



**Amira Daniea, 19.** Talented artist selected by the National Autism Resource Centre. As featured in HLB & HLISB 2025 Desktop Calendar.

# TABLE OF CONTENTS



Scan the QR code to read our **AGM reports** by following these simple steps:

## ► Get it

Download the “QR Code Reader” app from Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Store

## ► Run it

Run the QR Code Reader app and point your camera at the QR code

## ► Access it

Get access to Hong Leong Bank Berhad’s website

## OVERVIEW

About This Report	2
FY2025 Sustainability Highlights	3
About Hong Leong Bank	4
Collaborations	6
Group Managing Director/Chief Executive Officer’s Statement	7
Chairman of the Sustainability Committee/Chief Financial Officer’s Statement	9

## SUSTAINABILITY AND CLIMATE APPROACH

Sustainability and Climate Governance	12
Integrating Sustainability into Sound Risk Management	18
Ethical Business Conduct	26
Our Approach to Sustainability	31

## ENVIRONMENTAL MANAGEMENT

Building Climate Resilience to Facilitate a Low-Carbon Transition	46
Managing Our Operational Environmental Footprint	55

## SOCIALLY RESPONSIBLE BUSINESS

Advancing Sustainable & Responsible Financing	69
Building a Sustainable Supply Chain	82

## COMMUNITY INVESTMENT

Nurturing Financial Inclusion & Literacy	87
Supporting Social Enterprises & Communities	91

## DIGITAL AT THE CORE

Digital Finance & Innovation for Enhanced Customer Experience	103
Privacy, Data Protection & Cybersecurity	110

## WORKFORCE READINESS

Employee Wellbeing, Health & Safety	115
Talent Attraction, Development & Retention	124
Fostering an Inclusive & Sustainable Workplace Culture	140

## APPENDIX: CONTENT INDEX

Appendix I: Performance Data Table from Bursa ESG Reporting Platform	149
Appendix II: HLB Policies with Integration of Environment and Social (“E&S”) Elements	151
Appendix III: Stakeholder Engagement	165
Appendix IV: GRI Content Index with Alignment to Key Standards	169
Appendix V: IFRS S2 Content Index	172
Appendix VI: SASB Content Index	173
Appendix VII: SIRIM Independent Assurance Statement	174
Appendix VIII: PwC Limited Assurance Report	178



**Connect  
Digital Onboarding**

Individuals aged 12 & above and sole proprietorships self-served full digital onboarding

**Connect  
Mobile App**

Day-to-day banking beyond payments & transfers, at any time and from anywhere

**Connect  
Internet Banking**

Full-fledged digital banking services for individuals & sole proprietors

**Connect  
Pocket**

Build stickiness since young, junior mobile banking with parental control

**Connect  
InBranch**

Staff serve, bringing banking to your doorstep

**Connect  
Merchant**

3 languages cashless payment solution for small business (up to 5 cashiers)

**To Be a Highly Digital and Innovative  
Financial Services Company**



## ABOUT THIS REPORT

This is Hong Leong Bank's ninth Sustainability Report, presenting our sustainability journey, initiatives, and progress in embedding sustainability into our business practices, products, and services. The report highlights the value we create for our stakeholders through our commitments and our vision to be a highly digital and innovative ASEAN financial services company. It also provides updates on our consideration of sustainability-related and climate-related risks and opportunities across our operations, in preparation for alignment with the National Sustainability Reporting Framework ("NSRF") and International Financial Reporting Standards ("IFRS") S1 and S2.

### REPORTING SCOPE AND BOUNDARY

This report covers the operations of Hong Leong Bank ("HLB") and Hong Leong Islamic Bank ("HLISB") (collectively referred to as "the Bank") in Malaysia, as well as our regional operations in Singapore, Hong Kong, Vietnam, and Cambodia.

It presents our sustainability strategies, initiatives, and performance on key environmental, social, and governance ("ESG") matters for the financial year from 1 July 2024 to 30 June 2025 ("FY2025").

The report outlines our sustainability approach, detailing how we identify and manage sustainability-related risks and opportunities as part of our business activities. It provides balanced, stakeholder-inclusive content based on materiality assessments.

For a comprehensive disclosure of our financial and non-financial performance, this report should be read alongside our Annual Report 2025.

### REPORTING FRAMEWORK

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

- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide (3rd edition)
- Global Reporting Initiative ("GRI") Universal Standards 2021 (refer to page 169 for our GRI Content Index)
- International Financial Reporting Standard ("IFRS") S1 and S2 Standards (refer to page 172 for our IFRS S2 Content Index)
- Sustainability Accounting Standards Board ("SASB") Standards (refer to page 173 for our SASB Content Index)
- United Nations Sustainable Development Goals ("UN SDGs")
- Partnership for Carbon Accounting Financials ("PCAF")
- Task Force on Climate-related Financial Disclosures ("TCFD")

This Sustainability Report adopts the standards outlined above. In FY2025, we have started to disclose in accordance with National Sustainability Reporting Framework ("NSRF"),

as well as the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, particularly in relation to our consideration of sustainability-related and climate-related risks and opportunities. These disclosures are expected to be further developed and furnished in our future Sustainability Reports.

### BOARD APPROVAL AND EXTERNAL ASSURANCE

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

SIRIM QAS International Sdn. Bhd. ("SIRIM") and PricewaterhouseCoopers ("PwC") PLT provided external assurance of selected indicators in this report.

Our Sustainability Reports are produced on an annual basis. The content of this report will be reviewed in a timely manner to ensure the relevance and comprehensiveness of the disclosures, and will reflect new developments in sustainability and climate-related matters, both domestically and globally.

### FEEDBACK & CONTACT POINT

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



sustainability@hlbb.hongleong.com.my



03-2081-8888



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

## FY2025 SUSTAINABILITY HIGHLIGHTS

**27%**

decrease in operational (Scope 1 and 2) emissions in Malaysia from baseline FY2019, in good stead to exceed our targeted reduction of 15% to 25% by FY2026

FY2024: 21% reduction from baseline FY2019

**8%**

decrease in electricity consumption in Malaysia from FY2024

FY2024: 4% decrease in electricity consumption from FY2023

**24,300kg**

of waste diverted from disposal,

**27%**

increase from FY2024

FY2024: 19,069kg of waste diverted

We launched our Sustainable Finance Framework ("SFF") with a five-year,

**RM20 billion**

commitment. We've already exceeded our first-year target by

**33%**

mobilising

**RM4.5 billion**

in sustainable financing

Achieved total outstanding sustainable financing portfolio of

**RM20.1 billion**

a growth of

**18%**

from FY2024

FY2024: RM17.0 billion

**92.8%**

of total procurement spent on local suppliers, amounting to

**RM483.1 million**

FY2024: 93.9%; RM511.3 million

**10,804**

volunteer hours contributed under the HLB Employee CSR Programme, tripled from FY2024

FY2024: 3,091 volunteering hours

**1,805**

employees engaged as volunteers under the HLB Employee CSR Programme, an increase by

**49%**

from FY2024

FY2024: 1,214 employees

**RM817,410**

invested in local communities, impacting

**14,097**

direct beneficiaries and

**15,977**

indirect beneficiaries

FY2024: RM399,000; impacting 9,013 direct beneficiaries and 1,535 indirect beneficiaries

**660,697**

hours of training completed, equating to

**82**

training hours per employee

FY2024: 626,972 hours of training; 77 hours per employee

**Zero**

work-related fatalities

FY2024: Zero

Water consumption of

**145,450m<sup>3</sup>**

36% decrease in water consumption from FY2024

FY2024: 228,039 m<sup>3</sup>

Cumulatively, more than

**8,000**

employees and

**256**

contract staff Bank-wide received and completed Mandatory E-Learning on Anti-Bribery and Corruption

FY2024: Cumulatively, more than 9,000 employees; more than 234 contract staff

**133**

financial literacy workshops conducted, reaching

**19,121**

participants

FY2024: 73 workshops, 7,944 participants

**Zero**

material data breach incidents

FY2024: Zero

## ABOUT HONG LEONG BANK

Hong Leong Bank Berhad, headquartered in Kuala Lumpur, Malaysia, is a leading financial services institution. Ranked as Malaysia's fifth-largest bank by assets and fourth-largest by market capitalisation, the Bank, together with its subsidiaries, operates under the Hong Leong Financial Group ("the Group").

The Bank operates through five core business pillars: Personal Financial Services ("PFS"), Business & Corporate Banking ("BCB"), Regional Wealth Management ("RWM"), Global Markets ("GM"), and Islamic Financial Services ("HLISB"). Across these pillars, we offer comprehensive and innovative financial solutions — including loans, credit cards, online and mobile banking, insurance, investment, wealth management and share financing—delivered through both digital and traditional channels.

In line with our ethos of Digital at the Core and our brand promise of Built Around You, these solutions are designed to deliver an efficient, seamless, and technology-enabled customer experience.

### OUR CORE VALUES

Our core values form the foundation of our business approach and guide our commitment to balancing growth with the creation of long-term ESG value.

By integrating ESG into our core values framework, we are driven to contribute positively to the environment, economy, and society, whilst maintaining a strategic focus on fulfilling our corporate purpose of building a more sustainable future.

#### HERE FOR THE LONG TERM

Embedding strong ESG values in our operations, strengthening our commitment to: Customers, Employees, Communities we work in & CSR activities.

#### INNOVATION

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

#### HONOUR

Conduct business with honour to build TRUST.

#### 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.

#### ENTREPRENEURSHIP

- Think like an entrepreneur to seek opportunities.
- Be resourceful and decisive to make things happen and drive sustainable growth.

### OUR CORE BUSINESS PILLARS

#### PERSONAL FINANCIAL SERVICES ("PFS")

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

#### BUSINESS & CORPORATE BANKING ("BCB")

BCB offers banking solutions tailored to the needs of small and medium-sized enterprises ("SMEs") as well as commercial and corporate customers. These include deposit and loan services (such as business current account, liquidity management and fixed deposits) and financing options (including asset acquisition, working capital, business expansion and business automation). In addition, BCB specialises in transaction banking solutions, encompassing cash management, corporate internet banking platforms, trade financing and services, and merchant payment solutions.

## ABOUT HONG LEONG BANK

### OUR REGIONAL FOOTPRINT

#### MALAYSIA

**216** branches

#### CAMBODIA

**7** branches

#### SINGAPORE

**1** branch

#### SELF SERVICE TERMINALS

**1,090**

(including 17 Talking ATMs for visually impaired community)

#### HONG KONG

**1** branch


#### VIETNAM

**2** branches

#### LABUAN INTERNATIONAL

**1** branch



 For more details on all our local and overseas branches, refer to page 6 of our Annual Report 2025.

#### GLOBAL MARKETS ("GM")

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

#### REGIONAL WEALTH MANAGEMENT ("RWM")

RWM provides comprehensive wealth management services to meet its clients' individual and business needs. These services are delivered by certified Wealth Advisors and an experienced network of Relationship Managers, with the aim of achieving sustainable, multi-generational and multifaceted wealth progression through investments, insurance, deposits and asset financing.

#### ISLAMIC FINANCIAL SERVICES ("HLISB")

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

 For more details on our core businesses, refer to page 2 of our Annual Report 2025.

## COLLABORATIONS

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

Bank Negara Malaysia's Joint  
Committee on Climate Change  
("JC3")

The Association of Banks in Malaysia  
("ABM")

Asian Institute of Chartered Bankers  
("AICB")

Payments Networks  
Malaysia Sdn. Bhd.  
("PayNet")

Islamic Banking and  
Finance Institute Malaysia  
("IBFIM")

Financial Markets  
Ombudsman Service  
("FMOS")

Cagamas Berhad  
("Cagamas")

The Association of Islamic  
Banking and Financial  
Institutions Malaysia  
("AIBIM")

Financial Industry Collective  
Outreach ("FINCO")

Partnership for Carbon  
Accounting Financials  
("PCAF")

The Malaysian Business  
Angel Network ("MBAN")

Syarikat Jaminan Kredit  
Perumahan Berhad  
("SJKP")

Federation of Investment  
Managers Malaysia  
("FIMM")

PwC Malaysia  
("PwC")

Thoughts in Gear  
("TiG")

Capital Markets Malaysia  
("CMM")

Malaysian Investment  
Development Authority  
("MIDA")

Malaysian Nature Society  
("MNS")

Animal Projects  
Environmental Education  
Sdn. Bhd.  
("APE Malaysia")

Think City Sdn. Bhd.  
("Think City")

Hijau Mikro Sdn. Bhd.  
("GreenSteps")

Recircle Sdn. Bhd.  
("Recircle")

VBI Community of  
Practitioners ("VBI CoP")

LC Wakaful Digital  
Sdn. Bhd. ("GoBarakah")

Multiply Assist Donate Cash  
("MADCash")

Northern Corridor  
Implementation Authority  
("NCIA")

Reef Check Malaysia

Halal Development  
Corporation Berhad ("HDC")

Sedania As-Salam Capital  
Sdn. Bhd. ("SEDANIA")

Islamic Development Bank

Andalusia Travel & Tours



## GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S STATEMENT

**For us, sustainability transcends a simple checklist. It's the blueprint for our longevity. Having forged a 120-year legacy, we now face the critical task of building a future that endures. Our values are more than words; they are an urgent call to action, compelling us to innovate and remain relevant in a world that is always changing, so that what we build today will stand the test of time, for generations ahead.**

This report marks a pivotal chapter in our ongoing transformation, one shaped by increasing regulatory expectations and a deeper recognition of our role in shaping a more resilient and inclusive financial system. We are not simply adapting to change, we are working to lead it, through pragmatic action, clear priorities, and long-term value creation for our customers, communities, and investors.



**KEVIN LAM**

Group Managing Director/Chief Executive Officer

Whether supporting the next generation of entrepreneurs, helping families build intergenerational wealth, or enabling low-carbon growth, we see sustainability as central to becoming the Best Run Bank in Malaysia. Guided by our five sustainability pillars—Environmental Management, Socially Responsible Business, Digital at the Core, Workforce Readiness and Community Investment—we continue to evolve with discipline and purpose.

To embed sustainability across the organisation, we have established individual sustainability Key Result Areas ("KRAs") and launched HLB Impact—a flagship initiative that fosters a sustainability-driven culture through internal and external outreach, including talks, workshops, volunteering events, and quarterly recycling campaigns.

### NAVIGATING THE EVOLVING DISCLOSURE LANDSCAPE

Our sustainability strategy in FY2025 is informed by both global and national regulatory developments. Among the most significant are Bank Negara Malaysia's ("BNM") revised Climate Risk Management and Scenario Analysis ("CRMSA") policy document and Securities Commission's National Sustainability Reporting Framework ("NSRF"), which adopts the International Sustainability Standards Board ("ISSB") standards for enhanced sustainability and climate reporting.

We have incorporated CRMSA standards in managing climate-related risks and successfully completed our inaugural BNM Climate Risk Stress Testing ("CRST") exercise. These milestones mark our efforts to take a proactive approach to quantify and manage climate-related risks, embedding them into our enterprise risk management—ensuring that climate resilience is treated as a strategic business imperative.

Our ongoing scenario analysis integrates critical climate insights into our core business strategy and future decisions. In parallel, we have incorporated climate-related risks into our Risk Appetite Statement ("RAS"), making them an integral part of our governance structure, and group-wide Risk Management Framework alongside our traditional credit, market, and operational risks.

We continue to enhance our internal processes and disclosures, designed for continuous improvement, and are taking a phased approach toward full compliance with the ISSB standards by FY2028. More importantly, we are in progress to enhance our materiality framework in FY2026.

### LEADING WITH PURPOSE THROUGH OUR TRANSFORMATION PLAN

Beyond meeting the evolving disclosure requirements, we are responding to Malaysia's National Energy Transition Roadmap ("NETR") by progressive deployment of our Transformation Strategy. A key milestone is the launch of our Sustainable Finance Framework ("SFF") in October 2024, committing an additional RM20 billion to sustainable financing over the next five years for projects in renewable energy, energy efficiency, green infrastructure and buildings, low carbon transportation, and other impactful areas. As of June 2025, we have already mobilised RM4.5 billion, demonstrating our accelerated progress to capitalise on sustainable financing opportunities. This not only helps to reduce our indirect greenhouse gas ("GHG") emissions and to meet our Net Zero commitments, but also enables our customers in advancing their own decarbonisation goals.

## GROUP MANAGING DIRECTOR/ CHIEF EXECUTIVE OFFICER'S STATEMENT

We continue to play a leading role in supporting our customers' low carbon transition through our ESG Readiness Programme and Sustainability Roundtables. As of FY2025, we conducted several ESG Readiness sessions nationwide and engaged close to 600 SME and corporate customers. These sessions provide customers with tailored ESG insights, transition strategies, and access to our green financial solutions. We have also hosted numerous Sustainability Roundtables since FY2021, creating a dynamic platform for sharing market perspectives and practical solutions through open, expert-driven discussions. These engagement sessions reflect our commitment to thoughtful and responsible banking, and our role as a partner-of-choice.

In addition to reporting financed emissions from Motor Vehicle Loans and Residential Mortgages, we are establishing emission baselines across key asset classes—Listed Equity and Corporate Bonds, Project Finance, and Commercial Real Estate—using the Partnership for Carbon Accounting Financials ("PCAF") methodology. This comprehensive view enables us to identify high-emitting sectors and develop targeted decarbonisation pathways—reinforcing our commitment to transparency, accountability, and data-driven action.

These achievements highlight our continued commitment to improving our sustainability agenda.

### LOOKING AHEAD: OUR STRATEGIC PRIORITIES

Over the next three to five years, we plan to strengthen our climate and sustainability performance through a series of interconnected priorities:

#### Strategic Priorities

To achieve  
**Net Zero**  
for Scope 1 & 2 GHG emissions by FY2030

To meet or exceed our  
**RM20 billion**  
sustainable finance target by FY2029

To achieve full  
**ISSB**  
compliance by FY2028

To establish  
**financed emissions**  
baseline and decarbonisation targets for high-emitting sectors

#### To continue embedding

**ESG**  
into our products, risk frameworks, and  
organisational culture

#### To continue to invest in

**community outreach**  
and development programmes through our  
CSR initiatives and HLB Impact

We are also strengthening our ESG due diligence processes for business customers and vendors with more stringent requirements. Internally, we remain committed to attracting and retaining top talent, prioritising diversity, equity, inclusion, and employee wellbeing. We believe in nurturing talent from within, providing platforms and supporting internal transfers to empower our employees to learn and build capacity by gaining exposure to diverse aspects of the bank's operations.

Looking ahead, our long-term ambitions remain rooted in delivering sustainable value—both to our stakeholders and the communities we serve. As our business evolves through strategic collaborations such as our partnership with the renowned Swiss Private Bank, Lombard Odier, we are expanding our capabilities to serve clients with more holistic, intergenerational solutions. These efforts complement our broader transition, helping us remain resilient, relevant, and responsible in a changing world.

The hard work and dedication of our entire team have been instrumental to our success. They acknowledge our company culture, which embeds ESG principles into every business process. The achievements also validate our leadership's foresight in adopting a sustainability strategy that finds shared value between profit, underserved communities, and our ESG goals. We are committed to accelerating this journey by continuously improving our practices and embracing transformation. A special thanks goes to our Board, various Board and Management Committees for championing this change. Finally, we are grateful for the continued trust of our customers, partners, investors, and shareholders, who support our long-term vision for sustainability.

On behalf of the Bank, I thank you for your continued trust as we move forward to deliver long-term value for the people and places we serve.

**KEVIN LAM**

Group Managing Director/Chief Executive Officer

## CHAIRMAN OF THE SUSTAINABILITY COMMITTEE AND CHIEF FINANCIAL OFFICER'S STATEMENT

**We continue to evolve holistically as a Digital Bank Plus Much More, integrating sustainability into every facet of our organisation. As Chairman of the Sustainability Committee and Chief Financial Officer, I am privileged to oversee and champion our sustainability journey, including its integration into our business strategy, financial decision-making, and organisational culture at all levels.**

From the top down, our Board of Directors are regularly updated on the Bank's sustainability progress and achievements. Our Sustainability Working Committees, led by the Chief Sustainability Officer, translate our strategy into tangible practices and outcomes.

Much has been accomplished by the Bank across key areas such as climate action and sustainable financing, financial inclusion and community investment, and the cultivation of a sustainability-driven culture. These are not standalone initiatives, but catalysts for holistic growth, resilience, and long-term value creation. We are proud to share our progress and achievements in FY2025.



**MALKIT SINGH MAAN**

Chief Financial Officer & Chairman of the Sustainability Committee

### REALISING DECARBONISATION OPPORTUNITIES THROUGHOUT THE VALUE CHAIN

We remain firmly committed to our Net Zero by FY2050 ambition, with a clear interim target to achieve Net Zero for Scope 1 and 2 operational emissions for the Malaysian operations by FY2030. In FY2025, our Energy Efficiency & Conservation ("EE&C") efforts have contributed to a measurable reduction in Scope 1 and 2 emissions to 27% from FY2019 baseline, putting us in good stead to exceed our 15–25% reduction target by FY2026. Beyond operational emissions, we are actively addressing our Scope 3 financed emissions, which represent a significant portion of our emission footprint. We are establishing emission baselines across key asset classes—including Motor Vehicle Loans, Residential Mortgages, Listed Equity and Corporate Bonds, Project Finance, and Commercial Real Estate—using the PCAF methodology. By pinpointing and prioritising high-emitting sectors, we can develop targeted decarbonisation pathways. This strategy synergises with our SFF and drives our commitment to mobilise RM20 billion in sustainable financing over the next five years.

As at June 2025, we have mobilised RM4.5 billion in sustainable financing under the SFF, surpassing our annual target by 33%. Our strategy to capitalise on opportunities arising from climate change includes actively growing our portfolio of dedicated green products, particularly in renewable energy uptake. In recognition of these efforts, we achieved our third win at the National Energy Awards for Best Domestic and Islamic Bank for Sustainable Energy Financing in Malaysia. We have

mobilised RM3.1 billion in green and affordable property, and RM0.9 billion in green auto loans to support the adoption of battery electric vehicles ("EVs"), plug-in hybrid EVs, and hybrid EVs. A key success factor has been our partnerships with EV manufacturers and distributors, alongside customer engagement efforts to promote green mobility. In addition, our total outstanding green bonds now stand at RM1.4 billion in nominal value. This comprises our inaugural RM500 million Green Medium Term Notes issued in September 2024, and RM900 million in Green Additional Tier 1 Capital Securities, issued in April 2022.

### DRIVING POSITIVE IMPACT THROUGH ENVIRONMENTAL PROTECTION AND COMMUNITY INVESTMENT

We are also making strategic investments in ecosystem rehabilitation efforts to unlock additional decarbonisation opportunities. In partnership with Malaysian Nature Society ("MNS"), we are expanding our mangrove rehabilitation to plant an additional 50,000 trees, supporting carbon sequestration, coastal protection, and biodiversity. Our long-standing relationship with APE Malaysia continues, focusing on planting selective tree species that provide critical habitats for local wildlife, thus supporting the rich biodiversity of the Lower Kinabatangan region. Our teams in Vietnam also collaborated with Gaia Nature Conservation towards planting 500 trees and have successfully established the Hong Leong Bank Community Forest within the Ta Kou Reserve. These achievements are just the beginning as we realise, expand, and accelerate into other key areas in the coming years.



## CHAIRMAN OF THE SUSTAINABILITY COMMITTEE AND CHIEF FINANCIAL OFFICER'S STATEMENT

We see ourselves as a key enabler in ensuring that everyone has access to financial services, along with the knowledge and skills to use them effectively. Through our flagship HLB DuitSmart programme, we have conducted over 130 financial literacy and awareness sessions to date, enabled through collaboration with local schools, universities, social enterprises, and our network of stakeholders. For example, under the HLB DuitSmart programme, we delivered the 1 Branch 1 School 1 Community initiative—short-format financial literacy and scam awareness sessions tailored for primary and secondary school students.

Financial access must extend beyond individuals and communities to include micro-businesses and social enterprises. Through the HLB Jumpstart programme, we support promising entrepreneurs by providing access to our resources, expertise, and financial-sector network. Additionally, via the HLB LaunchPad initiative in 2024, we supported start-up companies focused on the circular economy. Following mentorship sessions, the top five participating start-ups were selected for a 10-week pilot. The Champion award was presented to Recircle, an innovative mobile application that digitalises and optimises Malaysia's recycling industry. Following the programme, Recircle was onboarded as the Bank's recycling partner, a move that highlights our commitment to supporting small businesses.

**Through Hong Leong Islamic Bank ("HLISB"), we continue to champion VBI together with our external partners and impactful community programmes.**

In collaboration with GoBarakah and PayNet, the Bank is developing a financial-technology ("FinTech") ecosystem that enhances transparency and financial inclusion for underserved communities. Through participation in BNM's iTEKAD initiative, the Bank partners with MADCash, SURI Inspirasi, and a Northern region government agency to support over 100 low-income microentrepreneurs with essential business training, zero-interest financing, and employment opportunities. Alongside BNM, Islamic Development Bank, Ministry of Finance, and the World Bank, we are also supporting halal businesses to measure and manage their emissions, and to access green financing through the Low Carbon Transition Facility ("LCTF").

In Gerik, Perak, the Bank has uplifted the Maahad Tahfiz Pondok Air Jernih community via a chilli fertigation project with a Solar Dome Dryer and a tilapia farming initiative—both aimed at improving socio-economic resilience and sustainability. We have also partnered with Think City and GreenSteps to implement a waste circularity programme in the Taman Mulia public housing community in Cheras, addressing local environmental challenges and promoting community resilience.

To further support local communities, we encourage deep employee involvement through volunteerism. In FY2025, our commitment to the community grew significantly. We have doubled our community investment from RM399,000 to RM817,410. Employee volunteering hours also saw a substantial rise, tripled from 3,091 to 10,804 hours. As a result of these efforts, we have nearly tripled the number of direct and indirect beneficiaries, from 10,548 to 30,074.

Our commitment to community development and environmental protection has been recognised by the industry, as we recently took home two accolades at the ABM's CSR Excellence Awards 2024. We were named the Winner for our HLB DuitSmart programme in the "Enhance Educational Opportunities or Improve Financial Literacy" category and Second Runner-Up for our impactful mangrove rehabilitation work in the "Life Below Water and Life on Land" category. In addition, we also took home Bank of the Year for Community Empowerment from at the Sustainability & CSR Malaysia Awards 2024 and Overall Excellence Award at the National Corporate Governance and Sustainability Awards 2024 by Minority Shareholders Watch Group ("MSWG").

All of our hard work results in strong performance across recognised ESG indices and ratings for the banking and financial services industry. Our consistent efforts in sustainability have been recognised by several leading global and local indices. For the eighth consecutive year, we were included in the FTSE4Good Bursa Malaysia Index, ranked in the top 30% among all public listed companies in the FBM EMAS Index.

Globally, our performance was equally strong: we scored in the 88th percentile within the banking sector in the S&P Global Corporate Sustainability Assessment, maintained an "A" rating from MSCI for our ESG performance and achieved an ESG risk rating of 19.3 in the Sustainalytics ESG Risk Ratings.

From advancing climate action and green financing to deepening financial inclusion and community investments, we have made meaningful strides in embedding sustainability into every facet of our operations. As we look ahead, we remain steadfast in our vision and purpose.

### **MALKIT SINGH MAAN**

Chief Financial Officer & Chairman of the Sustainability Committee



# Sustainability and Climate Approach

In a time of increasing sustainability and climate challenges, our approach is rooted in a deep responsibility to act ethically and create lasting social and environmental value. We actively engage with key stakeholders to shape our strategies, allowing us to focus our efforts where they will have the greatest impact. Backed by a strong governance structure, we maintain critical oversight to ensure our responses remain relevant and effective.

---

## **SUSTAINABILITY AND CLIMATE GOVERNANCE**

12

## **ETHICAL BUSINESS CONDUCT**

26

## **INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT**

18

## **OUR APPROACH TO SUSTAINABILITY**

31

---

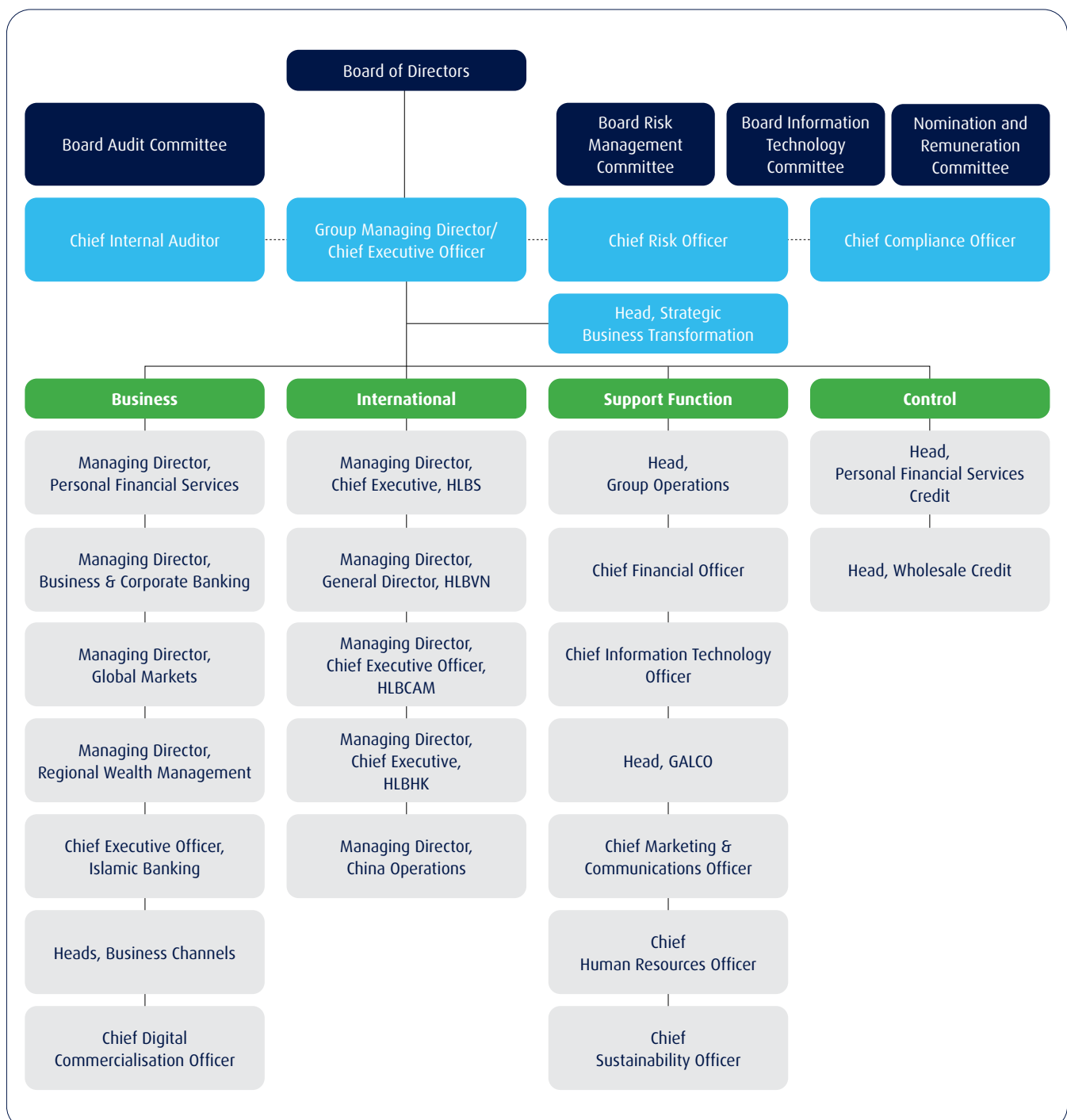


# SUSTAINABILITY AND CLIMATE GOVERNANCE

## Good Governance

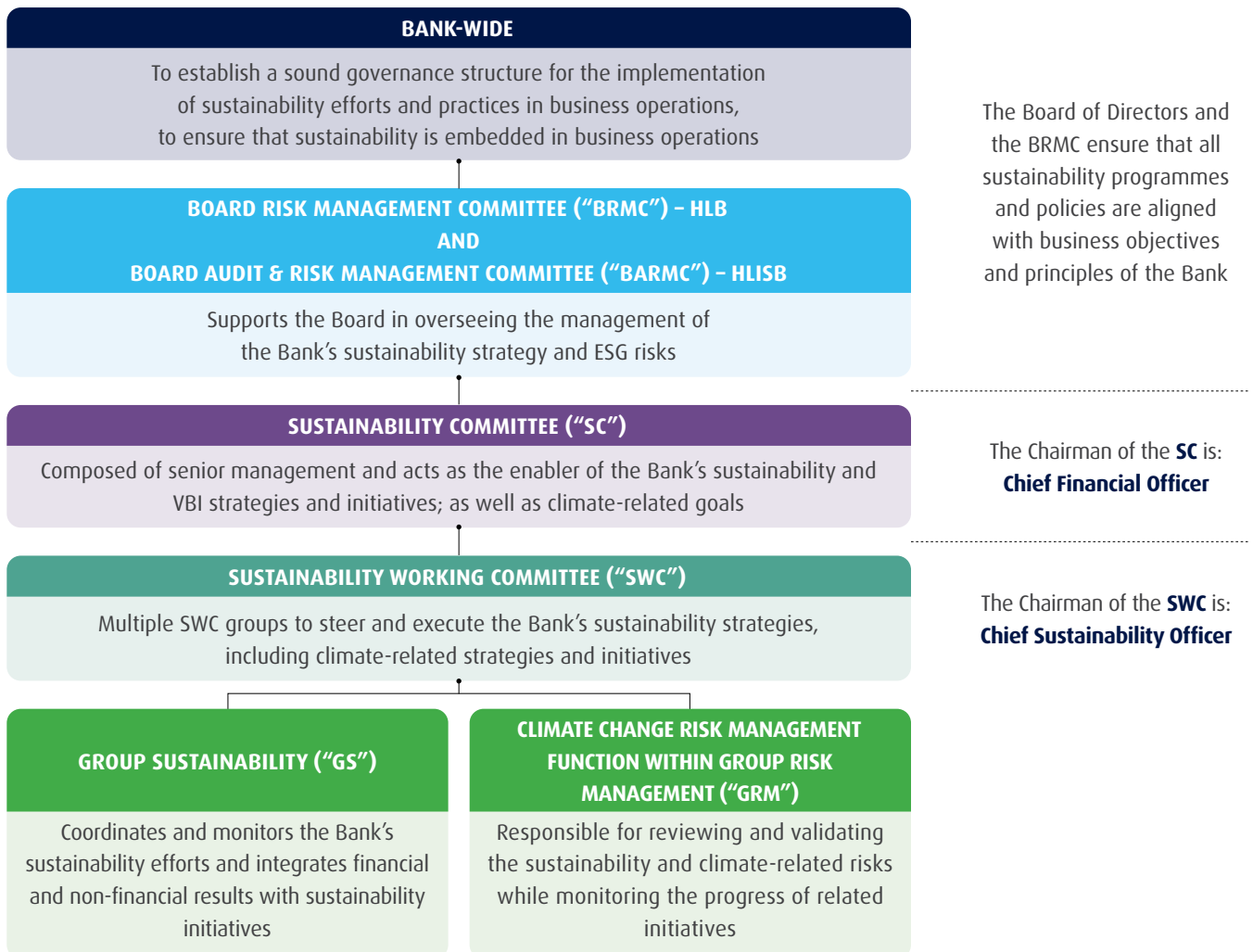
Our approach to sustainability is guided by a robust governance structure that delegates accountability across all levels and business divisions within the Bank. The Board sets the tone at the top, providing strategic oversight and ensuring that sustainability and ESG considerations are fully integrated into the Bank's decision-making processes. This governance commitment empowers our Senior Management to translate strategic directives into actionable policies and practices embedded within our core business strategies and operations. This enables the Bank to uphold responsible corporate behaviour while enhancing long-term stakeholder trust and sustainable value creation.

With leadership from the top, our Senior Management plays a pivotal role in overseeing critical compliance areas, including Anti-Bribery and Corruption ("ABC"), Anti-Money Laundering ("AML"), whistleblowing mechanisms, and broader ethical conduct—fostering a workplace culture rooted in transparency and accountability.



## SUSTAINABILITY AND CLIMATE GOVERNANCE

Our sustainability governance is overseen by the Board, the highest decision-making authority, which provides oversight of the committees and departments responsible for developing strategies and managing risks in key matters, including climate-related initiatives as well as implications and competing priorities associated with climate-related risks and opportunities.



### Role of the Sustainability Committee

The Sustainability Committee ("SC") plays a vital supporting role to the Board, providing oversight of our sustainability approach including climate, and Value-Based Intermediation ("VBI") strategies and initiatives. The SC leads our sustainability and climate disclosure efforts and manages sustainability and climate-related risks and opportunities across the organisation. The roles and responsibilities of the SC are reflected in the SC Terms of Reference ("TOR") and the SC directly reports to the Board Risk Management Committee ("BRMC").

The SC is chaired by a Senior Management Officer appointed by the Group Managing Director/Chief Executive Officer. For FY2025, the Chairman of the SC is the Chief Financial Officer ("CFO"). The SC comprises 12 permanent members consisting of the Group Managing Director ("GMD") and other Senior Management personnel representing key functions across the Bank, including Group Sustainability, Business & Corporate Banking, Personal Financial Services, Regional Wealth Management, Group Risk Management, Group Finance, Group Operations, Marketing & Communications, Human Resources, Group Compliance, and Islamic Financial Services. This structure allows for the SC to directly set directions, manage and monitor progress of multiple Sustainability Working Committee ("SWC") groups that are working on the diverse but integrated areas of sustainability and climate strategies and initiatives. Each member of the SC has specific sustainability and climate goals integrated into their performance scorecards.

## SUSTAINABILITY AND CLIMATE GOVERNANCE

The key roles and responsibilities of the SC include:

- To review and make recommendations to the Board on the Bank's sustainability and VBI policies and enhancement programmes.
- To provide regular progress updates to the Board on the Bank's sustainability achievements and implementation initiatives.
- To establish SWC groups which report to the SWC Chairperson who will be responsible to evaluate, assess and recommend sustainability projects to the SC, and if approved, to oversee the implementation of the sustainability/VBI projects/strategies at the working level.
- To review the sustainability and VBI initiatives in managing sustainability risks such as environmental, climate, reputational risk in the banking book, operational, compliance, and the risk management process.
- To review the adequacy of sustainability, VBI and ESG-related policies and frameworks in identifying, implementing, measuring, monitoring and controlling the impact of the Bank's economic activities and operations and the extent to which these are operating effectively.
- To review and set short, medium and long-term targets and set sustainability Key Performance Indicators ("KPI") for each sustainability and VBI initiatives.
- To review SWC periodic reports on sustainability and VBI initiatives progress, risk appetite, portfolio composition, stress testing and sustainability management activities.
- To review the Sustainability Report of the Bank and recommend for BRMC/BARMC endorsement and Board approval before publication.
- To ensure the Bank complies with all regulatory requirements by Bank Negara Malaysia, Securities Commission Malaysia and Bursa Malaysia on ESG and climate-related impacts, risks and opportunities.
- Other sustainability functions as may be agreed by the Board.

In FY2025, the SC conducted four meetings with the following agenda items:

**Implementation progress of sustainability initiatives and strategies**

**Progress in meeting regulatory requirements and sustainability reporting frameworks, including BNM's CRMSA and CRST, Bursa Malaysia's Common Sustainability Matters, TCFD, IFRS S1 and S2, etc.**

**Developments at the national, international, and industry-level sustainability landscape**

**Efforts to enhance the collection and reporting of ESG-related data**

**Updates on energy consumption as well as energy efficiency and conservation initiatives**

**Progress made in developing our Net Zero pathway**

We have incorporated ESG considerations into our performance indicators to reinforce our commitment to sustainable practices for all employees. Selected Senior Management members who are directly responsible for embedding sustainability into all divisional initiatives, are evaluated against scorecard objectives aligned with our sustainability and climate-related non-financial performance targets.

### Board Selection

The Nomination and Remuneration Committee ("NRC") is responsible for identifying and selecting suitably qualified candidates for appointment as directors, based on the desired composition and the required mix of expertise and experience. The Bank adheres to its Board Diversity Policy, which considers the ratio of independent and female directors (gender diversity), as well as diversity in ethnicity, age, and a broad range of knowledge, skills, experience, and specialisations aligned with the banking industry, as outlined in our Board Skills Matrix.

