is a key element in this journey.

Over the course of the year, we reviewed, and made changes to our sustainability framework to ensure that our sustainability themes remain relevant and continue to create positive impact. We firmly believe that sustainability is about adapting to current circumstances as well as having a medium- to long-term view so that multi-year strategic initiatives are given time to yield expected outcomes. In the short term, we must respond to market and societal events so that we appropriately contribute to help customers and society overcome challenges and set-backs, whilst promoting changes that will bring long term societal and environmental benefits.

have made to date in transforming SME and corporate clients' digital offerings. We have a number of initiatives which will significantly enhance our digital capabilities in this area. The next phase of ConnectFirst for our SME and corporate clients will pave the way for a truly end-to-end paperless journey, simplifying the customer experience for most client banking and financing needs.



Our physical channels, our branches, are also in the midst of upgrade as more branches become digitally enabled. We seek to eliminate paper-based transactions and queues, whilst improving our ability to provide targeted offerings to those visiting our branches.

As we execute the strategic priorities of our Digital at the Core strategy, we are pleased that we continue to receive industry recognition for our achievements in this area. This year's accolades included Best Digital Bank Malaysia by Asiamoney and The Asset Magazine's "Best Cloud-based Project" award for the regional integration of our PtoP@HLB system, which changes the way we work in our internal and external payment systems. For our drive to adopt industry-leading digital workplace practices, we were also honoured with a Bronze Award for Excellence in HR innovation from Human Resources Online. This award recognises the Bank's

BUILDING A DIGITAL ECOSYSTEM

Strengthening and refining our digitisation journey through our Digital at the Core ethos remains a key multi-year strategic priority as people and commerce are accelerating their move to the digital economy. Whether it's the rapid adaptation of online eCommerce, digital payments, or people-to-people connectivity, the shift has accelerated since the advent of COVID-19. Within this

mega-trend, we have stepped up our efforts to ensure that we can provide digital products and services that are reliable, simple to understand, easy to use and secure. Within this transformation journey, key components are our internal processes, operations and the upskilling of our people.

The development of digital products and services extends beyond retail customers and we are pleased with the progress we

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

achievement in leveraging artificial intelligence and machine learning for graduate recruitment through our HALI (Hong Leong Artificial Intelligence) chatbot.

STEPPING UP SUSTAINABILITY

While the Bank's digital initiatives are key in our sustainability journey, it is similarly important that we enhance our operational and business practices by incorporating environmental, social and governance ("ESG") principles into our daily operations, framework, policies and processes. Our commitment to financing RM500 million worth of renewable energy and energy efficient projects within five years from FY2018 has reached 80% of the target as of FY2020. Climate-positive financing is an important element towards achieving the Malaysian government's target of 20% electricity generated from renewable sources by 2023, and in a small part we are contributing towards that by extending this type of financing. The success with this initiative has motivated us to explore other areas where we can develop similar products such as green bonds or green sukuk, green car financing and green developer financing, which we will roll out in the new financial year. The Bank is also in its final stages of rolling out an ESG Credit framework that enables us to assess and screen for environmental and social risks when accessing credit applications from our business clients, elevating our ability to work with the business community to ensure that we all move along the ESG curve together, multiplying the positive impact that we alone could create.

Concurrently, our subsidiary HLISB, is drafting its Value-based Intermediation ("VBI") framework as part of our efforts to align to Bank Negara Malaysia ("BNM")'s initiative in this area. The VBI framework articulates integration of VBI principles in HLISB's strategies toward a sustainable financial ecosystem. VBI generally has similar intended outcomes with the objectives of sustainability frameworks covered in this report.

However, the difference lies in its reliance on Shariah principles, which determines its underlying values, moral compass and priorities.

Our commitment to responsible business practices was put to the test in FY2020 with the emergence of the COVID-19 pandemic. The Bank rose to this challenge with resolve, enacting a number of measures to care for our employees, customers and the community. Ensuring the safety of our workforce and the public during the pandemic was, and remains, paramount, and we continue to ensure that our workplace practices remain consistent with relevant regulations and operating procedures so as to minimise the risk of COVID-19 spreading. Part and parcel of helping the community, was our quick response to provide financial relief and assistance to those in need. We moved early and activated our Customer Financial Relief Plans in each of the markets in which we operate. We also seamlessly rolled out the industry-wide auto moratorium in Malaysia when it was announced, providing much needed assistance as the country moved into the Movement Control Order and subsequently the various recovery phases.

As the uncertainties for some sections of the economy continue to impact individual employment and business prospects, in July 2020 we proactively initiated targeted relief plans to further extend assistance to those that will experience income and business cashflow issues past the end of the auto moratorium. We continue to closely monitor the evolution of the COVID-19 pandemic and remain steadfast in our belief that we are here to help so that we can together see this difficult period through.

Doing business the right way, with honesty and integrity, has always been a hallmark of our values and success over the years. As such, we continue to invest in resources to ensure that we stamp-out illicit activities in the financial system. Our concerted efforts in the prevention,

detection and reporting of financial crimes start with a strong culture which we continue to cultivate by having a strong tone from the top, continuous awareness and learning programmes for our employees, multiple lines of defence, organisational structure, and robust Risk, Compliance and Audit functions. We have also embarked on new digital initiatives that should provide us with enhanced capabilities to detect and prevent proceeds of financial crime from entering the financial system. During the year we rolled out the revised Fair Treatment of Financial Consumers ("FTFC") policy issued by BNM in November 2019, strengthening our commitment to uphold fair and transparent banking practices - very much aligned to our mission to 'help clients succeed through simple, relevant, personal and fair banking'. By upholding this mission, we aim to foster high standards of professional conduct and provide customers with great confidence in their banking relationship with us.

As evidenced by the sudden health crisis experienced in 2020, we must have a workforce that is not just resourceful, skillful and innovative, but resilient, responsible and able to adapt swiftly to changes happening in the environment. We are pleased by what we have seen and how the company and our employees were able to rise to the challenge and deliver uninterrupted services throughout. We will continue to invest in building human talent that promotes and cultivates a growth mindset, agility to learn and unlearn things, possesses the skills and tools to collaborate and, of course, brings a customer-centric drive to everything we do.

As a consumer, we will continue to improve our practices so that we can keep our environmental footprint low and promote responsible consumption, as we continuously assess our procurement policies, consumption habits and use of properties so that we limit the negative environmental and social externalities at all levels of our operations.

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

BUILT AROUND YOU

In building a vibrant and sustainable business, it is imperative that we have a clear view of the customer and business segments we serve, and which products and services fulfill the life and lifestyle aspirations of those we serve. To further enhance the customer-centric organisation that we aspire to become, earlier in the financial year, we launched 'Built Around You', a brand promise that serves as a compass for everyone in the organisation, as we continue the journey towards truly differentiating ourselves in the minds and hearts of customers. This brand promise will empower us to innovate, re-examine the way we operate, and guide how we evolve so that we can always add value to the clients and communities we serve.

Social enterprises are an emerging segment, which we can work with to support great causes, and in doing so, help to make all communities sustainable and vibrant. Under our Corporate Social Responsibility pillar, we provide social enterprises with the necessary financial tools, skills development and marketing and branding capabilities that will enable them to expand their businesses in a sustainable manner, augmenting their capacity to extend help in their chosen field.

We continue to support Social Enterprises through our CSR platform 'HLB Jumpstart'. To date we have onboarded four social

enterprises namely, SURI, Green Hero, Coffee for Good and The Asli Co., who either provide jobs to marginalised communities or help the environment. Through the HLB Jumpstart programme, we have assisted their growth through marketing their products, sourcing corporate buys, promoting recruitment as well as providing relevant tools, knowledge, banking products and services that are personalised to them.

In conjunction with Malaysia Day 2019, the Bank launched DuitSmart, a financial literacy platform where we conducted social outreach programmes for the community, whilst empowering them with financial knowledge, skills and tools needed to succeed. This is also supported by Program Celik Muamalat by HLISB to improve understanding of Islamic financial services through knowledge sharing forums at universities. Both financial literacy programmes have also been incorporated into digital content so it remains accessible for everyone.

The unprecedented challenges we face this year are a strong reminder for us to keep stepping up our efforts in improving sustainability practices. As a bank that touches many sections of society, we have responsibilities to our customers, investors, communities and each other to remain focused in this area through different business cycles, as the longevity of these programmes will make lasting contributions.



HLB Jumpstart SEs - SURI mothers making PPEs and The Asli Co mothers with their hand sanitiser products in response to COVID-19

About Hong Leong Bank

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, and 7 branches in Cambodia. We also operate over 1,000 Self-Service Terminals and a full-service call centre. Our brick-and-mortar operations are supplemented by Hong Leong Bank Connect (“HLB Connect”) and Hong Leong Bank ConnectFirst (“HLB ConnectFirst”), our popular online and mobile banking services. We have provided Islamic financial services to our Malaysian home market since 2005 via our wholly owned subsidiary HLISB.

Our business strategy focuses on leveraging the latest technology and our entrepreneurial heritage to deliver customer-centred solutions. By integrating digital capabilities and innovative thinking into traditional financial services, we have developed a comprehensive range of conventional and Islamic financial products and services, becoming a leading financial services provider in Malaysia and expanding in the region.

THE BANK’S CORE VALUES

As we navigate the rapidly changing landscape of financial services, our core values help to guide our path to success. By holding true to these values, we continue to deliver financial solutions that offer positive environmental, economic and social impacts for all.



HERE FOR THE LONG TERM

Value commitment to:

- Customers
- Employees
- Communities we work in



INNOVATION

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



COLLABORATE TO WIN

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



DECISIVENESS

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



HAVE FUN

- Embrace new experiences
- Celebrate learning opportunities
- Celebrate wins

About Hong Leong Bank

OUR BUSINESS

 Personal Financial Services	 Business and Corporate Banking	 Global Markets	 Islamic Financial Services
<p>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.</p>	<p>Principal business activities include the provision of banking solutions, such as deposit and loan services covering business current account, interest-bearing autosweep 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.</p>	<p>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.</p>	<p>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.</p>

About Hong Leong Bank

REGIONAL FOOTPRINT



MALAYSIA

254

branches (249 Conventional Branches and 5 HLISB Branches) as well as 1 branch in Labuan Offshore.

SINGAPORE

1

branch

HL Bank Singapore is a full banking licensed 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, wealth management, corporate banking for commercial clients and expanded consumer lending propositions.

CAMBODIA

7

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 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 details on all our local and overseas branches, refer to our 2020 Annual Report, under Local and Overseas Branches.

About Hong Leong Bank

PARTNERSHIPS AND COLLABORATIONS

We collaborate, partner and obtain membership with a broad spectrum of organisations and associations. These relationships not only strengthen our operating practices but also support important connections with our stakeholders.

Association/Organisation	Benefits to our stakeholders
 <p>Federation of Malaysian Manufacturers FMM</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. 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. Through PayNet infrastructure, we provide various payment options to cater for varying business and individual needs.</p>
 <p>Credit Guarantee Corporation (“CGC”)</p>	<p>Enterprises, and particularly SMEs, without collateral have access to financing through CGC schemes such as BizJamin and the Green Technology Financing Scheme.</p>

About Hong Leong Bank

Association/Organisation	Benefits to our stakeholders
 <p>Syarikat Jaminan Pembiayaan Perniagaan ("SJPP")</p>	<p>SJPP is a wholly-owned company of Minister of Finance Incorporated that administers and manages government stimulus schemes for SMEs. Through collaboration between the government and financial institutions such as HLBB and HLISB, SJPP helps SMEs gain access to finance by encouraging financial institutions to provide more financing facilities and with better rates, terms and conditions for SMEs.</p>
 <p>RAM Holdings Berhad</p>	<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, assisting us with client assessment.</p>
 <p>Islamic Banking and Finance Institute Malaysia Sdn Bhd ("IBFIM")</p>	<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>
 <p>The Association of Islamic Banking Institutions Malaysia ("AIBIM")</p>	<p>HLISB is one of 26 member banks. 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>
 <p>Financial Industry Collective Outreach ("FINCO")</p>	<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>
 <p>Financial Services Information Sharing and Analysis Center ("FS-ISAC")</p>	<p>FS-ISAC provides intelligence on the latest cyber risk that affects the financial sector. This information is used to proactively block and protect our systems from cyber threats.</p>

Our Sustainability Governance

Our approach to sustainability is overseen by our Board of Directors, who are responsible for providing oversight of the Bank’s strategic measures to manage ESG risks and opportunities including climate change-related actions and policies. The Board of Directors, together with the Board Risk Management Committee, ensure that all sustainability initiatives and policies are aligned with business objectives and consistent with the Bank’s values.

Governing Body	Roles/Responsibilities	Frequency of Sustainability Meetings in FY2020
 <p>BOARD OF DIRECTORS</p>	Oversees the strategic direction for the company’s approach to sustainability, progress updates on sustainability initiatives and sustainability reporting.	One meeting
 <p>BOARD RISK MANAGEMENT COMMITTEE (Conventional & Islamic)</p>	Responsible for overseeing the management of ESG risks as well as the sustainability strategy and progress updates.	Three meetings
 <p>SUSTAINABILITY STEERING COMMITTEE</p>	Custodians and main enablers of the organisation’s sustainability strategy and initiatives.	Three meetings
 <p>SUSTAINABILITY WORKING COMMITTEE</p>	Responsible for overseeing implementation of sustainability strategies at the working level.	Two physical meetings in addition to monthly progress updates with different working groups

Our Sustainability Approach

The Bank's approach to integrating economic, environmental and social considerations into our business activities is best demonstrated by our core value 'Here for the long term'. In line with this value, we are committed to delivering long-lasting ESG and VBI solutions that contribute to a better future for all. This commitment forms a guiding principle for our business initiatives, and was indeed vividly brought to life as a guiding value as we actioned various programmes during the COVID-19 pandemic.

To ensure that we are delivering results that matter to those who are impacted by our business, our strategy is guided by deep and meaningful engagements with stakeholders. This in turn provides guidance for the prioritisation of ESG issues and HLIB's VBI core principles, including the identification of our most material sustainability topics.

MATERIALITY

In FY2020 we performed a comprehensive review and restructuring of our material topics to better reflect the Bank's areas of impact and opportunity. As part of this process, we evaluated the topics identified by our FY2019 assessments against current industry and business focus areas and updated the topics so as to better capture current themes. The result was a revised list of 16 material topics organised into 5 sustainability themes, which will guide our strategic efforts towards managing ESG risks and opportunities.

HLB Sustainability Themes	Material Topic	Description
 Digital at the Core	Digital Banking	Digitising products and services for greater accessibility therefore creating positive customer experiences through adaptation of relevant latest digital technologies, always taking into account the financial needs of consumers and clients.
	Cyber Security and Data Privacy	Protecting our organisation and customer data from unauthorised access, attacks or threats aimed at exploiting personal and confidential customer and proprietary data.
	Simplifying Customer Experiences	Enabling customer-focused experiences in all of our banking operations, including meeting customers' dynamic demands for seamless and efficient banking services.
 Workforce Readiness	Nurturing Talent Growth	Encouraging a growth mindset in our employees by providing 'anytime, anywhere' learning and empowering our people to continuously develop skills that equip them for the fast-evolving employment landscape. Embracing the fundamental need to drive change so that we remain competitive and the business thrives.
	Ethics, Integrity and Compliance	Ensuring that employees and related stakeholders commit to a high standard of professionalism and ethics in the conduct of our business and professional activities, we have established a Code of Conduct and Ethics ("CoCE") policy, encapsulating 6 principles, namely, Competence, Integrity, Fairness, Confidentiality, Objectivity and Environment.
	Employee Health and Well-being	Creating an optimum and positive work environment which supports employee well-being to ensure a healthy and engaged workforce.

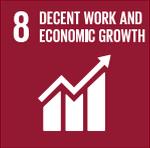
Our Sustainability Approach

HLB Sustainability Themes	Material Topic	Description
 <p>Socially Responsible Business</p>	Climate-positive Financing	Offering financial solutions to projects that have a climate-positive impact.
	Responsible Financing	Developing innovative products and services that sustain the advancement and growth of the communities we do business with, whilst ensuring compliance with relevant regulations, policies and principles. We will assess and screen for environmental and social risks as an integral part of our banking practices.
	Fair Banking	Offering products and services that meet customers' expectations, are fair and responsible and take into consideration the interests of both parties in terms of fairness in all aspects.
	Sustainable Supply Chain	Conducting due diligence reviews on suppliers to assess financial strength, performance, disaster recovery, business continuity plans, cyber security capabilities, and screen for unfair practices. Requiring suppliers to meet social and environmental assessment requirements before being onboarded as business partners, and during annual reviews.
	Community Banking	Engaging and helping local communities to develop an inclusive economic ecosystem via products, services and programmes that have been designed to meet their specific needs.
	Prevention of Financial Crime	Taking measures to forestall potential towards the prevention of financial crimes and money laundering.
 <p>Environmental Management</p>	Managing Our Environmental Footprint	Using the planet's resources and energy efficiently to reduce Greenhouse Gas ("GHG") emissions and carbon footprint at all levels of our operations.
	Responsible Consumption	Reducing reliance on material resources through the inculcation of responsible consumption throughout the organisation.
 <p>Community Investment</p>	Building Communities	Conducting social outreach programmes for the community, whilst empowering them with knowledge, skills and tools needed to secure economic development and advance their quality of life.
	Financial Literacy	Improving understanding of financial services, including Islamic finance, through knowledge sharing and financial literacy programmes aimed at driving inclusiveness by assisting and empowering the community to achieve financial goals.

Our Sustainability Approach

Our commitment to the United Nations Sustainable Development Goals (“UN SDGs”)

 <p>1 NO POVERTY</p>	 <p>4 QUALITY EDUCATION</p>	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>
<p>TARGET 1-4</p>  <p>EQUAL RIGHTS TO OWNERSHIP, BASIC SERVICES, TECHNOLOGY AND ECONOMIC RESOURCES</p>	<p>TARGET 4-4</p>  <p>INCREASE THE NUMBER OF PEOPLE WITH RELEVANT SKILLS FOR FINANCIAL SUCCESS</p>	<p>TARGET 7-1</p>  <p>UNIVERSAL ACCESS TO MODERN ENERGY</p>
		<p>TARGET 7-2</p>  <p>INCREASE GLOBAL PERCENTAGE OF RENEWABLE ENERGY</p>
		<p>TARGET 7-A</p>  <p>PROMOTE ACCESS TO RESEARCH, TECHNOLOGY AND INVESTMENTS IN CLEAN ENERGY</p>

 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>TARGET 8-1</p>  <p>SUSTAINABLE ECONOMIC GROWTH</p>	<p>TARGET 9-4</p>  <p>UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY</p>	<p>TARGET 12-6</p>  <p>ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING</p>
		<p>TARGET 12-7</p>  <p>PROMOTE SUSTAINABLE PUBLIC PROCUREMENT PRACTICES</p>
		<p>TARGET 12-8</p>  <p>PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES</p>

 <p>13 CLIMATE ACTION</p>	 <p>14 LIFE BELOW WATER</p>	 <p>15 LIFE ON LAND</p>	 <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>
<p>TARGET 13-2</p>  <p>INTEGRATE CLIMATE CHANGE MEASURES INTO POLICIES AND PLANNING</p>	<p>TARGET 14-7</p>  <p>INCREASE THE ECONOMIC BENEFITS FROM SUSTAINABLE USE OF MARINE RESOURCES</p>	<p>TARGET 15-A</p>  <p>INCREASE FINANCIAL RESOURCES TO CONSERVE AND SUSTAINABLY USE ECOSYSTEMS AND BIODIVERSITY</p>	<p>TARGET 15-B</p>  <p>FINANCE AND INCENTIVIZE SUSTAINABLE FOREST MANAGEMENT</p>
			<p>TARGET 16-4</p>  <p>COMBAT ORGANIZED CRIME AND ILLICIT FINANCIAL AND ARMS FLOWS</p>

“This year, we are focused on developing a sustainability framework that sets the fundamentals for how we catalyse positive impact in our communities and the environment we operate in. This is always aligned to the global targets and goals set by the UN SDGs as well as the needs of our stakeholders.”

Zalman Zainal,
Chief Marketing & Communication Officer

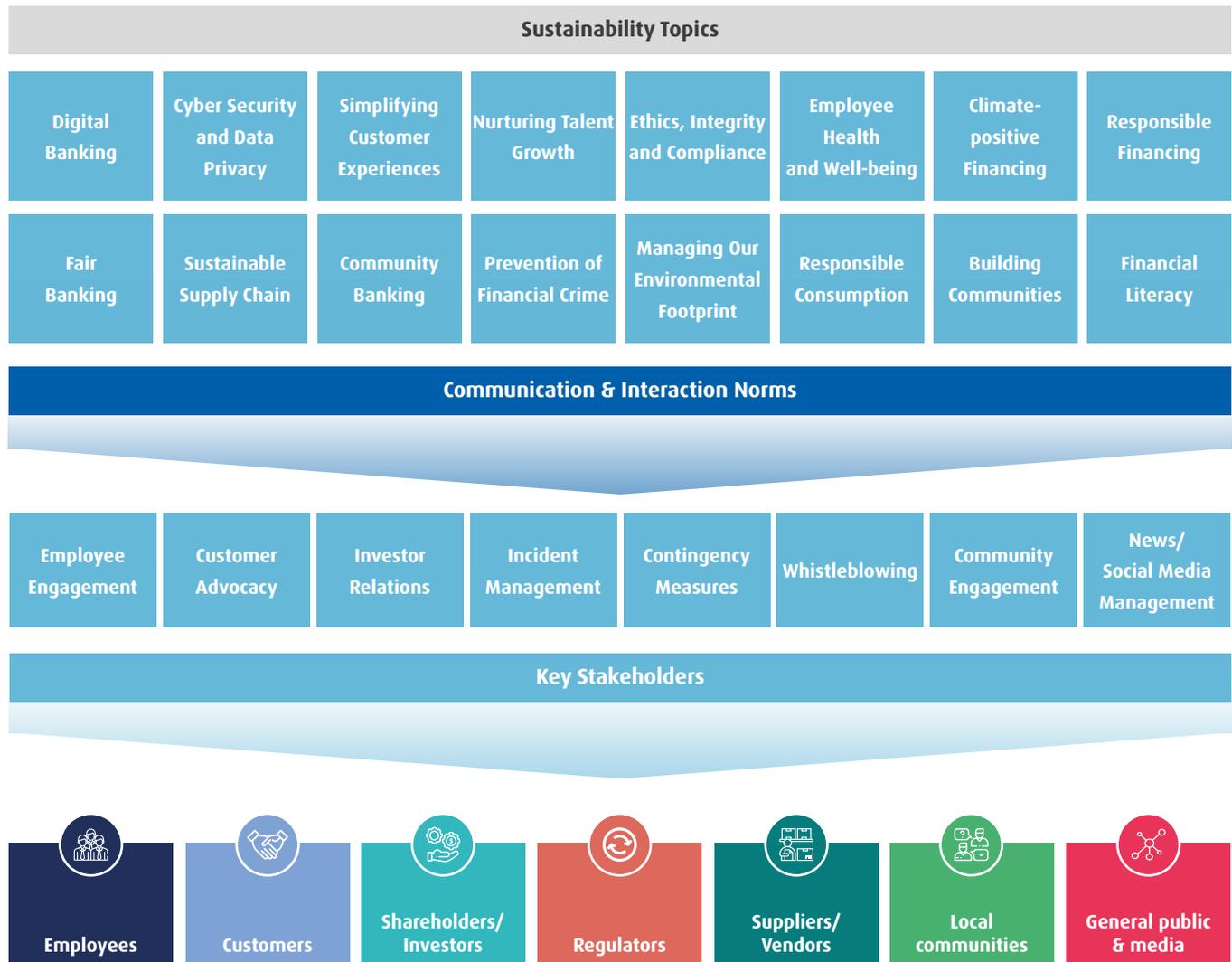
“As a financial service provider, it is our responsibility to ensure that we align with local and global sustainable practices and standards including Bursa Malaysia’s Sustainability Reporting Guide, FTSE4Good, Global Reporting Initiative in order to continuously improve our business operations.”