This approach ensures a diverse and well-balanced Board composition, free from discrimination based on gender, ethnicity, nationality, race, or religion. It also enhances the Board's effectiveness in supporting the Bank's current and future business objectives.

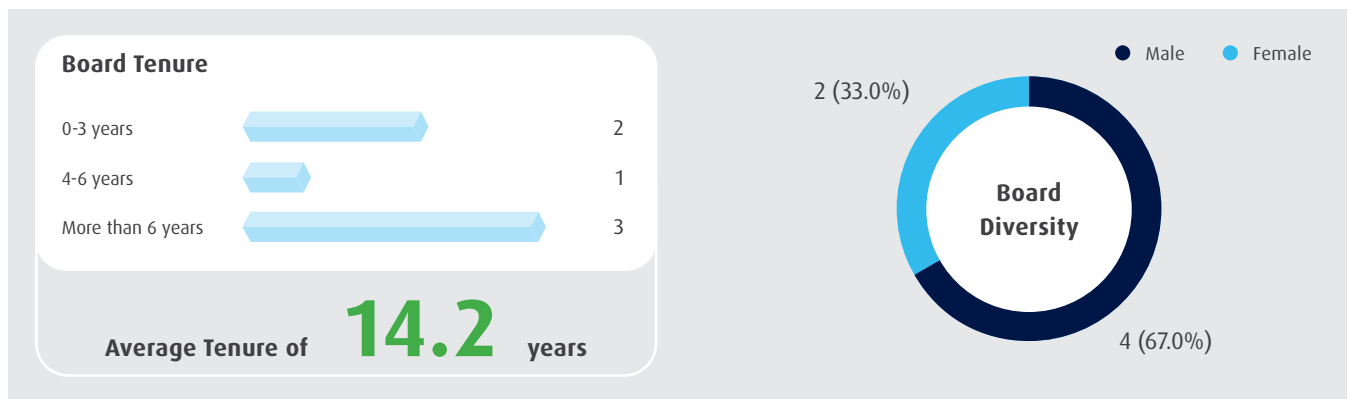
## SUSTAINABILITY AND CLIMATE GOVERNANCE

The list of proposed candidates is subsequently submitted to the Board for consideration and approval. The nomination process is conducted in a systematic and transparent manner, in line with the Bank's established criteria for the nomination and appointment of directors, in accordance with the Fit and Proper Policy for Directors and Chief Executive Officer. The process and procedures for nomination, assessment, and approval of new appointments, including appointments to Board Committees, are outlined in the Bank's Annual Report 2025.

➡ For more details on NRC, refer to page 104 of our Annual Report 2025.

### Board Composition

The Board currently comprises six Directors. The six Directors are made up of one Executive and five Non-Executive Directors, of whom three are independent.



### BOARD SKILLS DEVELOPMENT AND BOARD EVALUATION

The Board of Directors attend regular training sessions on sustainability and climate-related matters to remain informed of current ESG developments.

The following Board Skills Matrix outlines the competencies of the current directors and the training sessions they have completed:

#### Board Skill Matrix



The performance of the highest governance body is evaluated to ensure robust oversight of the Bank's economic, environmental, and social impact. The evaluation process is designed to reinforce sound governance practices, enhance the quality of strategic decision-making, and ensure continued alignment with the Bank's long-term sustainability objectives.

The Board evaluations comprise two main components. The Individual Director Assessment evaluates each Director's roles and responsibilities, skillsets, competencies, experience, and contributions in the areas of financial, functional, operational, and ESG. These areas are considered strategic, sustainable, and fundamental to the Bank's success at the Board level. The Board Collective Assessment then evaluates the Board's overall size and structure, collective skillsets, competencies, integrity, fit and proper requirements, responsibilities, and performance.

In FY2025, the Board's performance assessment was rated as "Highly Effective".

➡ For more details on the Annual Board Assessment, refer to page 105 of our Annual Report 2025.

## SUSTAINABILITY AND CLIMATE GOVERNANCE

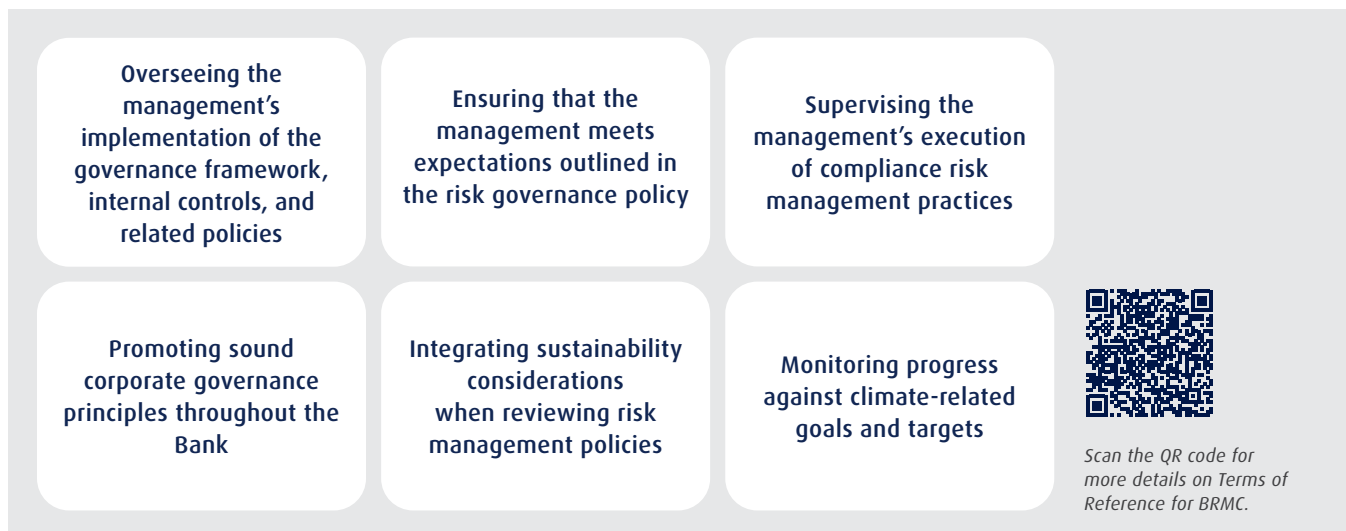
### Sustainability-related Training & Learning

We are committed to building a strong foundation in sustainability, starting with our leadership. In FY2025, our Board of Directors completed comprehensive training focused on key sustainability topics like identification of climate risks and opportunities, best practices in climate governance and evolving sustainability reporting standards. To further enhance their expertise, all our Directors also completed Bursa Malaysia's Mandatory Accreditation Programme ("MAP") Part 2 on Sustainability for Directors: Leading for Impact, which was introduced in 2023 to uplift standards in sustainability awareness amongst directors of public-listed companies in Malaysia.

We recognise that sustainability and climate are integral to a sound risk management process. By proactively embedding sustainability and climate considerations into our Risk Management Framework, sustainability and climate-related risks and opportunities are identified, assessed, and managed alongside traditional enterprise risks. This integrated approach enables us to support responsible growth, enhance organisational resilience, and create long-term value for our customers and other stakeholders.

### Role of the Board Risk Management Committee

The Board Risk Management Committee ("BRMC") of HLB is a key body within our sustainability governance structure, and as reflected in the BRMC TOR, supports the Board in the following responsibilities:



The BRMC keeps abreast of the latest sustainability and climate-related developments through regular updates. This enables the Committee to track our performance against established targets and oversee the execution of our broader sustainability strategy. The BRMC is supported by dedicated risk management teams that integrate sustainability and climate criteria into the Bank's existing Risk Management Framework. This integration allows us to identify, assess, monitor, and manage sustainability and climate risks and opportunities alongside traditional enterprise risks.

The BRMC convenes at least eight times annually. During these meetings, the Chief Risk Officer ("CRO") provides regular briefings on sustainability and climate-related risks and opportunities, while the Chief Sustainability Officer ("CSO") delivers dedicated updates on sustainability matters at least three times a year.



## SUSTAINABILITY AND CLIMATE GOVERNANCE

During the scheduled meetings in FY2025, BRMC engaged in climate-related discussions which cover some of the following topics for the Bank on:



### Role Of The Board Audit And Risk Management Committee

The Board Audit and Risk Management Committee ("BARMC") of HLISB also plays a central role in our sustainability governance structure. It assists the Board by helping to carry out the following responsibilities:



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

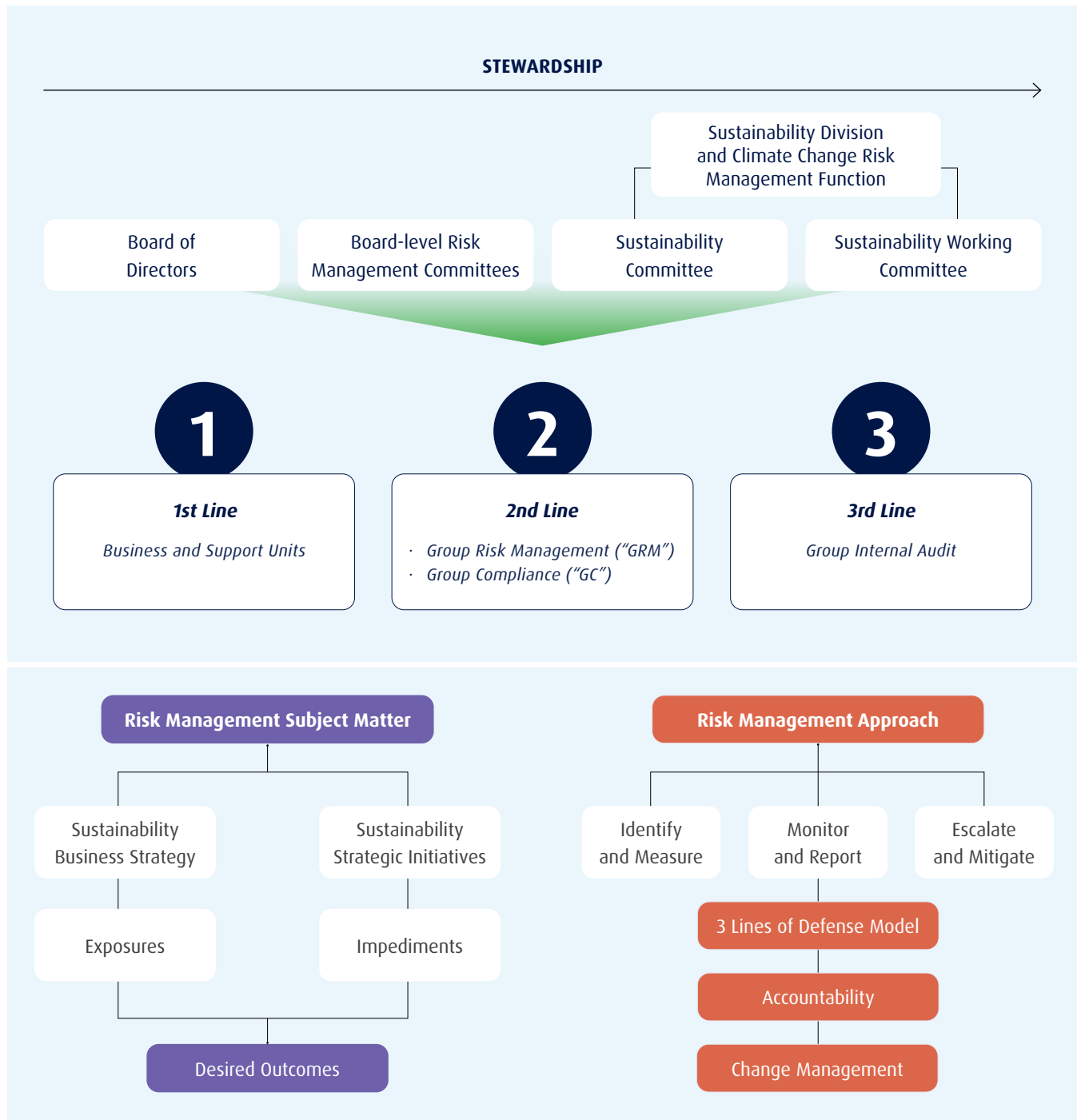
The BARMC convenes at least six times annually.

### Risk Management Framework

The Group Risk Management ("GRM") and Group Compliance ("GC") divisions have implemented an enterprise-wide Risk Management Framework to embed continuous risk and regulatory compliance awareness across the organisation. This approach enhances understanding of procedures and controls, thereby strengthening the overall control environment.



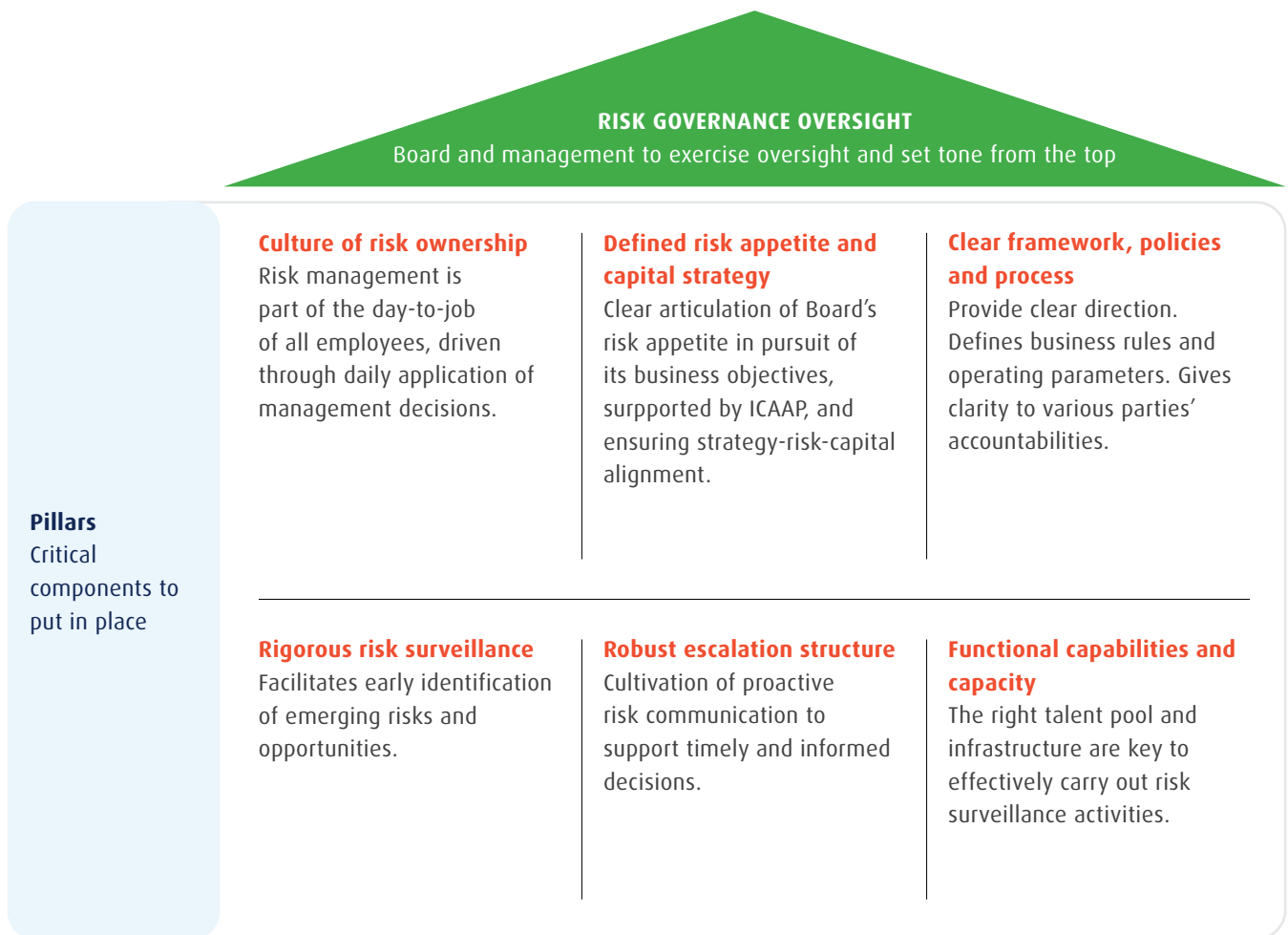
# INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT



# INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

## Risk Management Process

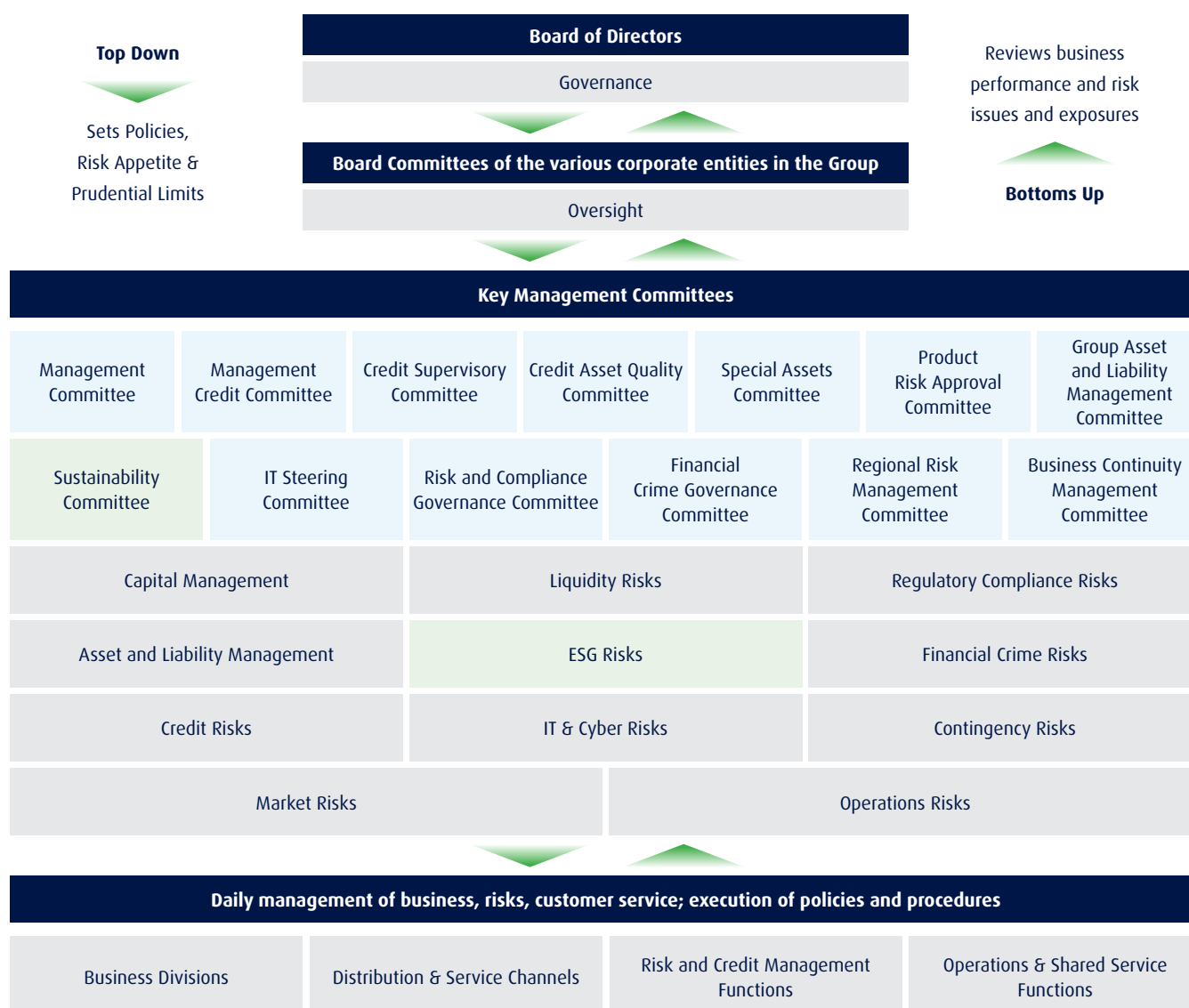
Managing risks is an integral part of the Bank's overall business strategy. It involves identifying, assessing, and managing uncertainties that may hinder the achievement of strategic objectives. Risk governance oversight is anchored in six core pillars: risk culture, risk appetite, policies, surveillance, escalation, and capacity. These approaches must remain relevant, forward-looking, and sustainable.



## Integrating Sustainability Holistically

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

# INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT



## Key Risks

### Operational Risk

is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which also include outsourcing and business continuity risks.

- Management oversight on Operational Risk Management ("ORM") matters are effected through the Risk and Compliance Governance Committee ("RCGC") whilst Board oversight is effected through the BRMC.
- The Bank's ORM strategy is based on a framework of continuous improvements, good governance structure, policies and procedures as well as the employment of risk mitigation strategies. The objective is to create a strong risk and internal control culture by ensuring awareness of the significance of operational risk, its methodology of identification, analysis, assessment, control and monitoring.
- The Bank adopts ORM tools such as loss event reporting, risk and control self-assessment and key risk indicators to manage operational risks and are used to assess risk by taking into consideration key business conditions, strategies and internal controls.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. operational risk) and receive official approval from the Product Risk Approval Committee ("PRAC") and a final sign-off before it can be launched.

## INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

### Credit Risk

arises when customers or counterparties are unable or unwilling to fulfil their financial or contractual obligations as they fall due.

- The Bank has established a Credit Risk Management Framework (via the Board Policy on Credit Risk Governance) to ensure that exposure to credit risk is kept within the Bank's financial capacity to withstand potential future losses. Financing activities are also guided by internal credit policies. The above policies are subject to reviews and enhancements, at least on an annual basis.
- Credit portfolio strategies are developed to achieve a desired portfolio risk tolerance level and sector concentration distribution.
- To assess the credit risk of retail customers, the Bank employs risk scoring models and lending templates that are designed to assess the credit worthiness and the likelihood of the obligors to repay their debts.
- To assess the credit risk of SME, commercial and corporate customers, they are evaluated based on the assessment of relevant factors such as the customer's financial position, industry outlook, types of facilities and collaterals offered; and are assigned with a credit rating.
- The Bank has a comprehensive credit approving process. While the business units are responsible for credit origination, the credit decisioning function rests mainly with the Credit Evaluation Departments, the MCC and the CSC. The Board delegates the approving and discretionary authority to the MCC and various personnel based on job function and designation.
- For any new products/product variation, credit risk assessment also forms part of the new product/product variation sign-off process to ensure that the new product complies with the appropriate policies and guidelines, prior to their introduction.
- Credit risk reports are presented to the relevant Management and Board level committees. Such reports identify adverse credit trends and asset quality to enable the Bank to take prompt corrective actions and/or take appropriate risk-adjusted decisions.
- GRM conducts independent credit reviews on a portfolio basis, which cover the Personal Financial Services, Business and Corporate Banking, Global Markets, Financial Institution's portfolios and portfolios of overseas subsidiaries and branches, providing an independent and where appropriate, countervailing perspective on credit risk management issues including business performance, credit decisions, overall assets quality and credit operations robustness.
- In addition, the Bank also conducts periodic stress testing of its credit portfolios to ascertain the credit risk impact to capital under the relevant stress scenarios.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. credit risk) and receive official approval from the PRAC and a final sign-off before it can be launched.

### Market Risk

is the risk of loss in financial instruments or the balance sheet due to adverse movements in market factors such as interest and exchange rates, prices, spreads, volatilities, and/or correlations.

- Market risk is primarily managed through various risk limits and controls following an in-depth risk assessment and review. The types and level of market risk that the Bank is able and willing to take in pursuit of its business objectives and risk-taking strategies are used as a basis for setting market risk appetite for the Bank.
- Market risk limits, the monitoring and escalation processes, delegation of authority, model validation and valuation methodologies are built into the Bank's market risk policies, which are reviewed and concurred by the Group Asset and Liability Management Committee ("Group ALCO"), endorsed by the BRMC and approved by the Board.
- Regular market risk stress tests are conducted on the trading book to measure the loss vulnerability under stressed market conditions.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. market risk) and receive official approval from the PRAC and a final sign-off before it can be launched.



## INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

### Liquidity Risk

is the risk of financial loss arising from the inability to fund increases in assets, inability to liquidate assets in a timely manner and/ or inability to meet financial obligations as they fall due.

- The Bank adopts a prudent liquidity management approach that includes establishing comprehensive policies and procedures, implementation of risk controls which are supported by periodic reviews and monitoring. The liquidity risk policies and governance are reviewed by Group ALCO, endorsed by the BRMC and approved by the Board.
- The Bank seeks to manage liquidity to ensure that our obligations will continue to be honored under normal as well as adverse circumstances. The key elements of liquidity risk management includes proactive monitoring and management of cashflow, maintenance of high quality liquid assets, diversification of funding sources and maintaining a liquidity compliance buffer to meet any unexpected cash outflow.
- The Bank strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The funding strategy is anchored on the strength of our core deposit franchise. The Bank also designs and conducts regular stress test programmes in accordance with the board-approved risk appetite and risk management policies. The appropriate management action plans would be developed and recommended to the Board if there are any potential vulnerabilities identified during the stress test exercise.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. liquidity risk) and receive official approval from the PRAC and a final sign-off before it can be launched.

### IT and Cyber Risk

is the risk of technological failure which may disrupt business operations such as system defects or service outages. This also includes cyber security risk, which is the risk of possible threat that might exploit a vulnerability to breach system security and therefore cause possible harm.

- New technology initiatives are subjected to a rigorous evaluation process which assesses the potential risks and readiness of the initiative prior to its implementation.
- The Bank performs continuous monitoring on system performance to ensure minimal system disruption, while ensuring that redundancies in IT infrastructure and Disaster Recovery Plans are regularly tested.
- In addition to continuously improving the Bank's cyber resilience by upgrading technology capabilities to mitigate cyber threats, cyber risks are also managed by closely monitoring key risk metrics and progressively enhancing its cyber threat intelligence gathering capabilities to improve the Bank's situational awareness.
- Management oversight on IT and cyber risk management matters are effected through the IT Steering Committee ("ITSC") and the RCGC, whilst Board oversight is effected through the Board Information Technology Committee ("BITC").
- The Bank manages risks associated with AI adoption through a comprehensive AI risk management framework and policies based on principles of fairness, reliability, privacy and security, transparency, explainability, and accountability to ensure the safe and scalable development, deployment, and use of these technologies.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. IT and cyber risk) and receive official approval from the PRAC and a final sign-off before it can be launched.

### Regulatory Compliance Risk

is the risk of legal or regulatory sanctions, material financial loss or loss to reputation as a result of failure to comply with laws and regulations.

- The Bank undertakes robust monitoring of developments in laws and regulations and assesses its impact to its processes, where applicable. The assessments are undertaken to identify gaps in existing processes so that actions are taken within defined timeframes to ensure that the Bank is in compliance.
- The Bank participates in providing feedback to the regulators and industry through consultation papers and exposure drafts on policy documents and enhancement activities.
- Management oversight on regulatory compliance risk is effected through the Management level RCGC whilst Board oversight is effected through BRMC.

## INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

### Financial Crime Risk

is the risk of legal or regulatory penalties, material financial loss or reputational damage resulting from the failure to comply with applicable laws and regulations relating to Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions requirements.

- In mitigating the risk of financial crime, the Bank undertakes monitoring of developments of laws and regulations and assesses its impact to internal policies, processes and procedures. The Bank leverages digital automated transactions monitoring and onboarding solutions to strengthen our capabilities in detection, monitoring and reporting of potential suspicious activities.
- The Bank continuously maintains robust controls as a gatekeeper to the financial system against Money Laundering, Terrorist Financing, Proliferation Financing and Targeted Financial Sanctions risks.
- Management oversight on financial crime matters is effected through the Management level Financial Crime Governance Committee ("FCGC"), whilst Board oversight is effected through the BRMC.

### Bribery and Corruption Risk

is the risk of offering, paying or receiving a bribe through an officer, employee, subsidiary, intermediary or any third party (individual or corporate) acting on the Bank's behalf.

- The Board approves and monitors the implementation of the Bank's Anti-Bribery and Corruption ("ABC") Programme. The objective of the ABC Programme is to manage the bribery and corruption risks within the Bank.
- The Bank ensures that the Management team conducts Anti-Bribery and Corruption Risk Assessment ("ABC RA") of the overall Bank's operations periodically to identify, analyse, assess and prioritise actions needed to mitigate internal and external bribery and corruption risks.
- The ABC policy is communicated to all our employees, who are required to undergo mandatory training and assessment on completion of training in the subject matter.
- Clauses relating to ABC have also been incorporated in written agreements to ensure that external parties to the Bank understand their obligations and abide by the relevant laws and regulations.
- Management oversight on bribery and corruption risk is effected through Management level RCGC whilst Board oversight of bribery and corruption risk is effected through the BRMC and BAC. The Bank has a Whistleblowing Policy and accompanying procedures in place, where whistleblowing reports can be addressed directly to the Chairman of the BAC.

### Crisis-related Risk

is the risk of loss arising from increased volatility and uncertainty, resulting in impact to the Bank's customers, financial markets and interruption on the Bank's operations. Such loss could arise from disruptive events such as a global pandemic, catastrophic climate change effects, geopolitical tensions and uncertainties surrounding the global economic outlook.

- The Bank has a strategic plan in place to ensure that its operations and services remain fully operational in the event of a crisis.
- The Bank remains cognisant of the need to continuously build and maintain resilience, through close and proactive monitoring of potentially high impact events in the short term and longer term horizon. The Bank continuously simulates and tests preparedness to navigate through crisis conditions, while challenging and refining its Business Continuity Management ("BCM") plans and processes based on various scenarios. Consequently, the Bank continuously enhances its BCM plans and processes to strengthen its resilience to endure future crises.
- In managing credit risk exposures, the Bank regularly conducts stress tests which incorporate global themes such as trade tariffs/barriers, geopolitical and regional conflicts and climate concerns. This is done to assess potential vulnerabilities and provide a forward-looking view on areas of potential vulnerabilities given the current operating environment.

## INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

### ESG Risk

is the adverse impacts of material “Environmental”, “Social” and “Governance” risks that could subsequently translate to financial risks and potential losses that could affect the business operations and stability of the Bank.

The ‘Environmental’ factor considers organisational safeguards for the environment, including corporate policies addressing climate change. The ‘Social’ factor examines how we manage relationships with employees, suppliers, customers and our communities. The ‘Governance’ factor relates to the stewardship of the organisation by its leadership, discharge of the Board and Management’s accountabilities in accordance with ethical business practices, and implementation of good internal control frameworks.

- The Bank has policies, principles and codes of conduct to ensure the interests of the Bank are aligned with the interests of stakeholders on responsible lending/ financing. These include assessments to screen for and review environmental and social risks, financial evaluation of existing and potential customers, and the provision of basic banking products to the underserved segment so that they can participate in the financial system.
- Credit policies are in place which require sales and credit staff to review the borrowers’ compliance with applicable environmental and social laws and review the same at annual reviews of loan/financing facilities to ensure ongoing compliance.
- The Bank manages its environmental footprint through reduction of waste (such as paper and water) and efficient usage of energy.
- The Bank evaluates climate-related risks to understand the vulnerabilities of the Bank’s businesses and operations towards such risks.
- The Bank has an independent Tender Review Committee that assesses diligence reviews of suppliers across a number of risks, not just financial strength and operational performance. We take into account considerations on environment and social track record and policies, business continuity plans and cyber security capabilities. Vendors have to satisfy our zero tolerance for corruption and unfair practices.
- Management oversight on sustainability matters is effected through the SC, whilst Board oversight is effected through the BRMC.
- Every new product, product variation, or service must undergo a thorough risk assessment (i.e. ESG risk) and receive official approval from the PRAC and a final sign-off before it can be launched.

### Managing ESG Risk

The Bank’s strategy for mitigating ESG risks involves managing exposures and impediments that could prevent us from achieving our corporate objectives, while ensuring that the outcomes of these efforts align with our Sustainability Material Matters.

Following the identification and prioritisation of sustainability risks, the next step is to measure and manage them. We adopt a bifurcated risk approach, considering both qualitative and quantitative metrics. The qualitative approach involves monitoring the implementation of ESG-related frameworks and policies across the Bank. The quantitative approach integrates ESG risks to quantify the financial impact in terms of expected losses, using sustainability metrics as a basis for measurement.

### Sustainability Risk Appetite

The Bank’s risk appetite statement is a central part of its sustainability strategy, aligning our operations with our Net Zero ambitions. We are expanding our sustainability risk appetite both quantitatively and qualitatively. Quantitatively, this means setting clear emissions targets and increasing financing for green and sustainable projects. Qualitatively, we monitor the reputational risks linked to our exposure to high-risk, carbon-intensive industries, as defined by BNM. These measures form the basis for developing realistic strategies and targets to guide the bank and its clients towards a more sustainable future.

## INTEGRATING SUSTAINABILITY INTO SOUND RISK MANAGEMENT

### Sustainability Risk Monitoring

To remain adaptable in the ever-changing landscape of ESG trends and regulations, we develop Sustainability Risk Monitoring Reports. These reports track the progress of bank-wide ESG initiatives and are periodically reviewed by the SC and the Board Risk Management Committees (or their equivalent) to facilitate discussions on key impacts and opportunities.

Given the progressive nature of ESG data, we are committed to continuously refining our systems, data collection, and methodologies. As more granular data becomes available, we will enhance our metrics and targets to meet regulatory disclosure requirements and inform our future strategies.

### Sustainability Risk Assurance

The Bank conducts a Sustainability Risk Assurance exercise, which is an independent review of its credit evaluation processes. This ensures compliance with our internal standards for assessing customers' sustainability profiles. Since 2021, the Independent Credit Review Function has incorporated ESG as a key component in its post-credit approval reviews for corporate clients. This includes checking if a company operates in a high-risk environmental sector and whether an ESG Enhanced Due Diligence Assessment has been completed. These efforts, along with the integration of ESG into our policies and the Risk and Control Assessment Questionnaire (RCAQ), are all part of our broader strategy for managing environmental and social risks.

### Promoting Risk Culture

We continuously promote a strong risk management culture across the Bank to support stable and sustainable growth. We have developed risk management training programmes and implementation initiatives to enhance employees' knowledge and understanding of risk management at all levels. Key programmes include:

Onboarding learning for new joiners and quarterly mandatory training for staff will cover:

Cybersecurity and  
cyber risk

Credit risk

Regulatory  
compliance risk

Financial crime risk

Business Continuity  
Management

Our risk management training programmes are designed to culminate in a meaningful way, with online tests and accreditation that validates our employees' learning and capabilities.

# ETHICAL BUSINESS CONDUCT

## Code Of Conduct And Ethics

We are committed to conducting our business in accordance with our Code of Conduct and Ethics ("Code"). Anchored in seven key principles, the Code outlines the standards of professionalism and ethical behaviour expected of all employees, subsidiaries, and affiliated business partners. To uphold these standards, all employees are required to affirm their understanding of the Code on an annual basis.

### Principle 1: Competence

The Bank is committed to ensuring that its employees develop and maintain the relevant knowledge, skills and behaviours, such that our activities are conducted professionally and proficiently.

Our employees must possess and maintain the skills and knowledge needed to perform their roles in accordance with the standards required by the Bank to meet its legal, compliance and regulatory obligations.

### Principle 2: Compliance

The Bank operates in a highly regulated environment and our employees are responsible to ensure that they fully understand and comply with all applicable laws, regulations and regulatory requirements.

### Principle 3: Integrity

The Bank's Vision, Mission and Values identifies a strong values-based culture to guide decisions, actions and interactions with stakeholders as a key enabler for the success of the HLB Group. The HLB Group relies on our employees to practice sound decision-making with integrity and take actions that will preserve our HLB Group's values.

### Principle 4: Fairness

Part of the Bank's mission is to help our customers succeed through simple, relevant, personal and fair banking. Employees must act responsibly and be fair and transparent in our business practices, including treating our colleagues, customers and business partners with respect. We must consider the impact of our decisions and actions on all stakeholders.

### Principle 5: Confidentiality

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

### Principle 6: Objectivity

Employees must not allow any conflict of interest, bias or undue influence of others to override their business and professional judgement. Employees must not be influenced by friendship or association in performing their role. Decisions must be made strictly on an arm's-length business basis.

### Principle 7: Work Environment

The Bank is committed to provide a safe and non-violent working environment and will remove any unacceptable behaviours from the workplace. The Bank will not tolerate any form of discrimination, harassment (including sexual harassment) or intimidation.

In addition, the Bank is committed to reduce the impact of our operational footprint on the environment to build our franchise in a safe and healthy environment. We aim to do this by managing the resources we use across the Bank and raising employee awareness about the importance of caring for the environment.

The Bank is mindful of its activities with employees, business partners and the communities that we operate within to ensure human rights are safeguarded. Where there are any adverse impacts, we are committed to addressing them.



Scan the QR code for more details on our Code of Conduct and Ethics.



## ETHICAL BUSINESS CONDUCT

### Anti-Bribery and Corruption

We uphold a strict zero-tolerance position towards bribery and corruption, guided by our Bank-wide Anti-Bribery and Corruption (“ABC”) Policy and the corresponding ABC Programme. The Programme is designed to effectively identify, manage, and mitigate bribery and corruption risks through practical, robust, and comprehensive measures. Oversight of these initiatives is provided by the Ethics and Integrity Office (“EIO”).

Instances of non-compliance with the ABC Policy are reviewed by the Disciplinary Committee (“DC”) where appropriate corrective actions are determined, and are then presented to the RCGC and the relevant Board Committees during BRMC or BARMC meetings.

ABC and Whistleblowing clauses are incorporated into agreements with external parties such as service providers, vendors, and business partners. These clauses also reference the Bank’s ABC Policy, which is publicly available on our corporate website.

A Bank-wide Anti-Bribery and Corruption Risk Assessment (“ABC RA”) is conducted every two years, covering all areas of the Bank’s operations, with the most recent assessment completed in FY2024/2025. Insights from the assessment are used to strengthen our oversight framework and enhance our training programmes. Additionally, our ABC Programme is subjected to periodic internal and external audit reviews.

**Zero confirmed incidents of corruption were recorded in FY2025**



Scan the QR code to learn more about our ABC Policy.

### Compliance Framework

We are committed to upholding high standards of compliance with local regulations across all jurisdictions in which we operate, including Malaysia, Singapore, Hong Kong, Cambodia, and Vietnam. Adherence to these regulatory requirements is essential to maintaining the trust of our customers. To further safeguard their interests and reinforce confidence in our operations, GC has developed a robust and comprehensive Compliance Framework, as illustrated below.

GC is supported by a dedicated regulatory liaison team that serves as the Bank’s central point of contact for maintaining regular and transparent communication with regulators. To ensure that all applicable regulations are effectively addressed and that appropriate controls are in place, GC works closely with Business Unit Compliance Officers (“BUCOs”), Business Unit Compliance Representatives (“BUCRs”), and designated business representatives through weekly Horizon Scanning Working Group (“HSWG”) meetings.

In addition, the Bank actively participates in workshops, forums, and training sessions organised by regulators and law enforcement agencies (“LEAs”) to stay abreast of regulatory developments and industry best practices. We also collaborate with industry bodies such as the ABM and the Compliance Officer Networking Group (“CONG”) to exchange insights with peers and strengthen our compliance capabilities.

### Our Compliance Framework

#### Purpose

Ensures full compliance with regulatory legislation in all jurisdictions where we operate, as well as adherence to the processes and practices governing our daily operations

#### Stakeholders

#### Roles & Responsibilities

##### Board and Senior Management

- The Board is responsible for overseeing the management of Compliance Risk i.e. regulatory compliance, financial crime, bribery and corruption risks. The functions and responsibilities of the Board are set out in the BNM Compliance Policy Document, BARMC/BRMC’s terms of reference and Board Policy on Group Compliance
- Senior Management is collectively responsible for the effective management of Compliance Risk and must carry out responsibilities set out in the BNM Compliance Policy Document and Board Policy on Group Compliance

## ETHICAL BUSINESS CONDUCT

Stakeholders	Roles & Responsibilities
<b>Group Compliance</b>	<ul style="list-style-type: none"> <li>Identify, assess and monitor our compliance risks</li> <li>Advise on the interpretation and applicability of relevant laws and regulations</li> <li>Report compliance matters to Senior Management and the Board</li> <li>Ensure our employees receive adequate training on legal and regulatory requirements affecting our activities</li> </ul>
<b>Business Unit Compliance Officers ("BUCOs") &amp; Business Unit Compliance Representatives ("BUCRs")</b>	<ul style="list-style-type: none"> <li>Responsible for implementing regulatory compliance, anti-bribery and corruption, and financial crime compliance policies at the operational level, ensuring specific risks are managed effectively</li> <li>Serve as the primary contact for all compliance issues related to Business Units and Support Units, in consultation with Group Compliance</li> <li>Work closely with Group Compliance to integrate relevant legal and regulatory requirements into our business policies and processes</li> <li>Provide ongoing compliance support for day-to-day business matters</li> </ul>
<b>Business Units and Support Units</b>	<ul style="list-style-type: none"> <li>The Business Units and Support Units, through appropriate managerial and supervisory controls, are primarily responsible for managing Compliance Risk by overseeing the day-to-day compliance to policies, regulatory requirements, business and process controls</li> </ul>
<b>Horizon Scanning Working Group ("HSWG")</b>	<ul style="list-style-type: none"> <li>Track changes in regulatory requirements and analyse their impact on our business divisions</li> </ul>

### Prevention of Financial Crime

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

Through the incorporation of BNM's Anti-Money Laundering ("AML"), Counter Financing of Terrorism ("CFT"), Countering Proliferation Financing ("CPF") and Targeted Financial Sanctions ("TFS") for Financial Institutions into our Board and management policies, we ensure that our policies and strategies are aligned with regulatory requirements and best practices, thereby maintaining a robust and compliant AML/CFT/CPF and TFS framework. We remain dedicated to investments in system enhancements to effectively detect and prevent illicit activities in the financial system.

To bolster our ecosystem's resilience to financial crime, we continue our efforts to ensure the AML tools are consistently enhanced to remain robust. The system enhances our screening capabilities for new and existing customers during onboarding and monitoring, thereby enhancing safety and effectiveness for our customers and stakeholders. Additionally, by leveraging data analytics and improving our financial crime compliance

data cube, we bolster our analytical capabilities and productivity while maintaining rigorous compliance with regulatory requirements.

### Whistleblowing

We are committed to transparent and timely reviews of critical concerns through our well-established Whistleblowing Policy and reporting channels. This policy plays a vital role in supporting operational integrity by empowering both internal and external stakeholders to report improper conduct or wrongful act involving the Bank and/or persons associated with the Bank.

Reports submitted through whistleblowing channels can be made anonymously and may cover a wide range of issues. Whistleblowers who make disclosures in good faith are protected from retaliation, in accordance with our internal policy.

Upon receipt of any whistleblower report over Improper Conduct involving the Group, the Chairman of Board Audit Committee ("BAC")/BARMC shall forward the report to the appropriate person(s) to carry out the necessary actions. The BAC/BARMC shall then deliberate the outcome of whistleblowing reports including findings and recommendation, and decide on the next course of action in a restricted Whistleblowing agenda at the BAC/BARMC meetings.



Scan the QR code to learn more about our Whistleblowing Policy and the process for raising a concern.

## ETHICAL BUSINESS CONDUCT

In FY2025, we continued to deliver training and development programmes for both new and existing employees, reinforcing a strong culture of anti-bribery, anti-corruption, and compliance across the Bank. These initiatives were led by GC, which actively engaged all staff including senior management to ensure a comprehensive understanding of, and adherence to, applicable legal and regulatory requirements.

### ABC Compliance Training

We have developed an Anti-Bribery and Corruption (“ABC”) Compliance training programme to reinforce our strong and unwavering stance against all forms of corrupt practices across the organisation.

Mandatory training on ABC-related matters is delivered via e-Learning modules through HLB@Workday, our people and performance management platform. Additionally, role-based ABC training was rolled out to front-facing personnel to ensure heightened ABC awareness.

We also organised a half-day refresher training on the Malaysian Anti-Corruption Commission (“MACC”) Act 2009, for 26 of our Board of Directors, Senior Management, and Shariah Committee members. This session, which is part of our ongoing anti-bribery and corruption training initiative, was guided by our Group Compliance. The topics covered included the four main offences under the MACC Act 2009, its implications for the Bank, Directors, and Senior Management, the National Anti-Corruption Strategy, and the implementation of adequate procedures as a defence.

### Compliance Training Programmes

All employees must complete mandatory compliance training via our dedicated e-Learning platform that covers ABC, Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions (“AML, CFT, CPF and TFS”), Data Protection, Banking Secrecy, Shariah Compliance, Code of Conduct and Ethics, and Understanding Mis-selling, and data protection. Selected employees also take role-specific training tailored to their responsibilities.

Employees must achieve a minimum score of 80% in a post-training assessment within 60 days. Employees who do not pass must repeat the training to ensure they fully understand and meet our compliance standards.



### Anti-Corruption and Bribery Communications and Training

Indicator	FY2023	FY2024	FY2025
Senior Manager	100%	100%	<b>100%</b>
Manager	100%	100%	<b>100%</b>
Executive	100%	100%	<b>100%</b>
Non-Executive	100%	100%	<b>96%</b>

Cumulatively, more than 8,000 employees and 256 contract staff Bank-wide received and completed Mandatory E-Learning on ABC.

## ETHICAL BUSINESS CONDUCT

### FAIR TREATMENT AND DEALING OF CUSTOMERS

Ensuring fair treatment of our customers fosters trust, deepens our relationships, and promotes long-term satisfaction and loyalty. It simultaneously enhances our reputation and credibility, enabling us to attract new customers and expand our customer base, which contributes to long-term financial stability.

We have fully embedded BNM's Fair Treatment of Financial Consumers ("FTFC") policy into our operational practices. Anchored on seven core principles, the policy provides a clear benchmark for financial institutions to uphold fair treatment, strengthening our commitment to fairness, accountability, and professionalism in all customer dealings.

To deepen understanding and reinforce commitment to these principles, we conduct peer-based "huddle" sessions, which serve as platforms for open discussion and awareness-building on fair treatment practices. In 2025, the Bank published Compliance Extra on FTFC for Vulnerable Consumers, and conducted Compliance Month Huddles on FTFC and mis-selling for relevant employees. Additionally, we enhanced our mandatory e-learning module on FTFC to reflect the latest updates to the FTFC policy document, which are required for all employees and new joiners as part of their onboarding process.



## OUR APPROACH TO SUSTAINABILITY



The Bank is committed to advancing climate action, social responsibility and Value-Based Intermediation (“VBI”) in alignment with national regulatory expectations and internationally recognised standards. Our Sustainability Framework is guided by core commitments that guide our efforts to create long-term value for our stakeholders and the environment.

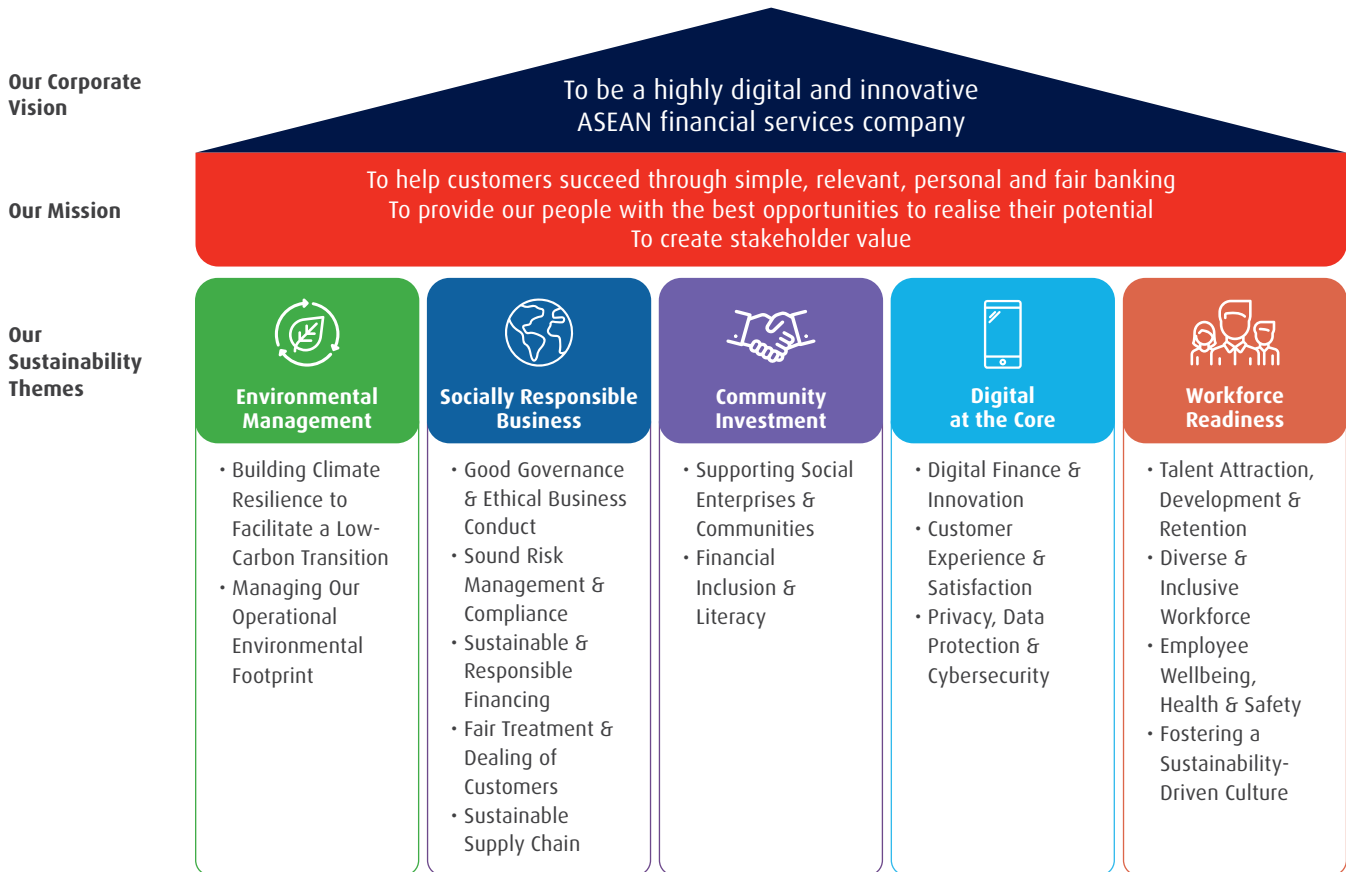
As part of our climate action, we support the transition to a low-carbon economy and actively reduce greenhouse gas emissions. Our commitment to environmental stewardship is demonstrated through the efficient management of energy, water, and waste. We also promote social responsibility by embedding ethical and inclusive practices across our operations and supply chain, from respecting human rights to empowering underserved communities. These efforts are guided by our core principles of ethical conduct and good governance, diversity and inclusion, stakeholder engagement and transparency.





## OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework is aligned with our corporate mission and vision, and provides a common purpose and clear direction across the ESG spectrum. Built around five key Sustainability Themes that embody what sustainability means to the Bank, this framework guides our ESG efforts and strongly emphasises digital innovation to unlock new opportunities for growth.



Moreover, the Bank has a well-defined process for managing sustainability and climate-related risks and opportunities that is integrated into the Risk Management Framework. To ensure appropriate identification and assessment of exposures, the Bank has embedded sustainability and climate elements into various relevant Board and Management policies.

Board Policy on Credit Risk Governance	Board Policy on BCB Credit	PFS Credit Management Policy (Secured Products)	Board Policy on Liquidity Management
Board Policy on Internal Capital Adequacy Assessment Process	Board Policy on Stress Testing	Board Policy on Shariah Governance	Management Policy on Shariah Compliance
Board Policy on Code of Conduct & Ethics	Board Policy on Data Protection & Customer Secrecy	Board Policy on Data Management	Management Policy on Reputational Risk
Board Policy on Outsourcing	Board Policy on Product Risk Approval	Board Policy on Procure To Pay, Fixed Assets & General Ledger Controls	Board Policy on Purification Fund
Board Policy on Technology Risk Management	Board Policy on Group Compliance	Remuneration Board Policy	Board Policy on Anti-Bribery & Corruption
Board Policy on Whistleblowing	Management Policy on Counterparty Credit and Issuer Risk ("CCIR")	Management Policy on Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions	Board Policy on Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions
Board Policy on Cyber Resilience	Management Policy on Sustainability (Environmental Policy on Energy, Water and Waste Management)		

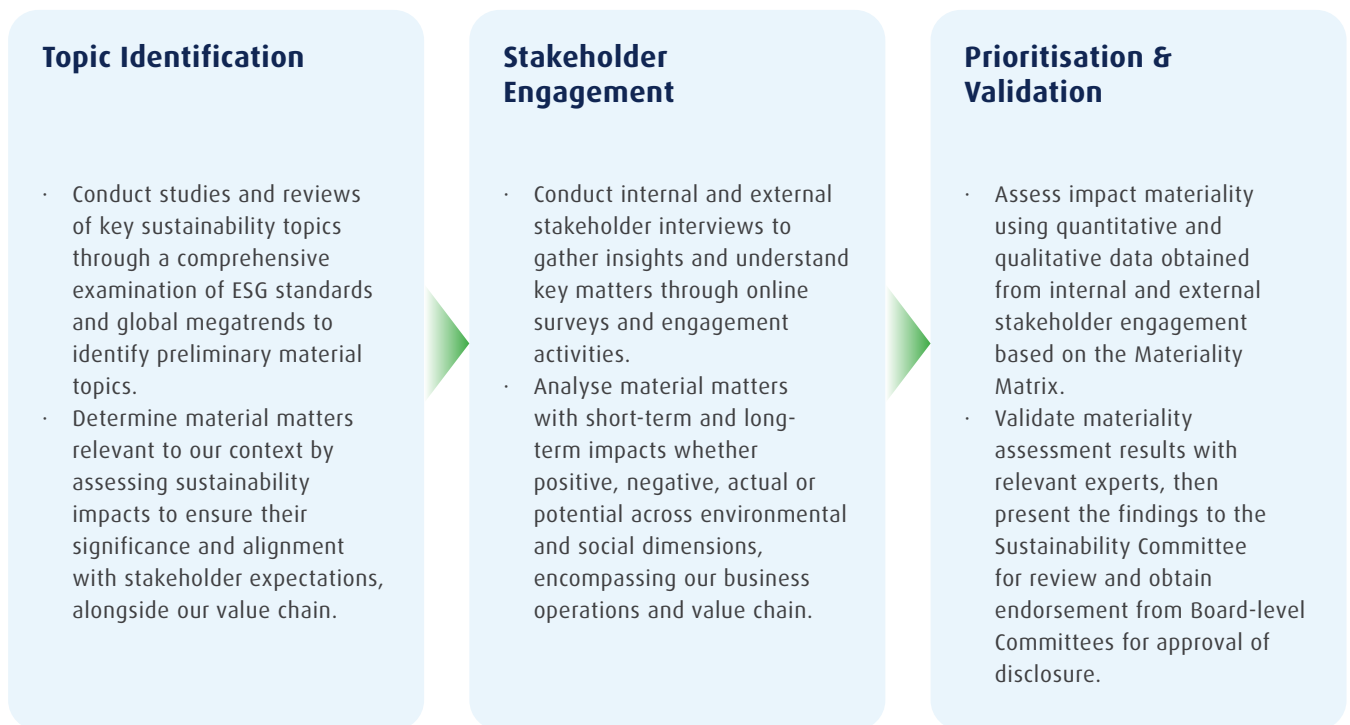


## MATERIALITY

The sustainability material matters are identified through a triennial materiality assessment, which enables informed decision-making by focusing on topics of shared importance to the Bank and our stakeholders.

A full assessment was conducted in FY2023, resulting in the identification of 16 key material matters that align with global best practices and reflect our sustainability ambitions. In FY2025, we reviewed our material matters and confirmed that the existing ones remain relevant. Looking ahead, we are preparing for an enhanced materiality assessment in FY2026, reflecting our continued commitment to expanding our sustainability journey.

### Materiality Assessment Approach



### Environmental Management

Material Matter	Management of Material Matters
<b>Building Climate Resilience to Facilitate a Low-Carbon Transition</b>	Identifying and integrating climate-related risks into our strategies, business operations and across our value chain via our Risk Management Framework, in order to facilitate a just transition to a low-carbon economy (e.g. reducing exposure to high-risk sectors, supporting low-carbon solutions).
<b>Managing Our Operational Environmental Footprint</b>	Responsibly optimising resource consumption to effectively manage the environmental footprint of our operations (e.g. energy management, waste management, water consumption, GHG emissions).

# MATERIALITY



## Socially Responsible Business

Material Matter	Management of Material Matters
<b>Good Governance &amp; Ethical Business Conduct</b>	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency and accountability, in order to maintain stakeholders' trust in the organisation.
<b>Sound Risk Management &amp; Compliance</b>	Upholding a strong compliance culture throughout the organisation to ensure compliance to applicable laws, regulations, and standards as well as the prevention of financial crime (e.g. money laundering, terrorism financing, fraud, corruption and bribery). Adopting a systematic and comprehensive risk management approach in identifying and mitigating emerging risks to our business activities by investing in people, technology, policies and processes.
<b>Sustainable &amp; Responsible Financing</b>	Integrating ESG factors into the design, evaluation, and management of our financial products and services (e.g. green loans, green bonds, islamic finance for sustainability) to encourage higher adoption of sustainability principles by customers.
<b>Fair Treatment &amp; Dealing of Customers</b>	Ensuring fair treatment of our customers and clients in the conduct of our business by prioritising their financial needs and risk appetite, as well as providing them transparent, accurate, sufficient and easily understood information about our products and services.
<b>Sustainable Supply Chain</b>	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment and engagement practices, whilst also encouraging supplier diversity to include local businesses.



## Community Investment

Material Matter	Management of Material Matters
<b>Supporting Social Enterprises &amp; Communities</b>	Developing strategic partnerships with social enterprises to implement community empowerment programmes that create long-term environmental and social impact for underserved communities across our operations.
<b>Financial Inclusion &amp; Literacy</b>	Enabling the accessibility of affordable financial services to all segments of society and promoting financial literacy, thus empowering individuals and businesses to improve their financial wellbeing.

## MATERIALITY



## Digital at the Core

Material Matter	Management of Material Matters
<b>Digital Finance &amp; Innovation</b>	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, whilst simultaneously increasing accessibility of our offerings to new and existing customers.
<b>Customer Experience &amp; Satisfaction</b>	Embedding a customer-centric culture within the organisation and undertaking initiatives to improve end-to-end customer experience as well as customer satisfaction; leading to increased customer retention.
<b>Privacy, Data Protection &amp; Cybersecurity</b>	Protecting employees' and customers' data from unauthorised access, cyber attacks and threats via responsible collection, handling, storage and protection of personal and proprietary data.



## Workforce Readiness

Material Matter	Management of Material Matters
<b>Talent Attraction, Development &amp; Retention</b>	Investing in talent attraction, development and retention to cultivate a pool of high-quality talent, whilst also fostering a growth mindset in our employees to ensure their adaptability in today's ever-changing business and technological landscape.
<b>Diverse &amp; Inclusive Workforce</b>	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus fostering productivity and innovation.
<b>Employee Wellbeing, Health &amp; Safety</b>	Creating an inclusive and supportive work environment which supports employee health and safety, promotes their wellbeing and improves work-life balance via effective policies, processes and labour standards.
<b>Fostering a Sustainability-Driven Culture</b>	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation (e.g. encouraging employee volunteerism, implementing ESG capacity-building programmes).

## CONTRIBUTION TO THE UN SDGS




We are dedicated to supporting the global sustainable development agenda. Accordingly, we have aligned our Sustainability Themes, initiatives, and programmes with the relevant United Nations Sustainable Development Goals ("UN SDGs").

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
 <p><b>Goal 1:</b> End poverty in all its forms everywhere</p>	<p><b>1.4)</b> By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p>	<ul style="list-style-type: none"> <li>• We provided accessible financial services through our branches, SSTs and mobile deposit specialists.</li> <li>• We provided financing for individuals with limited or no credit history to start their own business through HLB Jumpstart - Micro Business.</li> <li>• We promoted financial inclusion by offering transparent donation channels to underserved communities through the GoBarakah platform.</li> </ul>
	<p><b>1.5)</b> By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p>	<ul style="list-style-type: none"> <li>• We provided six months' moratorium for 37 customers affected by flood in across Malaysia.</li> <li>• We provided assistance to five staff from Kota Bharu and Kuala Terengganu severely affected by the flood through our Zakat Wakalah fund.</li> </ul>
 <p><b>Goal 2:</b> End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<p><b>2.1)</b> By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p>	<ul style="list-style-type: none"> <li>• We provided meals to vulnerable communities through soup kitchens, food aid distributions, and the Senyum-Senyum Ramadan initiative.</li> </ul>
	<p><b>2.3)</b> By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>	<ul style="list-style-type: none"> <li>• We supported farming initiatives and enhanced agricultural productivity through the use of solar dome dryers.</li> </ul>
 <p><b>Goal 3:</b> Ensure healthy lives and promote wellbeing for all at all ages</p>	<p><b>3.4)</b> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing</p>	<ul style="list-style-type: none"> <li>• We focused on employees' physical and mental health through our employee engagement activities to foster overall wellbeing.</li> <li>• We delivered mental wellness outreach through Projek Kasih Harmoni.</li> </ul>
	<p><b>3.8)</b> Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<ul style="list-style-type: none"> <li>• We offered medical coverage to employees and their dependents.</li> </ul>



## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
 <p><b>Goal 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p><b>4.4)</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>	<ul style="list-style-type: none"> <li>• We conducted HLB DuitSmart workshops to enhance individuals' financial literacy.</li> <li>• We built financial resilience among educators through FINCO's Train-the-Trainer Programme.</li> <li>• We provided structured, hands-on learning experiences through Internship, Graduate Trainee, and Protégé Programmes, equipping students and graduates with practical skills and exposure to the banking industry.</li> <li>• We raised awareness on financial products and scams during National Training Week 2025 through the #JanganKenaScam initiative.</li> <li>• We launched an AI Awareness Campaign and conducted hands-on workshops to upskill employees and foster an AI-first mindset.</li> <li>• We conducted internal AI workshops and webinars to build employee capabilities in AI tools such as Gemini and NotebookLM.</li> <li>• We enhanced job readiness through employee capability-building on digital learning platforms.</li> </ul>
	<p><b>4.5)</b> By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p>	<ul style="list-style-type: none"> <li>• We organised HLB DuitSmart workshops to provide financial literacy training to underserved communities.</li> </ul>
	<p><b>4.7)</b> By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p>	<ul style="list-style-type: none"> <li>• We organised mandatory safety, health, and sustainability training across the Bank.</li> <li>• We conducted ESG Roundtables and implemented the ESG Readiness Programme.</li> <li>• We conducted monthly sustainability activities under HLB Impact including talks and workshops on various sustainability topics.</li> </ul>
	<p><b>4a)</b> Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>	<ul style="list-style-type: none"> <li>• We hosted the BCB Chinese New Year Fundraising Dinner, which supported infrastructure upgrades in 11 schools and improved learning environments.</li> </ul>
 <p><b>Goal 5:</b> Achieve gender equality and empower all women and girls</p>	<p><b>5.5)</b> Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<ul style="list-style-type: none"> <li>• We promoted visibility of women in the workplace through International Women's Day initiatives.</li> <li>• We monitor gender pay ratio on an annual basis.</li> <li>• We maintained gender-balanced workforce and leadership representation across the Bank.</li> </ul>

## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
 <p><b>Goal 6:</b> Ensure availability and sustainable management of water and sanitation for all</p>	<p><b>6.4)</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<ul style="list-style-type: none"> <li>We are committed to water stewardship as outlined in the Bank's Environmental Policy on Energy, Water, and Waste Management.</li> </ul>
 <p><b>Goal 7:</b> Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p><b>7.2)</b> By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p><b>7.3)</b> By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> <li>We secured BCX Renewable Energy Certificates ("RECs") to support the transition to clean energy.</li> <li>We issued RM1.4 billion in nominal value of green bonds and expanded the Green Bond Portfolio to RM2.9 billion, financing solar energy, green buildings, and sustainable transport.</li> <li>We are committed to energy efficiency as outlined in the Bank's Environmental Policy on Energy, Water, and Waste Management.</li> <li>We tested energy-saving settings across branches in Penang and Johor through the air conditioner temperature control pilot programme.</li> <li>We upgraded 19 branches with energy-saving systems and planned expansion to 20 more, reducing electricity use by 15-30%.</li> </ul>
 <p><b>Goal 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p><b>8.3)</b> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>	<ul style="list-style-type: none"> <li>We sourced responsibly from local SMEs and supported inclusive economic development by empowering SMEs with ESG knowledge and tools for sustainable business growth.</li> <li>We provided support for the Halal economy through BizHalal and microfinance for underserved groups.</li> <li>We promoted micro-businesses, entrepreneurship, and innovation through HLB Jumpstart, HLB LaunchPad and HLB Impact.</li> </ul>

## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
 <p><b>Goal 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<b>8.5)</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> <li>• We offer our workforce opportunities to progress across all levels in the Bank via regular internal job postings (Step Up To Your Next Role) and encourage growth and aspiration via Heartbeat newsletters on career mobility.</li> <li>• We promoted long-term incentives and comprehensive employee benefits for all employees.</li> <li>• We fostered a culture of appreciation and inclusive engagement through employee platforms, open dialogue with senior management, and recognition initiatives.</li> <li>• We monitored gender pay ratio through ongoing efforts.</li> </ul>
	<b>8.6)</b> By 2030, substantially reduce the proportion of youth not in employment, education or training	<ul style="list-style-type: none"> <li>• We contributed to youth employability efforts by offering structured pathways into the workforce through Internship, Graduate Trainee, and Protégé Programmes.</li> </ul>
	<b>8.8)</b> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<ul style="list-style-type: none"> <li>• We included fair labour, occupational safety, and human rights in Vendor ESG Due Diligence ("ESGDD") criteria.</li> <li>• We are committed to:               <ul style="list-style-type: none"> <li>- Uphold the right to freedom of association and collective bargaining</li> <li>- Strengthen occupational safety and health standards across our operations</li> <li>- Adhere strictly to labour laws in our markets of operations</li> <li>- Reject any form of discrimination, harassment or intimidation</li> </ul> </li> </ul>
	<b>8.10)</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all	<ul style="list-style-type: none"> <li>• We provided inclusionary financing to individuals, SMEs, and corporate clients.               <ul style="list-style-type: none"> <li>- HLB@School</li> <li>- HLB Pocket Connect</li> <li>- HLB Jumpstart - Micro Business</li> <li>- HLB DuitSmart</li> <li>- HLB Talking ATMs</li> </ul> </li> </ul>
 <p><b>Goal 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	<b>9.3)</b> Increase the access of small scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and market	<ul style="list-style-type: none"> <li>• Our programmes to promote financing for SMEs.</li> </ul>





## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
(Cont'd)  <b>Goal 9:</b> Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	<b>9.4)</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<ul style="list-style-type: none"> <li>• We provided financing for renewable energy, green buildings, and sustainable transport sectors.</li> <li>• We developed sector-specific handbooks and guidance for industries such as solar, palm oil, and manufacturing.</li> <li>• We adopted the Green Building Index (“GBI”) and Minimum Energy Performance Standard (“MEPS”) to guide sustainable construction and procurement practices.</li> <li>• We promoted decarbonisation and sustainable industrial development through transition financing under the SFF.</li> </ul>
 <b>Goal 10:</b> Reduce inequality within and among countries	<b>10.3)</b> Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	<ul style="list-style-type: none"> <li>• We adopt a meritocratic approach across all HR practices - spanning recruitment, remuneration and development - providing equal opportunities for all.</li> <li>• Our efforts to reject any form of discrimination, harassment or intimidation, is guided by our Code of Conduct and Ethics.</li> </ul>
 <b>Goal 11:</b> Make cities and human settlements inclusive, safe, resilient and sustainable	<b>11.1)</b> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums  <b>11.6)</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<ul style="list-style-type: none"> <li>• We provided financing for green buildings, townships, and affordable properties, reaching RM17.0 billion in outstanding loans.</li> <li>• Our efforts to increase the percentage of our waste that is recycled.</li> </ul>
 <b>Goal 12:</b> Ensure sustainable consumption and production patterns	<b>12.2)</b> By 2030, achieve the sustainable management and efficient use of natural resources  <b>12.3)</b> By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses  <b>12.5)</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> <li>• We applied Triple-R principles (Reduce, Reuse, Recycle) and WELPS standards to manage waste and conserve water.</li> <li>• Our efforts to fight food waste with Kechara Soup Kitchen.</li> <li>• We encouraged reuse of materials and reduction of landfill waste through our CSR programmes.</li> <li>• We partnered with Recircle to implement structured recycling and launched quarterly Recycling Day campaigns.</li> </ul>



## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
(Cont'd)  <b>Goal 12:</b> Ensure sustainable consumption and production patterns	<b>12.6)</b> Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle  <b>12.7)</b> Promote public procurement practices that are sustainable, in accordance with national policies and priorities  <b>12.8)</b> By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	<ul style="list-style-type: none"> <li>• Our annual sustainability reporting.</li> <li>• The impact of our BCB ESG Policy &amp; Assessment Framework in encouraging sustainability amongst our customers.</li> <li>• Sustainability Roundtables.</li> <li>• ESG Readiness Programme.</li> </ul>
 <b>Goal 13:</b> Take urgent action to combat climate change and its impacts	<b>13.1)</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<ul style="list-style-type: none"> <li>• Our structured approach to address and mitigate identified ESG risks, including climate-related physical and transition risks.</li> <li>• Our identification and management of climate-related risks to ensure resilience in our operations.</li> <li>• Our undertaking of scenario analysis to identify and prepare for potential climate-related impacts.</li> <li>• Our capitalisation on climate-related opportunities to drive decarbonisation and business value.</li> </ul>
 <b>Goal 14:</b> Conserve and sustainably use the oceans, seas and marine resources for sustainable development	<b>14.4)</b> By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics	<ul style="list-style-type: none"> <li>• <b>BCB ESG Policy &amp; Assessment Framework</b> <ul style="list-style-type: none"> <li>– HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing fishing activities that use drift nets or explosives.</li> </ul> </li> </ul>

## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
 <p><b>Goal 15:</b> Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<b>15.1)</b> By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	<ul style="list-style-type: none"> <li>We restored mangroves through a project with MNS, planting 50,000 trees to sequester carbon and protect biodiversity.</li> <li>We engaged youth in virtual tree planting through the Earth Hero Programme via HLB Pocket Connect, resulting in real reforestation efforts in Sabah's Lower Kinabatangan region.</li> </ul>
	<b>15.2)</b> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	<ul style="list-style-type: none"> <li><b>BCB ESG Policy &amp; Assessment Framework</b> <ul style="list-style-type: none"> <li>HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing activities resulting in significant conversion or degradation of any high biodiversity value areas.</li> </ul> </li> </ul>
	<b>15.3)</b> By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world	<ul style="list-style-type: none"> <li>We restored degraded land and enhanced climate resilience through HLB Vietnam's Community Forest project in Ta Kou Nature Reserve.</li> </ul>
 <p><b>Goal 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<b>16.2)</b> End abuse, exploitation, trafficking and all forms of violence against and torture of children	<ul style="list-style-type: none"> <li><b>BCB ESG Policy &amp; Assessment Framework</b> <ul style="list-style-type: none"> <li>HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing activities involved in forced labour, exploitation of children and human trafficking.</li> </ul> </li> <li>We included human rights assessment in our Vendor ESGDD criteria.</li> </ul>
	<b>16.4)</b> By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime	<ul style="list-style-type: none"> <li>We established the Board and management policies on Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions.</li> <li>We bolstered the ecosystem's resilience to financial crime through targeted efforts and initiatives.</li> <li><b>BCB ESG Policy &amp; Assessment Framework</b> <ul style="list-style-type: none"> <li>HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing activities involved in money laundering, crime, terrorism or illegal activities (e.g. illegal waste management, illegal deforestation etc.).</li> <li>HLB's General Exclusion List for SME, commercial and corporate customers includes a prohibition on financing activities involved in the production or trade in military weapons or firearms.</li> </ul> </li> </ul>
	<b>16.5)</b> Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> <li>Our efforts to curb bribery and corruption, encompassing:               <ul style="list-style-type: none"> <li>Our Anti-Bribery &amp; Corruption Policy.</li> <li>Anti-bribery and corruption risk assessment.</li> <li>Our anti-bribery and corruption compliance training.</li> <li>Our Whistleblowing Policy.</li> </ul> </li> </ul>

## CONTRIBUTION TO THE UN SDGS

Indicator	Targets	Aligned HLB Initiatives and Programmes as of FY2025
(Cont'd)  <b>Goal 16:</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<b>16.6)</b> Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> <li>• We structured governance processes across the Bank.</li> <li>• We reinforced ethical standards and integrity in financial services through mandatory ABS courses and AML/CFT training.</li> <li>• We strengthened ethical behaviour and institutional integrity through the Code of Conduct and clawback mechanisms.</li> <li>• We provided timely support and resolution for affected customers through the 24/7 Contact Centre.</li> <li>• We have embedded fair treatment of vulnerable customers into our internal controls and training programmes, in alignment with Bank Negara Malaysia's FTFC Policy requirements.</li> <li>• We established governance frameworks to manage AI risks, including data privacy, cyber threats, and ethical use.</li> </ul>
	<b>16b)</b> Promote and enforce non-discriminatory laws and policies for sustainable development	<ul style="list-style-type: none"> <li>• We promoted a respectful and safe workplace by rejecting discrimination, harassment, and intimidation, guided by the Code of Conduct and Ethics.</li> </ul>
 <b>Goal 17:</b> Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	<b>17.17)</b> Encourage and promote effective public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	<ul style="list-style-type: none"> <li>• We supported various social enterprises under HLB Jumpstart and HLB Impact.</li> <li>• We strengthened collaboration with grassroots organisations through volunteering activities with SURi, Refiller Mobile, The Sea Monkey Project and others.</li> <li>• We engaged with PwC and multiple stakeholders on ESG-related initiatives.</li> <li>• We collaborated with JC3, MIDA, MGTC, MATRADE, MPRC, BCSD Malaysia, and Enterprise Singapore.</li> <li>• We collaborated with BNM, AIBIM, the World Bank, and other stakeholders to implement VBI and iTEKAD.</li> <li>• We advanced Islamic finance and Halal industry sustainability through collaborations with BNM, IsDB, MOF, the World Bank, UM, and MIDA.</li> </ul>

## GLOBAL ESG INDICES AND ASSESSMENTS

The Bank benchmarks against leading sustainability standards, with our inclusion in prominent indices and ratings reflecting our commitment to continuous improvement. By embedding robust ESG practices across our operations, we aim to strengthen investor and stakeholder trust in our ability to deliver long-term value and shape a sustainable future.

### FTSE4Good Bursa Malaysia Index



- Recognised as a constituent of the FTSE4Good Bursa Malaysia Index for eight consecutive years
- Achieved a 4-star rating, placed in the top 30% of public listed companies on the FBM EMAS Index

### Morgan Stanley Capital International ("MSCI") ESG Rating



- Maintained an ESG rating of A

### S&P Global Corporate Sustainability Assessment



- Achieved a score of 50 as of 31 December 2024, an improvement from 48 in 2024 and surpassing the banking sector average of 27
- Placed in the 88th percentile within the banking sector

### Sustainalytics



- Maintained a low-risk ESG rating score of 19.3 for 2025, and significantly lower than the industry average of 26.6

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





# Environmental Management

As a leading financial institution, we're actively helping the region shift to a low-carbon, resilient economy. We're committed to this goal by both reducing our own environmental footprint and helping our customers do the same.

Internally, we're working toward our Net Zero by 2050 ambition by making our operations more resource-efficient and fostering a culture of environmental responsibility among our employees. Externally, we provide green financing solutions to help companies of all sizes with their decarbonisation efforts.

All of our initiatives are guided by a strategic framework that carefully evaluates climate-related risks and opportunities, which helps us set meaningful goals and create long-term plans.

---

## **BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION**

46

## **MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT**

55

---

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

### WHY IT MATTERS

The Bank's interconnectedness with the broader environment exposes us to significant climate-related risk, including both physical and transition risk. As a financial institution, we are committed to ensuring long-term resilience and alignment with evolving regulatory and market expectations. Our approach includes robust climate adaptation strategies and a comprehensive transition framework towards a low-carbon economy. This commitment goes beyond reducing our operational emissions; it fundamentally reshapes how we conduct business and how we support our customers financially.

### RISK AND OPPORTUNITIES

The Bank recognises the critical importance of addressing climate-related risks, which may impact our business operations and financial stability. We have undertaken a comprehensive process to identify and assess these risks and opportunities in accordance with BNM's CRMSA and in alignment with the TCFD framework. We are also actively enhancing our disclosures to achieve full alignment with the IFRS S2 Climate-related Disclosures Standard by FY2028, as mandated by the recently announced NSRF.

Our process for identifying, assessing, and monitoring climate- and sustainability-related risks and opportunities has remained consistent during the current reporting period, with periodic review and updates as necessary. We broadly categorise climate-related risks into physical and transition risks across the short, medium and long term. These are integrated within existing risk categories such as credit, market, operational, liquidity risks, etc., as shown below.

#### Physical Risk

Risk arising from acute (event-driven) or chronic (long-term shift) climate-related events

- Acute risk is damage to assets or infrastructure from climate-related events such as floods
- Chronic risk is long-term changes in weather patterns such as rising temperatures

#### Transition Risk

Risk arising from changes made to adapt to a low-carbon economy, for example:

- Changes to public policy and regulations
- Technological innovations
- Changing consumer and investor expectations



Short-term Risk (0 – 5 years)



Medium-term Risk (6 – 10 years)



Long-term Risk (Over 10 years)

Climate-related Risk	Business and Financial Implications	Time Horizon
Physical Risk	<b>Operational Risk</b> <ul style="list-style-type: none"> <li>• Temporary office closures due to damage to physical assets</li> <li>• Infrastructure damage leading to increased supply chain disruptions</li> </ul>	ST MT LT
	<b>Enterprise-wide Risk</b> <ul style="list-style-type: none"> <li>• Inadequate capital buffers to absorb climate-related risk events may lead to both financial and non-financial losses, potentially undermining the Bank's ability to maintain investor and consumer confidence</li> </ul>	MT LT
	<b>Credit Risk</b> <ul style="list-style-type: none"> <li>• Impact on debt repayment that may lead to the possibility of default</li> <li>• Reduction of business profitability potentially increasing the credit risk of obligors</li> </ul>	ST MT LT



## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

Climate-related Risk	Business and Financial Implications	Time Horizon
Physical Risk	<b>Liquidity Risk</b> <ul style="list-style-type: none"> <li>Reduction of cash inflow due to customer inability to service their loan obligations</li> <li>Large withdrawal of deposits to fund capital spending to repair the damages caused by floods</li> <li>Reduction in liquid asset value as a result of Market-to-Market (“MTM”) losses from investments held</li> </ul>	ST MT LT
	<b>Market Risk</b> <ul style="list-style-type: none"> <li>High volatility or abrupt decline of climate-incompatible securities held by HLB</li> <li>Repricing of assets that may lead to decrease in revenue</li> <li>MTM losses</li> </ul>	ST MT LT
Transition Risk	<b>Technology Risk</b> <ul style="list-style-type: none"> <li>Increased cost for research and development of new technologies</li> <li>Capital investments required for low-emission infrastructure</li> <li>Write-offs associated with stranded assets</li> </ul>	ST MT LT
	<b>Reputational Risk</b> <ul style="list-style-type: none"> <li>Revenue reduction due to decreased demand for goods and services that do not meet investor and customer expectations</li> </ul>	ST MT LT
	<b>Strategic Risk</b> <ul style="list-style-type: none"> <li>Decrease in market share and profitability</li> </ul>	MT LT
	<b>Enterprise-wide Risk</b> <ul style="list-style-type: none"> <li>Inadequate capital buffers to absorb climate-related risk events may lead to both financial and non-financial losses, potentially undermining the Bank’s ability to maintain investor and consumer confidence</li> </ul>	MT LT
	<b>Credit Risk</b> <ul style="list-style-type: none"> <li>Impact on debt repayment that may lead to the possibility of default</li> <li>Reduction of business profitability, potentially increasing the credit risk of obligors</li> </ul>	ST MT LT
	<b>Liquidity Risk</b> <ul style="list-style-type: none"> <li>Reduction of cash inflow due to customer inability to service their loan obligations</li> <li>Large withdrawal of deposits to fund capital spending on low-carbon equipment</li> <li>Reduction in liquid asset value as a result of MTM losses from investments held</li> </ul>	ST MT LT
	<b>Market Risk</b> <ul style="list-style-type: none"> <li>High volatility or abrupt decline of climate-incompatible securities held by HLB</li> <li>Repricing of assets that may lead to decrease in revenue</li> <li>MTM losses</li> </ul>	ST MT LT
	<b>Policy &amp; Legal Risk</b> <ul style="list-style-type: none"> <li>Increased operating costs to comply with regulatory standards and reporting requirements</li> <li>Additional costs arising from penalties related to non-compliance or environmentally damaging activities</li> </ul>	ST MT LT

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

### Assessing Climate-Related Risks

In FY2025, the Bank conducted a qualitative assessment of climate-related risks, focusing on both physical and transition risks across our internal operations and value chain. This assessment was carried out across short-, medium-, and long-term time horizons using scenario analysis based on climate scenarios developed by the Network for Greening the Financial System ("NGFS"). The approach aligns with the guidance provided in BNM's CRMSA policy document and the Methodology Paper for the 2024 CRST exercise. These scenarios offer a structured framework to evaluate the potential business and financial impacts of climate change on our loan and financing portfolios, thereby informing our action plans to enhance climate resilience.