Malkit Singh Maan,
Chief Financial Officer

Our Sustainability Approach

STAKEHOLDER ENGAGEMENT

Engagement with our stakeholders provides essential feedback to ensure that we are identifying and addressing our most significant ESG impacts and opportunities. As our stakeholders' priorities are constantly shifting, we maintain regular channels of communication in order to capture input which is relevant and reflective of current trends.



Our Sustainability Approach

Stakeholder	Engagement Channels	Frequency	Areas of Interest	How HLB Responds
 Employees	Bank-wide Communications		Our employees want to know that their concerns are being heard by management and want to see transparency in our business priorities. They also voice interest in the availability of opportunities for upskilling and professional development, a conducive workplace as well as a systematic rewards programme reflective of merit.	Workforce Readiness Pg36 - 55
	Town Hall sessions	Minimum twice yearly		
	Group Managing Director Messages on email and Workplace	Monthly		
	HR Initiatives			
	Performance management workshop	Goal setting, mid-year review and final year appraisal, supported by Individual Development Plan discussion		
	Learning and Development	Ongoing, via bankwide and role-based training		
	Curated bite-sized learning	Weekly		
	Graduate programmes	Based on business unit requirements		
	HALI helpdesk chatbot	24/7		
	Employee Engagement			
	Appreciation Day and Apple e-Touch appreciation platform	Annually and quarterly basis respectively		
	Breast Cancer Awareness Month	Annually		
	HLB Games	As per annual employee engagement calendar		
	Brown Bag Lunch & Learn	Monthly (until December 2019)		
	HLB Cares Infographics	Monthly		
Health Fair	Annually			
Other				
Whistleblowing channel	Contact information published on HLB's website as and when channeled by whistleblower to the Bank			
Group Scholarship Programme	Ongoing, as per request			

Our Sustainability Approach

Stakeholder	Engagement Channels	Frequency	Areas of Interest	How HLB Responds
 Customers	At our branches	Daily	Our customers seek user-friendly systems and easily accessible banking products and services. They also want to be sure that their personal data is being protected and that the Bank can be trusted to uphold ethical banking principles.	Digital at the Core Pg28 - 35
	Self-Service Terminals	24/7		
	Internet and mobile banking	24/7		
	Customer surveys	Daily		Socially Responsible Business Pg56 - 66
	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			
 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.	Good Business Conduct Pg22 - 27
	Investor roadshows	At least 2 conferences a year		
	Meetings with investors and analysts	At least 150 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.	Good Business Conduct Pg22 - 27
	Bursa Malaysia	As and when required		
	Perbadanan Insurans Deposit Malaysia ("PIDM")	As and when required		Socially Responsible Business Pg56 - 66
	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		

Our Sustainability Approach

Stakeholder	Engagement Channels	Frequency	Areas of Interest	How HLB Responds
 Suppliers	Supplier engagement rating process	Minimum once yearly	Our suppliers and outsourcing service providers seek transparency in HLB's procurement process and want to ensure that they are fulfilling the Bank's 'service level agreement'.	Socially Responsible Business Pg56 - 66
	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			
 Community	SME segment engagement programmes	Ongoing through various activities, relationship managers, regional and national managers	Community members are interested in the availability and accessibility of programmes for those in need.	Community Investment Pg71 - 79
	Corporate Social Responsibility events	Monthly		
	Hong Leong Foundation's programmes	Based on the arrangement. Ongoing		
 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.	HLB Annual Report HLB Sustainability Report www.hlb.com.my and other social media platforms
	Media get-togethers	Minimum 2 engagements a year		
	Media announcements	Ongoing basis		
	Social media	Daily communication		

Our Covid-19 Response

As COVID-19 continues to disrupt the social and economic fabric of communities around the world, the Bank is committed to supporting our stakeholders through this difficult time.

Stakeholder Group	Response
 <p>Employees</p>	<p>The safety and well-being of our employees remains a key priority for both HLB and HLISB in response to this ongoing pandemic. Our business continuity plan and split operations were activated in the very early stages of the pandemic in February 2020, enabling high risk groups to work from home or travel to their workplace in staggered hours. As the pandemic became more widespread and with the implementation of the Malaysian government’s Movement Control Order (“MCO”), we transitioned the majority of our workforce to working from home, requiring only essential staff to travel to branches or offices. Employees working from home were supported through the provision of adequate resources, such as laptops and VPN access, while staff working on-site were offered flexible working arrangements to minimise exposure and the possibility of COVID-19 transmission.</p> <p>Ensuring that our employees were kept informed of daily developments and what is required of them has been paramount in managing uncertainty. Bank-wide daily updates were delivered to help employees understand the actions we were taking at a bankwide level to ensure that they are able to work in a safe environment. Personal protective equipment (“PPE”) for both employees and customers was provided nationwide to help employees take the necessary safety steps as the situation developed. To help our employees respond to the various scenarios arising from the pandemic, COVID-19 Standard Operating Procedures were established, in line with the recommendations of medical professionals.</p> <p>As the world continues to adapt to the ongoing pandemic, we are ensuring that our practices remain consistent with all relevant regulations and recommendations. We are also committed to using this opportunity to re-examine our workplace practices. Through the launch of an on-line employee survey, we have been working to understand employees’ opinions on alternate worksites and arrangements and practices to shape future policies that could provide greater flexibility and improve the employee experience during their tenure as an employee of the Bank. The pandemic accelerated our transition to virtual employee learning and development and our employees today are primed to learn from this blended training approach, utilising different media and channels for effectiveness and engagement.</p>

Our COVID-19 Response

Stakeholder Group	Response
 <p>Customers</p>	<p>Our customer care practices in response to COVID-19 are focused on keeping them safe and secure – both physically and financially. To ensure the continued security of our customers’ data throughout the work from home period, remote cybersecurity was a key focus area of our operations. We engaged more frequently with our employees working from their homes to increase awareness of cyber risks.</p> <p>In February, well before the peak of the crisis, the Bank initiated Customer Financial Relief Plans, allowing customers to restructure and reschedule their loans and financing so that financial burdens caused by loss of income or reduction in cashflows could be appropriately managed. We also participated in the industry-wide automatic loan moratorium financial relief initiative providing much needed assistance so that customers could regroup and reevaluate their finances.</p> <p>We moved quickly to deliver cash flow relief through the BNM Special Relief Facility (“SRF”) for SMEs. In line with our Digital at the Core ethos, the key focus was digitising the SRF application process, allowing applications to be made through email, SMS or WhatsApp. These efforts helped HLB to secure RM1.24 billion of relief funds for over 2,200 SMEs, in addition to the RM500 million provided by HLB to supplement the SRF. To further support SMEs during this time, we organised a monthly webinar series focusing on emerging opportunities for the SME business community in response to the COVID-19 crisis.</p> <p>For corporate clients, we extended assistance through our own Relief Programme, where impacted businesses could apply based on their own particular circumstances.</p> <p>Since July 2020 we have rolled out relief plans to help those that are still on the path to recovery, but are yet to return to pre COVID-19 financial means. These plans will extend targeted support to those in need post the end of the automatic moratorium which is due to end 30th September 2020.</p> <p>In other markets such as Singapore, Cambodia and Vietnam, we similarly rolled out customer financing relief programmes to cater for the needs of our customers in those markets.</p>
 <p>Community</p>	<p>Beyond those directly supported by our various customer relief programmes, the Bank recognised our responsibility to support the well-being of the communities in which we operate. As part of a collective contribution by the Association of Banks Malaysian, HLB donated RM1 million to MERCY Malaysia, while HLISB, as part of the Association of Islamic Banking Institutions Malaysia, gave out Zakat contributions of RM10,000 pledged to upgrade medical facilities at Hospital KL and Hospital Sg Buloh. HLISB also partnered with a digital platform, Global Sadaqah, to provide food packs worth RM10,000 to Asnaf recipients during the COVID-19 outbreak. HLB and HLISB also provided meals for 10 selected orphanages and senior homes during Ramadan as part of our Ramadan and Raya Campaign worth RM150,000, in addition to extending support to the SURI social enterprise through HLB Jumpstart to help disadvantaged community members secure employment and income producing Personal Protective Equipment.</p>

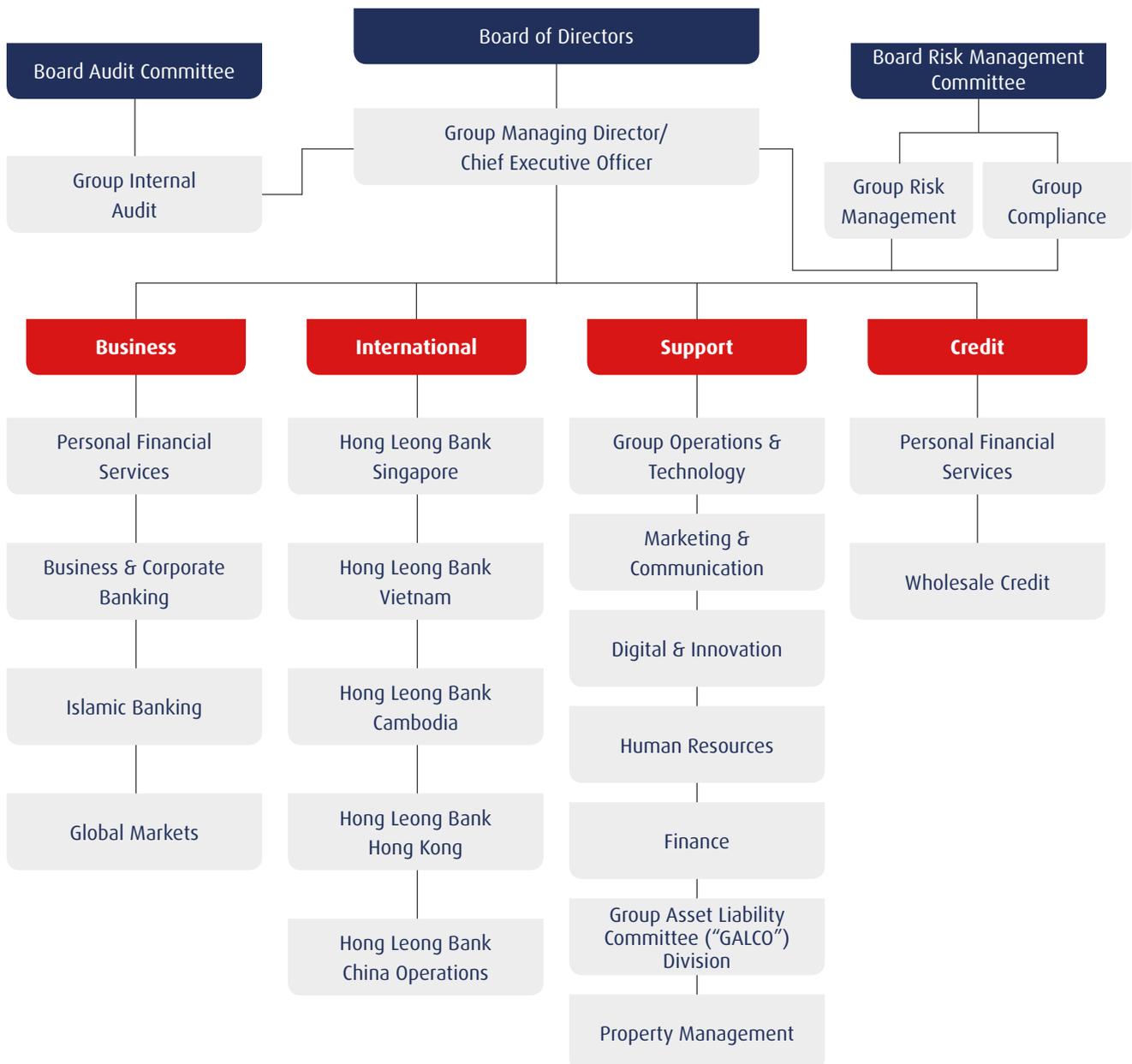
In August 2020, HLB received the Excellence in Leadership in Asia 2020 award for our agility, outstanding forward-thinking and commitment in extending support to customers and communities-at-large during the COVID-19 crisis.

Good Business Conduct

Robust business ethics and governance set a clear structure and form the guiding principles that chart the Bank's growth pathway. The systems, processes, procedures and policies we have in place are designed to instill a culture that affirms good business conduct. This culture is reinforced from the very top, with our Board of Directors setting the tone for responsible conduct right across the Bank.

CORPORATE GOVERNANCE

Achieving alignment of sustainability and corporate governance requires sound leadership. Our Board of Directors take seriously our responsibility to operate according to governance best practices and, together with HLB senior management, oversee systemic compliance with responsible business conduct policies and practices. Established policies and procedures related to ethical conduct, anti-bribery and corruption, anti-money laundering and whistleblowing, among others, are in place. Policies and Standard Operating Procedures are reviewed annually to ensure that they remain relevant as well as promote and uphold standards of best practice.



ETHICS AND INTEGRITY

Our Code of Conduct and Ethics (“the Code”) sets out the values, principles and standards of professional conduct that are expected to be upheld at the Bank. Applicable to all those who serve or are employed by the Bank, including subsidiaries and affiliates, the Bank’s business partners and vendors, the Code ensures that the highest standards of behaviour are enacted across our business activities.

Compliance with the Code is driven by a strong culture of ethical conduct fostered through multi-channel engagement with our employees. Efforts include both onboarding training for new employees and regular reinforcement training for existing employees. We work to ensure that the standards set out by the Code are embedded throughout the organisation. Our commitment to upholding these standards is reaffirmed each year by the Board of Directors’ and Employees’ mandatory annual attestations to the Code.

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.

To demonstrate the Bank’s zero tolerance position on corruption and bribery, an Anti-Bribery and Corruption Framework was established. The Bank also appointed an Ethics and Integrity Officer who sets out a holistic approach in the implementation of adequate policies and procedures to safeguard the Bank from corrupt practices.

Good Business Conduct

COMPLIANCE FRAMEWORK

The Bank operates across Malaysia, Singapore, Hong Kong, Cambodia, Vietnam and China. To drive compliance with all relevant laws, regulations and standards, a Compliance Framework is in place to guide compliance standards and requirements as well as roles, responsibilities, processes and practices governing the day-to-day operations of the Bank.

Under the Bank's Compliance Framework, Group Compliance partners with the business and support units to develop and update systems, policies, processes and procedures to manage compliance risk inherent in business activities. To further support the framework, Business Unit Compliance Officers ("BUCOs") and Business Unit Compliance Representatives ("BUCRs") are based in business and support units to help unit heads drive compliance initiatives. Group Compliance maintains oversight of these processes to additionally carry out a compliance assurance programme to independently assess the compliance status of the various business and support units across the Bank.

Group Compliance also disseminates any changes as well as new regulatory requirements to the Horizon Scanning Working Group ("HSWG") which was set up to identify timely applicable requirements and assess the impacts of these requirements on the affected divisions. Relevant staff are also kept up to date with any regulatory updates issued or published by the regulators via a weekly circular.

PREVENTION OF FINANCIAL CRIME

In FY2020 we took several measures to further strengthen our lines of defense against financial crime. The Anti-Money Laundering and Counter Financing of Terrorism and Targeted Financial Sanctions ("AML, CFT and TFS") Policy ("Policy") was updated in line with regulatory updates from Bank Negara Malaysia. The Policy sets out the Bank's AML, CFT and TFS Programme ("Programme") in managing money laundering, terrorist financing and targeted financial sanctions ("ML/TF/TFS") risks. Concurrently, the AML, CFT and TFS SOP is also updated to ensure effective implementation of the Programme.

To further manage financial crime risks, the Bank has established a dedicated Financial Crime Governance Committee ("FCGC") in January 2020 in addition to the existing Risk & Compliance Governance Committee, as we strive to safeguard

the Bank from being a conduit for financial crime proceeds. The committee focuses on Financial Crime Compliance ("FCC") matters and further enhances senior management oversight of the ever-increasing FCC risk landscape. To bolster these efforts against Financial Crime Risk, the Bank is embarking on a project to replace its AML system which leverages on artificial intelligence and machine learning to improve the effectiveness of AML detection, monitoring and reporting.

PROMOTING A CULTURE OF COMPLIANCE

"An effective ethics and compliance culture must be led from the very top, but only truly succeeds when every HLB employee takes ownership of individual responsibility to adhere to the highest standards of integrity and professionalism."

Domenic Fuda,
Group Managing Director/CEO

The Bank recognises that fostering and promoting a compliance culture requires regular and focused employee engagement and training. To achieve this, regular compliance training is delivered across the Bank together with role-based training targeted at specific risks associated with divisions and individual positions. Together these practices raise and reinforce awareness of compliance and keep employees updated on compliance-related matters.

Employees are required to complete mandatory e-learning modules that consists of videos, reading materials and assessment delivered through HLB@Workday, the Bank's people and performance management platform. Topics covered include, Anti-Bribery and Corruption ("ABC"), AML/CFT/TFS, Banking Secrecy & Data Protection. These modules are accompanied with assessment questions to ensure retention of knowledge. Employees are also updated and reminded of necessary compliance practices through bank-wide communications. Since the start of 2019, themed compliance months have also been held where managers conduct weekly and monthly huddles to learn and discuss compliance topics as part of their team meetings.

In FY2020, over 8,000 employees completed e-learning compliance modules. A total of 12 monthly compliance huddles were also carried out, on topics including AML/CFT, ABC, fraud, Shariah, cyber security and more. On top of the bankwide training, role-based training is customised to meet specific business unit needs, with 30% of the programme supported by internal subject matter experts. These teams include Collection, Credit Department, Trade Centre, BUCO and BUCR operations, branches and front-line staff. In FY2020, 998 employees completed role-based AML/CFT Training. Since 2017, 28 employees have completed accreditation training in AML/CFT and Regulatory Compliance.

BUILDING A SHARIAH COMPLIANCE CULTURE

HLISB has defined a Shariah Compliance Culture as the creation of a value system based on Shariah principles and its eventual integration into the way we conduct our business and operations. We believe it should not only be about 'ticking Shariah compliance boxes'. More importantly, it is about having a deeper understanding of the underlying reasons and principles that dictate our outward conduct and behaviour.

In line with our aspiration to build a Shariah Compliance Culture, various training sessions have been held during the year for both HLISB and HLB staff.

To further strengthen our ethical and transparent business practices, we have an ongoing programme that targets to deliver role-based Anti-Bribery and Corruption and Malaysian Anti-Corruption Corporate Liability training to over 4,000 employees, AML/CFT training to over 5,000 employees by FY2021 year-end and the Islamic Finance Qualification ("IFIQ") to 500 employees by FY2022 to ensure greater understanding and compliance with Shariah principles.

WHISTLEBLOWING POLICY

The Bank has in place a Whistleblowing Policy to safeguard the integrity of our operations. All employees, customers and business associates are encouraged to report any concerns pertaining to improper conduct. The Whistleblowing Policy can be found on our Corporate website, and has clear instructions on how to raise such concerns. Reports of non-compliance including Shariah non-compliance or improper conduct behaviours can be made anonymously and are addressed through independent investigation. Whistleblowers who disclose or raise issues in good faith will be protected from retaliation, adverse employment action and from disclosure of their identity.

Good Business Conduct

RISK MANAGEMENT AND RISK CULTURE

Our risk management strategies are governed by the Risk Management Structure as depicted below:

HLB and HLISB Risk Management Structure



* Applicable only for HLISB.

Environmental Risk, Sustainability and Climate Change

Environmental risks, including climate change, have been formally incorporated into our Risk Management Structure since FY2019. Environmental risks are defined as the actual or potential threat of adverse effects on living organisms and the environment by effluents, emissions, wastes, resource depletion and other impacts. Environmental risks are also associated with broader sustainability risks, including the effect of business actions and environmental impacts, such as climate change, on society and the well-being of the community.

Given the Bank’s role in the economy, we are cognisant that individuals and companies we do business with will directly or indirectly affect the environment. Therefore, the Bank has taken measures to ensure these risks are incorporated into our business activities and policies to reflect our commitment to build an environmentally friendly ecosystem where we operate. Our policies are in line with the discussion paper issued by BNM on Climate Change and Principle-based Taxonomy.

We have studied the impact of non-performance, and determined that it can be classified into the categories stated below:

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.

As a part of HLB's and HLISB's risk management exercise, we map out our material topics onto a risk matrix that helps us assess the severity of these risks and the corresponding level of action needed. From our restructured sustainability themes and the revised list of 16 new material topics, we have updated our previous risk matrix to identify our high-priority action areas.



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.

Build for Future

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. It is important for the Bank to "build for the future".

Phased Enhancement

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.

Within the Immediate Enhancement quadrant, the Bank has established the following focus areas and improvement strategies.

Material Topic	Programmes/Initiatives
Climate-positive Financing	Supporting the development and adoption of green technologies through targeted financing and developing green investment products to help consumers align their financial choices with their sustainable values.
Simplifying Customer Experience	Providing support for customers and SMEs and expanding our network of digital branches to offer an enhanced and more efficient customer experience. Assisting all customers to migrate to digital banking, helping those that might need more time to make the transition.

In line with our own initiatives and BNM's Climate Change and Principle-based Taxonomy document which was issued as a consultative document at the end of 2019. HLB has been in active discussion with various stakeholders, including non-profit organisations, to refine a corporate ESG Framework as part of our client selection and credit decisioning process. The Framework will guide us in better managing our portfolio and transitioning clients to climate change resilient business operations.