In addition to this, since FY2022, the Bank has conducted scenario analysis exercises to assess risks arising from HLB's Identified Inherently High Risk Sectors. These assessments use the Herfindahl-Hirschman Index ("HHI"), a metric used to quantify ESG concentration risk. The calculation considers customers who are active, performing, and assessed as High Environmental and Social ("E&S") Risk.

Based on the HHI recommendations, the HHI Granularity Adjustment was calibrated to reflect credit concentration risk across four concentration levels, as illustrated below:

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

A lower concentration level was derived at 2% for both HLB and HLISB, meaning an additional 2% economic capital charge is applied to corporate customers in "Very Low" concentration sectors. Conversely, customers in "High" concentration sectors face an 8% increase in capital charge.

Following this approach, we assessed our BCB customers internally classified as High E&S Risk and applied relevant stress test parameters and assumptions to determine Additional Provisions under regulatory stress testing exercises. We also consider ESG stress on bonds held in GM portfolios where issuers are classified as High E&S Risk.

In a progressive step, we have enhanced our Internal Capital Adequacy Assessment Process ("ICAAP") and stress testing exercises by incorporating strategic ESG and climate-related scenario pathways. Additionally, we have embedded an ESG component within our Internal Capital Threshold settings to further strengthen our resilience against climate-related risks.

### Undertaking Scenario Analysis by Severity of Climate Change Impacts

Climate-related events and their associated risks often carry significant uncertainty in terms of timing, frequency, and severity. In recent years, shifting weather patterns have disrupted business operations, underscoring the need for forward-looking assessment approaches.

Within this context, scenario analysis serves as a critical tool to evaluate the potential impacts of climate change on economies, financial systems, and most importantly our business. It enables us to anticipate a range of plausible outcomes and develop informed strategies to enhance our climate resilience. However, the climate scenarios are subject to uncertainties due to the ever-evolving weather patterns, as well as the scale and availability of more precise climate data.

### Long-term Adverse Climate Scenarios

To further strengthen our risk analysis efforts, we have enhanced our stress testing exercises to incorporate long-term adverse climate scenarios published by the NGFS, in line with guidance from the CRMSA policy document and the Methodology Paper on the 2024 CRST exercise.

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

These NGFS scenarios outline potential pathways for physical and transition risks that could evolve in Malaysia through to 2050. The three climate scenarios are the following:

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

Our assessment indicates that transition risks primarily driven by rising carbon prices and evolving policy requirements are expected to have a more pronounced credit impact on our non-retail portfolio, particularly in emissions-intensive sectors or those with limited decarbonisation pathways. The Bank has referenced BNM-prescribed shadow carbon prices to evaluate the impact of these risks across the climate scenarios. In contrast, retail exposures are less directly affected by such policies, although they may still be vulnerable to second-order effects through rising living costs or employment disruptions resulting from business or supply chain adjustments.

On the physical risk front, we evaluated both extreme flooding and long-term sea level rise. These events pose credit risks across both retail and non-retail segments, particularly for assets located in coastal or flood-prone areas. Notably, our analysis indicates that the long-term impacts of sea level rise due to its permanence and potential to render land and properties uninhabitable could result in more significant and lasting credit implications than extreme flood events. These findings underscore the importance of proactive portfolio monitoring and the integration of climate risk considerations into our credit risk management practices.

### Short-term Acute Physical Risk

Our approach to riverine flood risk assessment begins with the use of Geographic Information System ("GIS") software to geotag all operational assets and real estate collateral. For addresses not automatically tagged, we conduct meticulous manual verification using authoritative sources such as state land department maps and undertake multiple validation steps to ensure data accuracy and integrity.

Building on this foundation, we developed a flood risk map specifically localised for Malaysia, drawing on extensive datasets from the Department of Irrigation and Drainage ("DID") and the National Water Research Institute of Malaysia ("NAHRIM"). The methodology integrates historical flood events with projections of maximum rainfall intensity.

In FY2025, in line with the CRST requirements for short-term acute physical risk assessment, we significantly enhanced our flood risk map by engaging a third-party service provider. Key enhancements include the integration of topographical data and refined assessments of flood risk severity.

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

### Assessing Exposure of Own Operations to Flood Risk

As part of our broader climate-related risk assessment, the Bank has made significant progress in evaluating the potential impacts of flood risk including both riverine and coastal flooding on our operations. This assessment was conducted in alignment with CRMSA and CRST.

In FY2025, one of our 216 branches, located in Johor, was affected by a flood incident, resulting in a one-day temporary closure. A similar disruption occurred in FY2022 at another branch in Pahang. The locations of both affected branches are highlighted in the diagram below. The Bank has in place a business continuity plan (“BCP”) to address potential disruptions caused by floods, enabling us to adapt effectively to ensure continued service to our customers.

### Locations of Flood-Affected Branches (FY2022 & FY2025)



### OUR APPROACH

The Bank places strong emphasis on the proactive management of climate-related risks, integrating these considerations into our group-wide risk management processes. We are guided by the Bank’s Risk Management Framework, which also addresses potential ESG and climate-related risks across our operations. This framework adheres to the three lines of defence (“3LOD”) model and aligns with our overall risk governance structure, providing a structured and holistic approach to identifying and managing ESG and climate-related risks.

Oversight of all ESG and climate-related matters rest with the Board of Directors, which delegates the review of management’s implementation to the BRMC. At the operational level, the SWC and the SC are responsible for implementing ESG and climate strategies. These committees report quarterly to the BRMC on the progress and outcomes of all related initiatives.

 For further details on our Risk Management Framework, please refer to page 17 of this Report.

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

### Managing Physical Risks

The Bank has initiated a preliminary assessment to identify assets and collaterals exposed to physical climate risks. This forms part of our efforts to embed climate risk into the Bank's overall Risk Management Framework. Although a specific mitigation plan is not yet in place, we recognise the importance of proactive planning. The next phase will involve evaluating appropriate mitigation and adaptation measures such as potential financial and operational impact to support the development of a long-term physical risk management framework.

### Managing Transition Risks

#### Sectorial Decarbonisation Strategy

As part of our broader decarbonisation strategy, the Bank will develop sector-specific transition plans to establish decarbonisation pathways for key high-emission sectors, following the finalisation of the financed emissions baseline for the Business Loan asset class. These pathways are expected to be completed by FY2028.

At present, we have not implemented an internal carbon pricing mechanism. However, we are closely monitoring developments in Malaysia's carbon pricing landscape. In anticipation of future regulatory or market needs, we plan to develop a robust methodology for the potential introduction of internal carbon pricing to guide operational and investment decision-making, if required. We do not own any carbon credits to offset our emissions.

#### Capitalising on Climate-related Opportunities

Sustainable finance is a core strategy that balances our climate commitments with our business objectives as we transition to a low-carbon economy.

The diagram below illustrates our sustainable finance offerings:

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

Investing in environmentally friendly projects and initiatives, such as renewable energy, clean technologies, green infrastructure, and electric vehicles, allows us to strengthen our position in growing sectors driven by the global push for decarbonisation. This not only builds our capabilities but also helps our customers meet their climate action goals, creating a win-win situation for all.

### Empowering Green Developments

We provide end financing for the development of green buildings, townships, and affordable property projects, supporting property developers in delivering developments that prioritise environmental sustainability and social value creation.

Project selection is guided by green building criteria to ensure alignment with recognised sustainability standards. In accordance with our PFS Credit Management Policy (Secured Products), ESG considerations are an integral part of the developer empanelment assessment. Through this approach, we aim to drive sustainable transformation at the corporate level while creating long-term value for homeowners and communities.

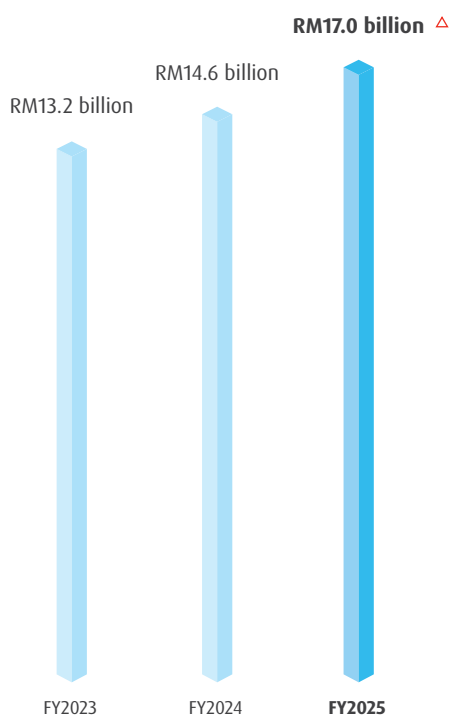
In FY2025, we assessed approximately 980 projects under our ESG Assessment Framework for green buildings and townships, reflecting the growing demand for sustainable financing solutions.



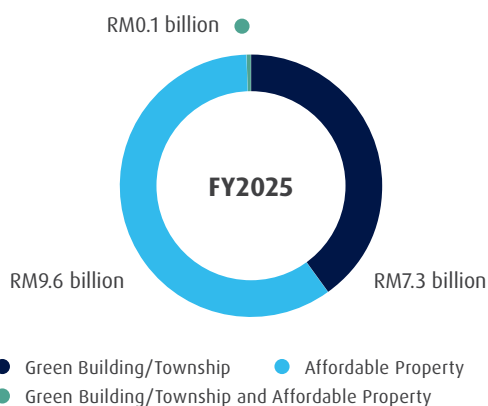
## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

We had set a target of RM16.2 billion in total outstanding financing for Green Building/Township and Affordable Property within our mortgage portfolio. As of the end of FY2025, we have successfully financed RM17.0 billion, representing 16% of our total mortgage portfolio of RM107.8 billion, meeting our initial goal and reinforcing our leadership in sustainable property financing.

### Total Outstanding Green, Affordable and Green, and Affordable Property Financing



### Total Outstanding Green, Affordable and Green, and Affordable Property Financing in FY2025, with Breakdown by Type

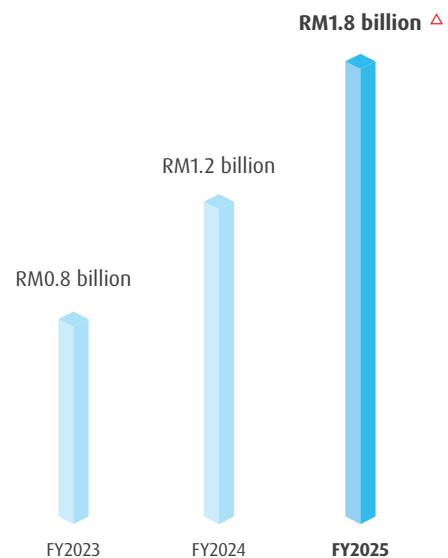


### Driving Adoption of Electric Vehicles

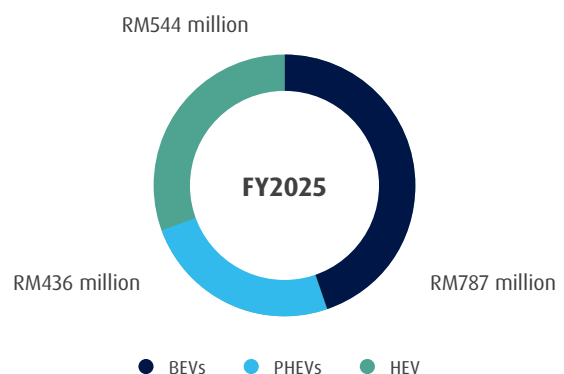
Through the HLB Green Car Financing initiative, the Bank is committed to accelerating the adoption of green vehicles and supporting the broader transition to a low-carbon economy. Our financing programme adheres to a clearly defined classification of “green vehicles,” which includes battery electric vehicles (“BEVs”), plug-in hybrid electric vehicles (“PHEVs”), and hybrid electric vehicles (“HEVs”).

By the end of FY2025, we had achieved RM1.8 billion in outstanding green vehicle loans, exceeding our FY2025 target of RM1.5 billion.

### Total Outstanding Green Vehicles Financing



### Total Outstanding Green Vehicles Financing in FY2025, with Breakdown by Type



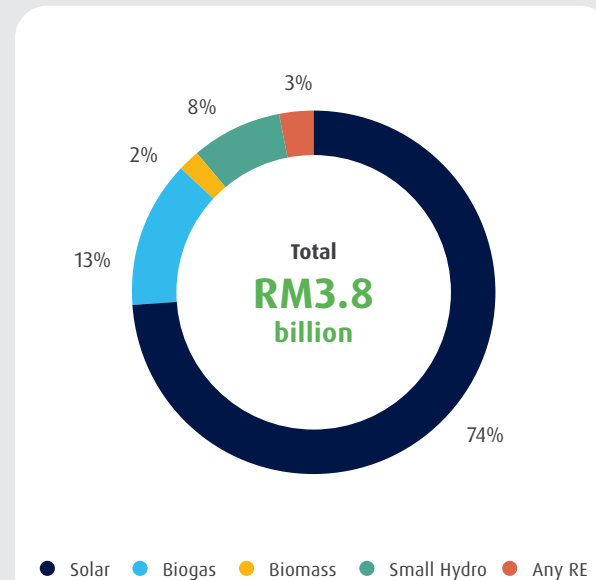
## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

### Supporting Renewable Energy (“RE”) Uptake

Our RE financing solutions are designed to support businesses of all sizes in transitioning to cleaner energy sources, including solar, hydropower, and bioenergy. Initially, we had set a target of RM500 million in RE financing by 2025. However, this target was subsequently revised upwards to RM4.0 billion in response to growing demand and opportunities. As of August 2025, the Bank had exceeded this target where RM4.2 billion of RE financing was cumulatively approved, contributing to the Malaysian government’s target of achieving 31% RE in the national installed capacity mix by 2025. In recognition of our continued commitment to advancing sustainable energy solutions, the Bank was honoured with the Best Domestic and Islamic Bank for Sustainable Energy Financing 2024 Award at the 2024 NEA.

Total RE Financing	FY2023	FY2024	FY2025
Cumulative Approved (RM’ bil)	3.2	3.6	3.8 <sup>△</sup>
Outstanding (RM’ bil)	0.8	1.2	1.3

### Total RE Cumulative Approvals



### Accelerating Sustainable Finance

In October 2024, we renewed our sustainable finance commitments by launching our SFF in-line with our intent to decarbonise our financed emissions through sustainable financing. The SFF references globally and regionally recognised principles and standards, including but not limited to:

<b>Loan Market Association (“LMA”)</b>	Green, Social, and Sustainability-Linked Loan Principles
<b>International Capital Market Association (“ICMA”)</b>	Green, Social, and Sustainability Bond Principles
<b>Association of Southeast Asian Nations (“ASEAN”) Taxonomy</b>	ASEAN Taxonomy for Sustainable Finance (Version 3)
<b>Securities Commission Malaysia</b>	Principles-Based Sustainable and Responsible Investment Taxonomy (“SRI”) for the Malaysian Capital Market
<b>Bank Negara Malaysia</b>	<ul style="list-style-type: none"> <li>Climate Change and Principle-based Taxonomy (“CCPT”)</li> <li>Value-Based Intermediation Financing and Investment Impact Assessment Framework (“VBIAF”)</li> </ul>

The SFF outlines clear eligibility criteria for financing the low-carbon transition. Eligible sectors include renewable energy, energy efficiency technologies, green buildings and affordable properties, waste management, and clean transportation and logistics, amongst others. In alignment with our climate commitments, the Bank maintains a General Exclusion List for prohibited activities. Notably, we have ceased financing for new greenfield coal-fired power plants as of 1 July 2021. This commitment will be further strengthened with the full discontinuation of financing for all coal-fired power plants effective 1 July 2026.

<sup>△</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

## BUILDING CLIMATE RESILIENCE TO FACILITATE A LOW-CARBON TRANSITION

**We plan to mobilise RM20 billion by FY2029 to support our sustainable financing portfolio. This is expected to be largely driven by our green and affordable mortgage portfolio, followed by green auto loans and other green financing.**

Following the establishment of the SFF in October 2024, we track disbursed and committed financing as mobilised amounts under the framework.

### OUR PERFORMANCE

#### Achievement In Sustainable Financing

As of June 2025, the Bank has mobilised a total of RM4.5 billion in sustainable financing under the SFF. Specifically, we have successfully mobilised RM3.1 billion for Green, Affordable and Green, and Affordable Property and RM0.9 billion for Green Vehicles Financing during the financial year. This milestone was made possible through strong partnerships with electric vehicle manufacturers and distributors, as well as our ongoing efforts to educate and engage customers on the environmental and economic benefits of green mobility. Within our BCB portfolio, we have mobilised a total of RM0.5 billion. These funds support projects in renewable energy, energy efficiency, and green buildings.

Total Mobilised Sustainable Financing (RM'bil)	FY2025
Green, Affordable and Green, and Affordable Property	3.1 <sup>△</sup>
Green Vehicles Financing	0.9 <sup>△</sup>
BCB Sustainable Financing	0.5 <sup>△</sup>

<sup>△</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

#### Green Bond

The Bank has established a Green Bond Framework to govern the issuance and management of green bonds and to support the funding of eligible green projects. Developed in alignment with the ASEAN Green Bond Standards ("ASEAN GBS") and the International Capital Market Association Green Bond Principles ("ICMA GBS"), the Framework ensures that proceeds from green bond issuances are exclusively allocated to finance or refinance industries and business activities eligible for green investments. In accordance with the Framework, the Bank is strictly prohibited from using any proceeds to fund fossil fuel-based power generation projects.

In September 2024, the Bank issued its inaugural Green Medium Term Notes, with a nominal value of RM500 million, under its existing RM10 billion multi-currency medium term notes programme. This issuance, together with the RM900 million of Green Additional Tier 1 Capital Securities issued in April 2022, brings the Bank's total outstanding green bonds to RM1.4 billion in nominal value as of June 2025.

Concurrently, the Green Bond Portfolio grew significantly, with the outstanding balance increasing from RM2.5 billion in FY2024 to RM2.9 billion in FY2025. The financed assets and projects primarily fall within the categories of Renewable Energy, Green Buildings, and Sustainable Transportation—reflecting our strategic focus on high-impact sectors in the transition to a low-carbon economy.

Eligible Assets	Renewable Energy	Green Building	Sustainable Transportation
Description	Proceeds may be allocated towards the financing of Large Scale Solar Photovoltaic ("LSSPV") projects	Purchase of highly rated green properties by consumers (Gold and above)	Purchase of Electric Vehicle or Hybrid Vehicles by consumers (tailpipe CO <sub>2</sub> emissions of less than 75g per km per passenger car)
Outstanding Balance	RM0.4 billion <sup>⊗</sup>	RM1.7 billion <sup>⊗</sup>	RM0.8 billion <sup>⊗</sup>
FY2025 Impact	<ul style="list-style-type: none"> <li>Capacity: 161 MW</li> <li>Annual Generation: 225,597 MWh</li> <li>Annual Carbon Avoidance: 175,965.5 tonnes of CO<sub>2</sub></li> </ul> <p><i>Note: The figures on Solar PV assets/projects are based on the assumption that the plants commence operations and perform at the declared capacity.</i></p>	<ul style="list-style-type: none"> <li>Enabled 3,678 retail customers to purchase homes with green building certifications with ratings of Gold and above awarded by recognised certification bodies</li> <li>Platinum Green Building Certified Properties: 681</li> <li>Gold Green Building Certified Properties: 2,997</li> </ul>	<ul style="list-style-type: none"> <li>Financed 5,611 electric vehicles with CO<sub>2</sub> emissions of less than 75g per km per passenger car</li> <li>Battery Electric Vehicles: 5,611</li> </ul>

<sup>⊗</sup> This data has been independently assured. Refer to independent limited assurance report on page 185.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### WHY IT MATTERS

We maintain a physical presence across strategic locations, including Malaysia, Singapore, Hong Kong, Cambodia, and Vietnam. These locations are integral to our operations, serving not only as customer service branches but also as hubs for key functions such as corporate offices and data centres.

We are committed to managing the resources we use and reducing the environmental footprint of our operations. This includes water consumption, energy usage, waste generation, and GHG emissions resulting from our business activities. As a financial institution, we recognise that effective environmental management enhances cost efficiency, strengthens the Bank's resilience, and supports our long-term commitment to achieving Net Zero emissions by FY2050.

### RISK AND OPPORTUNITIES

#### Risks

The continued operation of our physical premises and IT infrastructure contributes to the Bank's environmental footprint. Inefficient energy use, excessive emissions, water consumption, or waste generation may result in increased operational costs, heightened regulatory scrutiny, and reputational risks.

#### Opportunities

Efforts to reduce the Bank's environmental footprint through improved energy efficiency, emissions control, and resource management can lead to lower operating costs, stronger ESG ratings, and increased investor confidence.

#### Strategy and Mitigation Plan

Recognising that energy consumption is a key driver of GHG emissions, we have prioritised initiatives to reduce energy use and associated emissions. Our efforts focus on raising employee awareness of GHG impact, improving the quality of emissions data through knowledge-sharing initiatives, and developing policies such as the GHG standard operating procedures ("SOPs") as well as our Environmental Policy on Energy, Water and Waste Management. In support of our decarbonisation strategy, the Bank is also actively participating in carbon sequestration projects and implementing energy efficiency measures across its operations.

#### Metrics

- Absolute GHG emissions
- Absolute electricity consumption

#### Progress

- 27% reduction of Scope 1 & 2 emissions from baseline FY2019
- 8% reduction of Scope 1 & 2 emissions from FY2024
- 28% reduction of electricity consumption from baseline FY2019
- 8% reduction of electricity consumption from FY2024

#### Targets

- Short-term: 15% to 25% reduction of Scope 1 and Scope 2 operational emissions for the Malaysian operations by FY2026
- Medium-term: Net Zero operational emissions (Scope 1 and 2) for the Malaysian operations by FY2030
- Long-term: Net Zero emissions across Scope 1, 2 and 3 for the Malaysian and regional operations (excluding financed emissions) by FY2050

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### OUR APPROACH

#### Driving Resource Efficiency

We believe that effective environmental stewardship begins with our daily operations. Our commitment is guided by the Environmental Policy on Energy, Water, and Waste Management, which aligns with the following regulations:

**Environmental Quality (Amendment) Act 2024**

**Energy Efficiency and Conservation Act and Regulations 2024**

**Solid Waste and Public Cleaning Management Act 2007**

In line with this Policy, the Bank adopts the Green Building Index (“GBI”) via MS 1525 – Efficient Use of Energy, particularly during the construction, renovation, or upgrading of facilities. This includes integrating renewable energy solutions and focusing on key sustainability pillars: energy efficiency, indoor environmental quality, sustainable site planning and management, sustainable materials and resources, water efficiency, and innovation.

When procuring electrical appliances, we prioritise products that carry the Minimum Energy Performance Standard (“MEPS”) label to ensure energy-efficient operations.

As part of our waste management strategy, we apply the Triple-R principles:

#### Reduce

We minimise the use of single-use items wherever possible, such as non-rechargeable batteries and disposable catering materials.

#### Reuse

We ensure items are only discarded when they have reached the end of their useful life and cannot be reused by others. This includes furniture, computers and peripherals, and books.

#### Recycle

We actively support and participate in company, state, and community recycling initiatives to responsibly manage our waste.

Additionally, the Policy encourages the procurement of water-efficient products in accordance with the Water Efficient Product Labelling Scheme (“WELPS”), to maximise water conservation.

### PROGRESSING TO NET ZERO

Aligned with the national commitment to achieve Net Zero by 2050, we formally established our FY2050 Net Zero emissions target in FY2022, benchmarked against a baseline year of FY2019. We defined measurable targets across the short, medium, and long term to ensure accountability and clarity in our decarbonisation journey.

#### Net Zero Target

##### Short Term

FY2026: 15% to 25% reduction of absolute Scope 1 and Scope 2 operational emissions for the Malaysian operations

##### Medium Term

FY2030: Net Zero absolute operational emissions (Scope 1 and 2) for the Malaysian operations

##### Long Term

FY2050: Net Zero absolute emissions across Scope 1, 2 and 3 (excluding financed emissions) for the Malaysian and regional operations

Our current emission targets were developed with consideration of industry trends, alignment with the Paris Agreement, and Malaysia's national climate commitments. However, these targets have not been validated by independent third parties, and we have yet to adopt a sectoral decarbonisation approach for our loan portfolio. We remain committed to progressively aligning our strategy with prevailing industry standards and emerging best practices as the climate landscape evolves. No revisions were made to our current targets during the financial year.

To achieve these targets, we placed greater emphasis on integrating decarbonisation efforts into our core processes and operations. In FY2025, we focused on improving the quality of recorded data to support more accurate monitoring and informed decision-making. Our approach to decarbonisation extends beyond reducing GHG emissions; we also prioritised raising employee awareness, upskilling and encouraging active participation in our shared commitment to achieving Net Zero.

### GHG Standard Operating Procedures

In FY2025, the Bank published its first SOP for establishing our GHG inventories, formalising our approach and methodologies to ensure completeness, consistency, and accuracy. The SOP is supported by comprehensive methodology papers that outline the frameworks and standards applied, emission factors used, assumptions made, and limitations identified in the computation process. Beyond serving as a technical guide, the SOP plays a critical role in enhancing data quality and supporting future assurance processes for our GHG emissions disclosures.

For our Scope 3 GHG inventories, we adhere to the methodology outlined by the PCAF and have successfully established Scope 3 Category 15 Financed Emissions for the Motor Vehicle Loan and Residential Mortgage asset classes. Building on this foundation, our focus in FY2025 was on improving the data quality for these disclosed asset classes, with particular emphasis on enhancing granularity and accuracy for the Motor Vehicle Loans asset class by incorporating localised proxy assumptions and refining existing methodologies.

In parallel, we have expanded the scope of our financed emissions reporting to include additional asset classes. This expansion reflects our ongoing commitment to comprehensive and transparent climate-related disclosures in alignment with global best practices.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### Knowledge Sharing on GHG Emissions

Recognising the complexities involved in GHG emissions accounting, we initiated a knowledge-sharing session to support improved emissions data quality across Hong Leong Financial Group, Hong Leong Investment Bank, Hong Leong Asset Management, Hong Leong Assurance, and Hong Leong MSIG Takaful. The session covered key emissions scopes, including Scope 1 (company vehicles, generators, and refrigerants), Scope 2 (purchased electricity), and Scope 3 (downstream leased assets, business travel, and employee commuting). The workshop facilitated cross-entity learning and laid the foundation for more consistent and accurate emissions reporting.

### Carbon Sequestration and Reforestation



As part of our decarbonisation initiatives, the Bank places a strong emphasis on nature-based solutions. We have implemented a large-scale mangrove restoration initiative, contributing to environmental conservation and enhancing Malaysia's coastal resilience. Mangrove trees are scientifically recognised for their exceptional carbon absorption and storage capacity, making them a vital component in the fight against climate change. These trees act as natural flood retention "sponges," helping to manage heavy rainfall and reduce the occurrence and severity of flooding. Additionally, mangroves play a key role in recycling nutrients, removing toxins, and trapping sediments, which in turn prevents soil erosion along riverbanks and reduces pollution to coral reefs and marine life.



## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

In partnership with MNS, we have planted 50,000 mangrove trees at the Kuala Selangor Nature Park ("KSNP") in degraded areas since January 2022. The park, as part of the Selangor River estuary, is home to a number of large bird species such as milky storks (*Mycteria cinerea*) and herons. The area also has more than 150 species of birds and an estimated 100,000 wading birds, comprising 30 species, passing through the park on their annual migration. KSNP also houses a few types of primate species such as the long-tailed macaques (*Macaca fascicularis*) and the silver leaf monkeys (*Trachypithecus selangorensis*) which are listed as Endangered and Near Threatened by the International Union for Conservation of Nature ("IUCN").

These trees are expected to reach maturity in the coming years, with the potential to sequester over 1,200 tonnes of CO<sub>2</sub> equivalent ("tCO<sub>2</sub>e") on average annually over the next 20 years, offsetting our Scope 1, 2 and 3 emissions while strengthening natural defences against climate change. This initiative has won us awards, specifically second runner up for the ABM 50th Anniversary Celebration CSR Excellence Awards 2024.

We have recently committed to Phase 2 of the mangrove rehabilitation project which will commence in FY2026. Phase 2 will involve the planting of an additional 50,000 mangrove trees, projected to sequester another 1,200 tCO<sub>2</sub>e on average annually over the next 20 years, bringing the total potential offset to over 2,400 tCO<sub>2</sub>e per year on average. Phase 2 will also see a more active involvement of the local communities. We plan to provide the necessary support to the best of our capability based on the needs of the local communities. Community engagement is central to the success and sustainability of mangrove restoration projects. Currently, local communities actively participate in seed collection, ensuring the use of genetically appropriate, locally sourced seeds. These seeds are then nurtured in community-managed nurseries, where controlled environments such as polybags allow for healthy growth. This process not only aids in ecosystem restoration but also provides valuable skills in nursery management and horticulture. After approximately six months, mature saplings are planted in coastal zones, directly contributing to habitat restoration and coastal protection. This initiative creates jobs, fosters long-term sustainable forestry skills, and empowers communities to play an active role in environmental conservation and economic development.

In addition to our carbon sequestration projects, we have also implemented a range of community-based environmental initiatives, such as tree planting programmes. These efforts are designed not only to enhance local biodiversity and improve air quality, but also to foster environmental stewardship among the communities we serve.



### Creating Hong Leong Bank Community Forest in Ta Kou Nature Reserve

As part of our commitment to environmental sustainability and community engagement, HLB Vietnam partnered with Gaia Nature Conservation, a non-profit scientific organisation under the Vietnam Union of Science and Technology Associations ("VUSTA"), to establish the Hong Leong Bank Community Forest within the Ta Kou Nature Reserve in Binh Thuan Province, Vietnam. Spanning 11,886 hectares, the reserve is internationally recognised as one of the 221 most critical ecological regions in the world. HLB Vietnam invested more than RM48,000 to plant 500 trees covering 0.4 hectares at this Community Forest, with a 5-year observation plan.

The initiative focuses on transforming degraded white sand dunes into thriving green forests, with the dual aim of restoring natural habitats and enhancing climate resilience. The project specifically targets the reforestation of sandy hills, which are highly vulnerable to drought and wind erosion. By planting native timber and medicinal tree species, the forest helps combat desertification, reduce sand encroachment, and improve soil stability over time.

On 14 September 2024, a group of 35 HLB staff volunteers participated in a field trip to plant 500 forest trees. Beyond its ecological benefits, the initiative also serves as a platform to foster environmental awareness and strengthen team bonds among employees, encouraging a deeper connection to nature and shared responsibility for sustainability.

The projected long-term impact of the forest is substantial. Over a 50-year period, the 500 trees are expected to intercept approximately 57,248.9 cubic metres of water, store 404 tonnes of carbon dioxide, sequester an additional 1,346 tonnes of CO<sub>2</sub>, and remove 326.2 kilograms of air pollutants. These outcomes contribute to climate change mitigation and support the preservation of one of Vietnam's most ecologically significant landscapes.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT



### Earth Hero Programme via HLB Pocket Connect

The Earth Hero Programme is a reforestation initiative by the Bank, in partnership with APE Malaysia, designed to reduce the bank's environmental footprint. It engages young customers through the HLB Pocket Connect app, which is exclusive to the Bank's 3-in-1 Junior Account. For every 20 virtual trees grown within the app, the Bank commits to planting one real tree in the Lower Kinabatangan region.

### *A Focus on the Lower Kinabatangan Region*

The Lower Kinabatangan region in Sabah is a critical biodiversity hotspot and home to Sabah's first and Malaysia's largest RAMSAR site - Ramsar Convention on Wetlands, an international treaty for the conservation and sustainable use of wetlands. This unique rainforest floodplain, also known as the Lower Kinabatangan Wildlife Sanctuary, has seen its forests fragmented.

The Earth Hero Programme is helping to restore these landscapes by establishing a continuous forest corridor, which is vital for the region's diverse wildlife. Supported by an investment of more than RM360,000, the programme has successfully planted over 10,000 trees from 45 species since FY2021, re-establishing a continuous corridor for the region's diverse wildlife. This reforestation effort directly benefits the area's rich fauna, which includes a variety of species such as pygmy elephants, orangutans, proboscis monkeys, and sun bears.

In addition to reforestation, the programme promotes sustainable living by providing monthly educational materials with practical tips and resources for young people. The ultimate goal is to restore and protect this unique ecosystem, ensuring the long-term wellbeing of both wildlife and local communities.

### Energy Efficiency and Conservation

As the majority of our operational emissions fall under Scope 2, we are actively pursuing solar energy as a key decarbonisation initiative. We identified seven branches within the Klang Valley for solar panel installation, all of which have completed EE&C upgrades. Site assessments have been completed, and we are currently in the process of selecting qualified vendors. The installations are expected to be completed by the end of 2025, further reducing our reliance on grid electricity.

Throughout FY2025, we continued to advance our EE&C initiatives in our operations, completing upgrades at a cumulative total of 19 branches. These upgrades include replacing conventional air conditioning units with high-efficiency models and retrofitting lighting systems with LED technology. Building on this momentum, we plan to expand the EE&C programme to additional branches in the upcoming year, reinforcing our commitment to sustainable and energy-efficient operations.

**Average of 15-30% electricity saved per branch from EE&C initiatives in FY2025**

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT



### Project Dragon

To further enhance energy efficiency across the retail network, we introduced Project Dragon, a retail branch transformation initiative grounded in a bottom-up approach by changing the way we operate and the way we meet clients. Currently we have identified 23 branches to undergo the transformation programme over the period of two years from 2025 - 2027. Four branches have completed the remodelling exercise in June 2025.

These branches will go through the energy-saving infrastructure upgrades. Besides that, Project Dragon also undertakes the mission to ensure the usage of green sustainable construction materials are used in the branch remodelling exercise. Some of the materials are certified under the SIRIM Eco-Labeling Product Certification Scheme, Singapore Green Building Product Certificate by Singapore Green Building Council ("SGBC"), and GREENGUARD certification for products certified for low chemical emissions.

In FY2025, we launched a pilot energy reduction programme focused on air conditioner temperature control. The initiative involved all branches in Penang and Johor, where air conditioning units were manually set to operate between 23-25°C over a three-month period. If the pilot results in measurable reductions in energy consumption, we plan to expand the programme to all branches operating non-centralised air conditioning systems.

### Renewable Energy Certificates ("RECs")

We are exploring the use of RECs in the short-, medium- and long-term to support our transition to clean energy. In FY2024, we successfully secured two years' worth of Bursa Carbon Exchange Renewable Energy Certificates ("BCX RECs"), which will be reserved for redemption as we approach our future emission targets.

### Waste Management

Our efforts to reduce environmental footprint also extend to waste management. In FY2025, we partnered with Recircle Sdn. Bhd. to implement a structured recycling programme at Hong Leong Tower ("HLT") and PJ City Tower A ("PJCA") and selected branches within the Klang Valley. Under this initiative, Recircle collects recyclable waste from designated recycling stations at least once every fortnight. The programme ensures the systematic collection and tracking of recyclable materials, including paper, aluminium, plastics, and electronic waste.

To further promote responsible waste management, we introduced a quarterly "Recycling Day" campaign at our corporate towers, encouraging employees to bring recyclable materials from home. This initiative is supported by Recircle, which manages the collection and tracking of materials, reinforcing our commitment to environmental stewardship and employee engagement.





## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### OUR PERFORMANCE

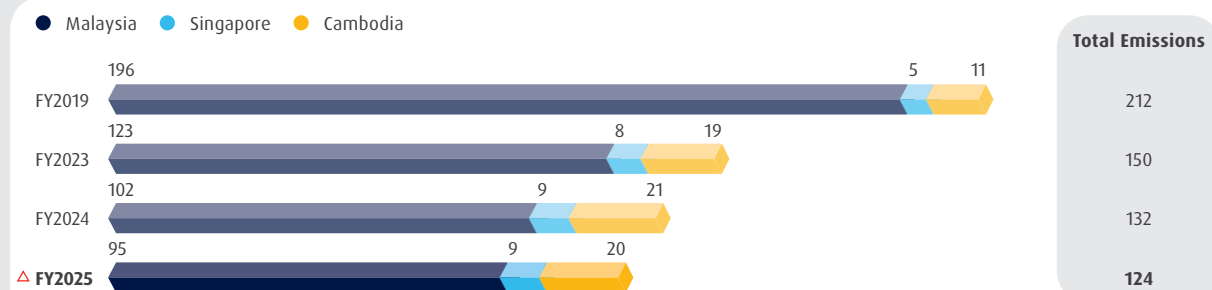
#### GHG Emissions

We have achieved a 27% reduction from baseline for Scope 1 and 2 emissions for the Malaysian operations and a 8% decline year on year from FY2024, ahead of our short term target of a 15% to 25% reduction by FY2026. Reduction of Scope 2 emissions in Malaysia is attributable to EE&C measures carried out at our operational facilities. Reduction of Scope 3 employee commuting emissions for Malaysia is due to an increased rate of staff utilising public transportation.

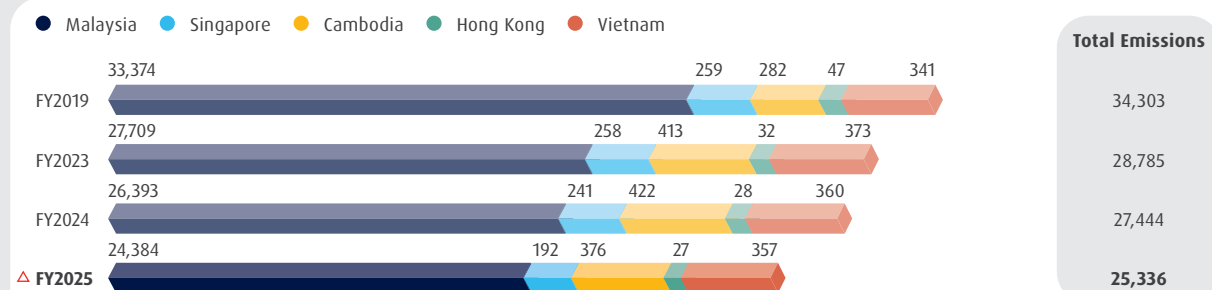
Although there is a marginal increase of Scope 1 and 2 emissions for regional operations of 4% from the baseline, there was a year-on-year reduction of 9% from FY2024.

#### TOTAL GHG EMISSIONS

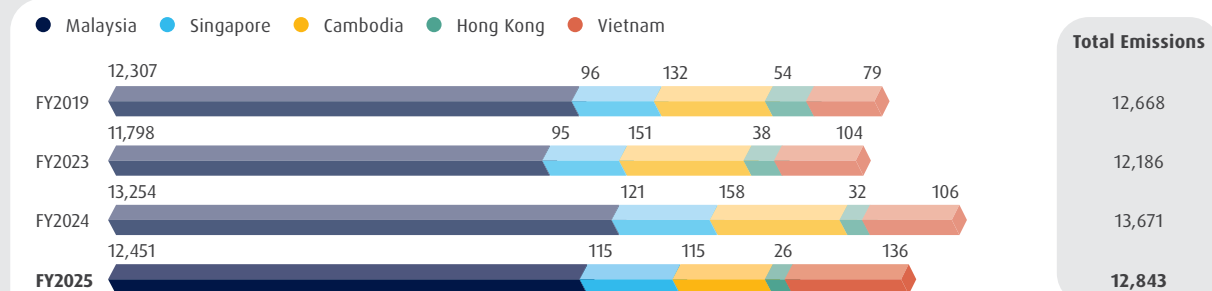
##### Scope 1 Emissions (tCO<sub>2</sub>e)



##### Scope 2 Emissions (tCO<sub>2</sub>e)



##### Scope 3 Emissions (tCO<sub>2</sub>e) (excluding financed emissions)



##### Total GHG Emissions (tCO<sub>2</sub>e) (excluding financed emissions)

Baseline FY2019

**47,183**

FY2023

**41,121**

FY2024

**41,247**

FY2025

**38,303**

△ This data has been independently assured. Refer to independent limited assurance report on page 178.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### SCOPE 3 EMISSIONS BY CATEGORY

#### Category 13 Downstream Leased Assets Emissions (tCO<sub>2</sub>e)

● Malaysia



Total Emissions

474

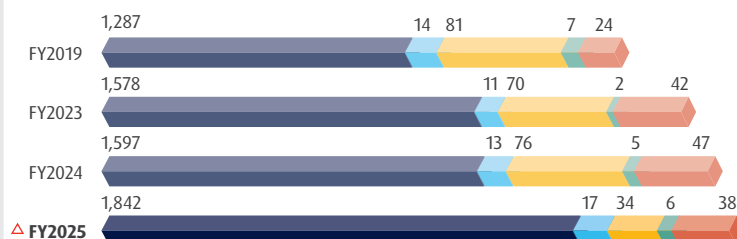
725

737

783

#### Category 6 Business Travel Emissions (tCO<sub>2</sub>e)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total Emissions

1,413

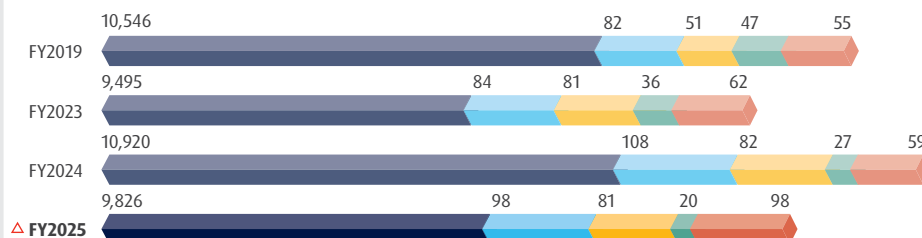
1,703

1,738

1,937

#### Category 7 Employee Commuting Emissions (tCO<sub>2</sub>e)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total Emissions

10,781

9,758

11,196

10,123

#### Biogenic CO<sub>2</sub> Emissions (tCO<sub>2</sub>e)

● Malaysia



Total Emissions

14

19

32

△ This data has been independently assured. Refer to independent limited assurance report on page 178.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### Notes:

1. We use the operational control approach based on GHG Protocol for our GHG Emissions Accounting.
2. Scope 2 and Scope 3 downstream leased asset emissions were restated for Malaysia for FY2019, FY2023, and FY2024 due to the revision of the published grid emission factor by the Energy Commission.
3. Scope 2 emissions for regional operations were restated for FY2019, FY2023, and FY2024 due to the updated emissions factors published by Singapore's Energy Market Authority; Hong Kong Electric and Institute for Global Environmental Strategies ("IGES") - List of Grid Emission Factors for Cambodia and Vietnam operations.
4. Scope 1 and Scope 3 business travel emissions were restated for Cambodia for FY2019, FY2023, and FY2024 due to the reclassification of two company vehicles as they were classified as Scope 3 in previous reporting.
5. Scope 1, and Scope 3 business travel and employee commuting emissions for Malaysia were restated for FY2023, and FY2024 due to the incorporation of B7 diesel, which contains 7% biodiesel, in diesel-powered transport and utilities, a change implemented in accordance with a mandate from the Malaysian government. The full effect of this policy is assumed to have commenced in the third quarter of 2022. We report the biogenic emissions resulting from the biodiesel for Scope 1 and Scope 3 (business travel & employee commuting) in total.
6. Scope 3 employee commuting emissions for Vietnam and Cambodia for FY2019, FY2023 and FY2024 were restated due to revision of grid emission factor published by IGES - List of Grid Emission Factors and density of petrol and diesel published by Caltex Cambodia (petrol density for Vietnam is not available thus we use the next best which is Cambodia petrol density), petrolimex and Chevron Cambodia Diesel Gas Oil. For Singapore and Hong Kong, FY2024 were restated due to updated grid emission factor published by Singapore's Energy Market Authority and Hong Kong Electric, and density of petrol and diesel published by Caltex, Ministry of Sustainability and Environment (MSE) and Chevron (Hong Kong) Euro V Diesel.
7. Scope 3 business travel for FY2019 for Malaysia and regional operations were restated to use the 2019 emission factor for flight travel.
8. We have included the Scope 1, 2 and 3 business travel data for Cambodia operations in FY2019.
9. Scope 1, 2 and 3 emissions boundaries are as follows:
  - Scope 1: We calculate our emissions based on fuel combustion from generators located in Malaysia and Cambodia, vehicles owned or operated by the Bank in Malaysia, Singapore, and Cambodia, as well as air-conditioning systems in our offices in Malaysia and Cambodia. For fugitive emissions, assumptions were applied for FY2024 and FY2025 in both Malaysia and Cambodia, where emissions were averaged to ensure consistency in reporting. The GHG emissions were calculated using 2006 IPCC Guidelines for National Greenhouse Gas Inventories; 7.SM.6 Tables of Greenhouse Gas Lifetimes, Radiative Efficiencies and Metrics, Supplementary Material; Chapter 7: The Earth's Energy Budget, Climate Feedbacks and Climate Sensitivity; and IPCC Sixth Assessment Report, 2021.
  - Scope 2: We calculate our emissions based on purchased electricity (location-based) for all our operations with additional purchased chilled water for our Singapore and Cambodia operations. Assumptions were made for FY2019 electricity consumption for Malaysia and Singapore whereby the electricity consumption was averaged.
  - Scope 3: We calculate our emissions from business travel via employee claims, covering travel by road, flight, train and ferry across Malaysia, Singapore, Hong Kong, Cambodia and Vietnam (assumptions were made for FY2019 data for flight travel where the emissions were averaged). The figures presented also include emissions from employee commuting across Malaysia, Singapore, Hong Kong, Cambodia and Vietnam, whereby the data calculated for FY2025 is based on a sample size of 1,502 staff. Our Scope 3 emissions also include downstream leased asset emissions in Malaysia.
10. The GHGs emitted by the Bank are Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O) and Hydrofluorocarbons (HFCs) which are converted to CO<sub>2</sub> equivalent according to the terms set in 2021 IPCC Sixth Assessment Report.
11. GHG emissions from FY2019 until FY2025 for Scope 3 flight, train and ferry travel are based on the UK Government Greenhouse Gas Conversion Factors for Company Reporting. For road travel, the GHG emissions were calculated using 2006 IPCC Guidelines for National Greenhouse Gas Inventories; 7.SM.6 Tables of Greenhouse Gas Lifetimes, Radiative Efficiencies and Metrics, Supplementary Material; Chapter 7: The Earth's Energy Budget, Climate Feedbacks and Climate Sensitivity; and IPCC Sixth Assessment Report, 2021.
12. For transparency and comprehensive reporting, we have also accounted for and reported biogenic CO<sub>2</sub> emissions separately:
  - Biogenic CO<sub>2</sub> emissions are emissions that result from the combustion of biomass materials that naturally sequester CO<sub>2</sub>, including materials used to make biofuels or biodiesel.
  - Following guidelines from the GHG Protocol, biogenic CO<sub>2</sub> emissions continue to be considered carbon neutral. However, the GHG Protocol does require that biogenic CO<sub>2</sub> emissions be reported separately for a comprehensive and transparent report. The biogenic CO<sub>2</sub> emissions will not affect the absolute GHG emissions. However, the CH<sub>4</sub> and N<sub>2</sub>O emissions from the combustion of biodiesel shall be included in the total GHG emissions.

### Financed Emissions by Asset Classes

In FY2024, we had estimated our financed emissions arising from on-balance sheet financing for our Motor Vehicle Loans and Residential Mortgage portfolios. The formula applied for each asset class is based on the PCAF Standard's general equation as below:

$$\text{Financed emissions} = \sum_c \text{Attribution factor}_c \times \text{Company emissions}_c$$

where  $c$  = borrower or investee company

The methodologies of the respective asset classes attribute a proportion of our counterparties' emissions to the Bank. In FY2025, we enhanced our disclosure by including additional asset classes and improving data quality scores, further strengthening the robustness and transparency of our emissions estimates. The following table outlines a detailed breakdown of the Bank's financed emissions.



## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

Asset Class	Outstanding (RM mil)	Financed Emissions (tCO <sub>2</sub> e)	Financed Emissions Intensity (tCO <sub>2</sub> e/RM mil)	Emission Scopes	Data Quality Score
<b>FY2024</b>					
Residential Mortgages <sup>6,8</sup>	92,253	731,450	7.9	Scope 2	5.0
Motor Vehicle Loans <sup>5,8</sup>	18,669	596,180	31.9	Scope 1 & 2	3.4
Listed Equities & Corporate Bonds <sup>9</sup>	17,347	161,973	9.3	Scope 1 & 2	2.7
Commercial Real Estate <sup>7</sup>	8,437	338,731	40.1	Scope 1 & 2	4.0
Project Finance <sup>10</sup>	372	30,633	82.3	Scope 1 & 2	3.9
<b>Total</b>	<b>137,078</b>	<b>1,858,967</b>	<b>13.6</b>		
<b>FY2025</b>					
Residential Mortgages <sup>6,8</sup>	98,210	809,148 <sup>△</sup>	8.2	Scope 2	5.0
Motor Vehicle Loans <sup>5,8</sup>	20,514	630,761 <sup>△</sup>	30.7	Scope 1 & 2	3.3
Listed Equities & Corporate Bonds <sup>9</sup>	17,005	146,507	8.6	Scope 1 & 2	2.4
Commercial Real Estate <sup>7</sup>	8,777	334,966	38.2	Scope 1 & 2	4.0
Project Finance <sup>10</sup>	133	8,733	65.7	Scope 1 & 2	4.0
<b>Total</b>	<b>144,639</b>	<b>1,930,115</b>	<b>13.3</b>		

### Notes:

1. Estimated financed emissions disclosed are as at 30 June 2024 as the baseline and as at 30 June 2025.
2. Emissions and outstanding balances are derived from on-balance sheet investments, loans and/or financing in Malaysia. Operational markets for financed emissions are limited to Malaysia at this juncture, given the materiality of operations to the Group.
3. In scope, outstanding loans and/or financing and investments constitute 61% and 46% of total gross loans, advances and financing and total assets respectively as at 30 June 2024 and 30 June 2025.
4. Scope 3 emissions, emission removals, avoided and facilitated emissions are not reported due to limited data availability and quality.
5. Motor vehicle emissions are derived from passenger vehicles. Disclosure will include more vehicle types as data availability improves.
6. Residential Mortgage emissions are derived from residential mortgage loans with known building types such as terrace, bungalow, condominium, etc.
7. Commercial Real Estate emissions are derived from known building types and excludes land, vacant buildings. Currently comprises only PFS assets.
8. FY2024 financed emissions for Residential Mortgages and Motor Vehicle Loans were restated due to retrospective changes in grid emissions as well as enhancements to our methodological approach and data quality.
9. For Listed Equity and Corporate Bonds, (i) available-for-sale assets with less than one year to maturity, per PCAF standard (ii) unquoted securities, (iii) Portfolio Investment Accounts, (iv) Unit Trust, (v) Derivative Financial Products held by the Bank have been excluded. For Corporate Bonds, financed emissions have been estimated utilising Book Values whilst intensity has been calculated utilising Outstanding Amounts.
10. Project Finance consists of corporate bonds with identified use of proceeds, hence we apply the Listed Equity and Corporate Bonds methodology to derive the financed emissions for this asset class due to the underlying nature of the assets (i.e. corporate bonds). (i) Available-for-sale assets with less than 1 year of maturity, (ii) unquoted securities, (iii) Portfolio Investment Accounts, (iv) Unit Trust, (v) Derivative Financial Products held by the Bank have been excluded. Similar to Corporate Bonds, financed emissions have been estimated utilising Book Values whilst intensity has been calculated utilising Outstanding Amounts.
11. The methodologies and data applied are subject to ongoing improvements in industry guidance, market practices and regulation and may be revised as new information becomes available.

An analysis of material emissions intensity changes is as follows:

Asset Class	FY2024 vs FY2025 Intensity Change	Remarks
<b>Residential Mortgages</b>	<b>+3.9%</b>	The increase in emission intensity is largely due to the increase in portfolio size.
<b>Motor Vehicle Loans</b>	<b>-3.7%</b>	The decrease in emission intensity is due to the increase in the number of green vehicles being funded.
<b>Listed Equities &amp; Corporate Bonds</b>	<b>-7.7%</b>	Reduction in tandem with decline in exposure of 2.0% and improvement in reported Issuer Scope 1 and 2 emissions.
<b>Commercial Real Estate</b>	<b>-4.9%</b>	Reduction in tandem with 5.1% decline in estimated retail floor area financed.
<b>Project Finance</b>	<b>-20.3%</b>	Reduction in tandem with maturity of non-green investments.

<sup>△</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

Disclosure limitations stem from the lack of high-quality, localised proxies and the limited availability of customer data. This constraint is acknowledged by the PCAF Standard, which outlines methodologies to address such challenges. In estimating financed emissions, the Bank adopts guidance from the PCAF Standard and utilises the best available data. This includes the application of local and regional proxies to derive estimates of absolute financed emissions.

### GHG Emissions for Investment in Associate

In alignment with IFRS S2 requirements, the Bank has expanded its climate-related disclosures for FY2025 to incorporate emissions data from our material associate, Bank of Chengdu Co., Ltd. ("BOCD"). This disclosure is based on the best available information, specifically the publicly reported Scope 1 and Scope 2 emissions of BOCD for the years 2021 to 2023.

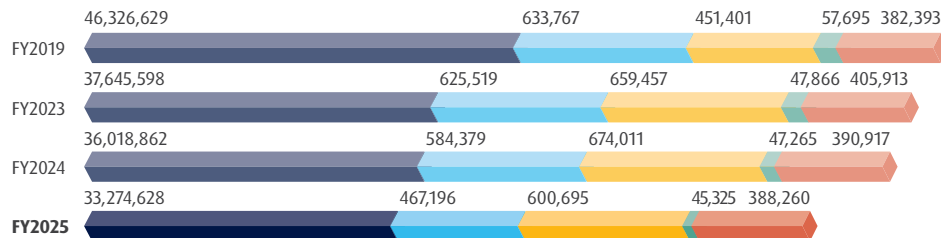
GHG Emissions of BOCD	2021	2022	2023
Total Scope 1 Emissions (tCO <sub>2</sub> e)	1,523	1,720	<b>1,129</b>
Total Scope 2 Emissions (tCO <sub>2</sub> e)	16,219	14,338	<b>11,606</b>
Total GHG Emissions (tCO <sub>2</sub> e)	17,742	16,058	<b>12,735</b>
<b>GHG Emissions Intensity (tCO<sub>2</sub>e/ FTE)</b>	2.45	2.22	<b>1.67</b>

### ENERGY CONSUMPTION

Total electricity consumption for our Malaysian operations has reduced by 8% compared to FY2024. This is due to the various energy efficiency measures undertaken to optimise the electricity consumption within the bank.

#### Electricity Consumption (kwh)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



#### Total Electricity Consumption

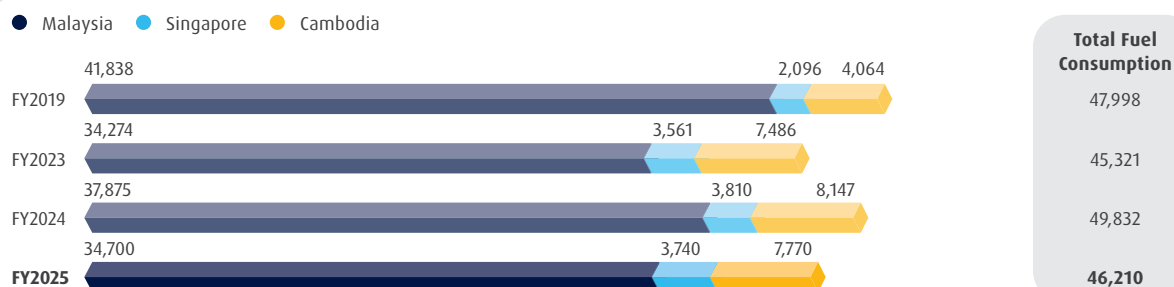
47,851,885  
39,384,353  
37,715,434  
**34,776,104**

#### Notes:

1. The total electricity consumption figures for Malaysian operations for FY2023 and FY2024 have been restated. This is because some of the figures reported previously were based on assumptions. In FY2025, we worked with utility providers to extract actual readings, and all figures have been updated with actual data.
2. Electricity consumption of Cambodia operations for FY2019 have been included for this reporting year while the FY2023 and FY2024 data has been revised due to an enhancement in data collection for purchased chilled water. These inclusions have impacted the total electricity consumption.
3. Electricity consumption for Singapore and Cambodia operations is inclusive of purchased chilled water for cooling.
4. Assumptions were made for the electricity consumption of Malaysian and Singapore operations in FY2019 whereby abnormal electricity consumption was averaged.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

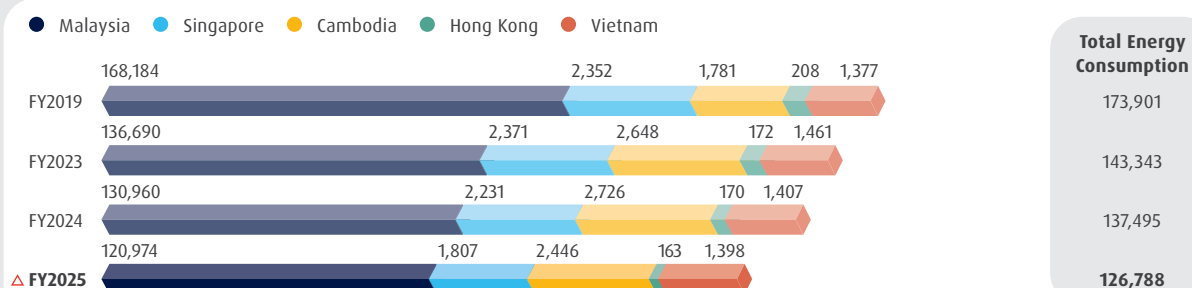
### Fuel Consumption (Litres)



#### Notes:

- We track fuel consumption within our operations through:
  - Fuel cards of company-owned vehicles and generators for our Malaysian operations. The tracking of company-owned vehicles for Malaysian operations is only limited to HLT since all vehicles owned by the Bank are located here. Fuel consumption of generators is inclusive of petrol and diesel.
  - Petrol consumption of company-owned vehicles for our Singapore operations.
  - Petrol and diesel consumption of company-owned/controlled vehicles and generators for our Cambodia operations.
- FY2019, FY2023 and FY2024 figures for fuel consumption have been restated for the Malaysia and Cambodia operations to include fuel consumption from generators, and due to the inclusion of two company vehicles which were classified as Scope 3 for previous reporting.

### Energy Consumption (GJ)



#### Notes:

- Energy consumption is derived from the total electricity consumption and fuel consumption in GJ.
- Due to rounding differences, the numbers may not add up precisely to the total energy consumption disclosed.

### Energy Intensity

The energy intensity (GJ/FTE) is calculated from the total energy consumption divided by the total staff of our Malaysia and regional operations. Our energy intensity has exhibited a reducing trend year on year.

FY2019

20

FY2023

16

FY2024

16

FY2025

15

△ This data has been independently assured. Refer to independent limited assurance report on page 178.

## MANAGING OUR OPERATIONAL ENVIRONMENTAL FOOTPRINT

### TOTAL WASTE GENERATION

Launched in FY2025, our new waste recycling programme at HLT and PJCA collected 24,300 kg of materials like paper, plastic, aluminium, and electronics. This significant effort prevented 18% of our total waste from going to disposal.

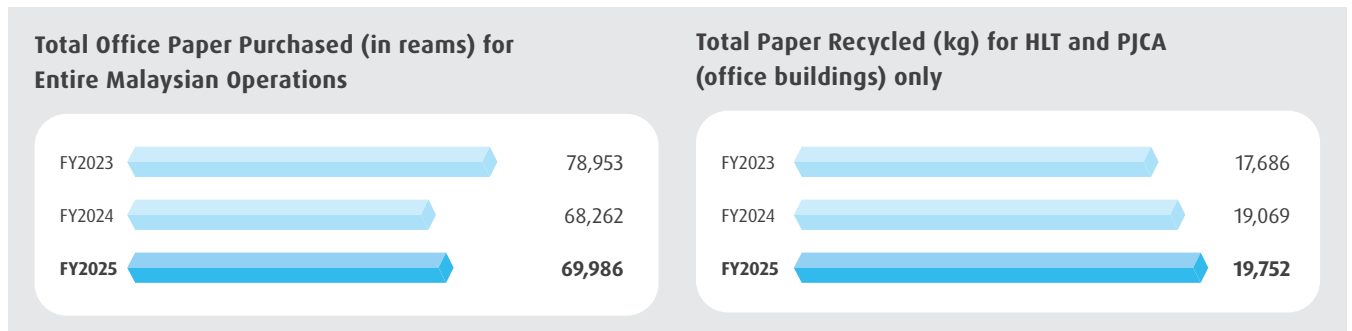
#### Waste Generation for HLB Malaysia (kg)

FY2024	Q1	Q2	Q3	Q4	Total
Diverted from disposal				19,069	<b>19,069</b>
Directed to disposal	Disclosure commenced in FY2025			18,745	<b>18,745</b>
Total waste generated				37,814	<b>37,814</b>

FY2025	Q1	Q2	Q3	Q4	Total
Diverted from disposal	6,358	4,840	5,957	7,145	<b>24,300</b>
Directed to disposal	33,823	28,669	25,105	25,289	<b>112,886</b>
Total waste generated	40,181	33,509	31,062	32,434	<b>137,186</b>

### PAPER CONSUMPTION

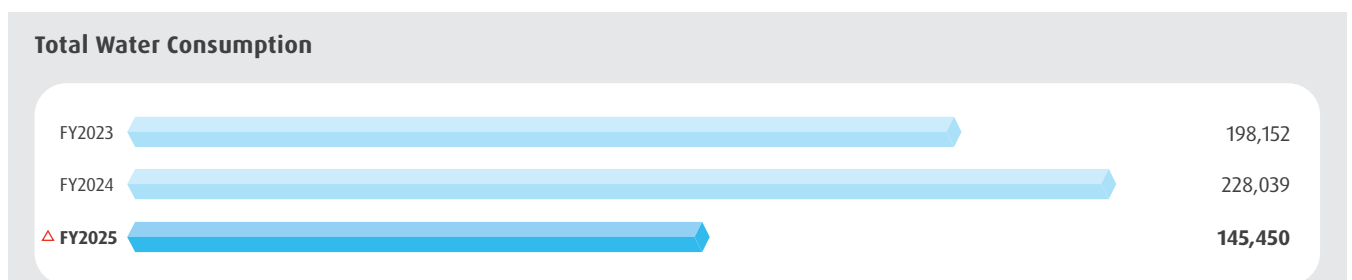
#### Paper Consumption For HLB Malaysia



### WATER CONSUMPTION

For FY2025, we enhanced our water consumption data collection process for all branches in Malaysia. We now capture actual consumption volumes (m<sup>3</sup>) directly from the bills issued by the water providers, ensuring greater accuracy.

#### Water Consumption for HLB Malaysia (m<sup>3</sup>)



Note: For FY2023 and FY2024, the calculation for branches used an estimate based on dividing the total amount paid during the financial year with the maximum rate for commercial buildings provided by the state water providers.

△ This data has been independently assured. Refer to independent limited assurance report on page 178.



# Socially Responsible Business

We believe that responsible business practices are essential for creating value for our company and the communities we serve. Our commitment to high ethical standards, legal compliance, and transparency strengthens our reputation as a well-governed, socially responsible organisation. To take this a step further, we weave sustainability into our entire business—from our financial products to our day-to-day operations. This deep integration of ESG principles ensures our business and sustainability goals are perfectly aligned for long-term, holistic success.

---

**ADVANCING SUSTAINABLE &  
RESPONSIBLE FINANCING**

69

**BUILDING A SUSTAINABLE  
SUPPLY CHAIN**

82

---

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### WHY IT MATTERS

Sustainable and responsible financing is a topic for us as it directly influences the way we create value for all stakeholders. By evaluating sustainability-related risks and opportunities embedded in our financing decisions, we are able to channel capital towards low-carbon, inclusive growth while protecting our portfolio from climate-related shocks.

These insights inform our business model, guide product development, and support client engagement across the value chain. In short, integrating sustainability into our lending strategy enhances the Bank's resilience, unlocks new revenue streams, and delivers positive outcomes for people, planet, and long-term financial performance.

### RISK AND OPPORTUNITIES

#### Risks

Increased expectations on reporting requirements and from investors are driving up compliance cost, while a failure to shift from brown to green financing may erode access to capital, market opportunities and profitability. Simultaneously, extreme weather events could potentially damage customers' assets, disrupt supply chains, and increase insurance and reinsurance premiums at physical risk prone areas — collectively placing pressure on liquidity, credit quality, and earnings.

These challenges present higher operating expenditure in the short-term.

#### Opportunities

The rapid growth of renewable energy, green buildings, and sustainable transport presents significant opportunities through innovative ESG-linked products, green bonds, and transition finance for high-risk sectors. By acting as a trusted advisor to our customers, the Bank can deepen relationships, attract sustainability-focused corporations and investors, and enhance its brand reputation. These opportunities offer potential long-term revenue uplift and support a strategic shift in our portfolio to lower stranded-asset risk and increase exposure to low-carbon assets.

#### Strategy and Mitigation Plan

The Bank will align all new financing with regulatory environmental, social and governance requirements and the CCPT classifications, whilst rolling out our flagship Sustainability Roundtables, ESG Readiness Programme and Environmental and Social Due Diligence ("EDD") for our customers for continuous client engagement and advisory services to support our customers' transition aspirations.

#### Metrics

- Percentage of corporate loans assessed using ESG criteria

### OUR APPROACH

#### SUPPORTING OUR SME, COMMERCIAL AND CORPORATE CUSTOMERS

Our BCB unit delivers an inclusionary financing approach that supports customers on their sustainability transition journeys. By embedding clear ESG criteria at every stage of the credit life cycle, we guide businesses towards resilient growth while managing portfolio risk.



## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

In FY2020, we launched the BCB ESG Policy and Assessment Framework in consultation with the World Wide Fund for Nature (“WWF”). The Framework is anchored by three strategic execution drivers that collectively advance the Bank’s sustainability agenda, empower our people, and support our customers’ ESG journeys:

<b>Policies</b>  <i>(BCB ESG Policy and Assessment Framework)</i>	Provides a structured methodology to assess customer’s ESG risk, define exclusion thresholds, and chart credible transition pathways. This ensures that financing decisions are aligned with global standards and the Bank’s SFF.
<b>People</b>  <i>(Internal Capacity Building)</i>	Continuous upskilling programmes foster a paradigm shift across our workforce, equipping teams with knowledge of emerging environmental, social and governance themes, climate-risk tools, and industry best practices. This enables our people to better advise customers and support their sustainability transition journeys.
<b>Public Offerings</b>  <i>(ESG Customer Engagements and Product Offerings)</i>	We empower customers through: <ul style="list-style-type: none"> <li>· HLB Sustainability Roundtables</li> <li>· HLB ESG Readiness Programme</li> <li>· Tailored sustainable-finance solutions and transition-linked products</li> </ul>

### BCB ESG Policy and Assessment Framework

The BCB ESG Policy & Assessment Framework is aligned with BNM’s CCPT taxonomy and environmental assessment, VBIAF guidance, and internationally recognised human rights standards. This ensures that potential environmental, social, and economic impacts are identified and addressed early in the credit evaluation process. The Framework is applied to all SME, commercial, and corporate customers.

Guiding Standards & Policies	
BNM CCPT	Bursa Malaysia Sustainability Reporting Guide
CDC Investment Works ESG Toolkit	Environment Quality Act (Clean Air) Regulations 2014
Environmental Quality (Industrial Effluent) Regulations 2009	First for Sustainability: E&S Risk
GRI Standards	International Finance Corporation (“IFC”) Performance Standards
TCFD	JC3 SC1 SME Guidance Notes (“SME GN”)
VBIAF Sectorial Guides on Palm Oil, Renewable Energy and Energy Efficiency	JC3 SC1 updates documents for implementation of CCPT Classification by Financial Institutions
Incorporating ESG into Risk Management, Implementation and Application of CCPT, JUST Series, KPMG, 2022	

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Applicability

Onboarding of all new SMEs, commercial and corporate borrowers

Each request for additional or renewal of facilities

Trigger events (e.g. adverse media, material ESG incident, downgrade of customer rating)

Annual credit reviews

### Assessment Stages

#### Initial Screening

- Assess if the customer's business activities fall within HLB's General Exclusion List
- Decline onboarding process and transaction assessed as being under Exclusion List

#### Sector/Sub-sector Screening

- All customers' are assessed for environmental risks by using standardised CCPT IG Due Diligence Questionnaire ("DDQ")
- Customers in HLB's "Identified Inherently High Risk Sectors" are assessed on material social risks by using an internally developed Social Risk Checklist

### Environmental and Social Due Diligence Assessments

#### HLB General Exclusion List<sup>1</sup>

- Involvement in money laundering, crime, terrorism or illegal activities (e.g., illegal waste management and illegal deforestation)
- Involvement in pornography or prostitution
- Production or trade in military weapons or firearm<sup>5</sup>
- Involvement in forced labour, exploitation of children and human trafficking
- Activities resulting in significant conversion or degradation of any high-biodiversity-value areas<sup>2</sup>
- Operations using fire for land clearance or preparation of land<sup>3</sup>
- Fishing activities using drift nets or explosives
- Financing of any greenfield coal-fired power plants<sup>4</sup> beginning 1 July 2021 and all coal-fired power plants effective 1 July 2026

#### Sundry loan/financing

- **Selected Construction**
  - Buildings, roads and railways
  - Demolition and site preparation
  - Utility projects and other civil-engineering projects
- **Palm Oil** (plantations and mills)
- **Forestry** (loggers or traders with logging licence)
- **Mining & Quarrying**
- **Oil & Gas**
- **Selected Manufacturing**
  - Chemicals, plastic, rubber
  - Metals and metal products
  - Electronic products
  - Wood and woods products
  - Paper and paper products

#### 7-Step Customer Due Diligence

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

#### Notes:

- <sup>1</sup> HLISB also follows the restrictions specified in its current Shariah Compliance Policy.
- <sup>2</sup> Locations that are legally protected for conservation purposes, unless the proposed activity meets all relevant national or state biodiversity laws.
- <sup>3</sup> Burning for land clearing or site preparation is prohibited, except in exceptional cases where prior approval is obtained from the competent authority.
- <sup>4</sup> Applies to any financing, including the purchase or sale of bonds, that supports the construction of new coal-fired power plants.

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Managing ESG Risk And Portfolio Exposure

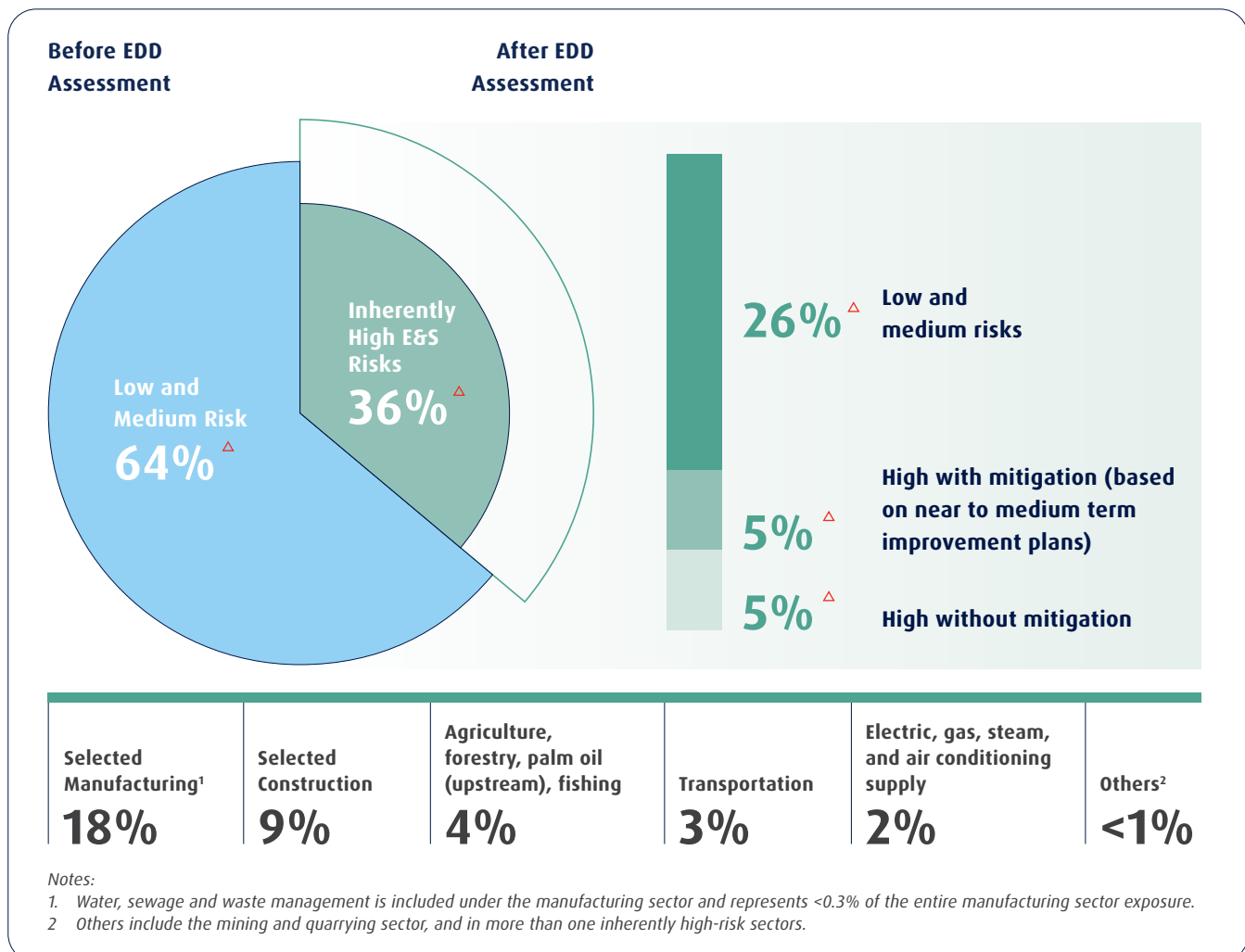
At the customer level, we have broadened the EDD process under the BCB ESG Policy and Assessment Framework. All clients now undergo an environmental risk screening, with those operating in high-exposure sectors subject to additional social risk assessments. The EDD follows a structured workflow that emphasises risk identification, mitigation, and continuous monitoring.

Insights from the EDD process inform climate scenario modelling and support the provisioning process during regulatory stress-testing exercises. This integrated governance structure ensures that our lending strategy remains resilient, and that capital allocation and pricing accurately reflect the expected loss and ESG risk associated with each exposure.

In collaboration with key partners—including BNM’s JC3, MIDA, Malaysian Green Technology and Climate Change Corporation (“MGTC”), Malaysia External Trade Development Corporation (“MATRADE”), Malaysia Petroleum Resources Corporation (“MPRC”), Business Council for Sustainable Development Malaysia (“BCSD Malaysia”), and Enterprise Singapore—we continue to refine our ESG risk methodology. These partnerships enhance our ability to assess sector-level exposures and incorporate sustainability performance into credit decisions.

### OUR PERFORMANCE

In FY2024, we expanded the scope of our Inherently High-Risk Sector classifications to include selected construction-related activities, due to its upstream GHG emissions, biodiversity concerns, and occupational safety risks. The following represents our most recent EDD in FY2025 cycle:



△ This data has been independently assured. Refer to independent limited assurance report on page 178.

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Percentage of Corporate Loans Assessed Using ESG Criteria<sup>1</sup>



Note:

1. Excluding individuals and selected financial institutions.

Borrowers who continue to be classified in the high ESG rating reflect our assessment's alignment with the rapidly evolving ESG landscape and current industry best practices. The assessment methodology is designed to adapt to new and emerging risks, ensuring that a customer's final rating remains relevant and accurately captures their risk profile in the context of shifting market expectations.

For borrowers who continue to be classified in the high-risk category, our commitment to an inclusionary approach remains steadfast. We continue to engage these clients through a range of initiatives to support their transition journey. This includes organising roundtable discussions, workshops that provide a forum for knowledge sharing and collaboration. Additionally, we facilitate bespoke engagement opportunities with our in-house industry specialists and trusted knowledge partners to offer tailored advice and guidance on their unique decarbonisation pathways.

### Internal Capacity Building

To strengthen our capabilities, we partnered with the Jeffrey Sachs Centre on Sustainable Development and Sunway University Malaysia, with a focus on advancing the sustainability agenda within the Malaysian business landscape. Through this collaboration, we developed and rolled out robust training modules for our Relationship Managers and Credit Risk Managers, aligned with the Bank's ESG Framework.

We continue to stay abreast of the evolving ESG landscape. To support this ongoing effort, we have developed internal ESG training modules to ensure our Relationship Managers remain informed about the latest developments in sustainability.

### Facilitating Sustainability Knowledge Sharing

We run a suite of engagement programmes designed to help SMEs, commercial, and corporate clients stay ahead of fast-evolving ESG expectations. These sessions provide practical tools for climate risk management, transition planning, and disclosure. Just as importantly, they offer customers a platform to share feedback—highlighting what works, what does not, and where further support is needed. Insights gathered from these engagements are channelled directly into new product design and staff training.

Since FY2021, our HLB Sustainability Roundtable has promoted open dialogue among industry experts, regulators, and business leaders, accelerating consistent ESG adoption, performance, and reporting across Malaysia's financial ecosystem. Insights gathered from each Roundtable and ESG Readiness session provide feedback into future product development and policy refinement, reinforcing our commitment of responsive and inclusive sustainability practices. Building on those early successes, each Roundtable now follows a purpose-built agenda designed to help businesses translate ESG theory into practical next steps, while fostering valuable peer-to-peer connections.

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Why We Host the Roundtables

- Encourage adoption of sustainability best-practice across diverse industries
- Empower SMEs and corporates in their transition journeys
- Facilitate knowledge-sharing among regulators, industry experts, research houses and trade associations
- Identify and unlock value-creation opportunities that cut risk, cost and carbon
- Build ESG readiness and spark collaboration

### Key Themes to Date

- Sustainable Plastics
- Renewable Energy (Solar & Biogas)
- Sustainable Waste Management/Circular Economy
- Palm oil
- Chemicals Manufacturing
- Efficient Metals Manufacturing
- Energy Efficiency
- Green Supply Chains

**Since launching the series, we have hosted 11 Sustainability Roundtables, creating a dynamic platform for sharing market perspectives and practical solutions through open, expert-driven discussions.**

The latest HLB Sustainability Roundtable—held in collaboration with Malaysia Steel Works (“MASTEEL”), PwC, MIDA, The Institute for Democracy and Economic Affairs (“IDEAS”) Academy, Bursa Intelligence, and Professor Dr. Ong Kian Ming (Pro Vice-Chancellor of External Engagement, Taylor’s University)—explored the theme “Greening the Supply Chain: The Malaysian Corporate Sector and the Global Sustainability Revolution – A Win-Win Convergence.” Discussions highlighted how supply chain decarbonisation can reduce costs, protect export markets, and meet heightened stakeholder expectations.