In addition, the Bank is committed to the guiding principles of fair, equitable and responsible lending, and seeks to ensure that customers are treated fairly, equally and do not encounter discriminatory processes when accessing financial services. In this regard, the Bank implemented, amongst other measures, two policies; namely the Board Policy on Products and Value Propositions and the Policy on Product Transparency and Disclosure, to ensure that we operationalise these strategic priorities. The oversight role discharged by the Products and Value Proposition Committee of the Bank further enhances internal governance on products and services offered.

An independent review was performed on the Bank's sustainability initiatives to facilitate the identification and rectification of sustainability aspects and to ensure the Bank's initiatives conform to our sustainability objectives. The review also included an independent assessment conducted on our corporate customers' credit evaluation process with the intention to validate whether our customers conform to the sustainability standards and certifications relating to ESG. Moving forward, the Bank will conduct periodic reviews to assess the implementation and progress of the sustainability initiatives and to ensure our objectives towards building a sustainable business community are met.



DIGITAL AT THE CORE

MATERIAL TOPICS



Digital
Banking



Cyber Security and
Data Privacy



Simplifying
Customer
Experience

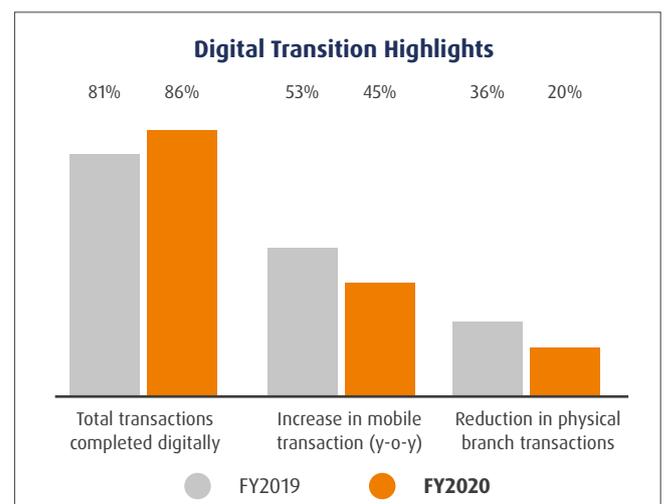
Digital at the Core

OUR DIGITAL JOURNEY

As digital technologies and financial services continue to converge, new opportunities for enhanced functionality, accessibility and affordability are emerging. At the Bank, our goal is to help customers realise these opportunities through ongoing digital enhancements to our products and services that will make them seamless for customers to consume. At its core, our digitisation strategy is about inclusiveness, simplicity and intuitiveness, so that financial services are delivered in a timely manner, without the traditional waiting times and cumbersome processes, driving more efficient business practices in the process.

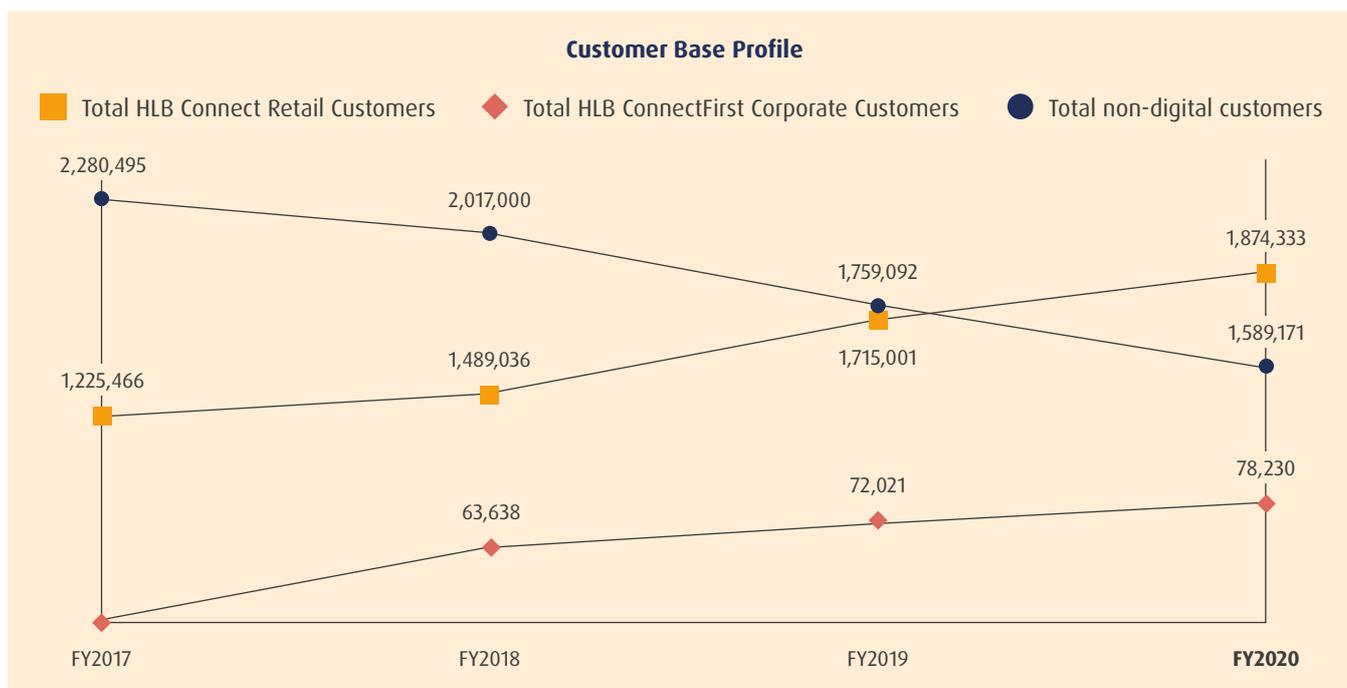
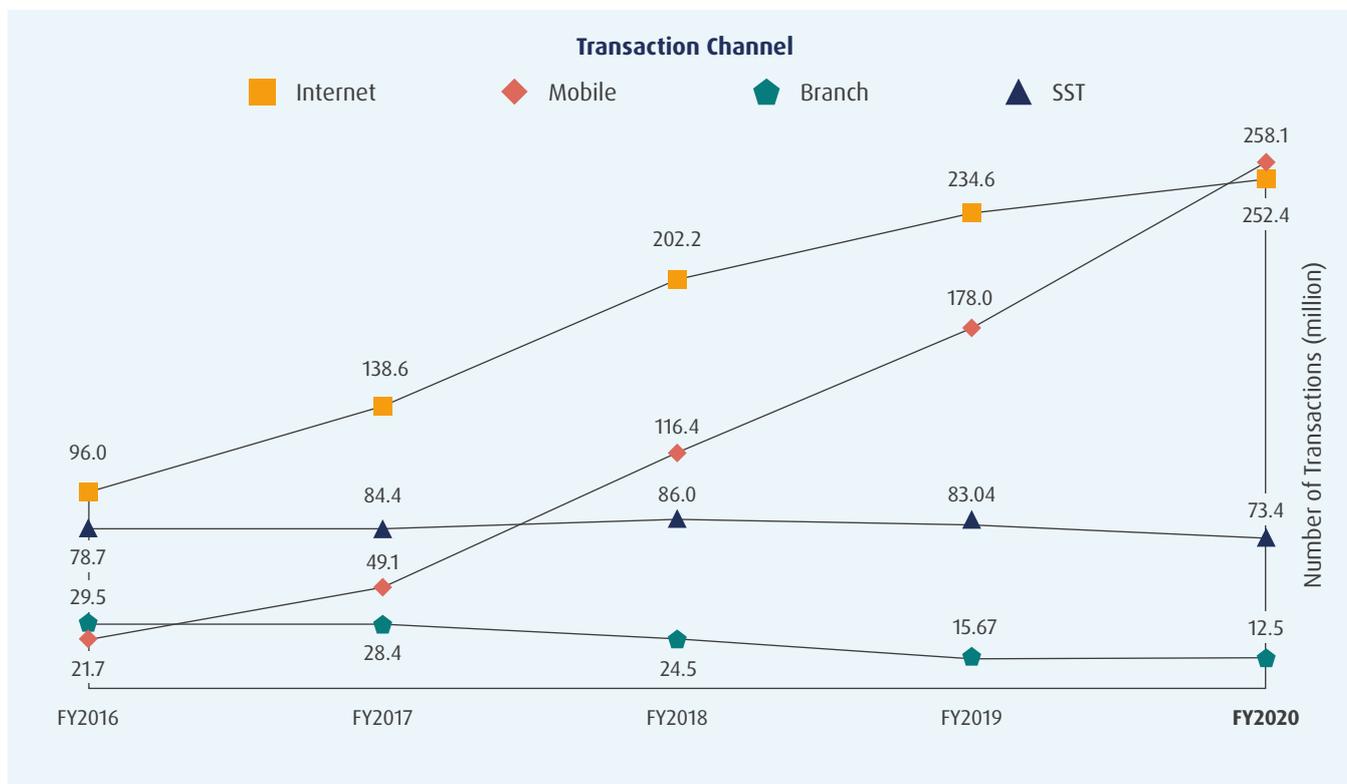
Therefore, enhancing our range of digital products and services and improving our digital security is a key area of investment for the Bank. This includes efforts to make transactions easier and safer by investing in customer journey capabilities, inhouse Information Technology skills, data science capabilities and automation, plus investments into cyber security capabilities, as well as initiatives to digitise internal processes so that we can have employees lead the transformation through immersion in the digital ecosystem. These digitisation efforts extend beyond our Malaysian operations to include the Bank's operations in overseas markets.

FY2020 saw the continuation of the strategic priority to insource digital capabilities by expanding our Digital Centre of Excellence.



Digital at the Core

Our digital improvements throughout FY2020 have effectively enabled our customers to embrace the digital solutions that we offer. The total number of transactions in FY2020 is as follows:



The enhanced accessibility and functionality of our digital services is evidenced by the growing share of customers taking advantage of these offerings. The widespread adoption of our digital products and services across different demographic groups is reflective of our efforts to ensure inclusivity in our digitisation practices – designing our business practices and products in a way that reduces barriers for all. We continue to support the digital transition through ongoing enhancements to our digital quality of service.

OUR DIGITAL SOLUTIONS

HLB CONNECT RETAIL

“As we continue on our Digital at the Core strategy, the common challenge is helping people to feel secure - not just with online banking, but with change. Our focus is really simplicity. If we make it easy to transition to digital platforms then eventually the convenience of banking anytime and anywhere will win people over.”

Charles Sik,
Managing Director,
Personal Financial Services

We provide mobile and web-based banking services to retail customers through our digital banking platform HLB Connect. In line with our ambition to improve the customer experience through digitisation, HLB Connect offers a convenient and multi-functional platform for customers to complete different banking functions with ease.

Enhancing Customer Experience Through HLB Connect



e-Fixed Deposit

Set higher transaction limits to securely transfer funds from other banks all in one go



Fixed Deposit Management

Manage, view and make withdrawals online for Fixed Deposits made in-branch



Call-for-Cash

Borrow any amount within your credit limit and receive funds in your HLB bank account the next business day



Credit Card Functions

Perform self-service functions including card activation, card replacement and travel notifications



Instant Disbursement

Instantly receive funds in your HLB account following application approval for select borrowing products



HLISB Investment Account

The first digital investment account offered by an Islamic bank in Malaysia launched in FY2019

ASNBS ONLINE

Following the successful commencement of the Bank and Amanah Saham Nasional Berhad (“ASNBS”) Fund distribution partnership in 2018 and our subsequent receipt of the ‘Inspirational Starz Award’ at the ASNBS Starz Award Nite 2018, HLISB was selected by ASNBS to launch the online platform for ASNBS’s products. This solidified further our commitment and effort, in line with the Bank’s Digital at the Core vision, digitising several processes under HLISB’s ASNBS Unit Trust Funds to enable more processes and transactions to be performed online. The content of the ASNBS eChannel Services will be designed and constructed, to not only educate and increase awareness on the necessity of long-term investments, but also to help customers manage their wealth. With these enhancements, the ASNBS eChannel Services will allow customers to perform online functions in real time.

The ASNBS eChannel Services is targeted to be made available to the public in early FY2021, as we aim to launch the first online channel to market Unit Trust Funds for the Bank, a new distribution channel to promote ASNBS Unit Trust Funds.

As at June 2020, ASNBS Variable Price Funds recorded RM88.8 million while ASNBS Financing-i submission is RM144 million (1,760 cases). In addition, we have funded RM87 million (1,013 cases).

Digital at the Core

Customers' uptake of digital services and the number of digital transactions we record are important metrics to assess whether our digital offerings are in line with customer needs. We saw an increase of about 9.3% in the total number of customers using our HLB Connect Retail platform. This increase places our current digital retail customer base at 54% as we continue to move towards our target of reaching over 60% by FY2021.

	FY2017	FY2018	FY2019	FY2020
HLB Connect Retail Customers (total)	1,225,466	1,489,036	1,715,001	1,874,333
HLB Connect Retail Customers (percentage)	35%	42%	49%	54%

One of our key focus areas for FY2020 was to provide even more digital offerings for our customers while simultaneously promoting their migration from traditional branch transactions to our HLB Connect platform. FY2020 witnessed the launch of our all-new HLB Connect app which offers an improved user interface and user experience (UI/UX) design to provide a more seamless user experience. Our previous Scan & Pay and Pay Mobile features have also been upgraded to DuitNow and Scan QR.

Moving forward, we have strategic initiatives targeted at reducing paper consumption via the HLB Connect Retail platform. We target to introduce the Load\$ feature which will remove the need for printed forms and manual data entry during the credit card application process. We also plan on introducing a paperless experience for our customers looking to open new accounts through our InBranch solution.

We evaluate our digitisation progress using key indicators, including those related to eFD placements, mobile transactions, digital accounts opened and customer satisfaction for our HLB Connect app.

HLB CONNECTFIRST FOR BUSINESS

Our digital platform for corporate, commercial and SME customers, HLB ConnectFirst, offers a comprehensive suite of banking solutions to help businesses achieve enhanced efficiency. The platform, which includes a range of transaction banking services tailored to business needs, can be customised to meet each customer's specific requirements. Our Corporate Internet Banking users, inclusive of ConnectFirst and ConnectBiz users, have increased by 8.6% compared to FY2019.

	FY2018	FY2019	FY2020
Corporate Internet Banking Users	63,638	72,021	78,230
Percentage increase in Corporate Banking Users from previous FY		13.2%	8.6%
Number of transactions	7,087,993	8,803,884	9,072,043
Transaction Value (RM)	72,451,435,979	87,646,594,697	81,778,965,258

To provide added security for our corporate, commercial and SME customers, we introduced a revamped eToken platform. First introduced in mid-2018, this digital token authentication solution that allows easy and secure access into the platform, has been equipped with a first-in-market biometric facial-recognition technology for mobile devices. We were also one of the five banks in Malaysia to partner with SWIFT to onboard their Global Payment Initiative ("gpi") solutions onto our platform. This partnership will allow our customers to complete cross-border payments in a faster and more transparent manner.

To further improve the digital banking experience for our SME customers, we integrated the FastCollect feature to our HLB ConnectFirst platform which allows customers to be onboarded as JomPAY billers 88% more efficiently than traditional channels. JomPAY, being one of Malaysia's biggest online bill payment services, will enable our SME customers to collect payments more efficiently providing them with the ease of mind to focus on other areas of their business.

We also introduced the HLB ConnectFirst Lite in FY2020 for our SME customers. This digital platform provides the means to streamline cash management, eliminating functions that are non-essential to SMEs, hence, providing an SME specific digital platform.

FY2021 will mark an important milestone for our HLB ConnectFirst platform. Before the end of 2020, we are planning to launch the second iteration of this platform which aims to simplify the current ConnectFirst platform by revamping the user interface according to the latest digital trends and personalised actions based on customers' preferences. To ensure the success of HLB ConnectFirst 2.0, we have undergone extensive engagement via awareness and training programmes with our staff and our customers throughout FY2020.

OUR DIGITAL TRANSFORMATION

Our strategy in digitally transforming our operations is driven by the desire to embrace the latest technological advances without compromising on security. Our key focus areas include strengthening cyber security, data privacy and building internal digital front-end capabilities to be self-sufficient in selected technology functions by December 2021.

CYBER SECURITY AND DATA PRIVACY

As new opportunities to meet customers' needs are created through the digitisation of financial services, new digital risks are also emerging. To ensure that we can provide innovative and efficient products and services while protecting our customers from harm, we continue to invest in our cybersecurity infrastructure and our ability to counter evolving digital threats. In doing so, we attend closely to emerging Bank Negara Malaysia regulations in order to ensure compliance in this rapidly developing risk area.

The receipt, storage and protection of customers' private details is governed by our Group Data Protection and Customer Secrecy Policy, which has been developed in line with the Personal Data Protection Act (2010) ("PDPA"). The Group Data Protection and Customer Secrecy Policy outlines the necessary compliance-related roles, responsibilities, processes and practices to be observed within the Bank and helps to cultivate a culture of compliance among our employees. Customers are notified of the manner in which the Bank handles their personal information and what rights and protection they are entitled to as a data owner through the Bank's Privacy Notice, which also applies to the personal information of employees and business partners. Changes to the notice are communicated to stakeholders via the Bank's website or other appropriate communication means, such as email.

Via our crisis management strategy, we are involved in national and international early warning systems to detect cyber security risks. In order to stay abreast of potential

cyber-attacks, we subscribe to the Financial Services – Information Sharing and Analysis Centre ("FS-ISAC"). We have also enlisted threat intelligence solutions to provide real-time intel that allows us to prevent or mitigate cyber-attacks.

To further strengthen our defenses against cyber-attacks, including scams, improving customer and employee awareness of cyber security measures and practices is integral to our digital risk management strategy. Through various initiatives, including employee training, awareness programmes and information provided to customers via our website and other means of customer communication, we strive to build a culture where data security amongst our workforce is top-of-mind and simultaneously ensure that customers have the knowledge needed to protect themselves and the banking relationship from risk.

Helping our Customers Browse Safely

The 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. When using the HLB website, customers who click on any third-party link are prompted with a message that HLB's Privacy Notice shall cease when they follow the link. Hong Leong Connect Online Banking also offers a security reminder on the login page and personal inbox message.

In FY2020, we recorded a total of four cases related to phishing and phone scam cases as compared to three cases recorded in FY2019. All reported cases were escalated to our Fraud Management Unit for further action to be taken. There were no cases of identified leaks, thefts or losses of customer data reported.

DIGITISATION OF CUSTOMER EXPERIENCES

For our digitisation efforts to be meaningful, it is essential that they are designed in a way that enhances the banking experience and creates value for our customers. Improving and evaluating digital customer experience is therefore a key priority under our digitisation agenda. Since FY2019, progress in this area has been driven by our Customer Experience ("CX") Lab, which brings together teams from across the Bank and external partners to accelerate the delivery of new products and services. The CX Lab serves as a platform to explore the applications for new technologies, such as Artificial Intelligence and machine learning, among others, and to work with customers to understand their banking needs.

Digital at the Core

DIGITAL BRANCHES

The launch of HLB's flagship Digital Branch in 2017 marked a key milestone in the Bank's efforts to re-imagine the banking experience in a digital era. Since then, our two Digital Branches, located in Kuala Lumpur and Penang, have stood as a model for the future of brick-and-mortar banking, leveraging new technology to improve efficiency and enhance the customer experience.

Our digital branches utilise a suite of solutions that guide our customers through a seamless journey. During consultation with branch Personal Financial Consultants, our paper-free approach of using app-enabled digital tablets with biometric capabilities help customers complete their banking transactions immediately. Data-entry and processing tasks have been automated, which allows our employees to be more engaging with customers. Our general digital branch space deployed with technologies such as wireless terminals and applications, allow customers to quickly perform banking transactions.

Selected digital solutions piloted at our Digital Branches, such as our InBranch tablet-based teller services, have also been rolled out across the Bank's Malaysian branch network. These ongoing efforts target to equip 150 of our branches with this feature by February 2021. Currently, we have equipped more than 100 branches throughout Malaysia.

We are on track to introduce our third digital branch within 2020. The Southkey Branch, which is a first of its kind in Johor, is targeted to begin operations by November. This branch will serve as a best-practice template for future branch remodelling activities targeted at six branches in the next financial year.

TOWARDS A CASHLESS SOCIETY

Through our digital banking transformation, we seek not only to create value for our customers, but to promote a technologically enabled society in which every individual can realise the benefits of digitisation. By championing the digital advancement of the Malaysian banking industry, we hope to leverage our knowledge for widespread digital development across society and the financial services sector.

As cashless transactions gain momentum, HLB and HLISB continue to drive the advancement of an integrated financial ecosystem in which digital payment methods allow for seamless financial transactions. Such an ecosystem will allow business and consumers to benefit from reduced risk of physical and financial crime as well as enhanced efficiency and traceability.

Within the Malaysian banking industry, we aim to champion seamless digital transactions in our drive to create a cashless society. Beyond the products and services through which we promote cashless transactions, including bank cards, mobile payment methods and online banking, we continue to focus on expanding our merchant network for cashless payments. In addition to offering an integrated Point-of-Sale terminal which accepts all card and mobile payments, we provide incentives such as low transaction rates, waived desktop terminal rental fees and complimentary set-up services to promote widespread adoption of digital payment methods.

In line with our commitment to help small business go cashless, in FY2020 we introduced HLB Tap On Phone, a new contactless mobile payment acceptance service for Android mobile devices that allows vendors to receive card payments using their mobile device. Made possible through a partnership with Payment Networks Malaysia, Tap On Phone is helping to bring down the costs of going cashless for businesses. In June 2020, we also launched the "Cashless Lagi Senang" campaign to onboard more vendors and traders in order to enable them to add cashless and contactless payment methods for the ease of their customers.

Our Cashfree Society programme, targeted at university students, was activated in FY2020 with the broader goal of building and equipping a society that conducts daily financial transactions digitally. To achieve this, we have implemented Point-of-Sales terminals across university campuses with plans to enable the other retail merchants on campus and similar cashless terminals in the year 2021.

Supporting Cashless Zakat

In FY2020 HLISB undertook several initiatives to promote cashless transactions in the Zakat payment space. In December 2019, HLISB collaborated with Lembaga Zakat Selangor (“LZS”) for their “Zakat Di Hati” campaign, which ran throughout the month of December 2019 to encourage Zakat contributors to perform their Zakat contributions via HLB’s digital platform. In further partnership with LZS, we continued to operate two Cashless ATMs at LZS which allow customers to use their debit cards to perform zakat payments. Additionally, in FY2020 HLISB ran our first Zakat contribution program using the Global Sadaqah online platform.

To further support cashless Zakat, we have updated the Zakat payment facility in HLB Connect to a one-click straight through process. In addition to simplifying the process for customers, the content was also built to help educate and increase awareness, not only on the mandatory Zakat payment, but also on the subject of Zakat calculations and practices as a whole. Additionally, a set of Zakat calculators were introduced to help customers calculate their payable zakat in a simple way.

SHARIAH KNOWLEDGE SHARING THROUGH DIGITISATION

An important function of digital technology is the opportunities it presents for enhancing widespread access to information. In recognition of the social knowledge gaps that exist in society with respect to Islamic banking and financial services, HLISB strives to leverage our digital platform to help customers and the public better understand Islamic finance.

In FY2020, to increase public understanding of Islamic finance and drive adoption of Islamic banking products and services, we refreshed the HLISB Website to reflect customer needs and knowledge gaps. The website was re-designed according to customers’ needs segmented by the five pillars of Islamic Wealth Management. These pillars are part of HLISB’s “Cradle to Grave” proposition which are Creation, Accumulation, Preservation, Distribution and Purification.

Compared to the previous version of product development, our co-creation sessions with external users have resulted in several educational elements in line with our effort to increase the awareness and understanding of Islamic banking. These include easy-to-understand explanations on Arabic terms, applicability of Shariah Contract for each product and a simplified version on how products work. We also added new calculators for Zakat, ASB Financing-i, Auto Financing-i, Property Financing-i and, Personal Financing-i to help consumers understand their options. For our Muslim customers, we have included the Zakat calculator to assist in determining their payable Zakat which is based on Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (“MAIWP”) Zakat calculation. The overall refreshed HLISB website project was executed in collaboration with personnel from both HLBB and HLISB. This diversity ensured the platform was designed to be informative for individuals from all backgrounds.

HLISB’s latest website also features dedicated Sadaqah and Waqaf pages with info for customers to contribute to selected charitable organizations and Waqaf bodies via the JomPAY platform. All these pages were designed to not only give information on how to pay Zakat and contribute to Sadaqah and Waqaf, but also to educate and provide knowledge to customers on Zakat, Sadaqah and Waqaf respectively. We will further enhance our customers’ journey by making these Sadaqah and Waqaf features available on our mobile apps as well.

In addition to the HLISB website, our AI-enabled Islamic banking knowledge platform, Shariah Universal Digital Assistant for You (“SUNDAY”) continues to help users compare Islamic banking products and services and receive real-time advice. The platform, which was developed in partnership with the University of Malaya, functions as a chatbot equipped with general Shariah knowledge regarding the authorities, articles and scholarly discussions in relation to Shariah contracts. Through SUNDAY, HLISB continues to provide easily digestible and user-friendly information to empower consumers across Malaysia. Our SUNDAY chatbot is accessible at <http://103.18.2.74/HongLeongIslamicChatBotApp/HLISBChat>.

HLISB: SOLUTION DESIGN LAB

To drive customer innovation for our Islamic customer segment, in FY2020 we established the Solution Design Lab to introduce and incorporate design thinking into the development and management of Islamic finance products. A joint initiative between HLISB departments, the Lab’s progress in FY2020 resulted in the development of a more customer-focused and interactive HLISB website.



WORKFORCE READINESS

MATERIAL TOPICS



Nurturing Talent
Growth



Ethics, Integrity
and Compliance



Employee Health &
Well-being

Workforce Readiness

“As the Bank progresses in delivering on its strategic priorities and its sustainability journey, workforce readiness is a priority. HR therefore needs to be ready to facilitate skills development and acquisition, as well as promote sustainable practices in all that we do, including our approach to strategic workforce planning, hiring, development and the retention of our employees.”

Fiona Fong,
Head of Human Resources

NURTURING A SUSTAINABLE EMPLOYEE EXPERIENCE



Workplace Readiness

Launch of HLB@Workday

A singular, real-time and mobile-first platform for all entities to manage the employee lifecycle end-to-end – from onboarding and performance management to compensation and learning and career development



Workforce Readiness

Data and insights-driven decision-making and learning on the go

With HLB@Workday our employees are now empowered to harness data to drive decision-making on managing their teams. Learning is no longer restricted to the classroom; it can and should happen anytime, anywhere



Talent Management

Building and retaining talent

We continue to refine our end-to-end talent management processes encompassing recruitment, performance management, learning and development and talent succession planning



Driving A Compliance Culture

Structured training

For bankwide effectiveness, the Bank utilises all available platforms to shape desired workforce behaviour – from huddles and tone from the top communications, to onboarding, mandatory eLearning and role-based training



Employee Well-being, Health & Safety, Environment

Nurturing positive employee experiences

Providing relevant, meaningful and positive employee experiences at every stage of their professional lives, taking into account diversity and inclusivity

Workforce Readiness

At the Bank, we believe our employees are our greatest asset. Our aim is to create a workforce that is primed to embrace the challenges of the digital age with resilience and agility. From this foundation, we strive to deliver the highest levels of customer service and work to achieve optimal outcomes for the Bank. To ensure our employees can meet these ambitious standards, we seek to continuously grow our own talent and offer opportunities that allow individuals to develop to their full potential. By creating an inclusive work environment where we demonstrate investment into our employees, we are supporting the success of our business and positioning ourselves to give back to the communities where we operate.

Through our union policies, we make known our commitment to the right to freedom of association and collective bargaining. We adhere to all regulations on labour standards, including those related to minimum wage, non-discrimination and merit-based rewards structures.

As the external operating environment shifts and evolves at pace, it is key that HLB has the right people in place to respond with agility to technological advances, customer expectation and even business challenges that present unexpectedly, such as COVID-19.

With employees increasingly required to possess flexible skill sets as the world of work reshapes, HLB and HLIBS have responsibilities to ensure we cultivate key qualities within our workforce. Alongside digital skills, our people should demonstrate a decisive mindset, with the ability to take ownership in ambiguous environments by harnessing creativity, empathy and ethics. In addition, individuals must nurture strength and agility to keep learning as well as possess the courage to challenge the status-quo. Finally, we expect drive and focus to deliver meaningful contributions towards business success.

WORKPLACE READINESS

Mobile-first technology continues to drive the employee experience, both from a workplace and workforce perspective. Three years back, our workforce embraced interactions with our HALI chatbot for employee benefits queries, while our candidates for employment enjoyed interaction with HALI when engaging with us for employment opportunities. Our employees have also been primed to consume bite-sized

learning content through our mobile and web-based micro learning app, SmartUp. We have since then made significant progress in enhancing the employee experience through digital means.

HLB@Workday

The launch of HLB@Workday marks our next chapter in terms of workplace readiness. All employees are now able to have mobile-first access to a secure network for all Human Resources (“HR”) related functions, such as leave applications, salary statements and personal information updates, through to crucial professional development processes, including performance management, learning and career development and compensation decisions.

In April 2020, our Learning and Development (“L&D”) team launched a new series of curated external digital courses on HLB@Workday covering topics such as productivity, personal growth, leadership and well-being. Since its launch, 89% of our employees have adopted this platform on a regular basis and 1,660 employees have completed these non-mandatory external courses.

For the next phase of our eLearning strategy, we plan on integrating curated learning from cloud vendors with our HLB@Workday platform with the purpose of utilising the platform to drive specific skillsets for selected employees such as customer etiquette and communication skills for our customer service staff.



RECRUITMENT

Recruitment decisions are guided by our recruitment policy framework, which aims to promote equal opportunities through consistency, transparency and hiring the right people to fill the immediate needs of the role, as well as candidates that have potential for growth and have a working history of strong ethics and behaviour confirmed by the pre-employment checks that we carry out. Our recruitment positions are open to both internal and external candidates, with hiring decisions based on merit.

In the search to continually innovate and harness opportunities, we want to deploy advanced technologies to refine what we do and what we offer for the benefit of our customers, employees and the Bank.

HALI, HLB's AI chatbot, has gone from strength to strength since its introduction in FY2018. Initially conceived as a virtual assistant for the Bank's HR team to support operations by responding to employee queries on policies and procedures, HALI has subsequently been deployed to perform enhanced duties along the HR value chain, including at the initial stages of the recruitment process by screening candidates upon application for roles within the Bank. Recognising the greater potential within our AI chatbot, in FY2019 HALI was tasked to conduct digital recruitment for our Management Associate Programme, with HALI deployed to screen and evaluate applicants in the initial stages of the recruitment process.

Selected candidates were emailed with instructions to complete the given assessment via video or text, with HALI offering guidance and then evaluating candidates' submissions using a Neural Network Model. Scoring criteria were pre-established, asking HALI to assess candidates for digital literacy, analytical thinking, sentiment, passion and enthusiasm. Shortlisted applicants identified by HALI were then invited to interview via video conference. Analysis of this experiment concluded that HALI's algorithms achieved an accuracy rate of 75% and that recruiters saved 1,500 hours of time in comparison to previous interview methods conducted by phone.



The seamless digital environment has also reduced our reliance on non-sustainable resources. For example, we now use less paper in the recruitment or hiring process. Job applications are submitted through our HLB Careers website and offer letters are accepted with digital signatures via our HLB@Workday platform.

Our workforce is built by growing talent from within – through both our talent programmes and internal movements. This is balanced with external talent that we recruit, to infuse diversity in thinking and skillsets into the system. We continue to successfully fill internal vacancies with talent from within, filling 37% of vacancies with internal talent in FY2020. Consequently, our hiring from outside the organisation has reduced year on year.

Workforce Readiness

DIGITAL TRAINING

Through technology, we have sought to deliver a mobile first learning experience for employees. This began with our mission to enable employees to learn on a platform that would allow them to consume bite-sized learning content, anytime and anywhere. This was made available bankwide to all employees, accessible via mobile. The content comprised a blend of digital-focused modules and modules from subject matter experts, segmented by division. In February 2020, we successfully launched HLB@Workday to all six countries in which Hong Leong Banking Group (“HLBG”) operates.

On HLB@Workday, competencies or skills that we seek in employees can be linked to training modules, enabling us to assign courses to specific segments of our employee population, mirroring the intent of role-based training that is available to our frontline or customer-facing employees, as well as those in specialist roles.

While we already had in place a plan to transition classroom learning to virtual classrooms as part of our workplace readiness strategy, the emergence of the COVID-19 pandemic and the resulting MCO enacted in Malaysia in March 2020 gave us renewed focus. We reviewed and reworked with our training partners the most viable options to deliver training, shifting from face-to-face classroom courses to virtual platforms such as WebEx, MS teams, Google Meet and our internal employee engagement platform, Workplace.

At the same time, we began testing the response of curated learning during the MCO by sending out links to learning around the pillars of personal growth, productivity and well-being, selected by the Learning & Development team. The response to date has been encouraging enough for us to continue on a permanent basis, as employees understand that learning is no longer restricted to the classroom. Employees are able to participate in all the e-Learning or a selection based on their preferences, enhancing engagement and knowledge retention. Our employees today are primed to learn from this blended training approach, utilising different media and channels for effectiveness and engagement.

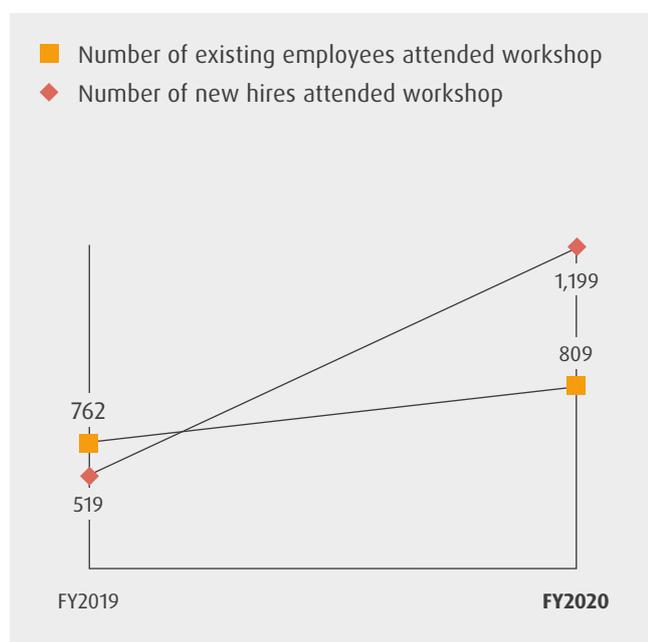
The pilot is also a precursor to the next phase of e-Learning – to integrate curated learning from cloud vendors within HLB@Workday so that we use the platform to drive not only basic learning but also specific skillsets for selected employees. For example, customer service staff who may require refresher courses in customer etiquette and communication. Prior to the pandemic, structured training comprised 80% training within the classroom; this has now shifted to 65% learning in a virtual environment.

External eLearning Topics by Themes

 Productivity	 Leadership	 Sales	 Personal Growth	 Well-being
 Communications	 Teamwork	 Coding	 Virtual Meeting	

Design Thinking

To ensure that customer experience remains at the forefront of employees' minds, the Bank encourages both new and existing employees to attend Design Thinking ("DT") workshops. These workshops are structured to equip employees with the skills to drive innovation. In FY2020, 680 new hires and 47 role-based employees received DT training, amounting to a total of 1,199 new hires and 809 existing employees having received the training since its inception.



AUTOMATION AND DATA DRIVEN WORKFORCE

We are embracing the fundamental need for automation and data driven insights, and recognise that it is key to empowering our people to make accurate, real-time decisions. This has cut across all HR processes including recruitment, onboarding, performance management, learning and development, talent management and rewards and recognition.

Managers are empowered with real-time data and insights into the management and development of their team. Apart from being able to deepen their engagement with their teams using valuable information and insights, the HLB@Workday platform provides the agility for managers to respond to changes or requests from team members anytime, anywhere. As an indication that Digital at the Core is not just an ethos anymore but also our immediate reality.

Recruiting the right talent with the right skill sets, perspectives and abilities is central for business growth. And as we seek an increasingly multi-dimensional workforce, sourcing individuals from diverse industries and backgrounds, our hiring practices must evolve at speed to position ourselves as an employer of choice.

Growing our own talent within HLB and HLISB is a key strategy for continued competitiveness within the industry. Our Learning Framework details our approach towards enhancing our employees' knowledge, experience and skill-sets, through bank-wide training, role-specific learning and tailored programmes on an individual basis.



Workforce Readiness

BUILDING A TALENT PIPELINE THROUGH GRADUATE PROGRAMMES

Over the last 4 years, we have hired 237 candidates through graduate programmes, and welcomed more than 300 interns into our business on a short-term basis. Many of these individuals are now in permanent roles across the Bank after graduation, and the programmes' outcomes are now very much ingrained as a key part of our workforce strength-building initiatives.

In FY2020 as the pandemic deepened, we began testing new ways to source for these candidates with no loss in terms of focus and quality. For example, instead of flying senior management to the UK to interview potential programme candidates face-to-face, we began interviewing them through virtual means. Additionally, we hosted a live online engagement session on graduate opportunities at HLB with media partner Graduan, garnering an audience of 5,717 viewers and more than 386 applications in seven days. This response has given us cause to examine more sustainable methods of recruiting candidates for the Management Associate programme. Doing away with the need for physical visits to UK and Australian universities also has the added effect of reducing our carbon footprint.

	2016 – 2020 Hires	Permanently Placed	Retention Rate	2021 Target
Management Associates	54	27	81%	25
Graduate Trainees	183	97	63%	20
Internships	321	57	-	100

Management Associate Programme

With a clear vision to develop the future leaders of the Bank, the HLB Management Associate ("MA") Programme, launched in 2017, was created to identify and cultivate the very brightest individuals with leadership potential. Young graduates are offered the opportunity to rotate across the Bank's different departments with fast-track advancement into management roles after they graduate from the programme. Since launch, 54 graduates have been inducted into the programme, with a projected target of an additional 25 in FY2021.

Graduate Trainee Programmes

The business units across HLB require well-rounded subject matter experts. Our Graduate Trainee ("GT") programmes are uniquely tailored for each division, with significant input from business leaders. Upon conclusion of the 18-month programme, graduating young bankers have been expertly trained for their future roles. Since the programme's launch in 2016, 97 individuals have completed training and progressed to permanently join various business or support units.

IT Executive Programme

Designed to attract graduates with the potential to drive the Bank's digital and technological ambitions, our IT Executive Programme works to develop our people to equip them with the skills HLB needs to drive digital developments, adaptation and growth. Established in 2018, the programme is set to run for four years, with a fresh intake annually. Working in partnership with some of Malaysia's leading information and communication technology education providers, those accepted into our programme will incorporate specific courses and training into their final year of study. The Bank offers permanent positions in our Technology team for those who successfully complete the requisite training. FY2020 has seen 38 successful graduate trainee hires assigned to various IT related departments.

IT Executive Graduates placed in permanent positions in FY2020 by role			
Development	UI/UX	IT Release Management	IT Security
27	9	1	1

PROTÉGÉ Programme

Our PROTÉGÉ programme, in line with the Malaysian government's strategic priorities, was created to develop the employability of Malaysian graduates. Over the course of 8 months, candidates undertake a programme designed to enhance skills, knowledge and working experience of the operations of the Bank. With 17 participants in 2017 and 2018 respectively and 43 candidates joining the 2019 cadre, we project an additional 40 individuals will be taking part in PROTÉGÉ for 2020. Since programme launch, 26 PROTÉGÉ candidates have been placed in full-time roles with the Bank.

Internship Programme

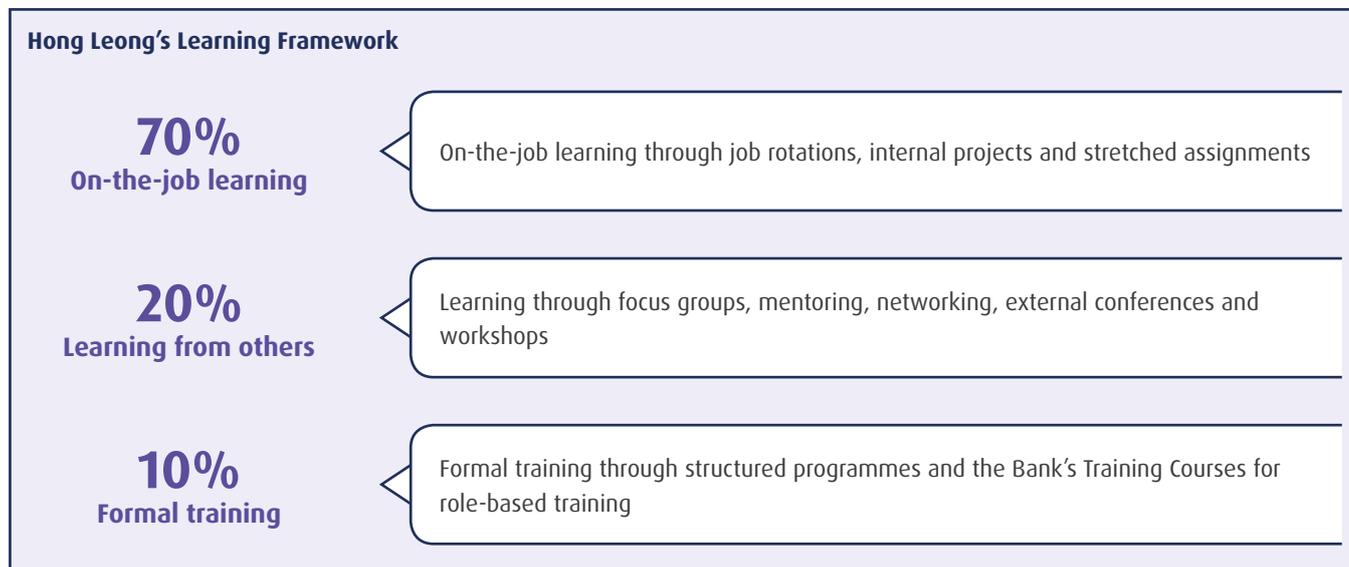
To ensure we consistently identify the brightest and the best to HLB and HLISB, the Bank offers an Internship Programme for high-potential first- and second-year university students. As part of a concerted and long-term recruitment strategy, we strive to build meaningful relationships with the next generation of potential employees through targeted career talks and participation in campus career days. Our placements are designed to enhance students' skill-sets so that they are ready to face the challenges of a rapidly evolving workplace environment, where they learn to develop cutting edge digital and entrepreneurial skills in an organisation that firmly places "Digital at the Core". Since 2018, 267 internship placements have been completed with 71 internships taking place during FY2020.

	FY2018	FY2019	FY2020
Number of internships offered (HLB & HLISB)	63	133	71

LEARNING AND DEVELOPMENT

Our Learning & Development team of specialists remain at the forefront of technological innovation, adopting digital platforms and content to enhance employees' training experience. In parallel, emphasis is placed on the value of on-the-job learning, through experience and interaction with peers and senior managers. The 70:20:10 Learning Framework guides the way we learn and develop skills: 70% on-the-job, 20% learning from others and 10% via structured training, such as digital and classroom learning. Whilst we believe that employees are able to learn and retain knowledge better by learning on the job, we have also sought to support this by fine-tuning our approach to structured or classroom-based training.

Workforce Readiness



Bank-Wide Training

FY2020 Overall Employee Training (1 July 2019 - 30 June 2020)



Total number of employees

8,090



Total number of training hours provided

255,502 hours



Average training hours per employee

31.5 hours

Onboarding Programme

New employees undergo a rigorous onboarding process that introduces our strategic direction and digital transformation agenda as well as integrates employees within our culture and organisation. Our mandatory five-day programme for new entrants takes place every month and is structured to deliver key information on the Bank's Code of Conduct & Ethics, an overview of divisions within our organisation, the fundamentals of Islamic Banking as well as workshops that teach and encourage Design Thinking. For FY2021, the Bank will include Sustainability training into our mandatory learning modules to increase the awareness and knowledge on sustainability bankwide.

HLB and HLIBS endeavour to instill the fundamental principles of ethical banking for new employees into the Bank. To this end, we have partnered with the Asian Banking School to funnel existing and new employees, with less than two years' working experience, to attend the Ethics in Banking programme.

	FY2018	FY2019	FY2020
Number of new employees trained	1,289	1,444	806*
Number of employees attended 'Introduction to Ethics in Banking' (Asian Banking School)	1,068	448	229*

* FY2020 was impacted by Malaysia's MCO in FY2020 and restrictions emanating from COVID-19

Brown Bag 'Lunch & Learn' Series

The Brown Bag 'Lunch & Learn' series was established to offer opportunities for HLB and HLISB employees to upskill themselves within the workplace in a flexible, relaxed and collegiate atmosphere. Past sessions focused on the Bank's sustainability themes such as wellness, social responsibility and technological advances related to industry 4.0. Since inception, 5,307 employees have attended 31 Brown Bag "Lunch & Learn" events. Due to the success of the "Lunch and Learn" sessions, we replicated the format to deliver broader employee talks in alignment to core business priorities, such as compliance and Fair Banking for Customers, held at HLB branches across 11 states.