Building on this momentum, we launched the HLB ESG Readiness Programme in May 2024. Co-developed with PwC and Thoughts in Gear, the programme has been delivered across the Northern, Southern, and East Malaysia regions. It equips SMEs with the latest ESG developments, disclosure techniques, and transition strategies. Participant turnout has been strong, with overwhelmingly positive feedback. Insights gathered are analysed to refine future curricula and enhance our broader customer engagement approach.

Our commitment to accelerating Malaysia’s green transition was a key theme of our participation at the International Greentech & Eco Products Exhibition Malaysia (“IGEM”) 2024. Partnering with MIDA as an exhibitor, we showcased our sustainable finance capabilities at an event that covered a wide array of sectors which includes renewable energy, energy efficiency, green transport, green building and circular economy solutions. This active presence demonstrates to customers that we are there to support them with tailored financial solutions and advisory as they embark on their transition journey.



## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Sector Specific Guidelines

Beyond our publicly disclosed sustainable finance policies, the Bank relies on a suite of internal industry handbooks developed by our sector specialists to support the implementation of the SFF. These handbooks provide tailored guidance on sector-specific considerations, enabling frontline teams to evaluate potential green projects, identify relevant sustainability-linked metrics, and ensure alignment with the Bank's financing criteria.

As part of our implementation approach, the Bank has developed internal reference materials for key growth areas, including renewable energy. The Renewable Energy – Solar Industry Handbook serves as a practical guide for assessing and structuring solar-related financing opportunities. The handbook outlines relevant national policy mechanisms—such as the Large-Scale Solar (“LSS”) programme, Net Energy Metering (“NEM”), and Feed-in Tariff (“FiT”) schemes—and provides an overview of project structures, regulatory requirements, and applicable government incentives. It also includes reference information on capital expenditure benchmarks, typical risk factors, and financing considerations specific to solar energy projects. This supports consistent evaluation and decision-making across the Bank.

### Enhancing our VBI Implementation

We continue to advance VBI by aligning our Islamic banking practices with the principles of prosperity, people, and planet (“3Ps”), while maintaining a strong focus on delivering sustainable returns for shareholders. With Shariah propositions at the core, HLISB has integrated VBI into its overall strategy and day-to-day operations. This is supported by ongoing efforts to monitor and evaluate progress across the 3Ps, ensuring that our Islamic banking offerings remain purpose-driven, inclusive, and resilient.

#### Prosperity

Inclusive growth through responsible financial solutions

#### People

Ethical behaviour and support for social upliftment

#### Planet

Environmental stewardship and sustainable practices

HLISB's current engagement phase expands VBI initiatives across three areas: Products & Services, People and Disclosures.

### HLISB's VBI Implementation Progress

#### Products & Services

- Enhancing our SME financial ecosystem with BizHalal
- Promoting Cashless Zakat transactions through HLB Connect
- Supporting Malaysia's Halal economy via Shariah-compliant funding and in-house Halal Industry Specialists
- Applying the new SFF to classify and report all VBI-eligible green, social, and transition financings
- Expanding the digital Islamic wealth management offerings, specifically focusing on Hibah through collaboration with SEDANIA As Salam Capital Sdn. Bhd.
- Offering Shariah-compliant financing options for Umrah packages and other financial services following the collaboration with Andalusia Travel & Tours Sdn. Bhd.



## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### HLISB's VBI Implementation Progress

#### People

- Co-organising social-impact initiatives with myZakat and myWakaf under AIBIM
- Supporting social enterprises by purchasing their products (e.g., Suri tote bags & laptop bags and handmade kueh soaps from The Asli Co.)
- Partnering in mental-health outreach such as PlusVibes' "Projek Kasih Harmoni," which engaged some 600 Universiti Teknologi MARA students
- Running ongoing community-engagement efforts, including:
  - Celik Muamalat financial-literacy sessions for schools, universities and social enterprises
  - Participation in financial-inclusion events like the iTEKAD Marketplace @ Sasana Symposium
  - Public-awareness programmes on financial resilience (e.g., "Jom Cakna: Program Daya Tahan Kewangan PPR" by PIDM and promotion on the #JanganKenaScam campaign)
- Extending micro-finance to underserved groups via HLB Jumpstart – Micro Business, as part of the iTEKAD social-finance programme by BNM
- Contribution for "Projek Hasan", an initiative by Lembaga Zakat Negeri Kedah ("LZNK") to upscale the Paddy Fields Project for Asnaf in Kedah
- Partnering with three organisations — MADCash, SURI Inspirasi, and a government agency in the northern region — on three programmes recognised under iTEKAD, with support from a matching grant from BNM. The total value of the project was RM1.7 million, of which HLISB contributed RM364,000. These programmes are designed to empower micro-entrepreneurs by providing a blend of seed capital, microfinancing, and structured training. Collectively, the initiatives will benefit over 100 MSMEs, in collaboration with our partners
- Supporting an entrepreneurship programme that included the contribution of a solar dome dryer to enhance agricultural productivity. This initiative focused on expanding existing chilli cultivation, improving farm management, and facilitating training and knowledge transfer. It also supported the development of tilapia and catfish farming at Maahad Tahfiz Pondok Air Jernih, helping to diversify income sources and strengthen local food systems
- Assisting five staff from Kota Bharu and Kuala Terengganu severely affected by the flood through our Zakat Wakalah fund
- Collaborating with PlusVibes® to launch the "Projek Kasih Harmoni" targeted at highlighting mental wellness involving approximately 600 students from Universiti Teknologi MARA Kampus Seremban. The programme, conducted for a period of 3 months aims to address mental health issues among university students through mental awareness campaigns, onsite awareness events, as well as remote therapy sessions which were facilitated and carried out through the PlusVibes app



## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### HLISB's VBI Implementation Progress

- Briefing on Islamic Banking with Year 2 Banking & Finance Diploma students from Singapore Polytechnic



### Disclosures

- Ongoing dialogue with BNM on VBI documentation
- CCPT
- VBIAF sector guidelines for construction and infrastructure, manufacturing, oil & gas
- Pre-Launch Engagement Session on The World Bank Report: iTEKAD Implementation Review: Progress, Challenges, and the Road Ahead
- Providing inputs to Malaysia's Social Finance Blueprint 2022-2026
- Contributing data to the AIBIM VBI Data Report 2023
- Publishing the SFF methodology and first-year allocation performance figures



On the Islamic finance front, HLISB has partnered with GoBarakah and Payments Network Malaysia ("PayNet") to build a new FinTech ecosystem that creates transparent donation channels and funds, ensures traceability, and enhances financial inclusion for underserved communities. This initiative reinforces our commitment to VBI, embedding its principles into our Shariah propositions and business strategies. By leveraging technology and strategic partnerships, HLISB continues to deliver purposeful financial solutions that align with the values of prosperity, people, and planet.



### Zakat Wakalah Contributions

HLISB has distributed **RM147,672** under the Zakat Wakalah initiative in efforts to empower and support community development impacting **536 beneficiaries**.

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Contributing To Regulatory & Industry-Wide Efforts

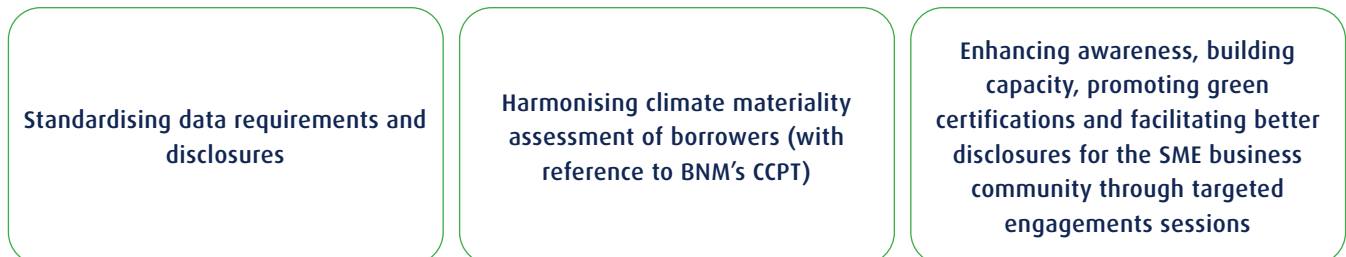
We maintain close collaboration with BNM and the Securities Commission Malaysia across a broad spectrum of ESG and climate-related initiatives. Through these partnerships, we contribute to identifying systemic risks, shaping effective strategies, and uplifting disclosure standards across Malaysia's financial sector. Internally, insights from these forums are fed back into our own policies, ensuring best practices are embedded bank-wide and strengthening the resilience of our business model.

As an active participant in sub-committees under the JC3, we work alongside senior officials from BNM, the Securities Commission, peer financial institutions, and other industry stakeholders to accelerate the transition to a low-carbon economy. Our focus is on building market capacity, surfacing priority challenges, and co-creating practical solutions that address both climate change and climate-related financial risks.

We participate in five JC3 sub-committee workstreams through the HLISB's CEO and the Bank's CSO. These workstreams are:



At the working group level, and through appointed senior representatives, the Bank is actively involved in several key platforms under BNM, including the Physical Risk Working Group, Transition Risk Working Group, Climate Data Catalogue Group, and the CCPT Implementation Group—a technical platform that supports the practical application of the CCPT across the banking sector. This includes policy integration, data alignment, and reporting.



The Bank is an early adopter of the CMM Simplified ESG Disclosure Guide ("SEDG"), introduced in October 2023. The SEDG streamlines multiple global and local ESG frameworks to improve data availability for Malaysian SMEs. The Bank applies the guide primarily through our client engagement efforts, particularly the HLB ESG Readiness Programme, which is designed to assist clients embarking on and navigating their ESG journeys and disclosure processes. Additionally, the Bank's current ESG Policy and Assessment Framework already demonstrates alignment with specific aspects of the SEDG. The guide will continue to support the ongoing enhancement and refinement of our ESG policy, reinforcing our commitment to transparent and consistent sustainability practices.

HLISB has initiated several projects aimed at fostering a strong understanding of financial literacy among key stakeholders—including government bodies, non-governmental organisations, investors, students, and SMEs. These initiatives include discussions on the advancement of the Halal industry, emerging trends, and the expansion of the Halal economy. The objective of these collaborations is to pool resources and enhance access to Islamic finance knowledge for all stakeholders and the wider public, reinforcing our commitment to inclusive and purpose-driven financial education.

## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### Greening Halal Businesses (“GHB”) Collaboration

The Bank is actively collaborating with BNM, Islamic Development Bank (“IsDB”), the Ministry of Finance (“MOF”), and the World Bank to support the GHB initiative. This programme targets SMEs in the Halal industry and aims to support their adoption of green practices—beginning with the measurement of Scope 1, 2, and 3 GHG emissions. Through this initiative, participants gain practical ESG knowledge to help integrate sustainability into their operations. They also adopt a carbon management system to measure, monitor, and report emissions. This increased readiness positions them to access green funding opportunities, such as the LCTF.

### Partnership with Universiti Malaya

HLISB signed a Memorandum of Understanding (“MoU”) with Universiti Malaya (“UM”) to strengthen ties between academia and the Islamic finance industry. The collaboration focuses on two key initiatives:

- Publishing an updated Islamic finance book authored by UM lecturers to enhance public and SME knowledge
- Advancing research in the Halal industry to boost Malaysia’s competitiveness

This partnership aims to shape future curricula, nurture industry-ready graduates, and drive sustainable growth in Islamic banking and the Halal sector. A total of 11 participants attended the inaugural session.



### Halal Seminar with MIDA

In FY2025, HLISB in collaboration with MIDA, co-organised the East Coast Halal Seminar: Exploring Business Opportunities in Kuala Terengganu. The event convened key stakeholders from Terengganu, Kelantan, and Pahang to explore Halal-related investment opportunities, food safety regulations, and certification processes.

We shared how our BizHalal proposition supports businesses on their Halal journey through Shariah-compliant financing and advisory services. The seminar also underscored the importance of strengthening the Halal value chain to unlock economic growth in the East Coast region. A total of 60 participants attended the session.





## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### 13th Penang International Halal Expo

The Bank was a sponsor and participant at the 13th Penang International Halal Expo (“PIHEX”) 2024, held from 5 to 8 December 2024. Organised by the Penang State Government, the event brought together local and international Halal stakeholders to promote business growth, showcase quality Halal products, and foster industry networking.

During the event, we hosted a session on wealth management, covering Takaful, Hibah, and investment strategies, while emphasising the importance of financial planning for long-term family security. Our team also engaged with customers through a meet-and-greet session and provided on-site financial advisory support. A total of 765 participants attended the session.



### National Training Week 2025

As part of National Training Week 2025 at Stadium Bukit Jalil—a nationwide event organised by the Human Resource Development Corporation (“HRD Corp”) under the Ministry of Human Resources — HLISB was proudly represented at the Halal Pavilion, hosted by the HDC.

Throughout the event, our branch network and sales team showcased our diverse range of products and services, while engaging with the public to raise awareness about the #JanganKenaScam initiative.



### Kuala Lumpur Islamic Finance Forum (“KLIFF”) 2024

A notable panel session focused on the Halal economy, with HLISB’s CEO serving as a panelist. This session explored strategic initiatives that highlight the significance of the halal economy within Islamic finance as a catalyst for economic growth. Alongside distinguished panelists from different industries, the discussion centered on identifying synergies and opportunities across various industries to enhance the Halal economy.



## ADVANCING SUSTAINABLE & RESPONSIBLE FINANCING

### 20th Malaysia International Halal Showcase ("MIHAS") 2024

Hosted by the Ministry of Investment, Trade and Industry ("MITI") Malaysia and held at the Malaysia International Trade and Exhibition Centre ("MITEC") in Kuala Lumpur, the event provided a valuable platform for industry engagement. Our booth served as a hub for networking, enabling us to connect with industry leaders and potential partners.



### Jelajah Halal Malaysia ("JHM") Programme

Organised by the HDC in Tawau, the JHM programme aims to raise awareness and provide knowledge to business entrepreneurs and operators, offering them opportunities to gain exposure and access both local and export markets within the Halal industry.

We hosted an interactive workshop focused on our BizHalal initiative, delivering valuable insights and discussions tailored for SMEs in the Halal sector. This session enabled us to engage directly with participants, share our expertise, and explore how obtaining Halal certification can support business scalability—alongside the financial solutions we offer to facilitate their growth.





## BUILDING A SUSTAINABLE SUPPLY CHAIN

### WHY IT MATTERS

Embedding strong ESG standards across vendor engagements is a strategic imperative for the Bank. The supply chain represents both a source of value creation and a focal point for sustainability-related risks and opportunities. By applying clear ESG criteria in the selection, contracting, and partnership processes with vendors, the Bank safeguards business continuity, ensures environmental stewardship, and upholds human rights and fair labour practices. Concurrently, responsible sourcing practices that prioritise local small-to-medium enterprises generate economic benefits for surrounding communities, foster innovation, and contribute to the development of a more diverse and resilient vendor network. Aligning procurement practices in this manner reinforces the Bank's long-term competitiveness and delivers shared value to customers, employees, investors, and society at large.

### RISK AND OPPORTUNITIES

#### Risks

Weak sustainability practices among vendors can materially impact the Bank's risk profile. Inadequate due diligence across the supply chain exposes the Bank to breaches of environmental, labour, or data privacy standards by vendors may result in heightened credit default exposure, operational disruptions, reputational damage, and non-compliance with an increasingly complex regulatory landscape, potentially increasing the cost of capital and undermining stakeholder confidence. Accordingly, maintaining robust oversight of supply chain ESG performance is critical to ensuring business continuity and regulatory compliance.

#### Opportunities

A disciplined, sustainability-focused vendor programme positions the Bank as a preferred partner for environmentally and socially conscious investors and customers. Strengthening engagement with vendors on their ESG aspirations enhances strategic relationships and facilitates access to lower-risk financing opportunities. Through the promotion of responsible supply chain practices, the Bank reinforces its own ESG commitments and contributes to the advancement of national sustainability objectives.

#### Strategy and Mitigation Plan

The Bank is embedding ESG risk criteria into its core vendor assessment framework, supported by enhanced due diligence for all new and renewing vendors. A formal Code of Conduct for Business Partners outlines clear environmental, social, and ethical expectations. In parallel, ongoing capacity-building initiatives are implemented to strengthen the capabilities of both internal teams and vendors in meeting elevated performance and transparency standards. Collectively, these measures drive consistent and measurable improvements across the Bank's supply base.

#### Metrics

- Number of new vendors that complete ESG Due Diligence
- Number of existing Tier 1 vendors that complete due diligence at contract renewal process

#### Targets

- Achieve 100% ESG Due Diligence coverage for all Tier 1 vendors by FY2026
- Secure evidence-based ESG Due Diligence for 100% of existing Tier 1 and Tier 2 vendors from FY2026 onwards

## BUILDING A SUSTAINABLE SUPPLY CHAIN

### OUR APPROACH

#### Embedding ESG Into Vendor Due Diligence

To ensure sustainability across our supply chain, the Bank conducts Vendor Due Diligence (“VDD”) for all Tier 1, Tier 2, and new vendors that provide products or services directly to the Bank. This comprehensive VDD process goes beyond standard background checks—which cover aspects like financial stability, licensing, and adverse media—to incorporate a robust, evidence-based ESG Due Diligence (“ESGDD”) assessment. The ESGDD assessment evaluates both their environmental and social performance. Based on the overall ESGDD scores, each vendor is categorised into 1) Best in Class, 2) Satisfactory, 3) Needs Improvement, and 4) Exit Within Duration.

ESG risk classification (low, medium or high) will be assigned to vendors in the “Needs Improvement” and “Exit Within Duration” categories. Business units which would like to engage with these vendors are required to provide justifications for onboarding and shall assess whether to proceed based on the assigned risk ratings. Importantly, preference is given to Malaysian vendors that qualify after the VDD and ESGDD processes, thereby reinforcing local value chains and supporting sustainable procurement practices.

#### Scope of Vendor Due Diligence

Type of Vendor	Scope of VDD	Frequency
New vendors	<ul style="list-style-type: none"> <li>Background checks</li> <li>ESGDD (where in scope*)</li> </ul>	At onboarding
Tier 1 vendors (Annual spend of higher than RM500,000)	<ul style="list-style-type: none"> <li>Background checks</li> <li>ESGDD</li> </ul>	Annual
Tier 2 vendors (Annual spend RM50,000 – 499,999)	<ul style="list-style-type: none"> <li>Background checks</li> <li>ESGDD</li> </ul>	Every 2 years

\* New vendors are required to undergo ESGDD if they provide products or services directly to the Bank (excluding utilities, government services, landlords, and real estate transactions).

The ESGDD was implemented to foster strong partnerships and sustainable practices among vendors, and assessed by the following criteria:

**Fair labour practices**

**Occupational safety and health**

**Environment**

**Ethical business practices**

Overall ESGDD scores are calculated by summing the points awarded across each ESG criterion, multiplied by the respective weightage.

Initially, ESGDD scores were derived solely from vendor self-assessments. However, beginning FY2025, the Bank has required vendors to submit supporting documentation to substantiate their self-evaluations. Failure to provide such evidence is deemed as non-fulfilment or non-implementation of the stated requirements. In such cases, vendors will be assigned zero points for the specific ESG criterion where supporting evidence is not provided.

#### ESG Due Diligence Criteria

ESG Criteria	Example of Assessment Metrics
<b>Fair Labour Practices</b>	<ul style="list-style-type: none"> <li>Existence and enforcement of human rights and no harassment policies</li> <li>Evidence of non-discrimination in hiring, pay and promotion</li> <li>Procedures that prohibit child labour, forced or trafficked labour, and any form of harsh or inhumane treatment</li> </ul>
<b>Occupational Safety and Health</b>	<ul style="list-style-type: none"> <li>Formal safety and health management system or policy in place</li> <li>Availability and condition of personal protective equipment (“PPE”)</li> <li>Posted safety instructions and incident-reporting channels</li> </ul>

## BUILDING A SUSTAINABLE SUPPLY CHAIN

ESG Criteria	Example of Assessment Metrics
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Presence of an environmental management policy</li> <li>• Programmes for Reduce, Reuse, Recycle (e.g. waste segregation, recycling)</li> <li>• Measures to prevent or minimise pollution (e.g. air, water, soil)</li> </ul>
<b>Ethical Business Practices</b>	<ul style="list-style-type: none"> <li>• Pre-employment/pre-engagement due diligence procedures for staff, vendors and partners</li> <li>• Controls to prevent bid-rigging, cartels and price-fixing</li> <li>• Anti-bribery and corruption ("ABC") policies covering gifts, hospitality, donations and conflicts of interest</li> </ul>

### Vendor Code of Conduct

The Bank has established a Code of Conduct and Ethics for Business Partners ("the Code"), which sets out clear expectations for all vendors to operate in a lawful, responsible, and ethical manner. The Code sets out seven core principles that guide ethical and sustainable supplier conduct, detailing specific dos and don'ts that vendors are required to observe consistently.

Compliance with the Code is mandatory and forms a key part of our vendor governance framework. The Code is publicly available on the corporate website, reinforcing the Bank's commitment to transparency and integrity in its supply chain.

#### Principle 1: Competence

- Supplier to exercise reasonable care, skill and diligence in discharging obligations
- Supplier to maintain all necessary regulatory approvals and licenses required to perform the services

#### Principle 2: Compliance

- Supplier to comply at all times with all applicable laws, compliance, and regulatory requirements in the performance of the Services
- Supplier to strictly uphold the Bank's zero tolerance stance against financial crime

#### Principle 3: Integrity

- Supplier is prohibited from using Bank's non-public information to gain any direct or indirect advantage
- Supplier to use Bank's asset solely for legitimate purposes related to the performance of obligations
- Supplier to promptly report any known or suspected violations of the Code, applicable laws, or regulatory requirements

#### Principle 4: Confidentiality

- Supplier to protect Bank's confidential information and customer data
- Supplier prohibited from making public statements regarding the Bank without prior written approval

#### Principle 5: Objectivity

- Supplier to avoid conflict of interest
- Supplier prohibits from misusing of position to gain personal advantage
- Supplier to adhere to the Bank's Anti-Bribery and Corruption Policy
- Supplier to complete the Anti-Bribery and Corruption self-training module

#### Principle 6: Environment

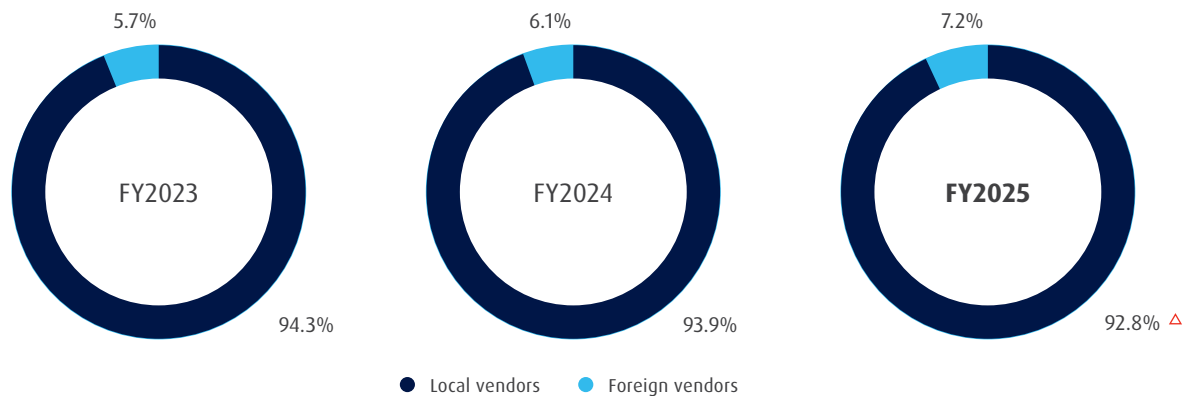
- Supplier to comply with the Occupational Safety and Health Act 1994 at all times
- Supplier is prohibited from supporting acts of harassment or inappropriate or abusive conduct by or against the employees, customers or Business Partners
- Supplier to maintain a drug-free and alcohol-free condition while performing the Services
- Supplier to conduct themselves with professionalism, mindfulness, and respect while on Bank's premises
- Supplier to establish a sustainability policy and comply with applicable environmental regulations
- Supplier to demonstrate commitment to transitioning to a low-carbon economy, and implement effective internal controls for environmental management

## BUILDING A SUSTAINABLE SUPPLY CHAIN

### OUR PERFORMANCE

#### Spending on Local Vendors

We channel the majority of our purchasing budget to local vendors, strengthening domestic value chains and reducing transportation-related emissions. In FY2025, this reached 92.8% of total spend.



Vendors	FY2023	FY2024	FY2025
Local vendors	RM486,492,717 (94.3%)	RM511,282,939 (93.9%)	<b>RM483,149,225 (92.8%)</b>
Foreign vendors	RM29,276,503 (5.7%)	RM32,930,419 (6.1%)	<b>RM37,767,522 (7.2%)</b>

**Notes:**

- <sup>1</sup> We have updated the filtration criteria for total spending on local and foreign vendors, to improve the granularity of the data. As a result, the total spending figures for FY2023 and FY2024 have been restated.
- <sup>2</sup> As the amount for non-Malaysian suppliers were in multiple currencies, we converted them to RM based on the conversion rate taken on 30th June 2025 to ensure consistency.

#### ESG Due Diligence Coverage

In FY2025, a total of 179 new vendors have undergone the ESGDD assessment. Out of this number, 46.4% of the vendors were recorded as “Best-in-Class”, while 19% recorded “Satisfactory”.

#### New Vendors

Rating Category	FY2023	FY2024	FY2025
Best-in-Class			<b>83 (46.4%)</b>
Satisfactory			<b>34 (19.0%)</b>
Improvement Needed		Disclosure commenced in FY2025	<b>20 (11.2%)</b>
Exit Within Duration			<b>42 (23.4%)</b>

#### Tier 1 Vendors

In FY2025, we completed assessment for 102 existing Tier 1 vendors during the annual re-assessment.

Rating Category	FY2023	FY2024	FY2025
Best-in-Class		70 (71.0%)	<b>74 (72.5%)</b>
Satisfactory		27 (27.0%)	<b>28 (27.5%)</b>
Improvement Needed		1 (1.0%)	<b>0 (0.0%)</b>
Exit Within Duration		1 (1.0%)	<b>0 (0.0%)</b>

△ This data has been independently assured. Refer to independent limited assurance report on page 178.



# Community Investment

Investing in local communities is a key part of our sustainability strategy, as we believe that creating societal value and business value go hand in hand.

We partner with social enterprises to launch community empowerment programmes that create lasting environmental and social benefits for underserved communities in the regions where we operate. We also use our industry expertise to improve access to affordable financial services and promote financial literacy for a wide range of people, including students, entrepreneurs, and underserved groups.

These initiatives empower a broad cross-section of society by improving their financial wellbeing and giving them the digital skills they need to thrive. This, in turn, helps us build a wider audience for our products and solutions, positioning our company for long-term growth.

---

## **NURTURING FINANCIAL INCLUSION & LITERACY**

87

## **SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES**

91

---

## NURTURING FINANCIAL INCLUSION & LITERACY

### WHY IT MATTERS

We recognise that ensuring everyone has access to financial services along with the knowledge and skills to use them effectively is fundamental to building a more inclusive and resilient economy. Through targeted financial inclusion and literacy initiatives, we reduce inequalities, broaden economic participation, and generate sustainable, long-term value for individuals, communities, and society.

### RISK AND OPPORTUNITIES

#### Risks

Inadequate financial planning and rising debt levels heighten the Bank's exposure to credit and strategic risks. Financial distress among vulnerable communities and high-risk customer segments increases the likelihood of credit defaults. Simultaneously, poor financial foresight undermines long-term resilience, contributing to a more uncertain and potentially challenging operating environment.

#### Opportunities

Higher financial literacy empowers individuals to make informed financial decisions, reducing their vulnerability to scams and helping preserve personal wealth. This, in turn, contributes to the Bank's financial stability and supports the development of a strong, reliable customer base that enhances economic resilience.

#### Strategy and Mitigation Plan

The Bank has prioritised efforts to enhance the HLB DuitSmart programme in FY2025 by increasing the number of workshops beyond FY2024 levels, enriching module content with new and relevant materials to strengthen beneficiaries' financial skills, and continuing support for the JanganKenaScam national awareness campaign through sustained outreach.

#### Metrics

- Number of training programmes on financial education
- Number of participants in financial literacy initiatives for schools, customers and SMEs
- Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers

### OUR APPROACH

We continue to promote financial literacy among the general public, empowering individuals to manage their finances across a broad range of areas, from savings and investments to everyday spending, in ways that reflect their risk appetite and lifestyle, and support their long-term financial wellbeing.

We have established guidelines to cultivate financial awareness and capability. These include providing knowledge, refining our service processes to help customers and stakeholders understand financial matters, and enabling informed decisions that stay within their repayment capacity. We also continue to develop a diverse range of up-to-date and easily accessible learning platforms and channels to reach all stakeholders.

We work at the grassroots level to build financial knowledge, empowering smarter personal finance decisions among key population groups. We develop digital solutions supported by thoughtfully designed educational resources that equip beneficiaries with the skills to adopt and benefit from them fully. This approach creates value within local communities and strengthens preference for our brand, reinforcing our long-term position as an organisation.



## NURTURING FINANCIAL INCLUSION & LITERACY

### Enhancing Financial Accessibility & Knowledge



#### HLB DuitSmart

HLB DuitSmart is our flagship programme to provide financial literacy and inclusion workshops, alongside educational content, to promote informed and sound financial decisions. In FY2025, we expanded our efforts by engaging our nationwide branch network to deliver financial literacy programmes to a wider audience. This outreach involved collaboration with local schools, universities, social enterprises, companies, associations, and other organisations. We have conducted 133 sessions nationwide, equipping over 19,000 individuals with financial knowledge.

As part of our Malaysia Day HLB DuitSmart CSR programme for FY2025, we carried out several initiatives, including:

#### 1 Branch 1 School 1 Community

In conjunction with Malaysia Day 2024, we launched the '1 Branch 1 School 1 Community' initiative to enable our branches to deliver short-format sessions on financial literacy and scam awareness to a wider audience. This year, with strong support from branch staff, we delivered 81 sessions, benefiting nearly 16,600 individuals. We continue to expand the programme by offering more comprehensive HLB DuitSmart workshops at primary and secondary schools across the Klang Valley.



#### Scam Awareness Sessions

We collaborated with the Bank's Fraud Management Unit ("FMU") to deliver specialised scam awareness sessions for social enterprises, corporate companies, and community groups. Led by an expert from the FMU and CSR Team, these sessions provide critical insights into fraud prevention and offer participants the opportunity to share their views and address specific concerns, further strengthening their defences against financial scams. In total, over 5,120 participants attended these sessions.



## NURTURING FINANCIAL INCLUSION & LITERACY



### Supporting the JanganKenaScam national initiative in collaboration with ABM

We aim to raise fraud and scam awareness among our customers and the general public through various channels and initiatives. We actively promote the ABM e-book and scam awareness materials across our platforms, including branches, website pop-ups, roadshows, ATMs, and television screens on a weekly basis. This effort strengthens our customers' financial security and alerts the wider community to fraudulent activities. The JanganKenaScam social media initiative, strategically executed across the Bank's platforms, has demonstrated strong impact in raising public awareness and education.

Through these concerted digital efforts, the campaign successfully garnered a total engagement of 303,091. This strong response significantly amplified key scam awareness and prevention messages, reinforcing the Bank's commitment to safeguarding the community and fostering financial resilience in the digital space.

### HLB Talking ATMs

We aligned with our commitment to inclusive financial services by pioneering talking automated teller machines ("ATMs") in Malaysia for the visually impaired. HLB Talking ATMs feature braille keypads and headphone sockets, offering accessible banking with voice instructions in English, Malay, or Mandarin. As of FY2025, we operate a network of 17 HLB Talking ATMs across West and East Malaysia.

#### 1 Perlis

- Kangar

#### 2 Kedah

- Alor Setar

#### 3 Penang

- New Burma House, Pulau Tikus

#### 4 Perak

- Gunung Rapat

#### 5 Kuala Lumpur

- Brickfields
- Jalan Kenanga
- Bangsar

#### 6 Negeri Sembilan

- Seremban

#### 7 Melaka

- Taman Melaka Raya

#### 8 Johor

- Taman Johor Jaya
- Austin Heights

#### 9 Kelantan

- Kota Bharu 1

#### 10 Terengganu

- Kuala Terengganu

#### 11 Pahang

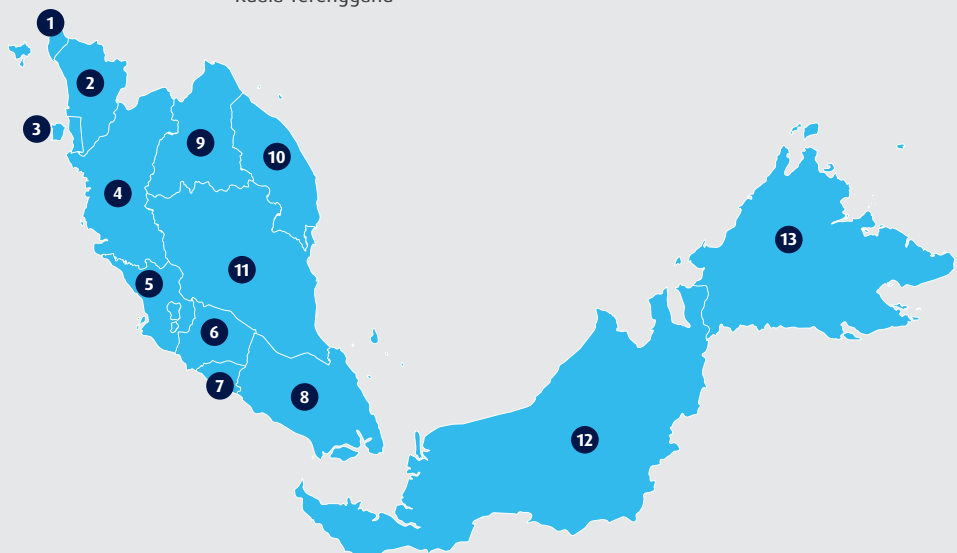
- Temerloh

#### 12 Sarawak

- Electra House, Kuching
- Jalan Song Thian Cheok, Kuching

#### 13 Sabah

- Lintas



## NURTURING FINANCIAL INCLUSION & LITERACY

### HLB@School

The main objective of the HLB@School programme is to enhance financial literacy by transforming a school's payment ecosystem into a cashless one. The programme promotes essential money habits like saving, spending wisely, and planning for the future, all of which are put into practice through the 3-in-1 Junior Account. This account provides students with a reloadable debit card and access to the HLB Pocket Connect app.

#### For Students:

The reloadable debit card allows students to make payments for meals and school supplies, giving them hands-on experience in managing their own money and taking responsibility for their spending. The HLB Pocket Connect app offers a fun, gamified way to track their spending and savings, making financial management interactive and engaging. This helps foster a sense of financial inclusion from a young age and eases their transition into a cashless society.

#### For Parents:

Parents can conveniently reload the debit card and pay school fees via online banking, eliminating the need for cash and providing a transparent way to monitor their child's spending. This gives parents peace of mind and helps them guide their children toward developing good money habits.

#### Achievement in FY2025

**9,707**

Number of accounts opened

**12 schools**

Number of new schools initiated

Total number of schools onboarded since 2021

**106 schools**

#### Future plan

- Advocate parents to secure their children's education and wellbeing through savings.
- Continue to drive the enablement of Cash School Ecosystem.
- Extend the HLB@School initiative to International and Private Schools.

### Treatment of Vulnerable Customers

In delivering products and providing services to our customers, we endeavour to uphold BNM's FTFC policy document. Our brand promise marks this undertaking of ours.

With FTFC having established the foundations of fair treatment by financial institutions to the general masses in the banking industry, BNM propelled the agenda forward by setting new industry standards on the treatment of vulnerable customers.

Going down to the ground and coordinating inter-Division information exchange and cooperation, we refined our existing processes in our SOP that clearly documents the procedures all staff must adhere to in the provision of financial products and services to vulnerable customers, guiding them to uphold the spirit of the FTFC in handling this customer segment.

To emphasise training and staff readiness, we cascaded our message to the ground by way of staff training on the SOP. We are committed to ensuring that our employees are equipped with the knowledge and skills to identify and respond appropriately to the needs of vulnerable customers. This includes recognising indicators of vulnerability, maintaining confidentiality, and acting with sensitivity and compassion.

Further underlining our commitment to the FTFC, the official bank website now features a dedicated page on Support for Customers with Special Needs. This initiative serves as a one-stop centre for vulnerable customers, providing easily accessible information and resources.

Our commitment to the fair and equitable treatment of vulnerable customers signifies our embodiment of the HLB brand promise by aligning with our core values of fairness and inclusivity.

### Flood Relief Assistance

We are increasingly faced by unprecedented climate challenges that are reshaping our world and demand urgent attention. As part of our commitment, we launched a Flood Relief Assistance programme to aid customers affected by floods. This programme offered up to six months of payment deferments on loans, including credit cards. In FY2025, we provided relief to 37 flood victims across Malaysia.

### OUR PERFORMANCE

#### Number of training programmes on financial education

FY2023		37
FY2024		73
FY2025		133

#### Number of participants in financial literacy initiatives for schools, customers and SMEs

FY2023		1,594
FY2024		7,772
FY2025		19,016

#### Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers

FY2023		60
FY2024		172
FY2025		105

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

### WHY IT MATTERS

Social enterprises and communities play a pivotal role in our efforts to create transformational societal change. Supporting them is an integral part of our business. We stand by individuals during challenging times, safeguard livelihoods, and collaborate with purposeful start-ups and entrepreneurs to promote economic growth and drive long-term sustainability.

### RISK AND OPPORTUNITIES

#### Risks

The Bank's inadequate engagement with community and social issues may result in reputational damage through negative public perception, media scrutiny, and loss of stakeholder trust. Additionally, insufficient due diligence processes create elevated exposure to legal and reputational risks when onboarding organisations with documented violations, potentially leading to regulatory sanctions.

#### Opportunities

Investing in community development not only creates a powerful and positive social impact but also strengthens our brand health, attracting customers who value responsible and sustainable businesses. Recognition as a responsible, community-minded organisation enhances brand equity, improves talent attraction and retention, and appeals to socially conscious investors and customers. Strong community relationships can unlock new business opportunities through local partnerships and provide access to valuable local knowledge and resources. Moreover, active community engagement drives innovation in sustainable practices and improves ESG ratings— potentially reducing the cost of debt and equity financing— while reinforcing the Bank's competitive market position.

#### Strategy and Mitigation Plan

The Bank conducts regular stakeholder consultations and community engagement through CSR programmes, supported by established SOP for employee activities and donation management. Our supplier screening process includes comprehensive evaluation of sustainability and ethical practices for all onboarded organisations.

#### Metrics

- Number of direct and indirect beneficiaries impacted
- Total volunteering hours
- Amount spent on community investment
- Number of volunteers

### OUR APPROACH

The Bank is committed to create lasting and positive social impact through supporting social enterprises and communities. We focus on offering resources and expertise to start-ups and entrepreneurs, increasing financial literacy and inclusion, and fostering strong partnerships through our CSR programmes.

In FY2025, we implemented and expanded various initiatives that reflect our commitment to building lasting relationships with communities and social enterprises, as outlined in the following page.

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

### Supporting Micro-Businesses & Social Enterprises

In this past year, we have implemented initiatives which contribute to expanding our partnerships and strengthening social enterprises and communities. These programmes include:

#### *HLB Jumpstart*

Launched in 2018, our HLB Jumpstart programme supports promising Malaysian start-ups and entrepreneurs who are developing sustainable solutions and addressing environmental challenges. We accelerate their impact by providing access to our resources, expertise, and network across finance, branding, business, and innovation.