	FY2017	FY2018	FY2019	FY2020	To date
Number of employees attended	197	2,014	2,187	909*	5,307
Total courses	1	13	10	7*	31

* FY2020 was impacted by Malaysia's MCO in FY2020 and restrictions emanating from COVID-19

ROLE-BASED TRAINING

Coaching for Performance

The HLB Coaching for Performance Workshops are integral for ensuring junior employees can connect with senior managers to secure learning opportunities and guidance for future success. Branch Managers ("BMs") and Customer Service Operations Managers ("CSOMs") participate in these workshops where they are taught the coaching process, 1:1 coaching skills as well as the art of quality and structured conversations in working towards common goals.

As of FY2020 year end, 701 people managers including BMs and CSOMs from our branches had participated in Coaching for Performance workshops. As a result of these workshops, there were significant improvements in branch performance, franchise development, customer experience and employee commitment and retention.

	FY2019 (cumulative)	FY2020
Total number of People Managers attended Coaching for Performance	558	143

Islamic Finance Training

With a view to facilitating the future growth of Islamic Finance-related business for HLB and HLISB, a comprehensive capacity-building training initiative has been established, with in-house programmes on Shariah and Islamic Finance, delivered by external expert trainers. All employees who work directly or indirectly handling Islamic transactions are mandated to complete our one-day Islamic Finance 2.0 programme. In FY2020, the Bank's commitment to this programme was renewed for a further 3 years and as of May 2020, a total of 4,403 employees have completed the training since programme launch in 2017.

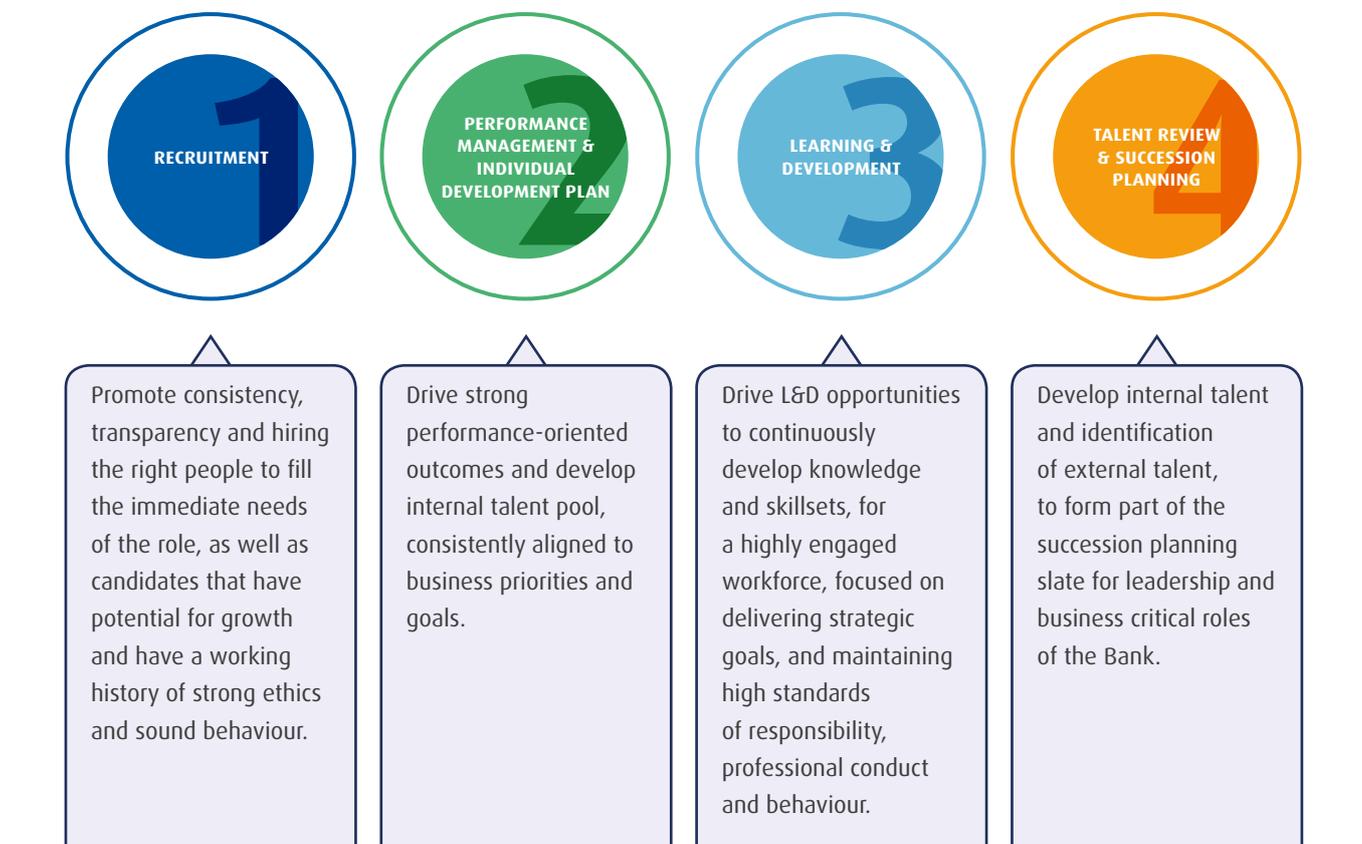
Workforce Readiness

TALENT MANAGEMENT

TALENT MANAGEMENT POLICY

Our overarching talent management policy aims to strategically pair the right individuals with the right roles to drive employee growth and business performance, and also to assist us in identifying the key gaps between the talent in place and the talent required within the Bank.

The policy is supported by the following processes:



Workforce Readiness



TALENT REVIEW AND SUCCESSION PLANNING

Our talent and succession planning framework is designed to develop internal talent and identify external talent as part of the succession planning process so that we have a slate of potential candidates for leadership and business critical roles. Key stakeholders within our framework are assigned specific roles throughout the talent and succession process.

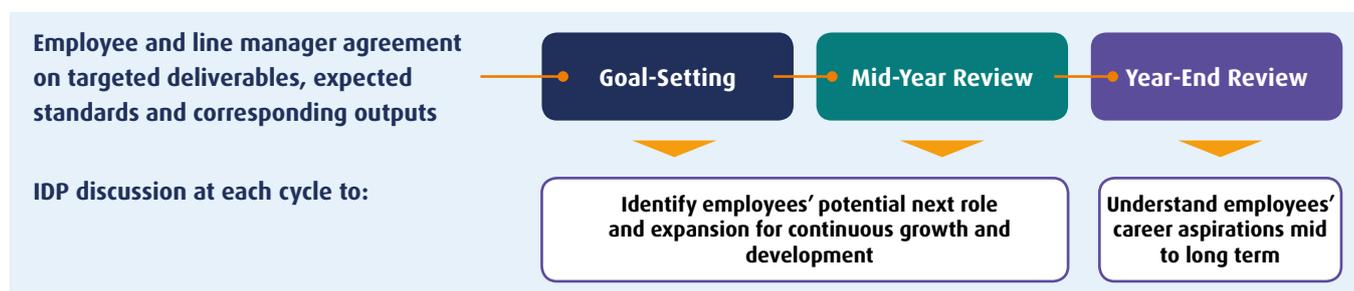
HLB Talent Council	Senior Managers	Line Manager	Identified Talent
Comprising the Group Managing Director and senior executives who analyse past performance, employee aspirations, demonstrated drive and critical thinking in the process of identifying a pool of people that can progress to future senior leadership roles.	Develop internal talent and identification of external talent, to form part of the succession planning slate for leadership and business critical roles of the Bank.	Focus on retaining talent in a structured manner, place talent in roles identified as areas targeted for growth. Complete performance evaluation checklists so that high-potential individuals can be identified and a career path established.	Opportunity to learn and grow at an accelerated pace, greater access and exposure to senior management and opportunity to learn from other talent cohorts.

To offer a clear path of career advancement for our people, we provide both lateral and vertical employment opportunities. Job opportunities are advertised internally via emails and portals as well as through internal Career Days.

PERFORMANCE MANAGEMENT AND INDIVIDUAL DEVELOPMENT

Our performance management policy framework aims to drive strong performance-oriented outcomes and develop an internal talent pool in order to align with and support the delivery of business priorities and goals consistently.

The performance management framework consists of three cycles – Goal Setting, Mid-Year Review, and Year-End review – all of which require a discussion between employee and line manager to agree on the targeted deliverables, expected standards and corresponding outputs. Each cycle includes an Individual Development Plan (“IDP”) discussion which aims to identify an employee’s potential next role or opportunity for continuous growth and development and to understand employees’ mid- to long-term career aspirations so that HLB and HLISB can support their career progression.



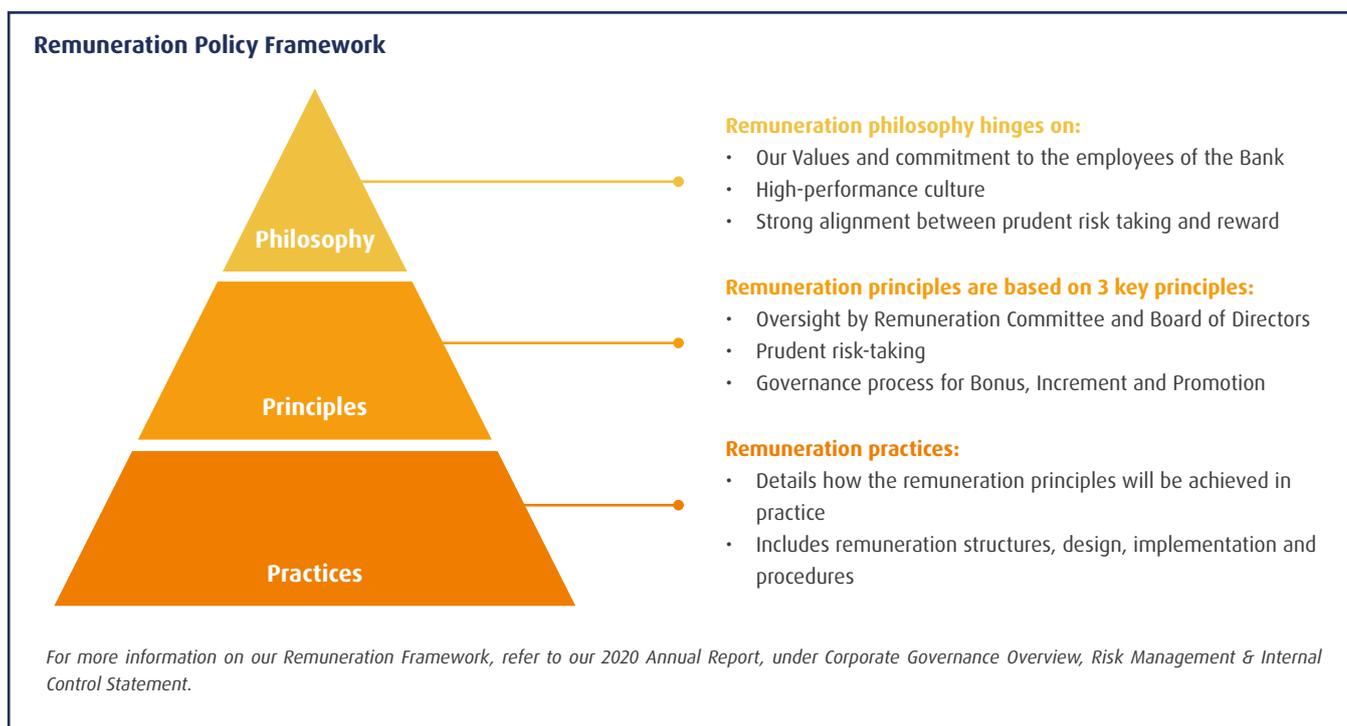
At the heart of workforce engagement and productivity lies meaningful conversations. Over the past year we have coached our people managers to not only have meaningful retention conversations but to actively discover their team members’ career aspirations. We have seen success with the attrition rate reduced by 26% compared to prior year and close to 40% of internal vacancies taken up by internal candidates, as a result of our people managers and employees responding positively to the processes and taking ownership of retaining and nurturing employees while employees take ownership of their own development and career aspirations.

Recognising and rewarding achievement and contribution is central to employees’ sense of value. The Bank has in place an annual performance, bonus and increment cycle to ensure that our workforce is adequately rewarded for their achievements. Individual targets aligned with HLB and HLISB business goals are set at the beginning of the year, with bonuses awarded to high-achieving employees who are able to evidence their successes through mid and year-end reviews.

Workforce Readiness

REMUNERATION POLICY AND FRAMEWORK

Our Remuneration Policy Framework is designed to promote a high-performance culture that drives specific behaviours, with employees operating according to strong values, integrity, a clear sense of responsibility and high ethical standards. Underpinned by a rigorous performance management process, remuneration is determined by key performance indicators such as behaviours in accordance with our Code of Conduct and Ethics, risk and compliance, meritocracy in performance, prudent risk-taking, selected ESG performance and HLB values. Every senior management officer has a responsibility to embed sustainability in all initiatives in their division. This is linked to performance considerations and, in turn, total remuneration received.



DRIVING A COMPLIANCE CULTURE

We expect employees to uphold and support the ongoing development of professionalism in the Banking industry. To this end, we are committed to ensuring our own employees are competent, are aligned to our corporate values and display behaviours that others are proud of and can rely upon. Where required, employees hold specialist qualifications pertinent to their job roles. With an initial target of 1,148 employees certified by FY2020 across the Bank from our Risk, Audit, Compliance, Credit and AML/CFT units, we have since revised the timeline to reflect the impact of COVID-19 on operations. Our renewed commitment is to ensure 50% are certified by year-end 2021, with 100% certified by year-end 2023. To date, 184 individuals, approximately 16% of targeted employees, have completed their certification.

GENERAL ACCREDITATION PROGRAMMES

The Chartered Bankers programme is an additional certification programme underway within HLB and HLISB, with 44 core banking function employees expected to obtain qualifications. To date, 9 employees have secured certification. Although no new certifications were awarded as it has been delayed due to the MCO, we expect the remaining 35 individuals to achieve their qualification in due course.

Chartered Bankers Programme	
	FY2020
Number of employees who registered for programme	44
Number of employees who have obtained qualification	9

ISLAMIC ACCREDITATION PROGRAMMES

Our drive towards accreditation for employees in general financial banking roles is replicated for employees in the Islamic Finance segment. The Islamic Finance Qualification (“IFIQ”) is a set of comprehensive, professional qualifications developed for Shariah professionals working in the Islamic financial industry. We require that all staff directly involved in Islamic transactions must complete either intermediate or advanced level qualifications. Since 2017, 568 employees have successfully obtained accreditation and received their IFIQ qualification.

In addition to the IFIQ, our Shariah team has worked towards the Certified Shariah Advisor (“CSA”) and Certified Shariah Practitioner (“CSP”) qualifications, with the CSA intended for practitioners with Shariah degrees and the CSP designed for those without formal Shariah qualifications. The CSA and CSP Programmes consist of three certification levels, which can be fully completed within a period of three years. To meet the professional development needs of the Shariah fraternity supported by BNM, and in line with our Capacity Building on Islamic finance initiative, HLIBS sponsored Shariah Committee members and Shariah officers to enroll for this Programme. A total of six employees and two Shariah Committee members have completed Level 1 of the CSA/CSP programmes, with six of these participants targeted to complete the program by the first quarter of 2021.

To equip Shariah Auditors with the requisite technical understanding and professional skills for Shariah compliance audit and review processes for the Islamic banking and finance industry, we also participate in the Islamic Banking and Finance Institute Malaysia’s Certified Professional Shariah Auditor Program. At the moment, five employees from various departments are enrolled into the program.



EMPLOYEE WELL-BEING, HEALTH & SAFETY

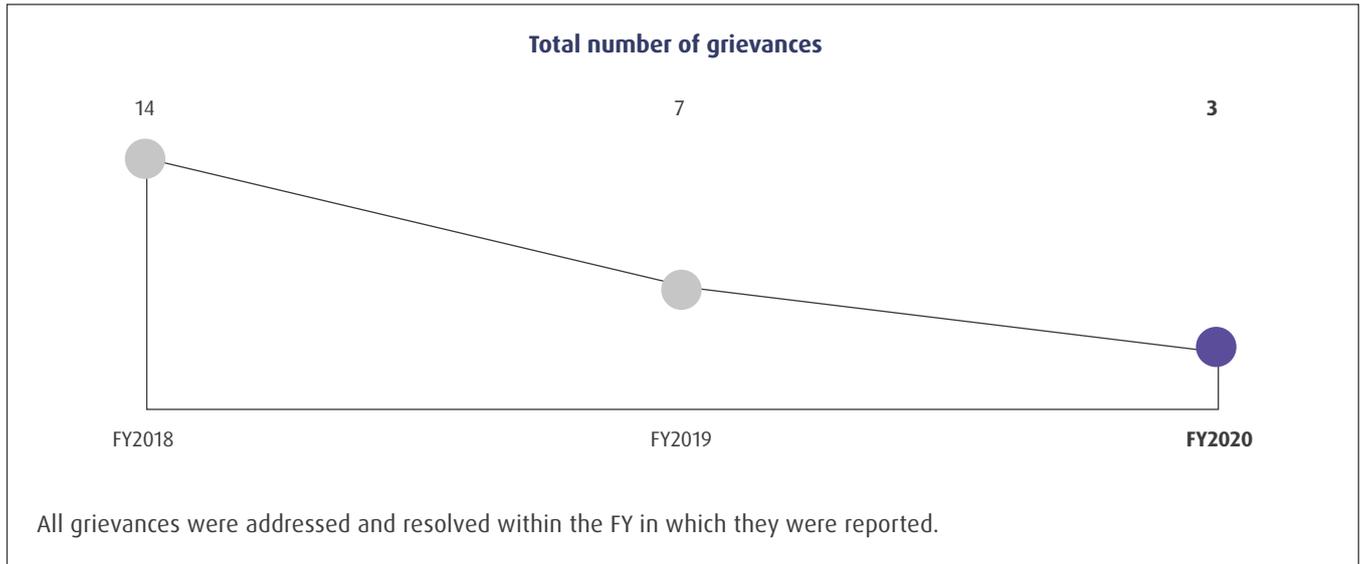
Employees who feel valued, appreciated and cared for are more likely to experience job satisfaction and, in turn, remain committed to a long-term career with the Bank. We take a broad approach to caring for our workforce and their families, offering support for individual well-being related to mental health, personal safety and financial security.

EMPLOYEE ENGAGEMENT

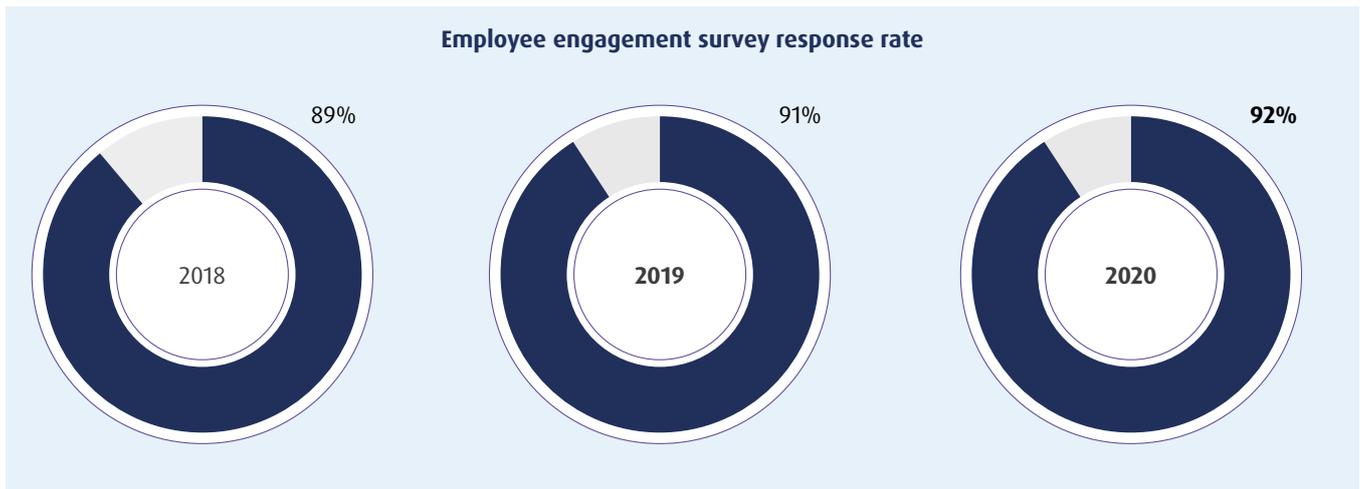
We believe that open and regular two-way communication with employees is a key driver towards workplace satisfaction. Various forums are used to communicate and listen to the voice of employees. Our HLB Workplace and HLB Workchat platforms also connect our employees and provide a space for communication and collaboration across the Bank. Modelled on social media platforms, these channels facilitate group chat, voice and video calls as well as screen sharing while maintaining a high level of security of information.

Workforce Readiness

In addition to communications platforms facilitating information exchange across teams within HLB and HLISB, we have also implemented formal channels for employees to report work-related grievances or issues. Matters raised through these mechanisms are directed to appropriate senior management for resolution. In FY2020, a total of three grievances and matters of concern were raised and resolved.



Our employee engagement survey, 'My Thoughts, Our Future' was launched in FY2017 and designed to seek feedback from employees on the Bank's position and progress made on workforce related perspectives. For FY2020, our three key survey theme areas were: Strategy, Goals & Objectives, Customer Focus and Organisational Culture. For our third iteration of the survey in FY2020, the response rate was 92%. Data analysis of survey results have enabled us to refine our approach to employee engagement as well as initiate new engagement activities to drive greater employee engagement.



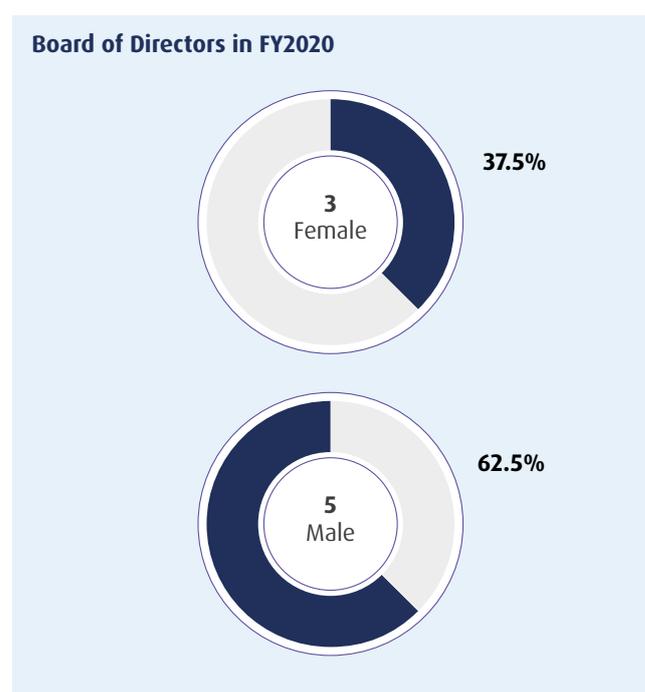
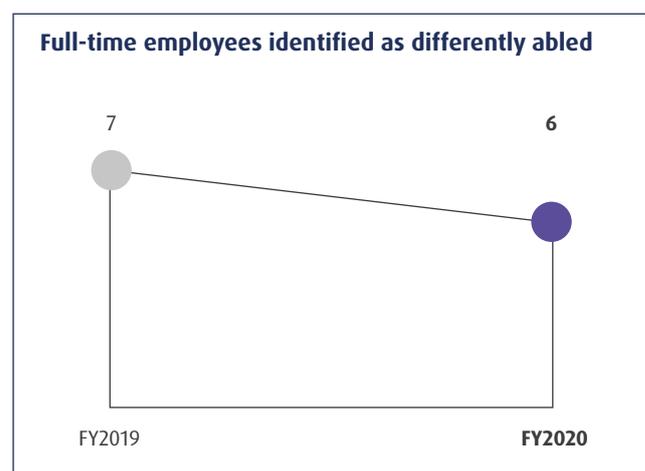
To promote a culture of constructive two-way engagement between managers and employees, we followed up from the results of our FY2019 employee survey with a series of dialogue sessions with people managers from across HLB and HLISB operations. Designed to validate and deepen management understanding of employee feedback, the sessions were an opportunity for people managers to contribute their views on the systems, processes, work and culture in relation to the business priorities of the Bank. Our people managers were offered guidance on strategic team building, from recruitment to retention and then encouraged to put this knowledge into practice through the 'Driving the People Agenda' initiative. In FY2020, People Manager engagement sessions were held in branches throughout the country, reaching 835 managers, with a further 323 managers scheduled for outreach by Q4 2020.

To further proactively respond to the feedback from employees in the 2019 survey, Engagement Champions ("ECs") were introduced at each main office building within Klang Valley, as well as one EC for each state in Malaysia and for each HLB office in Cambodia, Hong Kong, Singapore and Vietnam. The EC role was designed to ensure that our engagement activities connect with every employee and, to structure their efforts, EC's are supported by project committees who develop execution plans together with materials to enhance successful communication and outreach to the wider workforce. For FY2020, the Bank retained our cadre of EC's, recognising them to be an important employee engagement conduit.

For FY2020, we repeated our successful HLB Games, initially launched in 2019 to promote bonding between employees from across the organisation. With a different sport highlighted each quarter, 1,382 employees took part in badminton and futsal sporting activities. HLISB also hosted their own team building event, entitled 'Sustainability Starts With Me' and were provided with a Sustainability Starter Kit as part of the 'Bring-Your-Own' initiative. Among the items in the HLISB Sustainability Starter Kit were a collapsible cup, food container, reusable metal straw, tumbler and tote bag. We encouraged our HLISB employees to use these items when consuming food and drinks. And in line with the HLB and HLISB 'Have Fun' value, we asked our staff to take pictures when using the items and uploaded them on our Workplace's HLBG Sustainability & VBI group, in doing so, sharing the activities with the rest of the workforce.

DIVERSE AND INCLUSIVE WORKFORCE

An inclusive workplace is central to the well-being of our employees. Our Code of Conduct sets out a framework to establish a safe and inclusive work environment that prohibits discrimination. Our focus is to create an environment where all our employees, regardless of demographic, age, background or other indicator of diversity, are encouraged to succeed. Equal opportunity is normalised, with leaders, managers and supervisors trained to contribute to a culture where people are respected and valued. As of FY2020, we have six full-time employees who identify as differently abled, with one of our previous differently abled staff having found another opportunity within Hong Leong Financial Group.



Workforce Readiness

SAFETY AND WELL-BEING

The health, safety and well-being of our employees remains a priority. Our Occupational Health and Safety Procedures ensure that we have in place processes and controls that adhere to all standards and regulations. Upon joining the Bank, new employees are introduced to our health and safety systems and processes and are trained to identify and mitigate health and safety risk. HLB's and HLISB's health and safety programme operates within a framework that recognises incidents directly related to factors under the Bank's control and aims to eliminate those. In FY2020, we had 5 accidents within the workplace and 799 workdays lost due to these accidents.

To ensure our workforce is operating at an optimum level, HLB and HLISB proactively work to enable an environment of wellness for all our employees. For FY2020 we held a series of wellness initiatives and events guided by our three pillars of Engagement, Appreciation and Well-being, with activities supported by an overarching communications plan deploying the hashtag #HLBCares. Focus topics included Cardiovascular Disease, Maintaining a Balanced Diet, Ergonomics & Posture, and Diabetes & Obesity. Employees were engaged with each topic via circulation of an infographic containing key information and advice, Brown Bag 'Lunch & Learn' sessions, curated L&D content available on HLB@Workday and a series of events designed to bring colleagues together to enjoy activities supporting healthy lifestyles. In FY2020, over 1,189 employees took part in our health and wellness programmes.

'MY THOUGHTS, OUR FUTURE' ENGAGEMENT INITIATIVE

October 2019 - June 2020

2019

October

 Breast Cancer Awareness Month

On October 2019, awareness talks regarding breast cancer were conducted by doctors throughout our branches in Penang, Johor Bahru, Kuala Lumpur, Kuching and Kota Kinabalu. These events were attended by 315 of our employees.

2020

February

Virtual Run



March

International Women's Day



April

Appreciation Day & eTouch



	FY2018	FY2019	FY2020
Absenteeism rate	20.96%	28.57%	17.30%
Accident with fatalities	NIL	NIL	NIL
Total No. of Days Lost due to Accidents in and outside of workplace	988	1,311	799
Total number of accidents in the workplace	2	5	5

PERFORMANCE DATA

Financial Year	HLBB				HLISB			
	2017	2018	2019	2020	2017	2018	2019	2020
Total No. of Employees	8,212	8,045	7,958	7,933	177	182	160	157
Total No. of Employees by Contract								
Permanent	7,672	7,698	7,724	7,810	173	180	159	155
Male		2,773	2,822	2,877		81	71	74
Female		4,925	4,902	4,933		99	88	81
Temporary	540	347	234	123	4	2	1	2
Male		191	138	77		2	1	1
Female		156	96	46		1	0	1
Total No. of Employees by Employee Category								
Senior Manager	265	265	256	257	15	18	17	17
Male		161	157	156		9	10	11
Female		104	99	101		9	7	6
< 30 years old		0	0	0		0	0	0
30 - 50 years old		189	180	175		15	14	14
> 50 years old		76	76	82		3	3	3
Manager	1,831	1,856	1,953	2,036	50	56	55	50
Male		764	822	864		33	26	26
Female		1,092	1,131	1,172		23	29	24
< 30 years old		30	38	40		2	1	0
30 - 50 years old		1,543	1,632	1,697		50	49	43
> 50 years old		283	283	299		4	5	7
Executive	4,271	4,098	4,021	3,989	75	75	61	63
Male		1,380	1,368	1,372		27	24	26
Female		2,718	2,653	2,617		48	37	37
< 30 years old		1,476	1,440	1,408		29	18	24
30 - 50 years old		2,451	2,392	2,381		43	40	36
> 50 years old		171	189	200		3	3	3

Workforce Readiness

Financial Year	HLBB				HLISB			
	2017	2018	2019	2020	2017	2018	2019	2020
Non-Executive	1,845	1,826	1,728	1,651	37	33	27	27
Male		659	613	562		14	12	12
Female		1,167	1,115	1,089		19	15	15
< 30 years old		15	7	1		0	0	0
30 - 50 years old		1,594	1,511	1,427		30	24	24
> 50 years old		217	210	223		3	3	3
New Hires	1,745		1,310	1,075	45		23	14
Male	778		594	503	33		13	7
Female	967		716	572	12		10	7
< 30	1,037		533	649	19		8	9
30 - 50	697		733	408	26		8	5
> 50	11		44	18	0		7	0
New Hires (By Region)								
Johor			76	39			2	0
Kedah			15	10			0	0
Kelantan			7	2			0	0
Melaka			16	14			0	0
Negeri Sembilan			12	7			0	0
Pulau Pinang			84	64			3	0
Pahang			16	7			0	0
Perlis			1	0			0	0
Perak			39	13			1	0
Sabah			25	17			1	0
Singapore			2	1			0	0
Selangor			406	341			6	2
Sarawak			42	22			0	0
Terengganu			5	1			0	0
Wilayah Persekutuan Putrajaya			3	0			0	0
Wilayah Persekutuan Labuan			1	0			0	0
Wilayah Persekutuan Kuala Lumpur			560	537			10	12
Employee Turnover			1,196	937			26	18
Male			549	408			12	7
Female			647	529			14	11
< 30			772	395			16	2
30 - 50			424	506			7	16
> 50			0	36			3	0

Financial Year	HLBB				HLISB			
	2017	2018	2019	2020	2017	2018	2019	2020
Employee Turnover (By Region)								
Johor			56	52			2	0
Kedah			15	14			0	0
Kelantan			1	1			0	0
Melaka			13	15			1	0
Negeri Sembilan			12	13			0	0
Pulau Pinang			85	87			0	0
Pahang			11	16			0	0
Perlis			1	1			0	0
Perak			34	30			1	0
Sabah			23	23			0	0
Singapore			1	0			0	0
Selangor			378	294			10	4
Sarawak			24	38			1	0
Terengganu			1	0			0	0
Wilayah Persekutuan Putrajaya			1	0			1	1
Wilayah Persekutuan Labuan			0	0			0	0
Wilayah Persekutuan Kuala Lumpur			540	353			10	13

Employee Categories	Classroom Training (including Virtual Instructor-Led Training)				E-Learning (SmartUp & HLB@Workday)			
	Hours	Avg Hours (Per Staff)	Days	Ave Days (Per Staff)	Hours	Hours	Avg Hours (Per Staff)	Days
Senior Management (M1 and above)	8,590	31.4	1,074	3.9	1,588	5.8	199	0.7
Middle Management (M5 to M2)	66,890	32.1	8,361	4.0	18,560	8.9	2,320	1.1
Executive (E4 to E2)	81,492	20.1	10,187	2.5	48,695	12.0	6,087	1.5
Non-Executive (Clerical, Non-clerical, Officer)	12,615	7.5	1,577	0.9	17,072	10.2	2,134	1.3

Note: No. of days was tabulated based on 8 hours per day



SOCIALLY RESPONSIBLE BUSINESS

MATERIAL TOPICS



Climate-positive Financing



Sustainable Supply Chain



Responsible Financing



Community Banking



Fair Banking



Prevention of Financial Crime

Socially Responsible Business

RESPONSIBLE BUSINESS PRACTICES

The products and services that we design and deliver are part of the broader responsibilities that we have as a financial service provider. Financial intermediation has widespread implications for the economy, the environment and society at large. At the Bank, we are committed to ensuring that the role we play within the system is one of responsibility and accountability, hence, we continue to strengthen the integration of fairness, and social and environmental considerations into our business practices.

RESPONSIBLE LENDING AND FINANCING

While the lending and financing that we provide is critical to economic development, it is essential that funds be disbursed in a manner that takes into consideration the potential social and environmental risks of the activities we finance.

Our corporate and commercial loans and financing activities are governed by our Business and Corporate Banking Credit Policy ("BCB Credit Policy"), which includes a set of policies designed to help us and our clients to manage environmental and social risks. Under the BCB Credit Policy, credit applications by businesses that present sustainability risks are assessed based on the business' ability to demonstrate full compliance to rules and regulatory requirements of that business sector. The policy is updated at least annually and serves to guide decisions about enhancing existing or future development of products and services as well as to improve engagement with our stakeholders. Due diligence activities that we practice include site visits, environmental assessments and third-party specialist reviews of proposals that might pose additional risks, such as exploitation of native land.

Our strategic objective is to conduct our lending and financing activities in strict compliance with our internal and local regulations, ensuring high ethical standards in decision making. We endeavor to evaluate and ensure that the activities and businesses we finance do not harm the environment, human rights and labour rights, which include the Child Act 2001 and the Malaysian Anti-Corruption Commission Act 2009, among others.

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

Socially Responsible Business

Guidance on the implementation of the BCB Credit Policy is provided by the Chief Credit Officer, Wholesale Banking, who is also responsible for supervising the policy’s enactment. We ensure that all employees engage in responsible banking practices by requiring that all employees within the BCB division are aware of and in compliance with all aspects of the BCB Credit Policy when proposing lending or financing proposals. BCB employees are to fully inform our corporate customers that their environmental and social risk profiles will now be reviewed as part of the credit annual review process under the BCB Credit Policy.

The BCB Credit Policy also outlines business focus areas so as to guide front line employees in their marketing activities.

Strategy	Description
Grow	Sectors in the lower risk category with positive industry outlook and which the Bank has good lending and financing 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 a 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 in pursuing business opportunities.

ESG Framework and Policy

To further strengthen the Bank’s oversight of ESG lending and financing risks, in FY2020 the Sustainability Steering Committee endorsed the development of an ESG Policy for corporate, commercial and SME clients. The policy will be used to guide our relationship managers and credit risk team to assess the environmental and social risks associated with our lending and financing activities. In developing the Bank’s ESG Policy, we have adopted an inclusionary approach which will focus on supporting the sustainability progress of our customers, regardless of what point they may be at in their sustainability journey.

The key priority in developing the ESG Policy was to actively engage with stakeholders across a range of industries, including Bank Negara Malaysia, Malaysian Timber Certification Council, Forest Stewardship Council and Malaysia Palm Oil Board, among others, to better understand the unique environmental and social risks and relevant regulations across each sector before finalising our own policy document. As part of the policy development process, we also worked with World Wildlife Fund for Nature’s Sustainable Finance Unit to review our corporate ESG Framework which will serve as the foundation for our ESG Policy. This includes a strategic engagement and discussion session with HLB’s and HLISB’s Board members and Senior Management on aspirations that the Bank could target as part of our sustainability roadmap and journey.

External frameworks that guided the development of our ESG Policy include:

- IFC Performance Standard
- First for Sustainability: E&S Risk
- Global Reporting Initiative (“GRI”)
- CDC Investment Works ESG toolkits
- Bursa Malaysia Sustainability Reporting Guide, 2nd Edition
- Task Force on Climate-related Financial Disclosures (“TCFD”)
- RSPO Principle
- Environmental Quality (Industrial Effluent) Regulations 2009
- Environment Quality Act (Clean Air) Regulations 2014
- MSPO Standards

The policy will also take into account BNM's VBI Financing and Investment Impact Assessment Framework, ensuring that financing granted to the Bank's customers is not only assessed and screened for environmental and social risks but also in compliance with Shariah requirements or criteria. The policy will govern screening during annual client credit reviews for existing customers and at the outset for new to bank customers.

HLB ESG Framework Exclusion List¹

- ⊗ Involvement in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management, illegal deforestation).
- ⊗ Involvement in pornography, prostitution.
- ⊗ Production or trade of military weapons or firearms.
- ⊗ Involvement in forced labour, exploitation of children and human trafficking.
- ⊗ Activities resulting in significant conversion or degradation of any high biodiversity value areas².
- ⊗ Operations which use fire for land clearance or preparation of land.
- ⊗ Fishing activities using drift nets or explosives.

1. HLIBB will also adhere to the exclusions in Shariah Compliance Policy, under which HLIBB will be guided by such exclusions under the ESG Policy/HLB BCB Credit Board Policy endorsed by HLIBB SC on 17th August 2020.
2. Primary forest; areas designated by law or relevant competent authority to serve the purpose of nature protection; areas for the protection of rare, threatened or endangered ecosystems/species.

In addition to the general exclusions outlined above, as part of our sectoral risk rating module under the ESG Policy, we will conduct an assessment of the client's sector-specific environmental and social impacts to determine if it would be classified as a sensitive sector. This would include assessment of environmental considerations, such as air emissions, waste and effluents, biodiversity, water and energy efficiency, as well as social considerations, such as land acquisition and involuntary resettlement, labour and working conditions and risk to cultural heritage, or indigenous or local communities.

Corporate customers who are assessed as falling under sensitive sectors will be required to undergo an enhanced due diligence to ascertain their plans and efforts in addressing key environmental and social risks. The enhanced due diligence checklist will form part of the overall credit assessment and approval process. Any corrective action plans discussed will be monitored as part of the customer credit annual review.

The successful implementation of the policy will be driven by the ESG training programme provided to all Account Relationship Managers ("ARMs") and Credit Risk Managers that has been rolled out following the Policy's formal endorsement by the Board. We have engaged the Jeffrey Sachs Centre on Sustainable Development of Sunway University to design and rollout a robust sustainability training module that aligns with

the ESG framework. These training modules aim to provide our staff with the relevant sustainability, climate change, environmental and social related risk knowledge to understand and execute the rating process that is included as part of our customer onboarding, and credit evaluation process. Training of our ARMs and Credit Risk Managers began in June 2020 and we target to cover all 427 of our ARMs from corporate, commercial and SME business units, as well as extend the training to key Sustainability Working Committee members, Group Risk, Marketing & Communications and VBI division from HLIBB by December 2020.

Our focus for FY2020 has been on raising awareness and knowledge levels of HLB's staff on climate change and sustainability related issues, risk and opportunities. For FY2021 we have plans in place for similar climate change and sustainability awareness and engagement programmes targeted at our stakeholders such as customers, vendors, service providers and business communities.

With the implementation of the ESG Policy and environmental and social risk assessment process, we have set our focus for FY2021 to be on data collection for us to assess the environmental and social risk profile of our corporate loans/financing portfolio. In the long term, the ESG Policy will also include sector-specific frameworks for financing and lending activities.

Socially Responsible Business

CLIMATE-POSITIVE FINANCING

Renewable Energy Financing

The global climate crisis is driving an urgent need for an economic system grounded in climate-friendly solutions. At the Bank, we recognise the role we have to play in mobilising capital to drive this transition and have committed to providing RM500 million worth of financing for renewable energy products from FY2018 to FY2022. As of FY2020 year end, the Bank has approved a total of RM402 million to support the development of about 40 renewable energy projects namely solar, bioenergy and hydro. Beyond financing, the Bank has worked closely with clients to help new industry players navigate industry requirements and evaluate project feasibility.

In addition to large-scale project financing, the Bank is committed to helping smaller players enter the renewable energy space through a targeted SME Solar PV programme. The programme, which will be launched in FY2021, will provide financing for SMEs looking to install rooftop solar panels.

HLB is among the most active banks in supporting the government's Green Technology Financing Scheme ("GTFS"). At the end of FY2020, we had supported close to 20 projects from the inception of GTFS with government guarantees worth approximately RM140 million.

"As a Bank with a strong Malaysian heritage, we believe in doing our part in developing the renewable energy space. We want to continue supporting the large energy and engineering, procurement and construction players as well as the smaller players to encourage and give businesses the ability to go green and make themselves more sustainable."

Yow Kuan Tuck,
Managing Director of Business and Corporate Banking

Renewable Energy Sector Engagements

To further grow the renewable energy sector in Malaysia and strengthen our presence in this domain, HLB maintains a multi-channel engagement strategy to connect with industry players. Our industry handbook for front line staff provides 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.

Climate-Related Disclosures

At the Bank, we are cognizant of the climate-related impacts associated with our business activities. Our internal mechanisms allow us to understand and create targeted policies that help mitigate these impacts.

Governance	<p>The Bank has incorporated environmental risk considerations into its policies and procedures such as the BCB Credit Policy, Product Evaluation & Approval Policy and Outsourcing Policy, with the Board and the Sustainability Steering Committee having oversight of these policies.</p> <p>In FY2020, the Sustainability Steering Committee endorsed the ESG Policy for lending and financing which will guide the Bank in assessing and onboarding corporate clients.</p>
Strategy	<p>The Bank's strategy is to integrate climate and environmental considerations within our business activities and internal operations via an inclusive approach involving key stakeholders.</p>
Risk Management	<p>The Board Risk Management Committee ("BRMC") has general oversight on the Bank's management of risks across our business lines, limits, policies, procedures and reports that indicate where we are and how are we progressing. Group Risk Management identifies and assesses the sustainability impacts and gaps of the Banks sustainability topics for which improvements plans are then deliberated and agreed upon by the BRMC and the Board. Execution is then tracked to ensure effectiveness.</p>
Metrics and Targets	<p>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.</p>

In FY2020, HLB strengthened its commitment to addressing climate-related issues by becoming a member of BNM's Joint Committee on Climate Change. Comprising senior officials from across the industry, the committee will aim to build climate change capacity, identify issues, challenges and priorities and facilitate collaboration between stakeholders.

Green Car Financing

Vehicular emissions associated with the consumption of fossil fuels have a significant impact on the global climate crisis and on local air quality. In recognition of the need to decarbonise transportation in Malaysia, HLB commenced the development of a Green Car Financing Framework this year. The Framework, targeted at our employees and customers, aims to increase HLB's hybrid and electric car financing by a factor of five and will include efforts to build partnerships with hybrid car manufacturers and community engagements to promote changing consumer preferences towards green vehicles.

As of FY2020 year end, the framework was undergoing the drafting and approval stages, with further manufacturer engagements and marketing and communication initiatives to occur in FY2021. We have initiatives in the pipeline to provide potential retail customers with attractive interest rates and added value packages. As for our corporate customers, we have plans to support energy efficient dealerships.

Green Developer Framework

In FY2020 we initiated discussions on the creation of a Green Developer Framework to guide our financing activities for property development companies. Under the Framework, developers will be categorised based on their adherence to environmental practices, such as the design and construction of green buildings, the use of water and energy-efficient fixtures and sustainable construction practices. Developers deemed to be adopting the best practices will be eligible for better financing packages and be fast tracked for approval, while companies demonstrating poor performance will be provided support to improve their practices and be subject to monitoring.

Socially Responsible Business

FAIR BANKING

The Bank is committed to the guiding principles of fair, equitable and responsible lending/financing, and seeks to ensure that our customers are treated fairly, equally and have non-discriminatory access to financial services. In this regard, the Bank has implemented oversight accountabilities as well as policies and procedures to promote fair and responsible banking.

The Bank has implemented a Board Policy on Products and Value Propositions. Two of the core principles in the Policy are the Fair Banking principle and Sustainability principle. The Bank seeks to apply fair banking practices and work towards advancing sustainability principles in its development of business initiatives, design of products and services and in the marketing and sale of the same to our customers. The Policy seeks to ensure, amongst others, that the Bank determines that the risk of products and services are appropriate for our customers, protects our customers' interest in the acquisition and use of the Bank's products or services, and complies with best practices and regulatory requirements in the fair treatment of customers. In support of the implementation of the Policy, the Bank has set up a Products and Value Proposition Committee ("PVPC"). The PVPC is established to review, and endorse or approve, the value propositions of new business initiatives that are proposed to be offered, or a variation of an existing product or service that is being offered, to the Bank's customers.