Since its inception, the programme has partnered with eight social enterprises: SURI, Coffee for Good, The Asli Co., Benak Raya, Green Hero, Primus Wellness, Refiller Mobile, and our latest addition, The Sea Monkey Project. We offer them long-term support across five key areas:

Financial knowledge

Tools and  
Digitalisation

Branding and  
Marketing

Commercialism

Volunteerism

In FY2025, the Bank's support enabled these social enterprises to achieve the following impacts:

Social Enterprise	Impact Created
Refiller Mobile	Enhancing brand visibility and generating valuable business opportunities, resulting in RM55,000 in revenue.
Sea Monkey Project	Facilitated meaningful engagement with local communities, benefiting a total of 2,100 individuals. The initiative collected 1,241 kg of plastic waste from community members and directed RM6,205 back to them as incentives in 2024.
Green Hero	Established connections with customers to introduce Green Hero's mission and impact. The initiative recorded RM139,000 in revenue and provided meals to 4,422 vulnerable individuals in 2024.
Primus Wellness	Enabled direct engagement with potential customers, fostering trust and brand awareness. The initiative achieved notable sales performance, contributing to a total revenue of RM291,839 in 2024.

#### *Social Enterprise Carnival*

As an extension of our support to Jumpstart social enterprises, we organised the Social Enterprise Carnival, a two-day event held at HLT and PJCA. The carnival featured six of the inspiring social enterprises in partnership with the Bank. The primary goal was to provide these enterprises with a platform to promote their products, generate on-ground sales, and connect with our employees—encouraging future social procurement opportunities within the Bank. The Carnival offered a variety of engaging activities for participants, including:

Guess the Reusable Item  
Game by Refiller Mobile

Plastic Upcycling Machine  
demonstrations and  
custom cardholder orders  
by The Sea Monkey Project

Trivia quizzes and  
guessing games by Green  
Hero and The Asli Co.

Spin the Wheel game  
where participants  
answered sustainability  
and SDGs-related  
questions to win vouchers



## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Participants described the carnival as joyful and immersive, offering exposure to sustainable practices and social enterprise initiatives. The event enabled them to support meaningful causes in an engaging, interactive setting. We also received valuable feedback from social enterprises, highlighting how the event supported them in creating meaningful impact:

**The Carnival created a mutually beneficial platform for community engagement and social impact, providing the participating social enterprises with increased brand visibility and collectively garnering RM15,534 in sales.**



### **HLB LaunchPad**

HLB LaunchPad 2024 marked the sixth instalment of the Bank's long-running programme to support Malaysian entrepreneurship and the start-up ecosystem. This initiative provides access to funding and expert mentorship.

This year, we focused on supporting promising companies that drive compounding impact through sustainable initiatives centred on the circular economy, under the theme "Circular Economy Solution for a More Sustainable Tomorrow." The programme saw the participation of a total of seven companies. We invested RM100,000 in total — RM50,000 was awarded to the top five finalists to help them set up pilot projects, while the remaining RM50,000 was allocated to the top three winners.

After completing mentorship sessions, the companies advanced to the final pitching day, where they were evaluated based on relevance, value proposition, delivery skills, and other key criteria. The top five were selected to proceed with a 10-week pilot with the Bank to gather data and insights. These findings were used to determine the HLB LaunchPad champion.

Recircle emerged as the champion, with Green Hero and The Sea Monkey Project securing second and third place, respectively.





## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

### **Recircle**

Recircle, an innovative mobile app that digitalises and optimises Malaysia's recycling industry, was matched with our Group Sustainability team to pilot a 10-week recycling programme. The goal was to improve recycling and waste management practices, starting with HLT and PJCA. The pilot aimed to collect data on recycled items (type, quantity, and carbon emissions avoided), enhance recycling behaviours, measure the value of recyclables, and increase carbon footprint avoidance through recycling.

The programme concluded with Recircle being named the grand prize winner of HLB LaunchPad 2024, receiving RM30,000.

During the pilot, Recircle successfully collected 4,844 kg of waste, which is equivalent to avoiding 16,827.3 kgCO<sub>2</sub>e in greenhouse gas emissions. Following this success, Recircle was onboarded as our recycling partner. The initiative has since expanded to ten additional branches, where a total of 3,353kg of recyclable materials has been collected. The initiative now includes quarterly Recycling Days at HLT and PJCA. One such event in April 2025, was a cross-divisional collaboration between Group Sustainability and PFS Credit collected over 500kg of e-waste.

### **The Sea Monkey Project**

The Sea Monkey Project is a social enterprise deeply committed to combating plastic pollution. They achieve this primarily through two key initiatives: plastic upcycling and community empowerment. By utilising a specialised plastic upcycling machine, they transform everyday plastic waste into valuable products, while also conducting educational workshops on plastic waste management for local communities, businesses, and organisations.

As part of a pilot project for the HLB LaunchPad 2024 programme, The Sea Monkey Project partnered with the CSR team to raise awareness about plastic pollution. Their innovative approach involved creating HLB-exclusive ID cardholders from plastic caps meticulously collected by staff members over one month. To further this awareness, an educational talk was held, thoroughly informing staff about the repercussions of plastic pollution and the critical importance of proper waste management. To foster greater participation, the CSR team organised a plastic cap collection contest. At the same time, we also conducted several workshops for 16 staff members and their family members to learn more about plastic upcycling. Ultimately, The Sea Monkey Project's dedicated efforts in raising awareness and championing alternative methods were recognised with third place and a cash prize of RM10,000 at the programme's conclusion.

The initiative yielded a significant impact: a remarkable total of 23,281 bottle caps were collected, which then led to the production of 500 plastic ID cardholders. These cardholders were subsequently distributed to contest participants and staff volunteers who actively engaged in CSR activities.

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

### Green Hero

Green Hero Malaysia is a youth-led social enterprise and environmental non-profit focused on reducing food waste and promoting sustainable living. It began as a WhatsApp group for students to buy discounted surplus food and has since expanded across Malaysia, partnering with numerous merchants.

Its core initiative is an online platform that connects Food & Beverage (“F&B”) businesses with surplus edible food to consumers at discounted prices — reducing landfill waste and methane emissions. Green Hero also channels sponsored surplus food to underserved communities, including students, low-income groups, orphanages, and charitable organisations.

Selected as one of seven start-ups in HLB LaunchPad 2024, Green Hero emerged as a Top five finalist and was awarded second place and a cash prize of RM10,000. During the pilot, it collaborated with various HLB business units. Their efforts culminated in being awarded second place at the HLB LaunchPad 2024 Demo Day.

Following this, we partnered with Green Hero on a cashback campaign (22 August – 29 September 2024), offering HLB customers up to 20% cashback via its WhatsApp marketplace. The campaign attracted 442 new customers in the Klang Valley, with 226 BizBuddy and 437 Touch ‘n Go (“TNG”) transactions.

Green Hero also hosted a business talk, “How to grow your F&B business while fighting food waste with Green Hero,” at our Penang Light Street Branch on 5 December 2024. The event, co-organised by PFS Sustainability, Group Sustainability, Marketing and Communications, and Branch Business, aimed to promote responsible business growth, digital payments, and food redistribution.

### Empowering Employee Volunteerism

Through our HLB Employee CSR Programme, we empower staff to support underserved communities nationwide. Employees contribute their time and resources, especially during festive seasons, and participate in various volunteering initiatives.

To encourage involvement, we offer up to two days of CSR leave annually for staff to engage in these efforts. This year, our initiatives were anchored around the following programme’s five pillars:

Description	Impact
<b>Environment</b>	
<b>Second Chance Animal Society</b> HLB employee volunteers lend a hand at the animal shelter, cleaning the surrounding compound and kennels, and assisting in bathing the dogs.	<ul style="list-style-type: none"> <li>· 20 participants</li> <li>· 80 volunteering hours</li> </ul>
<b>Books Donations</b> Driven by a commitment to education, HLB Senior Management donated 483 books and self-funded an additional RM3,836.25 for further books purchases. Four dedicated employee volunteers then took the initiative to hand-deliver these valuable books to two schools across Penang.	<ul style="list-style-type: none"> <li>· 4 participants</li> <li>· 8 volunteering hours</li> </ul>

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Description	Impact
<b>Environment</b>	
<p><b>HLB Pre-Loved Books &amp; Denims Donation Drive 2025</b></p> <p>Engaged employees and the public across all branches nationwide. This impactful initiative resulted in 735 pieces of denim clothing donated to HLB's social enterprise, SURI Lifestyle. 3,183 pre-loved books distributed to 24 schools and 2 NGOs.</p> <p>To ensure the smooth collection of denims from branches nationwide, the bank contributed RM21,657.20 for logistic services.</p>	<ul style="list-style-type: none"> <li>• 27 participants</li> <li>• 22 volunteering hours</li> </ul>
<p><b>PPR Desa Rejang Community Clean-Up &amp; Uplift</b></p> <p>RM18,000 was utilised for the Marketing, Communication &amp; Analytics division's CSR project at PPR Desa Rejang, Setapak, Kuala Lumpur.</p>	<ul style="list-style-type: none"> <li>• 67 participants</li> <li>• 469 volunteering hours</li> </ul>
<p><b>Zoo Negara CSR activity</b></p> <p>In conjunction with World Biodiversity Day, Group Sustainability organised a volunteering programme with Zoo Negara where 60 employees from the bank cleaned the public areas within the zoo, clocking in a total of 240 volunteer hours.</p>	<ul style="list-style-type: none"> <li>• 60 participants</li> <li>• 240 volunteering hours</li> </ul>
<p><b>Mangrove Planting in Conjunction with Festival of Wings</b></p> <p>Volunteering programme with Malaysian Nature Society to plant mangrove trees at Kuala Selangor Nature Park.</p>	<ul style="list-style-type: none"> <li>• 30 participants</li> <li>• 120 volunteering hours</li> </ul>
<p><b>Beach Clean Up</b></p> <p>In partnership with marine NGO Reef Check, PFS organised a beach clean-up at Pantai Cahaya Negeri, Port Dickson to collect a total of 140.31kg of waste.</p>	<ul style="list-style-type: none"> <li>• 93 participants</li> <li>• 232.5 volunteering hours</li> </ul>
<p><b>Gotong Royong Pantai Bagan Lalang</b></p> <p>PFS Credit collected a total of 26.2kg of waste during their beach clean-up, helping to uphold the beach's cleanliness for marine life, local residents and visitors.</p>	<ul style="list-style-type: none"> <li>• 7 participants</li> <li>• 28 volunteering hours</li> </ul>
<p><b>Kuching Recycling Drive</b></p> <p>In promoting environmental stewardship, PFS Credit made a charitable donation to the Tze Chi Stutong Baru Recycling Centre, contributing 13kg of newspapers and 18kg of clothing and other materials.</p>	<ul style="list-style-type: none"> <li>• 4 participants</li> </ul>
<p><b>Gotong Royong Sama Jaya Forest Park, Sarawak</b></p> <p>The Wholesale Credit Operations team collected 5kg of trash, an effort that helps preserve the natural environment and ensures a cleaner, safer habitat for local wildlife and a more pleasant experience for visitors in the park.</p>	<ul style="list-style-type: none"> <li>• 12 participants</li> <li>• 24 volunteering hours</li> </ul>

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Description	Impact
<b>Social Enterprise</b>	
<b>Volunteering with Refiller Mobile</b> HLB recruits staff volunteers to assist Refiller Mobile with their monthly activation at HLT and PJCA. Operating out of a refurbished van, the mobile zero-waste store aims to reduce single-use plastic and promote a more sustainable lifestyle.	<ul style="list-style-type: none"> <li>· 45 participants</li> <li>· 186 volunteering hours</li> </ul>
<b>Volunteering with SURI</b> HLB volunteers help SURI prepare denim for upcycling (removing back pockets, cutting, etc.) to be made into other products.	<ul style="list-style-type: none"> <li>· 21 participants</li> <li>· 63 volunteering hours</li> </ul>
<b>The Sea Monkey Project</b> Employees supported The Sea Monkey Project in producing 297 custom cardholders made from plastic waste, promoting the importance of upcycling and recycling.	<ul style="list-style-type: none"> <li>· 7 participants</li> <li>· 14 volunteering hours</li> </ul>
<b>Food Security</b>	
<b>Food Aid Distribution</b> In continuation of our Senyum-Senyum Ramadan campaign, employees from HLB and HLISB delivered food packs to various welfare homes in Klang Valley, including Pertubuhan Kebajikan & Perlindungan Nur Qaseh, Rumah KIDS, Trinity Community Children Home Society, and PPR Kampung Baru Air Panas.	<ul style="list-style-type: none"> <li>· 5 participants</li> <li>· 12.5 volunteering hours</li> </ul>
<b>The Assembly Soup Kitchen</b> HLB staff volunteer at The Assembly Soup Kitchen ("T.A.S.K") in preparing food packs and dry goods, which are then distributed to various organisations and homes.  Formed from a team of volunteers, T.A.S.K seeks volunteers to address food security issues for the Orang Asli, refugees, and the general B40 community.	<ul style="list-style-type: none"> <li>· 106 participants</li> <li>· 530 volunteering hours</li> </ul>
<b>Food4U</b> In collaboration with Food4U, a volunteer-run initiative, HLB volunteers support the preparation and distribution of essential food packs and fresh produce to the homeless and urban poor in Kuala Lumpur.	<ul style="list-style-type: none"> <li>· 59 participants</li> <li>· 118 volunteering hours</li> </ul>
<b>PERTIWI Soup Kitchen</b> HLB staff are recruited as volunteers for PERTIWI, a long-standing organisation dedicated to supporting the urban poor and the homeless through its soup kitchen and health services, by participating in their food distribution efforts.	<ul style="list-style-type: none"> <li>· 24 participants</li> <li>· 60 volunteering hours</li> </ul>
<b>Kechara Soup Kitchen</b> HLB has partnered with Kechara Soup Kitchen to organise monthly volunteering activities where staff distributed food to the homeless and urban poor.	<ul style="list-style-type: none"> <li>· 111 participants</li> <li>· 271 volunteering hours</li> </ul>

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Description	Impact
<b>Financial Literacy</b>	
<b>DuitSmart Workshop</b> HLB volunteers support the DuitSmart workshops by facilitating engaging group activities and interacting directly with participants to make the learning process more personal and effective.	<ul style="list-style-type: none"> <li>• 493 participants</li> <li>• 632.5 volunteering hours</li> </ul>
<b>FINCO</b> Two senior management representatives participated in the FINCO CEO storytelling at two schools; SJK(C) Han Ming in Puchong and SK Seri Mega in Kuala Lumpur.	<ul style="list-style-type: none"> <li>• 8 participants</li> <li>• 11 volunteering hours</li> </ul>
<b>Festive/Community</b>	
<b>Senyum-Senyum Ramadhan</b> In conjunction with the holy month of Ramadan, the Bank spread warmth and appreciation by distributing 1,000 buka puasa meals to foodpanda delivery riders at its PJCA headquarters.  Additionally, the Bank sponsored buka puasa meals for 370 foodpanda riders and their families across Melaka, Terengganu, Negeri Sembilan, and Perak, further extending positivity in these communities.	<ul style="list-style-type: none"> <li>• 15 participants</li> <li>• 75 volunteering hours</li> </ul>
<b>HLISB CSR Ramadan 2025</b> HLISB embraced the spirit of Ramadan kindness by contributing RM6,000 worth of dry food and household items to three welfare homes: Rumah Titian Kaseh in Titiwangsa, Pusat Jagaan Kaseh Murni in Keramat, and Rumah Hope in Petaling Jaya. These in-kind donations helped brighten the lives of residents.	<ul style="list-style-type: none"> <li>• 16 participants</li> <li>• 64 volunteering hours</li> </ul>
<b>HLISB Ramadan Mini Bazaar 2025</b> HLISB organised a 2-day Ramadan Mini Bazaar at its HLT headquarters, providing a valuable platform for six social enterprises and micro-entrepreneurs to showcase their products.	
<b>GALCO CSR at Persatuan Kebajikan Chen Ai OKU, Selangor</b> GALCO division recently participated in a CSR activity where eight dedicated staff members volunteered to improve the living environment for the residents. Their main task was to repaint the walls of one of the bedrooms and a section of the common area, providing a fresh and vibrant look to the facility. This hands-on contribution directly enhanced the comfort and aesthetics of the home, demonstrating the team's commitment to community welfare impacting 38 beneficiaries.	<ul style="list-style-type: none"> <li>• 8 participants</li> <li>• 24 volunteering hours</li> </ul>

## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

Description	Impact
<p><b>Spreading Festive Cheer Through Social Visits</b></p> <p>Several departments within PFS conducted social visits to selected orphanages and welfare homes such as Trinity Children Home and Persatuan Kebajikan Orang-Orang Tua Bahagia and donated RM2,533.35 worth of goods for the festive seasons and impacting the lives of 77 beneficiaries.</p>	<ul style="list-style-type: none"> <li>• 52 participants</li> <li>• 163 volunteering hours</li> </ul>
<p><b>Branch-Led CSR Initiatives Supporting Local Welfare Homes</b></p> <p>Several branches conducted their own CSR activities and visited welfare homes such as Pertubuhan Kebajikan Kanak-Kanak Pelangi (Perak), Rumah Kasih Charity Home (Kuala Lumpur) and Sun Teck Handicapped Home (Kuala Lumpur), impacting the lives of 65 beneficiaries.</p>	<ul style="list-style-type: none"> <li>• 35 participants</li> <li>• 105 volunteering hours</li> </ul>
<p><b>Community Care Visits with Hong Leong Bank Hong Kong &amp; Partners</b></p> <p>In a collaborative effort with The Community Chest of Hong Kong, Hong Leong Bank Hong Kong, Guoco Group, and Hong Leong Insurance Asia partnered with Kwun Tong Methodist Social Service to bring comfort and connection to the elderly. Five of our employees volunteered their time for home visits, providing gifts and companionship to 10 beneficiaries, effectively highlighting their shared commitment to community wellbeing.</p>	<ul style="list-style-type: none"> <li>• 5 participants</li> <li>• 12.5 volunteering hours</li> </ul>

### Enhancing Financial Accessibility & Knowledge

#### NARC Artwork Auction x HLB

We procured artworks from the National Autism Resource Centre ("NARC") for use in our HLB corporate calendar. As an extension, we partnered with Lapan Art Auction to organise an art auction in support of the artists. Of the 34 artworks presented, 26 were acquired by individual bidders, raising RM19,064. HLB successfully bid for eight pieces, contributing an additional RM4,000. In total, 31 autistic artists benefited from the initiative.





## SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

### FINCO Joint Initiatives

Following a severe storm in May 2024 that damaged SMK Banting and disrupted learning for approximately 1,300 students, we supported disaster relief efforts through our partnership with the Financial Industry Collective Outreach ("FINCO").

We also contributed to FINCO's Train-the-Trainer ("TTT") Programme, which equips teachers with essential personal financial management skills. This initiative addresses financial vulnerabilities within the teaching profession by building long-term financial resilience.



### BCB Chinese New Year Fundraising Dinner

We organised 10 fundraising dinners across nine states during the BCB Chinese New Year Dinner 2025, raising RM250,000 from our customers. The Bank matched this amount, bringing the total donation to RM500,000.

Of this, RM380,000 will be allocated to 11 local schools for essential upgrades, including library improvements, classroom painting, floor and court repairs, lighting and ventilation enhancements, IT equipment, flood damage restoration, dormitory construction, bursary funds, and nutritional meal programmes.

The remaining RM120,000 will be allocated to Kechara Soup Kitchen to support its ongoing efforts in providing essential aid to underserved communities.

*Note: The Bank's RM250,000 contribution will be reported as part of the total Community Investment in the next Sustainability Report FY2026.*



### Merdeka 2024

As part of the National Day celebration, Malaysian Banks would participate in the National Day Parade celebrated every August 31st in Putrajaya. Led by Permodalan Nasional Berhad ("PNB") under the category of Government-Linked Companies ("GLC"), Government-Linked Investment Company ("GLIC") & Private Companies, the Bank pledged their support for the Merdeka Parade 2024 by sending 102 volunteers as HLB's contingent for the march, contributing 4,946.5 volunteering hours, inclusive of training and rehearsals.



## SUPPORTING SOCIAL ENTERPRISES &amp; COMMUNITIES

## New Initiative

**Taman Mulia PPR Waste Circularity Programme**

In FY2025, we committed RM50,000 to a new Waste Circularity Programme. This community development initiative, in collaboration with Think City Sdn. Bhd. and GreenSteps, will help support the Program Perumahan Rakyat ("PPR") Taman Mulia community transition to a low-carbon, circular economy. The initiative promotes source separation and community-led waste treatment solutions within public housing.

The ongoing programme aims to build the capacity of up to 30 households over two months, focusing on improving waste management and composting practices at the Taman Mulia community farm.



## OUR PERFORMANCE

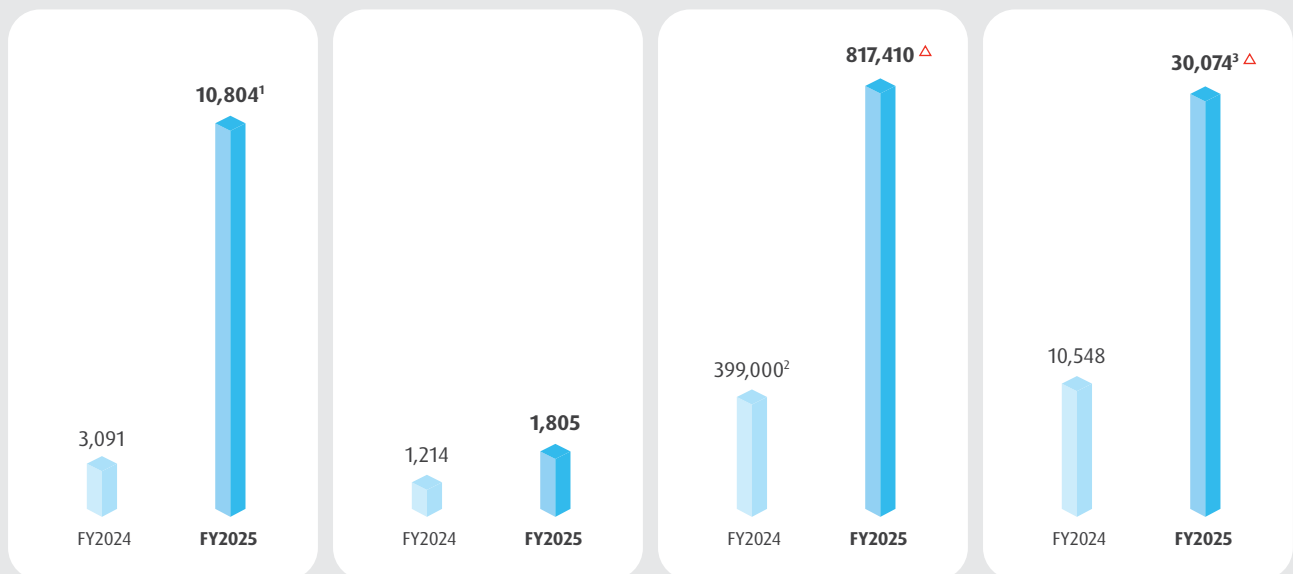
## Supporting Social Enterprises and Communities

## Total volunteer hours

## Number of employees who contributed to volunteerism

## Total amount invested in the community where the target beneficiaries are external to the listed issuer (RM)

## Total number of beneficiaries impacted



## Notes:

<sup>1</sup> The significant increase in volunteering hours in FY2025 is attributed to:

- Volunteers dedicated 4,946.5 hours for the National Day parade preparations.
- Regional operations (HLB Vietnam and HLB Hong Kong) contributed 1,764.5 hours.

<sup>2</sup> The total investment for FY2024 has been restated to exclude a RM77,600 contribution from the Zakat Wakalah fund.

<sup>3</sup> The total number of beneficiaries of the investment in communities is attributed to 14,097 direct beneficiaries and 15,977 indirect beneficiaries. A total of 11,182 indirect beneficiaries were reached through the Bank's employee volunteering programmes.

<sup>Δ</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

# Digital at the Core

The effective use of digital technology is crucial for our long-term strength and competitiveness. Aligned with our vision to be a leading digital and innovative financial services company in our region, we leverage technological advancements to develop new products and solutions that offer enhanced convenience and personalisation. This approach is designed to meet our customers' evolving needs and build loyalty. Concurrently, we actively manage the inherent cybersecurity and data privacy risks by maintaining robust safeguards throughout our operations.

---

**DIGITAL FINANCE & INNOVATION  
FOR ENHANCED CUSTOMER  
EXPERIENCE**

103

**PRIVACY, DATA PROTECTION &  
CYBERSECURITY**

110

---

## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### WHY IT MATTERS

Our customers expect seamless and convenient banking services, accessible anytime and anywhere, making it essential for us to lead in digital finance and innovation. By staying at the forefront of technological advancement, we deliver cutting-edge products and solutions that consistently meet our customers' high expectations.

We actively encourage individuals and businesses to adopt cashless transactions, highlighting the benefits of greater speed, convenience, and security. These efforts not only strengthen our competitive position in the banking and financial services sector, but also build customer trust, support long-term business resilience, and reinforce our commitment to responsible and sustainable banking.

### RISK AND OPPORTUNITIES

#### Risks

The integration of artificial intelligence ("AI") technology presents several key risk considerations including data privacy vulnerabilities from extensive data consumption, potential copyright and intellectual property violations, degraded customer experience from inadequate implementation, and increased exposure to cyber breaches and systemic failures from over-reliance on digital systems. These risks require robust governance frameworks and comprehensive mitigation strategies for responsible AI adoption.

#### Opportunities

AI and digital transformation offer significant opportunities including 24/7 banking access across all locations, automated customer support via AI chatbots, enhanced employee productivity through task automation and data analytics, and workforce development that fosters continuous learning and market relevance.

#### Strategy and Mitigation Plan

To ensure safe and effective implementation, we are formalising AI roles within each department, holding dedicated monthly meetings, and reporting progress to the IT Steering Committee for oversight. We have also started tracking all AI, cloud, and robotic process automation ("RPA") initiatives to support transparent reporting and sustainability goals.

All AI solutions are reviewed by an Architecture Review Board to ensure they align with our security and scalability standards. We evaluate each project for its potential business value, such as cost savings or increased productivity, to guarantee a measurable impact. Additionally, our AI Champions meet monthly to share knowledge and lessons learned, which helps us continuously find new opportunities for responsible AI adoption and supports our long-term digital transformation.

#### Metrics

- Customer Satisfaction Score ("CSAT"), Net Promoter Score ("NPS") and Customer Effort Score ("CES")
- Digital users and penetration
- Number of customer complaints

### OUR APPROACH

#### Embedding Customer-Centricity in Digital Finance and Innovation

We recognise customer-centricity as key to advancing digital finance and enhancing customer experience. We implement an end-to-end Customer Experience and Insights ("CXI") approach to gather insights, respond to customer needs, measure performance, and celebrate success.

We actively engage customers through our Voice of Customer ("VOC") platform and leverage our CX Lab — a cross-functional collaboration between business, operations, and technology teams — to extract insights that inform the development of digital solutions.

We emphasise on enhancing our employees' capabilities through our e-learning platform and CX Discovery Site as a go-to source of information. This allows our employees to be well-equipped and more prepared to innovate and drive human-centric solutions for customers.



# DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

## Empowering Digital Transformation Through AI in Banking

We leverage AI technology by integrating AI into our day-to-day operations and encouraging our business unit to utilise AI as a main tool for creative solutions and optimisation for better clientele experience.

### AI for Improving Customer Experience

We focus on leveraging AI technology to improve customer experience by delivering personalised, efficient, and accessible banking services across multiple touchpoints. Through the strategic implementation of intelligent automation and conversational AI, we enhance customer interactions and streamline service delivery to meet evolving expectations in the digital banking landscape.

Additionally, we continuously invest in predictive analytics technology to better understand customer behaviour and generate accurate insights, enabling us to develop products and services tailored to their needs.

### AI Optimising HLB's Operation

Optimising our operations is key to maintaining our competitive edge. By integrating AI, automation, and RPA, we have streamlined processes, improved efficiency, and achieved significant cost savings. These enhancements include using automation for e-invoicing and internal reporting, implementing RPA for loan processing, and integrating AI into workspaces.

Additionally, we recognise that our current processes can be improved by utilising AI technology. Therefore, we plan to integrate more AI initiatives, such as AI chatbots, analytics, and others, across our operations, reinforcing our commitment to becoming an innovative and AI-oriented financial institution.

To prepare our workforce for the future, we launched the AI Awareness Campaign under our Centre of Excellence ("COE") in FY2025. Running from June to August 2025, the campaign includes training and awareness sessions to familiarise employees with the latest AI technologies.

To further boost digital literacy and GenAI adoption, we are conducting hands-on workshops on Google Gemini, NotebookLM, and Google Vids. These sessions aim to help staff streamline tasks such as writing, analysis, and content creation, while fostering cross-functional innovation, self-service capabilities, and an AI-first mindset across the Bank.

Programmes	Details
<b>Physical awareness sessions</b>	<ul style="list-style-type: none"> <li>Internal AI workshops covering Gemini overview and NotebookLM functionality with hands-on exercises</li> <li>Cloud/AI request evaluation processes</li> <li>AI challenges within the MTOF Workspace</li> <li>Dedicated business unit sessions</li> <li>Culminated with the AI Ignite Final round presentations</li> </ul>
<b>Webinar sessions</b>	<ul style="list-style-type: none"> <li>Google Gemini integration with presentation and video tools</li> <li>Google Gemini integrates document management through Docs, Sheets and Drive,</li> <li>Google Gemini integration with communication platforms including Gmail, Google Meet and NotebookLM</li> <li>Google Gemini Advanced functionality</li> </ul>

## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### AI Ignite

AI Ignite is our annual internal innovation programme that encourages employees to develop creative AI solutions for the workplace. Staff from across departments compete as “AI Champions,” pitching their ideas through multiple judging rounds evaluated by a panel chaired by our Chief Information Technology Officer (“CITO”).

Awards are presented in three categories — Most Strategic, Most Impactful, and Most Innovative — with all participants receiving certificates of participation. The 2025 programme followed a structured timeline from announcement to final judging, with 10 finalist proposals shortlisted.

To support participants, we provided a dedicated submission channel, standardised templates, and Q&A sessions. The 2025 edition engaged 17 divisions and generated 29 AI ideas focused on transforming daily work processes, helping us harness employee creativity to enhance operations and efficiency in our organisation.

### Improving the In-Branch Experience

Externally, we prioritise improving our customers’ in-branch experience and developing inclusive digital products and solutions tailored for all.

Guided by our customer-centric approach, we have leveraged digital finance and innovation to enhance in-branch services. By integrating digital technologies, we have improved service efficiency and elevated the overall customer experience.

In-Branch Services	Digital Solutions
<b>Account opening and transactions</b>	In-branch tablets enable branch personnel to deliver banking services from any location within the branch premises. This innovation helps reduce queuing and waiting times, allowing us to offer a more personalised service experience. By digitally capturing all required forms, the tablet also contributes to a significant reduction in paper consumption.
<b>Banking transactions</b>	Wireless terminals and applications to perform banking transactions anywhere within the premises, thereby reducing queues.
<b>Paperless Practice</b>	Personalised Teller tablets help staff reduce paper consumption and carbon footprint. There is no form filling or bank-in slip required, reducing unnecessary receipt printing and promoting a clean desk policy.
<b>Teller Assist Unit (“TAU”)</b>	Teller Assisted Units accept, recycle and dispense notes for customers.
<b>Information dissemination</b>	Discovery Zone in Damansara City, Kuala Lumpur branch offers touchscreen stations loaded with digital brochures, and interactive platform to customise financial planning needs.



## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### Meet@HLB, Eco Majestic Branch

Building on the success of our first iconic branch in Penang, we introduced the Meet@HLB concept branch in Eco Majestic, Semenyih. This community-centric branch is part of our broader transformation to upgrade existing branches and tailor services to local needs.

Designed specifically for the Eco Majestic community, Meet@HLB offers convenient access to essential banking services, including ATMs, retail banking, and cash deposit machines. Its extended daily hours — including weekends — have been well received by residents, allowing banking to fit seamlessly into their schedules.

### Digital Products for All Customers

We strive to create digital products that are accessible and inclusive to all customers, thereby broadening access to the financial ecosystem. The following are some notable examples:

#### Retail Banking



#### HLB Pocket Connect

Digital application exclusive to our 3-in-1 Junior Account, designed to help young customers under 18 learn financial literacy and develop healthy money habits

#### How it Add Values

- Features a patented Earn, Save, and Spend interactive tool. This gamified approach allows Junior savers to manage their personal finances in a fun and engaging way.
- Through the “Earth Hero” programme, children can grow virtual trees by completing tasks. For every 20 virtual trees, a real tree is planted by the bank, linking their actions directly to tangible reforestation efforts.
- Empowers parents to teach their kids about money management. They can monitor their children’s spending, helping them better understand and guide their kids’ financial decisions. Parents can also assign tasks to their children, enabling them to earn pocket money and learn the value of work.

#### Achievements in FY2025

- Recorded over 2,496 sign-ups in FY2025 to cumulative total of 39,297 accounts
- Issued more than 31,326 HLB/HLISB Junior Debit Cards
- Opened more than 49,757 new HLB 3-in-1 Junior Accounts



#### Apply@HLB

Malaysia’s first fully digital finance onboarding experience

#### How it Add Values

- Enables customers to conveniently open a bank account remotely, and conduct cashless transactions.
- e-Know Your Customer (“eKYC”) digital onboarding process to evaluate customers’ identities and verify their information.

#### Achievements in FY2025

- 55,114 new accounts registered

## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### Retail Banking



#### HLB Connect Online

Our one-stop digital banking platform that facilitates a comprehensive range of transactions

#### How it Add Values

- Manages payments, transfers, deposits, FX, investments, product applications, and card settings management from any device.
- 'Add Clerk' feature allows delegation of business payment initiation.
- AppAuthorise, temporary card controls (freeze/unfreeze), cooling-off periods for limit increases, and emergency lock.

#### Key Enhancements in FY2025

- HLB Connect Lite – Customers can make payments and transfers to favourite recipients that they've authenticated at the branch.
- AppAuthorise to authenticate Connect reset.
- Delivery of Credit Card OTP via HLB Connect App.
- Malware shielding for HLB Connect App.

#### Achievements in FY2025

- Over RM100 billion in retail transaction value for retail internet banking
- Total number of retail internet banking users: Over 3 million



#### HLB Connect App

Mobile app enabling a wide range of banking transactions on the go

#### How it Add Values

- Simplifies day-to-day banking via mobile device.
- Direct application of product offerings.

#### Key Enhancements in FY2025

- Enabled Malware Protection on the app.
- Enabled delivery of Credit Card OTP through the app.
- HLB Connect Lite.

#### Achievements in FY2025

- Over RM150 billion in financial transactional value for retail mobile banking
- More than 2.8 million users for retail mobile banking, representing close to 10% year-on-year growth
- 92% of total HLB Connect users are now HLB Connect App users
- 76% of all transactions are mobile banking transactions

### SME, Commercial & Corporate Banking



#### HLB ConnectFirst

Banking solutions tailored to meet the diverse business needs of customers

#### How it Add Values

- Streamlines business account opening process with greater accessibility.
- Reduces processing time and administrative burden, and minimise paper use for business customers.

#### Achievements in FY2025

- More than 163,000 registered users on HLB's corporate internet banking platform, up by 12% YoY

## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### SME, Commercial & Corporate Banking



#### HLB BizBuddy App

Cashless payments for both merchants and customers via QR code

#### How it Add Values

- Supports convenient cashless payments for merchants and customers.
- Monitors sales performance in real-time via merchant dashboard, daily sales and monthly settlement reports in multi-language.

#### Key Enhancements in FY2025

- Enabled voice notification feature for Android users which does not require an additional soundbox device.
- Introduced 6-digit PIN login for easier app access.

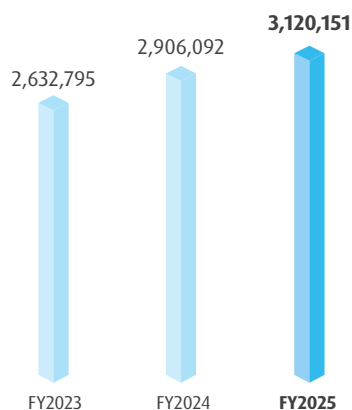
#### Achievements in FY2025

- Total number of users: Approx. 106,000
- Number of merchants acquired: Over 45,000
- Number of transactions and value: More than 41 million transactions with more than RM1.5 billion in value

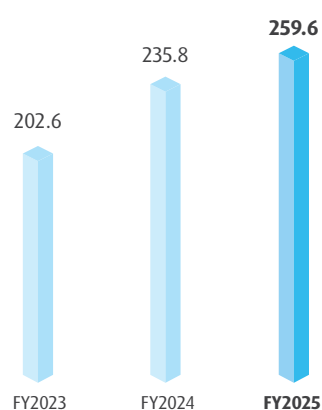
### OUR PERFORMANCE

#### Digital Finance & Innovation

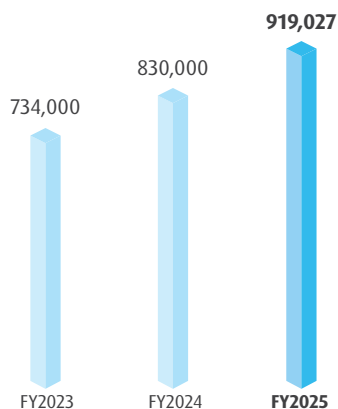
##### Total number of digital retail users (Unit)



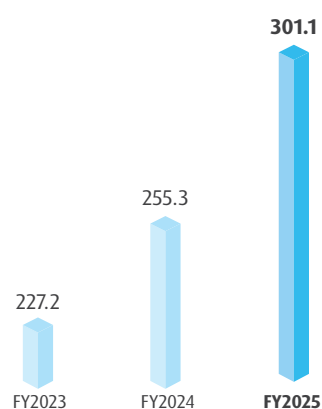
##### Digital financial transaction value (RM Billion)



##### Total number of digital business users (Unit)

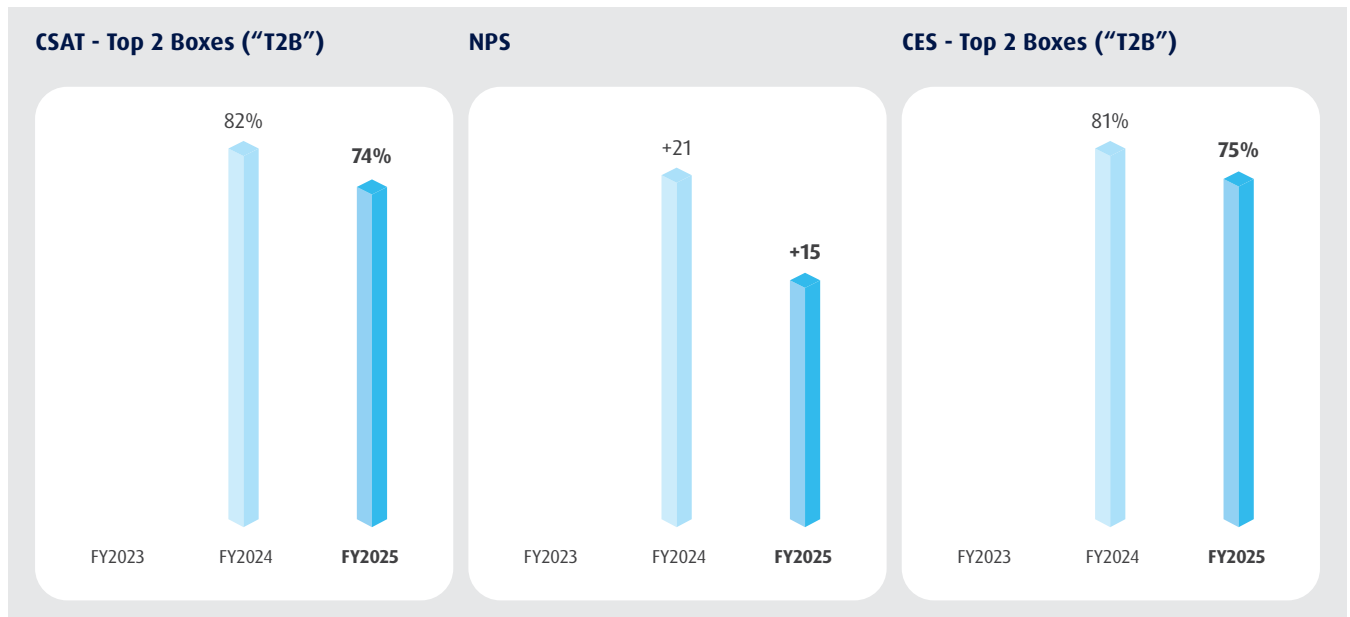


##### Digital financial transaction value (RM Billion)



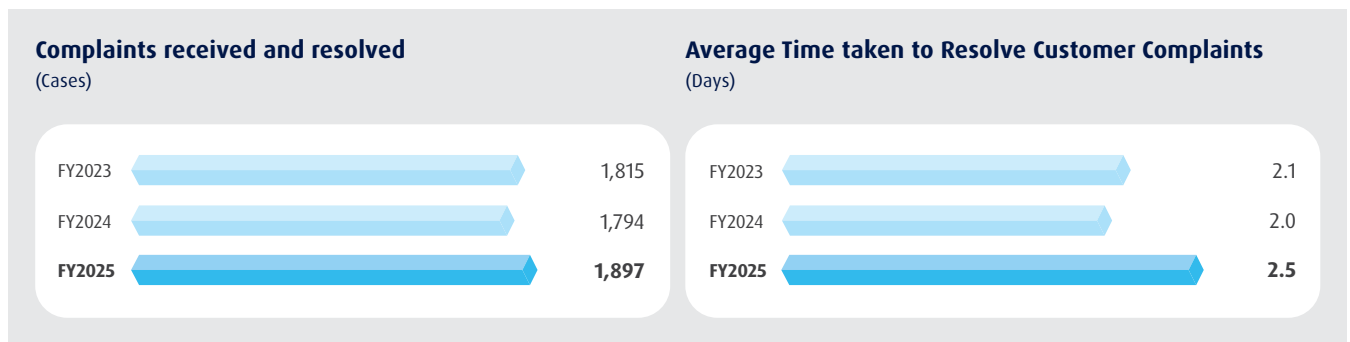
## DIGITAL FINANCE & INNOVATION FOR ENHANCED CUSTOMER EXPERIENCE

### Customer Satisfaction



Note: In FY2025, data was collected from 3,233 customers.