The Bank has also implemented a Policy on Product Transparency and Disclosure. This policy sets out the broad principles of establishing a consistent and comprehensive disclosure regime aimed at improving information disclosure on products and services offered by the Bank to consumers. It is to maintain adequate internal governance on product management and set out the timing and content on disclosure of information.

Fair Banking: Responding to Regulators

In August 2019, BNM issued a directive to all Islamic banks requiring that banks ensure that late payment charges ("LPCs") that the banks were issuing were commensurate with the actual costs or losses incurred. To address BNM's concerns, in FY2020 HLISB outlined the methodology used for calculating LPCs for delinquent and defaulted financing. The calculations revealed that HLISB is indeed fair and is in accordance with BNM's Guidelines on Late Payment Charges for Islamic Financial Institutions.

Fair Treatment for Financial Consumers

In FY2020, to further strengthen our fair banking practices and promote high standards of responsible and professional conduct when dealing with customers, we expanded our internal policies to integrate the newly issued Bank Negara Malaysia's Fair Treatment of Financial Consumers ("FTFC") Policy into our operations and Customer Service Charter.

Consisting of six principles, namely Corporate Culture, Fair Terms, Disclosure, Fair Dealing, Advice & Recommendation and Redress, the FTFC Policy sets expectations for financial service providers to effectively manage conduct risk and provide consumers with confidence in its dealings. Five out of the six principles were implemented in FY2020 with the second principle, fair terms in contracts with financial consumers, to be activated in FY2021.

To help familiarise employees with the new FTFC Policy, a FTFC Compliance month was held prior to the Policy's enactment and employees were re-introduced to the updated Customer Service Charter. Moving forward, the Bank intends to roll out mandatory e-learning on the policy and establish onboarding training for new employees.

Understanding Risk Appetite

In line with our commitment to the responsible sale of financial services, we maintain a compulsory risk assessment for investing customers to assess each customer's specific risk appetite and financial knowledge. This information helps guide the advice we provide and ensure that our customers are equipped to make decisions that meet their specific needs.

ACCESS TO FINANCIAL SERVICES

Supporting Low-Income Groups

Being a responsible financial services provider means designing and delivering products that offer social, as well as economic, value to society. This includes products which are designed to deliver socioeconomic benefits to disadvantaged or underserved segments of the population for positive social change. At the Bank, we continue to practice socially responsible banking through our support for first-time home buyers in low income groups, such as through our participation in the Skim Rumah Pertamaku.

Serving the Underserved

Supporting the Visually Impaired

In FY2020, HLB became the first financial institution in Malaysia to offer Self-Service Terminals with speech functions for visually impaired customers. Including both a braille keypad and headphone jack, the HLB Talking ATMs enable visually impaired customers to be guided through transactions using personal headphones to receive instructions in one of three different languages used in Malaysia. HLB Talking ATMs have been strategically located in the Brickfields, Kuala Lumpur and Pulau Tikus, Penang communities where the Society of the Blind, Malaysia operates. The ATMs were developed with the assistance of visually impaired employees, reflecting the Bank's commitment to a customer-centric approach to designing and delivering products and services.

Even as our digitisation efforts continue to expand the reach of our products and services, we remain conscious of the need to ensure that physical banking infrastructure is available to those who need it. To promote financial inclusion, we maintain numerous branches and self-service terminals in low-populated and economically disadvantaged areas.

	2018	2019	2020
Branches			
Points of access available in low-populated or economically disadvantaged areas	92	93	93
Total point of access	273	254	254
% of points of access in low-populated or economically disadvantaged areas	34%	37%	37%
Self Service Terminals			
Points of access available in low - populated or economically disadvantaged areas	381	376	373
Total point of access	1,178	1,087	1,075
% of points of access in low-populated or economically disadvantaged areas	32%	35%	35%

Socially Responsible Business

VALUE-BASED INTERMEDIATION INITIATIVE FOR ISLAMIC BANKING

“Embarking on our three-year journey to attain the status of Emerging Value Based Institution will be rewarding. We continuously seek to embody the true spirit of VBI by understanding and internalising its principles. The VBI implementation necessitates a comprehensive review of our existing business environment to ensure we deliver the value proposition of Islamic Finance. Staying true to the ‘Here for the Long Term’ HLB Value, we strive to continuously build our distinct brand and position through impactful contributions to the community within the networked economy built upon shared values.”

Jasani Abdullah,
Chief Executive Officer of HLISB

In line with the VBI principles championed by Bank Negara Malaysia, HLISB is committed to contributing to the generation of positive and sustainable impacts through Islamic finance. Our aim is to position HLISB as an Emerging VBI Institution in three years. As part of our effort, we have set up a dedicated team to oversee and coordinate the implementation of VBI principles. These include drafting a VBI framework, monthly updates on VBI initiatives, consistent creation of VBI-specific content for the Bank’s Workplace platform and enhancing access to knowledge and promoting Islamic banking and financial literacy. In FY2020 we also expanded our public education efforts through the ‘Program Celik Muamalat’ speaking series, which aimed to create public awareness on Islamic finance and financial management. The two speaking programmes, which was held in collaboration with two local universities was attended by undergraduates from both universities. Subsequently, we plan to raise public awareness on Shariah through research collaboration with local universities.

Moving forward, HLISB will also incorporate VBI principles at the product development and design stage, to ensure that we deliver solutions with greater awareness of sustainability considered from a Shariah perspective. In support of this goal and to promote stronger understanding of VBI principles across our workforce, in FY2020 we arranged two training sessions with a Shariah expert on VBI financing and investment as part of our staff capacity building in Islamic finance knowledge. A total of 35 employees from both HLB and HLISB attended the training.

SUSTAINABLE PROCUREMENT PRACTICES

Our commitment to responsible business practices extends to the suppliers and vendors that we work with across our value chain. Suppliers and vendors are required to self-declare their environmental and social responsibility strategy during the supplier screening process. Suppliers and vendors are also advised of the terms of our whistleblowing policy at several stages throughout the procurement and purchase process, so as to ensure their ability to report inappropriate behaviour. Policies related to our procurement activities, including our supplier Code of Conduct and Statement on Sustainable Practices for business partners, are available on our corporate website.

To further enhance the sustainability of our value chain, in FY2020 we initiated the development of a Sustainable Procurement Framework to guide the development of business relationships with suppliers who uphold the Bank’s expectations for sustainable practices. The Sustainable Procurement Framework will include guidelines for the screening and assessment of suppliers as well as tools to assist suppliers to enhance their mitigation and disclosure of ESG risks.

EMPOWERING SMES

SMEs are widely recognised for the role they play in economic growth and job creation. At HLB and HLISB, we are committed to supporting the development of the SME economy through the provision of targeted services, including financing, specially tailored products, payment collection solutions and mentorship programmes. In FY2020, we focused on developing and upgrading two of our key sustainability initiatives for the SMEs and social enterprises, namely HLB LaunchPad and iStart@HLB.

In FY2020, HLB organised three pocket talk sessions jointly with BNM, MIDA and MATRADE as part of our customer outreach and engagement initiative to provide updates and latest developments on Foreign Exchange Administration measures, an overview of the Local Currency Settlement Framework, and the various incentives available to corporate, commercial and SME companies.

HLB LAUNCHPAD

Our support for SMEs goes beyond the provision of financial services to include guidance and exposure provided through our SME mentorship programme, HLB LaunchPad. Under this initiative, high-potential technology start-ups from ASEAN are selected to collaborate with HLB to develop and present solutions to real banking challenges. By participating in the programme, the start-ups, which are selected under the three pillars of Simplifying Banking Today, Digitising Customer Journey and Experience, and Reimagining Banking for Tomorrow, gain insights into business development, exposure from programme marketing and opportunities for market testing. At the end of the programme, start-ups are invited to pitch their solutions to our management team, after which winning companies and selected participants are invited to partner with the Bank for the implementation of their project.

Moving forward, HLB intends to expand the Launchpad programme to develop a more inclusive ecosystem that not only focuses on startups in the fintech space but also other partners, such as social enterprises and green technology companies.

iSTART@HLB

As part of our continuous effort to support and engage with the SMEs in Malaysia, we are taking the initiative to reach out to all SMEs – including underserved entrepreneurs and start-ups – through strategic collaborations with partners such as Cradle and MaGIC, via our special program called iStart@HLB.

iStart@HLB is a platform that offers SMEs easy access to banking facilities, digital business tools and co-working spaces at low, if not zero, costs – starting with our Business Current Account. From banking facilities to digital business tools that simplify SME business' needs on administration, marketplace and even logistics, iStart@HLB also accommodates unlimited access to creative and innovative spaces for ideation, product pitching and experimentation sessions at our community space, Jumpstart@65. With this personalised range of offers,

we are able to provide solutions and bridge the scarcity gap of financial convenience for young businesses.

Through strategic collaboration with our partners such as Cradle and MaGIC, which have a large SME base we are able to acquire these potential SME customers to onboard them onto our Business Current Account and HLB ConnectFirst digital platform. By offering them holistic SME business solutions via our iStart@HLB platform, we stand to be their preferred partners.

Jumpstart@65

Jumpstart@65 is a new community space managed by HLB's Digital Innovation Office in Jalan Tun H.S. Lee, Kuala Lumpur. The space is currently refurbished as a platform to build networks of people, including both HLB employees and social enterprises, who can co-create innovative solutions for issues faced by communities. By doing so, we hope that Jumpstart@65 will inspire communities by showing purposeful life skills in action.

The space has been rolled out to secure the support of staff, reaching 600 HLB employees, and key partnerships have been inked with MaGIC, MDEC, Cradle and Fonterra. The first co-creative project in the pipeline is with PopTani, a social enterprise with a vision to create a self-sufficient farm in every house.

Workshops with organisations such as UNICEF and Chumbaka are also in the pipeline, bringing together communities, HLB employees and key project partners to find ways to inspire households to become successful self-sufficient urban gardeners. The initiative is looking to engage with one social enterprise per month, with a total of 12 events hosted in the first year.

Socially Responsible Business

COMMUNITY BUSINESS MANAGERS

A critical component to supporting the development of SMEs is ensuring these customers' access to products that meet their business needs. This is particularly relevant for small local businesses in economically disadvantaged or rural regions. In recognition of this, HLB has deployed Community Business Managers ("CBM") trained in SME banking solutions across our banking network to improve access to financing for local SMEs. Trained in credit, customer relationship management, products, compliance and other financial services, the CBMs are well-equipped with the knowledge to support SMEs in their respective regions. At FY2020 we had 122 CBMs stationed throughout the country.

EXPANDING ISLAMIC BANKING OPPORTUNITIES IN THE SME MARKET

To support Bumiputera SMEs, HLISB has collaborated with SME Corporation Malaysia to offer the Shariah Compliant SME Financing Scheme, which provides financing assistance to eligible Malaysian-owned SMEs. HLISB has also partnered with Unit Peneraju Agenda Bumiputera as a panel bank for its Programme Syarikat Bumiputera Berprestasi Tinggi programme, which identifies and provides business opportunities to high-potential Bumiputera companies.

To ensure the quality of service we provide to customers in the halal sector, we maintain an industry handbook to educate employees of the Bank on the halal industry, its certification processes and due diligence as well as general financing requirements. Growing uptake of our Islamic banking products is reflective of our successes in reaching out to the halal business community, and we intend to continue to strengthen our relationships in this domain through targeted outreach and workforce capacity building.

To support Islamic SMEs with their capital investment needs, in FY2020 we launched the Shariah-compliant Industrial Hire Purchase-I ("IHP-i") financing product. By providing Shariah-compliant short-term business financing, IHP-i creates Islamic financing options which benefit the SME sectors and the halal industry.



ENVIRONMENTAL MANAGEMENT

MATERIAL TOPICS



Managing Our
Environmental Footprint



Responsible
Consumption

Environmental Management

OUR ENVIRONMENTAL FOOTPRINT

Our direct environmental impact encompasses the resources used and emissions generated across our business network. Aided by our digitisation strategy, we aim to reduce the influence of our business activities on the environment through more efficient patterns of consumption and disposal.

In FY2020 we launched our Responsible Consumption Activation Plan to guide our efforts in this area, with the aim of creating a cultural shift among our employees towards greater environmental responsibility. The plan consists of measuring the baseline of our consumption in addition to employee educational and engagement programmes, which include the publication of online content promoting environmentally friendly behaviours as well as workshops and events to support a sustainable lifestyle. The development of these initiatives began in FY2020 with the establishment of the plan, with full rollout of water, energy and waste reduction efforts targeted for FY2021.



GREEN BUILDING

In addition to encouraging behavioural changes to drive sustainable consumption, we are committed to investing in physical infrastructure that minimises the environmental impacts of our business operations. In FY2019, Menara Hong Leong was awarded a Green Building Index (“GBI”) Silver rating and the internationally recognised LEED Gold rating. This has paved the way for the Bank to pursue further green certifications for its Bank-owned properties.

In FY2020 we set out the target to achieve GBI certification for HLB's upcoming South Key Digital Branch in Johor, PJ City Tower A and our Penang branch located on Light Street by FY2025. Preparation for the GBI applications for South Key began in FY2020, with further design planning, assessment and registration to occur in FY2021. PJ City Tower A is one of our existing buildings and is currently fully occupied by the Bank. We are currently assessing upgrades needed to obtain its green certification. In November 2019, we launched the use of automatic license-plate recognition and the use of camera technology to recognise and verify vehicles for parking access in order to reduce the dependency on plastic-based access cards. We have also retrofitted the fluorescent & PLCE light fittings to energy efficient LED fittings in July 2020.

ENERGY AND EMISSIONS

We calculate our Scope 1 and Scope 2 GHG emissions based on the fuel and energy consumed by our operations in Malaysia. In FY2020 we recorded a decrease in our total GHG emissions of approximately 800tCO₂e.

This year we recorded a decrease in the electricity consumed by both our towers compared to FY2019 levels. In addition, our electricity consumption for PJ City Tower showed an 8.8% decrease compared to FY2017 baseline levels, marking the achievement of our goal to reduce electricity consumption in that facility by 5% by 2020 through the retrofitting and upgrading of aging equipment. Initiatives implemented in FY2020 to support this goal included increasing the efficiency of our heating, ventilation and air-conditioning system as well as replacing existing lighting with LED bulbs.

To further drive the efficient use of energy across our operations, in FY2020 we initiated the development of a Sustainable Energy Policy, as a guideline for building energy consumption and targets. The Policy is due for review and approval in FY2021.



* Note: The building became fully operational in 2018

Environmental Management

WATER CONSUMPTION

This year we recorded a decrease in the water consumed in both PJ City Tower A and Menara Hong Leong, amounting to a collective reduction of 12% compared to FY2019 levels.

Metric	Boundary	FY2018	FY2019	FY2020
Water consumption (cubic metres)	Menara Hong Leong*	57,357	61,823	55,269
	PJ City	39,550	39,223	33,632

* Note: The building became fully operational in 2018

WASTE MANAGEMENT

We monitor the amount of recyclable materials diverted from the waste disposal stream in both Menara Hong Leong and PJ City Tower. In FY2020 we recycled over 30,000kg of plastic, paper and aluminium.





COMMUNITY INVESTMENT

MATERIAL TOPICS



Building Communities



Financial Literacy

Community Investment

BUILDING COMMUNITIES

As a socially responsible financial institution, we are cognisant of the responsibility we bear to bring about positive change for the communities that we serve. Our targeted approach focuses on forming partnerships with promising social enterprises to drive community development. We aim to provide our expertise to further develop their platforms to spur greater socioeconomic developments in the groups of societies that they focus on empowering.

HLB JUMPSTART

HLB Jumpstart operates as HLB’s flagship CSR programme, working to empower social enterprises with specialist support to grow sustainably and to succeed with impact. Social enterprises exist at a key intersection of society, not only driving economic development and social well-being, but also working towards development of the nation. Recognising the potential for HLB to convene the right experts and knowledge specialists to give social enterprises a fighting chance, HLB Jumpstart was launched in September 2018 to bring together a stable of specialists and partners in fields such as finance, branding and advertising, design and volunteerism. Far from helping just once and then walking away, HLB Jumpstart works to become part of the journey.

SURI, selected as our very first collaboration partner in September 2018, is an organisation that seeks to offer financial opportunities and skills development for single mothers in the Klang Valley via upcycling used denim into new items for resale. Green Hero, partnered in May 2019, is a social enterprise dedicated to reducing food waste across the nation.

Key Highlights From our Ongoing HLB Jumpstart Partners

SURI

6,271 upcycled denim bags sold, an increase of **215%** compared to sales prior to partnership

Empowered **15** mothers, an increase of **50%**

Collected **5,175** pieces of denim through Denim Donation Drive, saving this material from landfills

Collaborated with big brands, including **Tarik Jeans** and **VOIR Group**

Green Hero

Increased average monthly sales by **113%** compared to pre-collaboration levels

9,366 meals saved from landfill through Food Surplus Donation Drive

Collaborations with **85** merchants from the food and beverage industry in Penang and the Klang Valley

Green Hero Food App in progress

FY2020 saw us onboarding two more social enterprises onto our HLB Jumpstart platform.

Coffee For Good

Joining HLB Jumpstart in December 2019, as its third partnership, Coffee For Good was founded by Faridah Halani and Dalia A Aziz to give low-income youth a chance to upskill themselves for the workplace through an on-the-job training programme. Students are equipped with specialist coffee knowledge and skills whilst simultaneously given job placements as skilled baristas.

As a local cafe operator, Faridah recognised that the coffee culture was booming in Malaysia, yet the industry was facing a shortage of trained staff. Her solution was to bridge her business, coffee-making skills and empowering low-income youths to solve the on-going labour shortage faced by cafe-owners nationwide.

To support Coffee For Good in their efforts to offer employment opportunities to unskilled youth, HLB Jumpstart worked with Faridah and Dalia to energise their approach to recruitment through a branding and marketing campaign designed to recruit more trainees. To reduce costs and enable the business to thrive, valuable floor space was offered at no cost for pop-up cafes to be established in some of HLB's locations and affiliated companies' offices for events and functions. Furthermore, we worked with the duo to increase efficiency by introducing cashless payment facilities, as well as offering financial knowledge sessions with the Bank's SME specialists.

With HLB's support, in FY2020 Coffee for Good generated a total of RM17,800 in sales from HLB's events, provided 5 youths experience running a coffee pop-up business and initiated a new collaboration with a corporate company for catering business.

The Asli Co.

HLB Jumpstart's fourth, and most recent collaboration which was chosen from a batch of nine shortlisted applicants, is with The Asli Co. who were selected to come on board in June 2020. Founded by Jason Wee and Lim Xin Yu, The Asli Co. is a social enterprise focusing on providing sustainable incomes for Orang Asli mothers from two villages via the commissioning of artisanal handicrafts and products that the women make from home.

The women are paid upfront for their creations and earn between 14% to 20% of sales. To ensure the mothers earn a fair and viable income, The Asli Co. pays up to four times the minimum hourly wage. Within the next two years, The Asli Co. aims to have a range of at least 20 handmade products to capture a wider audience and to provide income opportunities for more Orang Asli mothers.

In partnership with HLB Jumpstart, The Asli Co. will receive media and marketing assistance as well as mentorship to help strengthen their business, making it more profitable and scalable. In addition, HLB Jumpstart will help to build a more seamless payment gateway so that customers can make payments more simply. Financial literacy sessions for 10 women employed by The Asli Co. are also in the pipeline, to give the necessary financial skills required in planning for their futures.

As we continue to grow HLB Jumpstart's portfolio, FY2021 will see a fifth and sixth social enterprise come on board, with announcements due in mid FY2021.

Community Investment

ENHANCING FINANCIAL LITERACY

Financial literacy is a fundamental building block needed to secure financial well-being. Typically, those living in underserved or economically disadvantaged communities have extremely low levels of financial literacy and this lack of knowledge and insight risks creating long-term cycles of poverty that are difficult to break.

As a leading responsible financial institution in Malaysia, HLB is a sponsor and supporter of Bank Negara Malaysia's Karnival Kewangan roadshow events, designed as a platform to enhance financial literacy throughout the country. Held across Malaysia, these events work to bring together financial institutions and rural communities to connect, inform and educate.

To complement our work to disseminate knowledge on conventional financial matters, HLB and HLISB are supportive of the Malaysian government initiative to promote Islamic banking principles under the National Strategy for Financial Literacy (2019-2023). Members of the HLISB team regularly share knowledge and expertise to a range of audiences, from industry seminars and conferences, through to educational programmes for students at high school as well as those studying for undergraduate and postgraduate qualifications.

DUITSMART

In September 2019, HLB launched DuitSmart, a digital platform designed as a repository for content that would enhance financial literacy amongst Malaysians, helping them to achieve their financial goals. Established in response to a survey conducted in partnership with iMoney, DuitSmart was also intended to help HLB and HLISB better understand the financial health of the Malaysian population.

Containing topics such as the importance of a good credit score, adoption of good money habits, financial mistakes to avoid and other useful tips, HLB takes the view that by investing in useful and educational content, we are working to strengthen financial education nationwide and working to improve the overall financial health of the nation. The platform was created in partnership with the Agensi Kaunseling dan Pengurusan Kredit (AKPK) and University of Malaya.

To ensure that as many people as possible from every walk of life are able to access the DuitSmart platform, efforts in FY2020 focused on taking a strategic approach to reaching out to audiences through online and on-the-ground activities. These audiences include HLB employees, media houses, corporate companies, universities, customers at HLB branches and wider communities at BNM events. Engagement interactions with individuals both on and offline have focused on two main areas - 'Check Your Credit Score' and 'Understanding Basic Financial Jargon'.

To date on-the-ground activities have taken place at nine HLB branches, five media houses, two staff engagement sessions and through two Bank Negara events — Karnival Kewangan Perlis 2019 and LIFT Festival 2019. A total of 865 participants benefited from our on-the-ground engagement activities. To supplement these in-person engagements, we have also launched an online portal providing financial tips and scam awareness content, as well as information on the Malaysian government's COVID-19-related loan moratorium. As of September 2020, we had recorded a consumer reach of over 4.6 million for this digital content since its launch.

FINANCIAL LITERACY IN ISLAMIC BANKING

Spearheaded by HLISB, the Program Celik Muamalat is a series of public awareness talks and forums striving to provide financial literacy training regarding Islamic banking topics. Two events were conducted in FY2020, the first of which was held at Universiti Sains Islam Malaysia. Topics discussed revolved around product development in Islamic banking. The second event which focused on broader Islamic banking and finance subject matters was held in Universiti Tunku Abdul Rahman and was attended by almost 100 undergraduates.

To further improve our channels of engagement regarding Islamic finance, we focus on digitising our knowledge sharing initiatives. Our revamped HLISB website has an additional education page which provides information on Islamic banking topics such as Tawarruq, Mudarabah, and Tabarru'. In line with our digital efforts, we also have plans to conduct future Program Celik Muamalat sessions via a webinar format in future higher learning institutions that we collaborate with.

HONG LEONG FOUNDATION

Hong Leong Group's charitable entity, the Hong Leong Foundation ("HLF" or "the Foundation") operates to deliver philanthropic and social outreach programmes targeting underserved communities. Established in 1992 and funded through Hong Leong Group's companies, the Foundation works to create long-term sustainable impacts in communities with focus on projects related to Education and Community Development.

Working in partnership with established charitable organisations or with recognised community change agents, the Foundation seeks to implement projects by leveraging existing infrastructure, knowledge or connections in order to secure optimal outcomes. Furthermore, the programmes implemented by the Foundation offer Hong Leong Bank employees valuable opportunities to volunteer time and resources to make important contributions.

Hong Leong Foundation's Total expenditure in FY2020

RM3,446,963

RM1,417,171
for education programmes

RM2,029,763
for community development programmes.

HLF FOCUS AREA: EDUCATION

HLF's initiatives targeted at education aim to strengthen skill development by providing additional academic support and enhancing curriculum content for schoolchildren.

Category	HLF Project	Project Partner	Description
Scholarship	Merit Scholarship		<p>Created to benefit Malaysian students from low-income families, the Merit Scholarship offers financial support to students so that they may equip themselves with essential knowledge and skills in order to secure employment upon completion of their academic studies.</p> <p>For FY2020, 37 scholars were awarded the HLF Merit Scholarship with a combined funding total of RM1,968,750.</p> <p>By June 2020, the HLF Merit Scholarship has awarded scholarships to 144 recipients, with a total of RM1,295,085 having been disbursed in this Financial Year.</p> <p>The HLF Scholarships 2019 Award Ceremony event was managed at a cost of RM2,160.</p>

Community Investment

Category	HLF Project	Project Partner	Description
Scholarship	Reach Out and Rise (“ROAR”) Education Development Programme	SOLS 24/7	<p>The Reach Out and Rise (“ROAR”) Education Development Programme was created in 2014 as a partnership initiative, managed by Science of Life 24/7 (“SOLS 24/7”), and fully funded by HLF.</p> <p>The programme gives young people the opportunity to pursue higher education studies whilst simultaneously offering enrichment support. ROAR students pursue a Diploma course that leads them to a degree programme with local partner universities in Malaysia. The programme comprises academic fees, accommodation, meals and enrichment activities.</p> <p>As of December 2019, 51 scholars had graduated, with a further 5 students completing their final semester and thesis by June 2020.</p> <p>For FY2020, HLF contributed RM61,600 to fully fund this programme.</p>
	Literacy and Numeracy Screening Programme	MyReaders (Persatuan Literasi Anak Malaysia)	<p>MYReaders runs a literacy programme in 10 high-need public schools in Klang and Kapar, delivering a comprehensive syllabus designed to help children develop English literacy skills. The programme supports the teachers and in turn, students are empowered to support their peers via a ‘buddy system’.</p> <p>HLF contributed RM58,325 which underwrote Phase 1 of the programme for the benefit of 380 students across 8 schools in Klang and 2 schools in Kuala Lumpur.</p>
	Education system empowerment	Malaysian Collective Impact Initiative Bhd	<p>Malaysian Collective Impact Initiative (“MCII”) is an NGO that seeks to achieve systemic educational and social change in Malaysia through cross sector partnerships.</p> <p>With an overarching goal of improving national literacy and career outcomes, they are looking to create an inclusive intervention model in line with the Malaysia Education Blueprint that can be replicated across Malaysia.</p> <p>HLF funding of RM50,000 in FY2020 contributed towards operational costs that has impacted close to 14,000 individuals across 14 schools in Klang Valley.</p> <p>HLF funded an additional RM200,000 in FY2020 in response to COVID-19, for the purchase and distribution of food and basic essentials for the benefit of more than 1,300 individuals connected to MCII, who were disproportionately affected by the national Movement Control Order.</p>

HLF FOCUS AREA: COMMUNITY DEVELOPMENT

HLF is committed to contributing to the community via the delivery of continuous community and social development programmes.

Category	HLF Project	Project Partner	FY2020 UPDATES
Community Welfare Programme	Safe Haven for Paediatric Cancer Patients	National Cancer Society Malaysia	<p>A charity fun run took place on 25 August 2019 to raise money for the benefit of the National Cancer Society of Malaysia (“NCSM”).</p> <p>Organised by Hong Leong Assurance and Hong Leong MSIG Takaful, the run took place at Paya Indah Wetlands Park, Dengkil and raised RM30,000 which was matched with another RM30,000 funded by HLF.</p> <p>Funds amounting to RM60,000 were donated to NCSM’s Children’s Home of Hope which offers accommodation to children with cancer and their caregivers during treatment at Kuala Lumpur Hospital.</p>
	Speech Therapist Services	IDEAS Autism Malaysia	<p>The IDEAS Autism Centre was established to support children diagnosed with Autism Spectrum Disorder with communication challenges. HLF funds a speech therapist who conducts monthly 1:1 therapy sessions as well as offering advice to parents.</p> <p>HLF began supporting this programme in FY2019 for the benefit of 32 children. In FY2020, HLF contributed RM9,600 as part of the continuation of the programme.</p> <p>HLF funded an additional RM12,000 in FY2020 in response to COVID-19, for the purchase and distribution of food items and basic essentials for the benefit of 10 families connected to IDEAS Autism Malaysia, who were disproportionately affected by the national Movement Control Order.</p>
	Giving a better life	OrphanCare Foundation	<p>OrphanCare established a ‘baby hatch’ initiative at three locations, providing a safe repository for unwanted newborn babies. These babies are then supported into legal adoption with new families. OrphanCare also conducts workshops and offers counselling to young girls to prevent unwanted pregnancy occurring.</p> <p>In FY2020, HLF donated RM21,000 to cover OrphanCare’s operational costs for the benefit of 200 babies.</p>
	Mental health support	Protect and Save(PS) the Children	<p>PS the Children is an NGO that works to support children who have experienced physical and sexual abuse. The programme ‘Project Healing’ is a 9 month therapy initiative to help survivors build confidence and overcome trauma.</p> <p>HLF funding of RM14,000 for FY2020 supported 20 beneficiaries.</p>

Community Investment

Category	HLF Project	Project Partner	FY2020 UPDATES
Community Welfare Programme	Toy Library	Persatuan Perpustakaan Permainan Malaysia	<p>The Toy Library in Apartment Idaman, a PPR in Damansara Damai, offers children a safe space to learn, explore educational materials and partake in activities to enhance knowledge, learning and communication skills.</p> <p>HLF funding of RM5,600 in FY2020 covered the extension cost of the Toy Library so that it could accommodate more children, benefitting 300 children and 35 families.</p>
	Women's empowerment programme	Pertubuhan Pembangunan Wanita Tamarai Pulau Pinang	<p>The START workshop is a programme developed by Tamarai offering weekend workshops to teach accessories-making, marketing and entrepreneurial skills to underprivileged women.</p> <p>HLF funding of RM16,900 in FY2020 supported programme delivery for the benefit of 50 women.</p>
	Foodbank initiative	Kechara Soup Kitchen	<p>Kechara Soup Kitchen ("KSC") offers food to the homeless and urban poor. Beyond meals, KSC aims to help families achieve sustainable livelihoods through skills training programmes. KSC also offers space for volunteer medics to deliver free medical services to those in need.</p> <p>HLF funding of RM42,000 in FY2020 contributed towards KSC's operational costs of a foodbank storage facility and a skills training centre at PPR Desa Rejang, Setapak that will benefit 12,387 individuals.</p> <p>HLF funded an additional RM150,000 in FY2020 in response to COVID-19, for the purchase and distribution of food items and hand sanitizers for the benefit of more than 1,000 individuals connected to KSC, who were disproportionately affected by the national Movement Control Order.</p>
	Fundraising initiative	We Care Journey (Ceriajaya PLT)	<p>The 'Hong Leong Group SMARTAN Challenge 2019' was a collaboration between Hong Leong Group CSRD and We Care Journey to raise funds and awareness about Spinal Muscular Atrophy.</p> <p>Held on 9 November 2019, 56 participants from 8 Hong Leong Group of Companies completed 3 challenges held on the day. Funds raised by participants of RM21,000 were then matched by HLF by RM15,000 with a total of RM36,000 donated to benefit 260 individuals.</p>

Category	HLF Project	Project Partner	FY2020 UPDATES
Community Welfare Programme	COVID-19 Relief Aid - Phase 1 (Special Contribution)	Various partners	HLF contributed RM655,000 of funds to 11 different programme partners for the provision of basic essentials and support in response to the COVID-19 pandemic. Over 4,500 individuals benefited as a result of this contribution.
	COVID-19 Relief Aid - Phase 2 (Special Contribution)	Various partners	HLF contributed RM533,251 of funds to 9 different programme partners for the provision of basic essentials, medical supplies and support in response to the COVID-19 pandemic. Over 6,000 individuals benefited as a result of this contribution.
	COVID-19 Relief Aid - Phase 3 (Special Contribution)	Various partners	HLF contributed RM617,412 of funds to 6 different programme partners for the provision of basic essentials, medical supplies and support in response to the COVID-19 pandemic. 2,591 households and 2,500 animals at risk benefited as a result of this contribution.
	COVID-19 Relief Aid - Phase 4 (Special Contribution)	Yayasan Chow Kit	HLF contributed RM20,000 to support daily living needs for the benefit of urban families connected to Yayasan Chow Kit, who were disproportionately affected by the national Movement Control Order.

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DISCLOSURE DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 101: FOUNDATION 2016					
GRI 102: GENERAL DISCLOSURES 2016					
ORGANISATIONAL PROFILE					
GRI 102: GENERAL DISCLOSURES 2016	102-1	Name of the organization	7	Overview - About Hong Leong Bank	
	102-2	Activities, brands, products, and services	8	Overview - About Hong Leong Bank - Our Business	
	102-3	Location of headquarters	7	Overview - About Hong Leong Bank	
	102-4	Location of operations	9	Overview - About Hong Leong Bank - Regional Footprint	
	102-5	Ownership and legal form	7	Overview - About Hong Leong Bank	
	102-6	Markets served	8; 9	Overview - About Hong Leong Bank - Our Business; Regional Footprint	
	102-7	Scale of the organization	9, 53	Overview - About Hong Leong Bank - Regional Footprint Workforce Readiness - Performance Data	
	102-8	Information on employees and other workers	53	Workforce Readiness - Performance Data	
	102-9	Supply chain	16	Overview - Our Sustainability Approach - Stakeholder Engagement	
	102-10	Significant changes to the organization and its supply chain	9	Overview - About Hong Leong Bank - Regional Footprint	
	102-11	Precautionary Principle or approach	12	Overview - Our Sustainability Governance	
	102-12	External Initiatives	10, 75-79	Overview - About Hong Leong Bank - Partnerships and Collaborations Community Investment - Hong Leong Foundation	
	102-13	Membership of associations	10	Overview - About Hong Leong Bank - Partnerships and Collaborations	
STRATEGY					
GRI 102: GENERAL DISCLOSURES 2016	102-14	Statement from senior decision-maker	4	Overview - Chairman and Group Managing Director/Chief Executive Officer's Sustainability Review	
	102-15	Key impacts, risks, and opportunities	26	Good Business Conduct - Risk Management and Risk Culture	
ETHICS AND INTEGRITY					
GRI 102: GENERAL DISCLOSURES 2016	102-16	Values, principles, standards, and norms of behavior	7	Overview - About Hong Leong Bank - The Bank's Core Values	
	102-17	Mechanisms for advice and concerns about ethics	23; 24; 25, 118-140	Good Business Conduct - Ethics and Integrity; Compliance Framework; Whistleblowing Policy Hong Leong Bank Annual Report 2020 - Corporate Governance Overview	

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 102: GENERAL DISCLOSURES 2016					
GOVERNANCE					
GRI 102: GENERAL DISCLOSURES 2016	102-18	Governance structure	12 22	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance	
	102-19	Delegating authority	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-20	Executive-level responsibility for economic, environmental, and social topics	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-26	Role of highest governance body in setting purpose, values, and strategy	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-30	Effectiveness of risk management processes	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-31	Review of economic, environmental, and social topics	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-32	Highest governance body's role in sustainability reporting	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-33	Communicating critical concerns	12 22; 26	Overview - Our Sustainability Governance Good Business Conduct - Corporate Governance; Risk Management and Risk Culture	
	102-37	Stakeholders' involvement in remuneration	118-140	Hong Leong Bank Annual Report 2020 - Corporate Governance Overview	
STAKEHOLDER ENGAGEMENT					
GRI 102: GENERAL DISCLOSURES 2016	102-40	List of stakeholder groups	16	Overview - Our Sustainability Approach - Stakeholder Engagement	
	102-41	Collective bargaining agreements		20.7% of total employees are covered by collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	16	Overview - Our Sustainability Approach - Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	16	Overview - Our Sustainability Approach - Stakeholder Engagement	
	102-44	Key topics and concerns raised	16	Overview - Our Sustainability Approach - Stakeholder Engagement	

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 102: GENERAL DISCLOSURES 2016					
REPORTING PRACTICE					
GRI 102: GENERAL DISCLOSURES 2016	102-45	Entities included in the consolidated financial statements	2	Overview - About This Report	
	102-46	Defining report content and topic Boundaries	2	Overview - About This Report	
	102-47	List of material topics	13	Overview - 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	80-86	GRI Standard Content Index For "In Accordance" – Core	
	102-56	External assurance	87	SIRIM Assurance Statement Certification	

GRI 200 ECONOMIC					
MARKET PRESENCE					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	22; 23; 26	Good Business Conduct - Corporate Governance; Ethics and Integrity; Risk Management and Risk Culture	
	103-3	Evaluation of the management approach	22; 23; 26	Good Business Conduct - Corporate Governance; Ethics and Integrity; Risk Management and Risk Culture	
GRI 202: MARKET PRESENCE 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage		As wages are determined using standard pay grades with no differentiation based on gender, the ratio is 1:1.	
	202-2	Proportion of senior management hired from the local community		In FY2020, 100% of senior management was hired from the local community.	

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 200 ECONOMIC					
INDIRECT ECONOMIC IMPACTS					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	13 72	Overview - Our Sustainability Approach Community Investment - Building Communities	
	103-3	Evaluation of the management approach	13 72	Overview - Our Sustainability Approach Community Investment - Building Communities	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016	203-1	Infrastructure investments and services supported	72 75-79	Community Investment - Building Communities - HLB Jumpstart Community Investment - Hong Leong Foundation	
	203-2	Significant indirect economic impacts	72 75-79	Community Investment - Building Communities - HLB Jumpstart Community Investment - Hong Leong Foundation	
ANTI CORRUPTION					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	22; 23; 24	Good Business Conduct - Corporate Governance; Ethics and Integrity; Compliance Framework	
	103-3	Evaluation of the management approach	22; 23; 24	Good Business Conduct - Corporate Governance; Ethics and Integrity; Compliance Framework	
GRI 205: ANTI CORRUPTION 2016	205-2	Communication and training about anti corruption policies and procedures	24	Good Business Conduct - Compliance Framework; Promoting a Culture of Compliance	
GRI 300: ENVIRONMENTAL					
ENERGY					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	68	Environmental Management - Our Environmental Footprint	
	103-3	Evaluation of the management approach	68	Environmental Management - Our Environmental Footprint	
GRI 302: ENERGY 2016	302-1	Energy consumption within the organization	69	Environmental Management - Our Environmental Footprint - Energy and Emissions	

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 300: ENVIRONMENTAL					
EMISSIONS					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	68	Environmental Management - Our Environmental Footprint	
	103-3	Evaluation of the management approach	68	Environmental Management - Our Environmental Footprint	
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	69	Environmental Management - Our Environmental Footprint - Energy and Emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	69	Environmental Management - Our Environmental Footprint - Energy and Emissions	
	305-5	Reduction of GHG emissions	69	Environmental Management - Our Environmental Footprint - Energy and Emissions	
SUPPLIER ENVIRONMENTAL ASSESSMENT					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	64	Socially Responsible Business - Sustainable Procurement Practices	
	103-3	Evaluation of the management approach	64	Socially Responsible Business - Sustainable Procurement Practices	
GRI 305: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016	308-1	New suppliers that were screened using environmental criteria	64	Socially Responsible Business - Sustainable Procurement Practices	Information on the number of suppliers screened is unavailable as the Bank is still finalising our Sustainable Procurement Framework. We expect to enhance our disclosure once the framework is fully enacted.
GRI 400: SOCIAL					
EMPLOYMENT					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	37	Workforce Readiness - Nurturing Sustainable Employee Experience	
	103-3	Evaluation of the management approach	37	Workforce Readiness - Nurturing Sustainable Employee Experience	
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	54-55	Workforce Readiness - Performance Data	

GRI Standard Content Index

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
GRI 400: SOCIAL					
OCCUPATIONAL HEALTH AND SAFETY					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	52	Workforce Readiness - Employee Well-being, Health & Safety - Safety and Well-being	
	103-3	Evaluation of the management approach	52	Workforce Readiness - Employee Well-being, Health & Safety - Safety and Well-being	
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	52	Workforce Readiness - Employee Well-being, Health & Safety - Safety and Well-being	
TRAINING AND EDUCATION					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	37	Workforce Readiness - Nurturing Sustainable Employee Experience	
	103-3	Evaluation of the management approach	37	Workforce Readiness - Nurturing Sustainable Employee Experience	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	44	Workforce Readiness - Automation and Data Driven Workforce - Learning and Development	
	404-2	Programs for upgrading employee skills and transition assistance programs	37-45	Workforce Readiness - Workplace Readiness; Automation and Data Driven Workforce	
DIVERSITY AND EQUAL OPPORTUNITY					
GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	51	Workforce Readiness - Employee Well-being, Health & Safety - Diverse and Inclusive Workforce	
	103-3	Evaluation of the management approach	51	Workforce Readiness - Employee Well-being, Health & Safety - Diverse and Inclusive Workforce	
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1	Diversity of governance bodies and employees	51	Workforce Readiness - Employee Well-being, Health & Safety - Diverse and Inclusive Workforce	

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GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
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GRI 400: SOCIAL

DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	64	Socially Responsible Business - Sustainable Procurement Practices	
	103-3	Evaluation of the management approach	64	Socially Responsible Business - Sustainable Procurement Practices	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016	414-1	New suppliers that were screened using social criteria	64	Socially Responsible Business - Sustainable Procurement Practices	Information on the number of suppliers screened is unavailable as the Bank is still finalising our Sustainable Procurement Framework. We expect to enhance our disclosure once the framework is fully enacted.

GRI STANDARD	DISCLOSURE	DESCRIPTION	PAGE NUMBER	REFERENCES SR2020	OMISSIONS
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GRI G4 SECTOR DISCLOSURES: FINANCIAL SERVICES

PRODUCT RESPONSIBILITY

GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	57	Socially Responsible Business - Responsible Business Practices	
	103-3	Evaluation of the management approach	57	Socially Responsible Business - Responsible Business Practices	
PRODUCT PORTFOLIO	FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	64	Socially Responsible Business - Empowering SMEs	
			72	Community Investment - Building Communities - HLB JumpStart	
	FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	60	Socially Responsible Business - Responsible Business Practices - Climate Positive Financing	

SOCIETY

GRI 103: MANAGEMENT APPROACH 2016	103-1	Explanation of the material topic and its Boundary	13	Overview - Our Sustainability Approach - Materiality	
	103-2	The management approach and its components	57	Socially Responsible Business - Responsible Business Practices	
	103-3	Evaluation of the management approach	57	Socially Responsible Business - Responsible Business Practices	
LOCAL COMMUNITIES	FS13	Access points in low-populated or economically disadvantaged areas by type	63	Socially Responsible Business - Responsible Business Practices - Access to Financial Services	
	FS14	Initiatives to improve access to financial services for disadvantaged people	63	Socially Responsible Business - Responsible Business Practices - Access to Financial Services	

SIRIM Assurance Statement Certification



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INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Hong Leong Bank Berhad (hereafter referred to as Hong Leong Bank) to perform an independent verification and provide assurance of the Hong Leong Bank Sustainability Report 2020. The main objective of the verification process is to provide assurance to Hong Leong Bank and its stakeholders of the quality and reliability of the information presented in this report. This was established through checking and verifying claims made in the report. The verification audit by SIRIM QAS International covered all sustainability-related activities which had been included in Hong Leong Bank Sustainability Report 2020 except for the information presented in Energy and Emissions under Environment Management section and Hong Leong Foundation in Community Investment section.

The management of Hong Leong Bank was responsible for the preparation of the Sustainability Report. The objectivity and impartiality of this verification statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Hong Leong Bank Sustainability Report 2020.

Verification team

The verification team from SIRIM QAS International consisted of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamorthy : Team Member



ISO/IEC 17021-1:2015 QS 02121999 CB 01
 ISO/IEC 17021-1:2015 EMS 17122002 CB 02
 ISO/IEC 17065:2012 PC 04012004 CB 01
 ISO/IEC 17021-1:2015 OSH 06122006 CB 01
 ISO/IEC 17021-1:2015 HACCP 05022008 CB 03
 ISO/TS 22003:2013 FSSMS 23122008 CB 01
 MS ISO/IEC 17024:2011 RMC 10122009 CB 02
 MS ISO/IEC 17006:2011 ISMS 11022011 CB 01
 ISO/IEC 17021-1:2015 EKMS 03012014 CB 01
 ISO/IEC 17021-1:2015 MDRMS 30052015 CB 04
 ISO/IEC 17021-1:2015 GMP 09122015 CB 04
 ISO/IEC 17024-1:2015 MSPO 25072017 CB 06
 ISO/IEC 17024:2012 FS 09032017 CB 03



MS ISO/IEC 17025
 CALIBRATION / TESTING
 SAMM NO 085 SAMM NO 036
 SAMM NO 087 SAMM NO 219
 SAMM NO 735 SAMM NO 240
 SAMM NO 734 SAMM NO 377



MS ISO/IEC 17020
 MRAS NO. 073



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Methodology

The verification process was carried out by SIRIM QAS International from August to September 2020. 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 Hong Leong Bank Sustainability Report 2020 and its overall presentation against the GRI Standards requirement.

During the verification process, issues were raised and clarifications were sought from the management of Hong Leong Bank relating to the consistency 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 2020;
- 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 Damansara, 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 verify any contractor or third party data.

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 2020 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 statement was found to be acceptable;
- The information has been presented in an appropriate manner;
- Most of the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data contained in the report;
- Hong Leong Bank Berhad has satisfactorily addressed, in the final version of the report, all issues that had been raised during the verification audit;
- The sustainability report provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Bank Berhad.

Prepared by:



AERNIDA ABDUL KADIR

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

Date : 28 September 2020

Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

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

Date : 28 September 2020

Note:

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

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