### Customer Complaints



# PRIVACY, DATA PROTECTION & CYBERSECURITY

## WHY IT MATTERS

In an increasingly digital world, safeguarding customer data and maintaining strong cybersecurity are critical to our role as a trusted financial partner. We are committed to protecting sensitive information and delivering secure, seamless banking services that meet regulatory requirements. We recognise that privacy, data protection, and cybersecurity are central to maintaining trust in a digital environment.

## RISK AND OPPORTUNITIES

### Risks

Inadequate security measures risk the compromise of customer information, inevitably leading to loss of customer confidence and significant financial repercussions or regulatory sanctions. These security failures expose the Bank to substantial reputational damage and legal liability that can severely impact long-term business viability.

### Opportunities

The Bank can strengthen their overall security posture by upgrading IT infrastructure and cybersecurity systems while increasing public cybersecurity awareness through regular financial scam and fraud prevention programmes. This dual approach enhances both internal defences and external security consciousness, reducing risk exposure and establishing the Bank as a trusted cybersecurity leader.

### Strategy and Mitigation Plan

Recognising that data protection is fundamental to maintaining customer trust and regulatory compliance, the Bank has prioritised initiatives to strengthen customer data protection. We focus our efforts on regularly conducting Privacy and Data Protection training for employees to raise awareness of their responsibilities, while also integrating Personal Data Protection Act ("PDPA") clauses into agreements with third parties such as suppliers and contractors. In support of our data governance strategy, we implement standardised procedures and enhanced oversight mechanisms across our operations.

### Metrics

- Number of data or security breach incidents

## OUR APPROACH

### Data Protection and Cybersecurity Governance

Our governance structure adopts a multi-layered approach, with clearly defined segregation of duties to prevent risks and ensure robust oversight—particularly in safeguarding personal data and cybersecurity. These efforts are overseen by the Board Information and Technology Committee ("BITC"), which supports the Board of the Bank in effectively addressing technology and cybersecurity matters.

The BITC and BRMC approves relevant strategies and policies to maintain and enhance data security, including the Board Policy on Technology Risk Management, Cyber Resilience, Data Management, and Data Protection & Customer Secrecy. These policies are designed to safeguard the data and interests of customers, employees and other stakeholders, while addressing emerging security challenges and the evolving behaviour of financial services users.



## PRIVACY, DATA PROTECTION & CYBERSECURITY

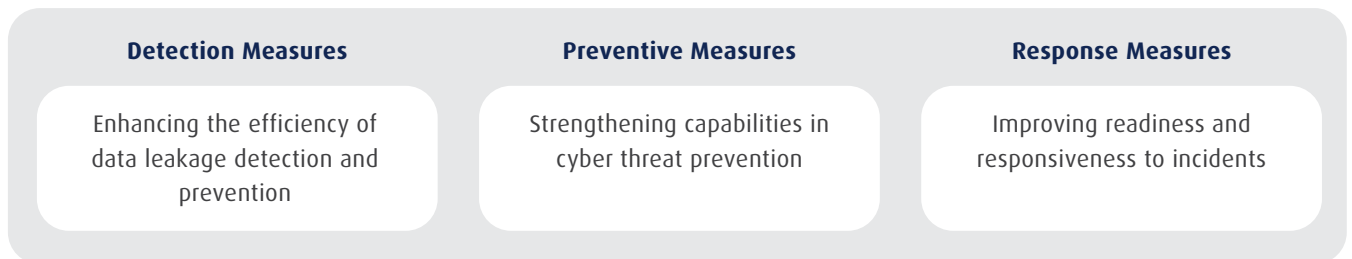
### Strengthening Cybersecurity and Operational Resilience

Cybersecurity remained a cornerstone of our digital strategy, underpinning trust and operational continuity across all markets. We advanced from periodic assessments to intelligence-led security models anchored in automation, continuous monitoring and integrated defence.

Vulnerability management was significantly enhanced through the adoption of a continuous scanning platform that automatically detects weaknesses, assigns priority scores and facilitates rapid remediation. A new centralised Security Information and Event Management (“SIEM”) system was deployed, providing a unified, real-time view of security events across regional entities and strengthening our incident response capabilities.

We reinforced business resiliency by evolving our Web Application Firewall (“WAF”) strategy, introducing additional instances to eliminate single points of failure. Advanced Distributed Denial of Service (“DDoS”) protection was implemented to detect and mitigate high-volume malicious traffic, while a next-generation Endpoint Detection and Response (“EDR”) solution added multiple layers of AI-driven defence to neutralise complex threats. Enhancements to Network Access Control (“NAC”) also improved internal access management.

Complementing these efforts, we conducted Red Teaming exercises and phishing simulations to test system integrity and build staff awareness. A new Fraud Detection System, built on high-availability architecture and fully integrated with the Bank’s data lake, now provides continuous, real-time protection.



The App Authorise function was introduced in 2022 to replace the SMS Transaction Authorisation Code (“TAC”) system, enabling customers to securely view and approve transaction details within the HLB Connect App. Other cybersecurity features include the “one mobile device per customer” policy, which restricts access to a single registered device at any given time, and an emergency lock feature to prevent unauthorised transactions via the HLB Connect account.

The Bank will continue to prioritise investments in cutting-edge technologies such as artificial intelligence, machine learning, and infrastructure to enhance operational efficiency, drive innovation, and unlock new revenue streams. By leveraging these technologies, we aim to deliver hyper-personalised services, automate routine processes, and anticipate customer needs more effectively.

### Data Privacy Management

We are committed to protecting our customers’ data and privacy. Our data privacy management is guided by the Board Policy on Data Protection and Customer Secrecy, which outlines the framework for managing personal and financial data throughout its lifecycle. This policy ensures compliance with regulatory requirements and sets out guiding principles covering data purpose, types, disclosures, access and correction rights, and confidentiality.

We have implemented physical, electronic, and procedural safeguards, supported by investments in systems and infrastructure, to ensure data security. All employees are bound by our Code of Conduct and Ethics, which mandates the confidentiality of customer data at all times. Any breach may result in disciplinary action.

## PRIVACY, DATA PROTECTION & CYBERSECURITY

Following the new Personal Data Protection (Amendment) Act 2024, we appointed a Data Protection Officer (“DPO”) to further strengthen internal data protection governance and compliance.

### Managing Fraud Proactively

To maintain customer trust and confidence in our services, we have established procedures to proactively manage fraudulent transactions and scams, with a strong focus on prevention through prompt detection and verification of unusual activity. If a customer falls victim to fraud or scams, we conduct a thorough investigation, provide support in resolving the case, and report the incident to our Group Risk.

We have also continued to strengthen our security controls, introduced additional fraud preventive measures for higher-risk transactions and provide fraud awareness to educate our customers on scams.

Our 24/7 Contact Centre (03-7626-8899) is available for customers to report or inquire about suspected scams, fraudulent incidents, or suspicious transactions. The Contact Centre works closely with our FMU to investigate and assist affected customers.

#### Prevention, Investigation and Monitoring of Frauds and Scams



## PRIVACY, DATA PROTECTION & CYBERSECURITY

### Cyber Risk And Fraud Awareness

Our approach to data privacy and cybersecurity is supported by comprehensive internal and external education programmes on cybersecurity, fraud, and scam prevention.

We actively reinforce cyber risk awareness among all employees, recognising their role in safeguarding the Bank's cybersecurity and personal data. In addition to ongoing communications, we require employees to complete mandatory e-learning modules and participate in pop quizzes to strengthen their understanding.

To raise customer awareness of fraud and scams, we have established a range of resources and support channels. Our corporate website features a dedicated Security Alert and Scam Prevention section, offering detailed information to help customers identify and protect themselves from potential threats. We also encourage customers to stay vigilant by regularly checking alerts published on our website, mobile app, and social media platforms.

#### Cyber Risk Communications and Employee Awareness

- Emerging Cyber Threats Newsletter circulated to management to inform of the latest threat landscape
- Cybersecurity awareness slideshow that appears on employees' computers at startup
- Phishing awareness session led by the Technology Risk department



#### Annual Cybersecurity E-Learning and Monthly Pop Quiz

All employees are required to complete an annual online refresher course on cyber risk management, with a minimum passing score of 80%. To reinforce ongoing awareness, a monthly Cyber Pop Quiz—featuring a single cybersecurity question—is automatically triggered upon laptop log-in.

In FY2025, over 8,000 of employees successfully passed the cybersecurity e-learning with a minimum passing score of 80%.



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

### OUR PERFORMANCE

**There were no material<sup>1</sup> data or security breach incidents substantiated<sup>2</sup> in FY2023, FY2024 and FY2025.**

<sup>1</sup> Material breach refers to incidents that are likely to pose reputational risk to the Bank or adversely affect public confidence and trust.

<sup>2</sup> Substantial incidents refer to written notices received from regulators or similar authorities, identifying a material customer privacy breach that the Bank recognises as legitimate.

# Workforce Readiness

Our commitment to a sustainable employee experience is fundamental to our long-term success. We believe that by creating a supportive and enriching environment, we empower our people to thrive personally and professionally, building a meaningful and lasting career journey with us.

We invest in our employees' futures through robust development programmes and a wide range of training resources. These are designed to help every individual reach their full potential, from building technical skills to developing leadership capabilities, ensuring our workforce is well-equipped to navigate an evolving industry. Our comprehensive wellbeing initiatives support our employees' physical, mental, and financial health, extending beyond the workplace to provide a holistic support system.

Ultimately, we strive to build a culture of belonging, where every employee feels empowered to contribute their unique perspectives and ideas, strengthening our collective performance.

---

<b>EMPLOYEE WELLBEING, HEALTH &amp; SAFETY</b>	<b>TALENT ATTRACTION, DEVELOPMENT &amp; RETENTION</b>	<b>FOSTERING AN INCLUSIVE &amp; SUSTAINABLE WORKPLACE CULTURE</b>
115	124	138

---

## EMPLOYEE WELLBEING, HEALTH & SAFETY

### WHY IT MATTERS

Our responsibility as an employer goes beyond ensuring the health, safety, and wellbeing of our employees—it is also a key driver of productivity, satisfaction, and value creation. We develop a range of initiatives that holistically support our employees' physical, mental, and social wellbeing through consistent engagement. We adopt a proactive approach to workplace safety by identifying and addressing potential hazards employees may encounter in the course of their duties, reducing both reputational and financial risks to the Bank.

### RISK AND OPPORTUNITIES

#### Risks

Inadequate health and safety policies and procedures increase the Bank's exposure to operational and compliance risks, which may result in physical injuries and occupational diseases in the workplace. A rise in sick leave reduces employee productivity and morale. Non-compliance with health and safety regulations heightens the risk of legal and regulatory penalties, while also escalating medical expenses, workers' compensation payments, and insurance premiums. Poor workplace health, safety and wellbeing policies increase the Bank's damage on financial stability, operational effectiveness, reputation and long-term success.

#### Opportunities

Effective safety protocols reduce workplace accidents and injuries. Healthy employees enjoy a better quality of life, which leads to higher satisfaction. This, in turn, lowers the Bank's medical expenses, workers' compensation claims, insurance premiums, and productivity losses. A healthy workforce contributes to greater output and efficiency for the Bank.

#### Strategy and Mitigation Plan

The Bank puts in place a robust Occupational Safety and Health Policy and SOP, along with adequate health benefits, remuneration packages, and initiatives focused on employee health and wellbeing.

#### Metrics

- Absenteeism rate
- Number of days lost due to accidents inside workplace premises
- Lost Time Incident Rate ("LTIR")
- Total fatalities from work-related injuries

### OUR APPROACH

#### Strengthening Occupational Health and Safety

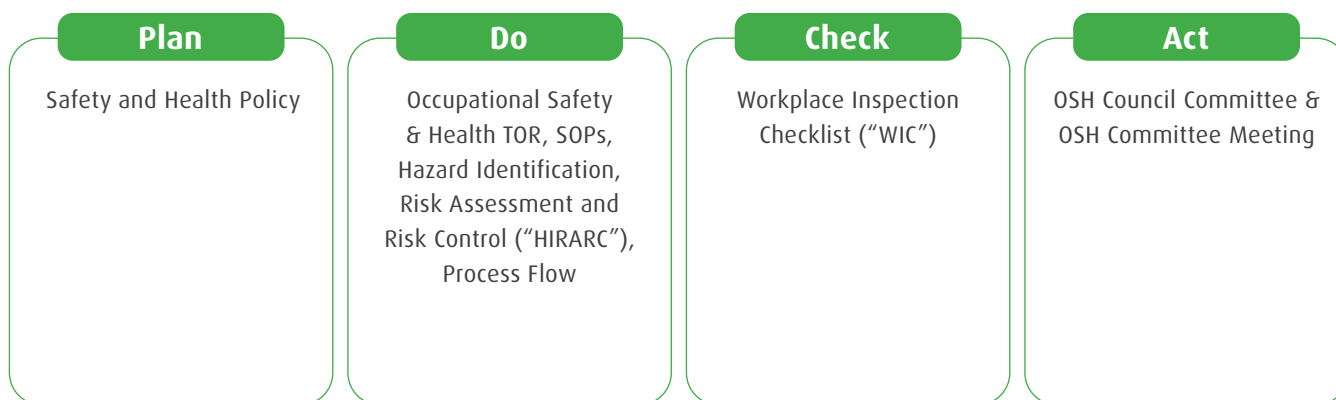
We developed our Occupational Safety and Health ("OSH") Policy and standard operating procedures ("SOP") in compliance with national health and safety regulations, establishing a comprehensive framework for managing OSH risks and maintaining safety and health standards across the Bank. Our OSH Committee, comprising both management and employee representatives, oversees the implementation of OSH practices to ensure balanced and effective decision-making throughout the Bank.

The Bank strictly complies with local and international labour laws by actively tracking legislative updates, participating in industry seminars and conferences, and serving on the Executive Committee of the Malaysia Commercial Banks Association ("MCBA"). The Bank also implements a foundational framework based on the Plan-Do-Check-Act ("PDCA") cycle to guide its OSH approach.



## EMPLOYEE WELLBEING, HEALTH & SAFETY

Our OSH approach follows the PDCA cycle as below:



**All of our employees and <sup>1</sup>contract workers are covered by our OSH Policy and SOPs.**

<sup>1</sup> Contract workers refer to non-permanent employees whose work is but whose work and/or workplace is controlled by the Bank.

Our inspection team adheres to the Bank's OSH SOP to conduct regular risk assessments. These assessments actively identify, evaluate, and address hazards across our workplaces.

In cases of incidents, we will promptly report all OSH and environmental compliance matters in line with regulatory procedures. The OSH Unit, together with relevant departments, will conduct investigations to assess reportability under the OSH Notification of Accident, Dangerous Occurrence, Poisoning and Occupational Disease ("NADOPOD") Regulations 2010, collect detailed information, identify root and contributing causes, and recommend preventive actions. The Investigating Team will include site OSH Coordinator or OSH Committee members, while occupational health cases will involve Human Resources. All findings and reports will be documented and stored according to the Guidance Note on OSH Records, with the OSH Unit responsible for official submissions to authorities.





## EMPLOYEE WELLBEING, HEALTH & SAFETY

### Hazard Identification, Risk Assessment and Risk Control (“HIRARC”) Process

1

#### Completion of HIRARC Form

The OSH Committee or OSH Coordinator completes the required information in the HIRARC form at the respective location.

5

#### Implementation of Control Measures

The OSH Committee or OSH Coordinator implements the control measures and action plan.

*Note: Control measures and action plans must be reviewed every two years.*

2

#### Activity and Hazard Identification

Relevant activities and potential hazards are identified by the OSH Committee or OSH Coordinator.

6

#### Review of HIRARC

The HIRARC is reviewed based on:

- Stakeholder needs and expectations
- Incident occurrences
- Internal and external risk implications
- Biannual review

3

#### Risk Assessment

The risk level likelihood and severity of each identified hazard is assessed (i.e. high, medium, or low) producing a semi-quantitative risk matrix.

7

#### Maintenance of HIRARC Register

The OSH Unit maintains the HIRARC Register and supports review activities.

4

#### Control Measures and Action Plan Development

Preventive and/or corrective measures and action plans are developed to control the identified hazards.

*Note: If a hazard presents an immediate risk to safety and health, it must be reported to [HLBBOSHA@hlbb.hongleong.com.my](mailto:HLBBOSHA@hlbb.hongleong.com.my)*

8

#### Record Keeping

The OSH Committee or OSH Coordinator retains the HIRARC form at the respective location.

Through our risk assessment process in FY2025, the Bank transitioned from scanned WIC submissions to a digital format via Google Forms and email. This shift enabled immediate issue tracking and removed the need for monthly Workplace Inspection Reports (“WIR”), helping to prevent and mitigate future incidents. We conducted four rollout sessions in July and August 2024, covering all branches, centres, and head office floors.

We standardised WIC workflows nationwide to consolidate processes across business units. Communication between business units throughout the implementation and monitoring process was facilitated via email. We also updated HIRARC documentation from monthly, issue-based submissions to generic forms which comprises routine, non-routine and emergency activities. These HIRARC are reviewed every two years— exceeding the three-year review requirement outlined in the DOSH HIRARC Guidelines 2008.

## EMPLOYEE WELLBEING, HEALTH & SAFETY

### Occupational Safety and Health Communications and Training

The Bank has mandated that all employees complete the OSH e-learning module. Our Learning & Development team, in collaboration with the Property & Facilities Management (“PFM”) team, supports these efforts by delivering OSH-related modules and workshops aligned with the 2022 amendment to Malaysia’s Occupational Safety and Health Act 1994. These include comprehensive, DOSH approved modules on OSH Coordinator and First Aider training, designed to strengthen employee competencies and support Bank-wide compliance with safety and health regulations.

All of our 204 OSH Coordinators have successfully completed the OSH Coordinator certification between July 2024 and April 2025. They are now equipped with the knowledge and skills necessary to ensure workplace safety and health compliance, in line with the Occupational Safety and Health (Amendment) Act 2022.

**In FY2025, 8,708 employees completed training on Health and Safety Standards.**

	FY2023	FY2024	FY2025
Number of Employees Trained on Health & Safety Standards (Bank-wide OSH e-Learning module)	8,498	9,287	<b>8,708</b> <sup>△</sup>



**MANDATORY E-LEARNING MODULES Q3/2024**

Please complete the mandatory modules within 60 days from 31<sup>st</sup> July 2024  
Click on the image to complete now

- Anti-Money Laundering (AML)
- Sanctions
- Occupational Safety and Health (OSHA)
- Operational Excellence
- Introduction to Sustainability

**YOU WILL BE RECEIVING EMAIL & WORKDAY NOTIFICATIONS FOR THE BELOW:**

- 4 Weekly Reminders
- 7 Days Countdown Reminders
- Overdue Reminder

Please reach out to HLBB L&D  
(hlbb-l&d@hlbb.hongleong.com.my)  
should you have any queries.

<sup>△</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

## EMPLOYEE WELLBEING, HEALTH & SAFETY

### Fostering Employee Health and Wellbeing

At the Bank, the health and wellbeing of our employees are essential to building a resilient and engaged workforce. We support this through a holistic, preventative approach that includes health benefits and initiatives focused on physical and mental wellbeing.

#### HEALTH BENEFITS

##### Medical Coverage

- Covers all employees and their dependents, including one legal spouse (if not covered by another employer\*) and up to five surviving children (ages 15 days to 21 years, unmarried and unemployed)
- For unionised employees (Association of Bank Officers Peninsular Malaysia ("ABOM"), National Union of Bank Employees ("NUBE"), the Sarawak Commercial Banks' Association and the Sabah Commercial Banks' Association), coverage includes the employee and their:
  - Legal spouse
  - Children under 18 years
  - Disabled children over 18 years who are not gainfully employed
  - Children up to 23 years if attending full-time education at a local institution

*\*If both the employee and their spouse are employed by the Bank, only one set of medical benefits is provided to the eligible dependent.*

##### Annual Medical Examination

- Eligible for:
  - Employees aged 45 and above at Grade M3 and above, after 12 months of continuous service
  - Unionised employees aged 35 and above

##### Building A Healthier Workforce

The Bank promotes the benefits of exercise and movement through a range of fitness challenges, sports activities, and preventive health initiatives. Sports activities such as the HLB Games enable employees to participate in selected events, including badminton and bowling. Our encouragement of movement is not limited to sports; in November, we organised the Movember Virtual Run. These activities are complemented by our efforts to drive preventive awareness of non-communicable diseases ("NCDs") through monthly Doctor in the House brown bag sessions. For the year under review, we evolved HLB Games into the HLB Sports Club, managed by employees for employees in our respective regions. This transition provides a wider range of sports activities and increased frequency, encouraging more employees to adopt a healthier lifestyle and foster team spirit. Complementing these efforts are regular health screenings, vaccination drives, and awareness sessions, such as Breast Cancer Awareness talks, supporting a holistic approach to physical wellbeing.





## EMPLOYEE WELLBEING, HEALTH & SAFETY

### Mental Health and Wellbeing Activities and Support

The Bank offers PlusVibes, a mobile-first wellbeing platform, as a vital resource to support its employees in building personal resilience and enhancing their emotional and mental wellbeing. Accessible to all employees, PlusVibes covers a wide range of content, including finance, family, leadership, self-development, and relationships. The platform also features the Wheel of Life, a visual assessment tool that helps employees identify areas needing more attention, empowering them to practise self-care as needed.

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

More than 1,800 employees use the Chat function regularly each month. For the year under review, PlusVibes introduced Ai-Maddy, a chatbot powered by AI, which offers guided mindfulness, thought reframing, mental health games, or simply a safe space to talk — available 24 hours a day, seven days a week.

### Mental Health Awareness Day

In conjunction with World Mental Health Day, the Bank organised a virtual colouring contest to encourage employees to take a meaningful pause during their day and engage in an activity that promotes relaxation, mindfulness, and stress reduction. We received over 100 submissions from employees. Additionally, we held two virtual brown bag sessions to support mental health awareness for employees nationwide.



## EMPLOYEE WELLBEING, HEALTH & SAFETY

### Fostering Employee Engagement & Satisfaction

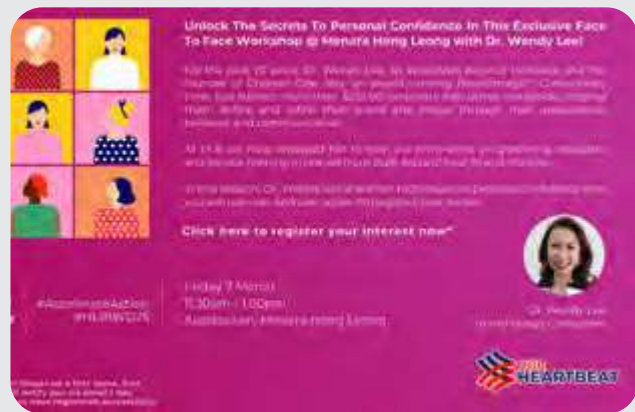
The Bank offers various platforms for open dialogue to strengthen meaningful engagement between employees and senior management across the Bank. These engagements help us better understand the challenges our employees face and respond with targeted support—whether financial assistance or other resources—based on the nature of each issue.

In FY2025, we deepened our focus on employee engagement and appreciation, celebrating our people's contributions and cultivating a workplace where every voice is valued, and every achievement recognised. These initiatives were strategically anchored around the pillars of Engagement and Appreciation, and reflect our commitment to fostering a supportive, empowering workplace culture.

### Employee Engagement

#### Virtual Brown Bag - Career Series and Personal Confidence Workshop

In FY2025, our Career Series offered practical tools to drive aspiration and career growth by enhancing communication, critical thinking, and other soft skills beyond employees' core job functions. We also conducted workshops to support workplace growth, including the Personal Confidence Workshop held during HLB International Women's Day, which encouraged employees to strengthen self-belief and professional presence. Together, these initiatives empower our employees to upskill through meaningful personal and professional development.



#### Tesla X HLB Talk-Leading the Charge in AI and Green Mobility

The Bank hosted a session for its employees to learn more about Tesla's approach to technology and the future of mobility. A total of 234 employees attended. The event covered Tesla's software-driven design, its use of Over-The-Air ("OTA") updates to enhance vehicle performance, and its direct-to-consumer sales model. Employees also explored how autonomous driving and AI contribute to building a more sustainable future.



#### The Sea Monkey Project Upcycling Pouch Workshop

In conjunction with International Women's Day 2025, the Bank hosted an Upcycling Pouch Workshop in collaboration with The Sea Monkey Project. This initiative aligned with the global celebration on 8 March, which honours women's social, economic, and cultural achievements and emphasises the theme "Accelerate Action." The workshop reflects HLB's commitment to community engagement and promoting empowerment through sustainable, creative activities.





## EMPLOYEE WELLBEING, HEALTH & SAFETY

### EMPLOYEE APPRECIATION

#### Employee Appreciation Month

For this year's Employee Appreciation Month, the Bank adopted the theme Heartbeat, symbolising energy, connection, and passion in celebrating the people who keep the organisation thriving. Heartbeat also reflects our shared HLB Values — *Innovation, Here for the Long Term, Honour, Collaborate to Win, and Entrepreneurship*.

Key activities included the Design My Heartbeat contest, which raised awareness of generative AI in a fun and engaging way, and a Digital Trivia Q&A to reinforce our shared values and behaviours.



#### My Thoughts, Our Future ("MTOF") Survey

For the year under review, we relaunched our employee engagement review to gauge employee sentiment of our transformation journey to date with 7,588 employees or 92% of the workforce participating in the survey. The results were encouraging with 79% of employees sustainably engaged (vs 71% in 2023) - key highlights included high scores on pride, with employees proud to be a part of the organisation and willing to go above and beyond. More than half of respondents acknowledged that the Bank is heading in the right direction.



#### Internal NPS Survey

The Internal NPS Survey serves as an internal measure of service quality within the Bank. It aims to strengthen collaboration and foster a more cohesive, efficient working environment. The survey helps us better understand working relationships across teams and identify opportunities to improve collaboration.

Building on our experience with customer NPS, we introduced the Internal NPS Survey Programme for employees in May 2024. Since then, we have successfully completed three phases of the survey—in May 2024, November 2024, and May 2025—to gather valuable employee feedback.

Our latest survey achieved a 67% participation rate, collecting insights from 5,404 employees and generating 16,212 evaluations. We are pleased to report a significant improvement in our Internal NPS score:

- **+5** in Phase 1
- **+39** in Phase 2
- **+42** in Phase 3

A key highlight is the notable improvement in Responsiveness, demonstrating that our efforts to act on feedback are making a tangible difference. This positive trend reflects our commitment to building a responsive and supportive workplace.

**HLB Internal NPS Survey**  
**You're Invited!**





## EMPLOYEE WELLBEING, HEALTH & SAFETY

### eTouch Campaigns and Appreciation Contests

During the year under review, the Bank continued to recognise employees who went above and beyond to support their colleagues through the quarterly eTouch contest. We also celebrated outstanding individuals during International Women's Day and Employee Appreciation Month.

eTouch, our internal employee recognition platform, enables colleagues to send appreciation messages to those who have supported them in their daily work, fostering a culture of gratitude and collaboration across the organisation.



### OUR PERFORMANCE

Health & Safety Performance	FY2023	FY2024	FY2025
Absenteeism Rate (%)	2.39	2.65	2.72%
Number of work-related fatalities	0	0	0 <sup>△</sup>
Number of accidents inside workplace premises	5	3	4
Number of days lost due to accidents inside workplace premises	67	34	39
Lost Time Incident Rate ("LTIR")	0.06	0.03	0.06 <sup>△</sup>
Number of fines or non-monetary sanctions for workplace safety violations	0	0	0
Number of fines or non-monetary sanctions related to incidents of non-compliance with labour laws	0	0	0
Number of employee matters were raised and resolved	10	10	10

<sup>△</sup> This data has been independently assured. Refer to independent limited assurance report on page 178.

# TALENT ATTRACTION, DEVELOPMENT & RETENTION

## WHY IT MATTERS

Our People Ambition is to build a world class leadership and talent pool. Achieving this will require not only a clear understanding of the factors required to compete in a global environment and the application of analytics to acquire insights for innovation, but also the resilience, learning agility and growth mindset of our people. The attraction, development and retention of top talent is an ongoing priority, as well as our commitment to fostering a diverse, inclusive and future-ready workforce through focused hiring practices, structured learning and development, and the provision of career mobility opportunities — ensuring our people grow alongside the Bank.

## RISK AND OPPORTUNITIES

### Risks

The Bank faces operational challenges and long-term risks when it struggles to attract, nurture, and retain skilled talent. A lack of access to relevant training, career development, and upskilling opportunities contributes to skill gaps, employee disengagement, and lower productivity. When experienced staff in critical roles leave, it disrupts business continuity, drives up hiring costs, and erodes institutional knowledge. Additionally, a mismatch between employee expectations—such as purpose-driven work, flexibility, and diversity—and what the Bank provides can damage its reputation, hinder future talent acquisition, and reduce overall employee satisfaction.

### Opportunities

A well-defined and compelling employee value proposition enhances the ability to attract talents while lowering recruitment expenses. Retaining top performers helps minimise turnover costs, preserves critical institutional knowledge, and fosters innovation. Providing timely and relevant learning and development opportunities promotes skill enhancement, career growth, and improved productivity. When employee values align with those of the Bank, it strengthens talent attraction, cultivates a high-performance culture, and encourages positive behaviours such as trust and integrity.

### Strategy and Mitigation Plan

We conduct periodic pulse surveys and engagement assessments to understand employee sentiment and value alignment, ensuring that leadership consistently communicates and models our core values through actions, decisions, and strategic messaging. We also highlight stories and initiatives that demonstrate how employees' work contributes to meaningful outcomes. Moreover, to strengthen our employer brand and communicate a compelling employee value proposition ("EVP") including purpose-driven work, career growth and inclusive culture. We offer competitive compensation, structured career paths, learning opportunities, recognition, and internal transfer programmes. Our approach includes a structured, tiered training framework (e.g. bankwide, role-based, and leadership) tailored to various roles and career levels, investment in flexible, on-demand learning platforms, and integration of development goals into performance review and career planning.

### Metrics

- Total hours of training
- Number of employees trained
- Total number of employee turnover
- Total number of employees

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### OUR APPROACH

The Bank is committed to providing significant employee experiences that empower them to embark on a meaningful journey with us. Our dedication to nurturing a sustainable employee experience is guided by the following core pillars:

Workplace Readiness	Talent Management	Employee Wellbeing, Health, Safety & Environment
<p>Reviewing, optimising and embedding initiatives that drive performance.</p> <hr/> <p>Building capabilities and leadership effectiveness to ensure readiness for change and transformation.</p>	<p>Building and maintaining strong and effective processes across the employee journey, from recruitment to succession planning.</p>	<p>Safeguarding our employees holistically, with a focus on mental and emotional health.</p>

### ATTRACTING HIGH-QUALITY TALENT

#### Focused Recruitment Strategies

The Bank has a range of recruitment approaches focused on attracting high-potential candidates who reflect the Bank's values. These approaches include structured internships, graduate trainee programmes, and protégé internships, as detailed below.

#### Internship Programme

The programme offers a minimum of three months placement for students to gain hands-on experience and insight into the Bank's operations. It allows them to immerse themselves in the organisational culture, develop practical skills, and explore potential career paths within the banking industry.



#### Graduate Trainee Programme

The Graduate Trainee Programme is a minimum of 12 months structured initiative that provides fresh graduates with in-depth exposure across multiple divisions within the Bank.



#### Protégé Programme

The Protégé Programme is a minimum of eight months internship that fast tracks graduates into targeted roles within the Bank.



## TALENT ATTRACTION, DEVELOPMENT & RETENTION

In addition, we also actively collaborate with key universities via career fairs, on-campus events, and virtual talks to engage and attract future talent.

**Sunway University**



**Tunku Abdul Rahman University ("UTAR")**



**University of Management & Technology ("TAR UMT")  
Penang, and Universiti Utara Malaysia ("UUM")**



**Asia Pacific University ("APU")**



### Month

### University Outreach Initiatives

#### July 2024

- Sharing Session with Sunway University Student Clubs (Sunway Business Analytics Society, Sunway International Business Society, Sunway Business Investment Society)
- TAR UMT Kampar Career Fair
- UTAR Virtual and Physical Career Fair

#### August 2024

- TAR UMT KL Career Fair
- Sharing Session with UCL Pre-Departure Students
- MMU Cyberjaya Career Fair & Internship Fair
- UTAR Sharing Session: Career Opportunities In Wealth Management

#### September 2024

- Sharing Session on Islamic Banking with Singapore Polytechnic Students at Hong Leong Tower
- Chartered Financial Analyst ("CFA") Career Day
- Graduate Trainee Panel Sharing Session with Australia Universities



## TALENT ATTRACTION, DEVELOPMENT & RETENTION

Month	University Outreach Initiatives
<b>October 2024</b>	<ul style="list-style-type: none"> <li>• INTI Industry Advisory Board Meeting</li> <li>• Graduate Trainee Panel Sharing Session with UK Universities</li> <li>• Sunway Get Hired Career Fair</li> </ul>
<b>February 2025</b>	<ul style="list-style-type: none"> <li>• Heriott Watt Career Fair</li> </ul>
<b>March 2025</b>	<ul style="list-style-type: none"> <li>• Russell Group of Universities Asia Career Insight Series Sharing Session</li> <li>• Monash Sharing Session: Career Opportunities In Wealth Management</li> </ul>
<b>April 2025</b>	<ul style="list-style-type: none"> <li>• TAR UMT KL Career Fair</li> <li>• UUM Career Fair and Sharing Session: Career Opportunities In Wealth Management</li> <li>• APU Sharing Session: Overview of Recruitment Practices, Skill Requirements, and Career Preparation Strategies</li> </ul>
<b>May 2025</b>	<ul style="list-style-type: none"> <li>• APU Career Fair</li> <li>• APU Sharing Session: Career Opportunities In Wealth Management</li> </ul>

### Sunway University Top 10 Graduate Recruiter

The Bank ranked as one of the top 10 graduate recruiters for 2023 from Sunway University. We were invited to accept a token of appreciation at a ceremony officiated by the senior management of Sunway Education.



### CFA Recognised Employer Partner 2025

For the year under review, the Bank was recognised for committing to talent development for employees through the CFA qualification in pursuit of the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.





## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Onboarding Programme

All new employees are required to complete a structured, virtual onboarding programme within the first 60 days of employment. This programme includes a series of mandatory training designed to build familiarity with the Bank's values, standards, and regulatory expectations.

It comprises self-directed e-learning modules for new hires, as well as virtual training sessions covering topics such as "Introduction to Sustainability," "Brand Promise," "Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLATFPUAA 2001")," and "Islamic Banking and Finance." In addition, employees must complete the "Introduction to Ethics in Banking"\* course by the Asian Banking School ("ABS"), reinforcing the ethical foundation critical to responsible banking practices.

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

#### Performance over the past five years

More than 6,900 new employees have taken part in our new hire induction training with 1,221 employees participating in FY2025.

More than 6,500 new employees have attended the Introduction to Sustainability and Brand Promise training sessions, with 1,038 employees participating in FY2025.

More than 1,200 employees have completed the Asian Banking School's Introduction to Ethics in Banking course, with 211 employees completing the course in FY2025.

### DEVELOPING AND UPSKILLING OUR PEOPLE

We provide our employees with hands-on learning opportunities and training programmes, along with the flexibility to customise their development journey based on individual goals and career aspirations.

Employees are expected to take ownership of their professional growth by completing a minimum of 40 training hours each year, ensuring continuous learning and development in line with both business and personal goals. To support career growth and enhance knowledge, skills, and effectiveness, the Bank has implemented structured development initiatives across all levels of the organisation, as outlined below.

Employees	Programme	Description
All	Digital Training using Go1 digital learning platform	<ul style="list-style-type: none"> <li>Promotes an 'anytime, anywhere' learning mindset by providing seamless access to training resources.</li> <li>Offers employees access to 80,000 modules curated from over 200 content providers.</li> <li>Expands development opportunities across a broad range of subjects and competencies (e.g. in alignment with Future Skills Framework).</li> <li>Fully integrated into HLB@Workday, the Bank's people and performance management platform.</li> </ul>
	Islamic Finance Training Programme	<ul style="list-style-type: none"> <li>A comprehensive capacity-building programme with in-house training on Shariah and Islamic Finance, delivered by external trainers.</li> <li>Mandatory for employees.</li> <li>Over the past three years, more than 5,600 employees have completed the Islamic Finance Training Programme, with 1,039 employees completed in FY2025.</li> </ul>

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

Employees	Programme	Description
<b>People Managers</b>	Coaching for Performance Programme	<ul style="list-style-type: none"> <li>Assist managers in becoming effective coaches, so they may effectively empower members of their team.</li> <li>Over the past three years, more than 450 employees have completed the training, with 190 employees completed in FY2025.</li> </ul>
<b>People Managers</b>	Driving The People Agenda ("DPA")	<ul style="list-style-type: none"> <li>Since 2019, 1,629 People Managers have participated in 66 facilitated sessions.</li> <li>In FY2025, DPA has been relaunched as an interactive online self-learning module with an assessment on HLB@Workday. Over 1,100 of our people managers completed the module in FY2025.</li> </ul>
<b>Bank-Wide</b>	"Lunch & Learn" Brown Bag Series	<ul style="list-style-type: none"> <li>Informal learning sessions, focusing on productivity and wellbeing topics.</li> <li>In FY2025, we conducted 29 sessions, which were attended by more than 900 employees.</li> </ul>

We use the 70:20:10 Learning Framework to guide employee development, focusing 70% learning through hands-on experience, 20% through interaction with others such as mentoring and coaching and 10% through structured formal training.

### Delivering Personalised Development

Our wide range of training programmes and hands-on experiences help employees take charge of their own growth and career goals. Each person is responsible for developing their own Individual Development Plan ("IDP"), guided by performance discussions with their Line Managers during Goal Setting, Mid-Year, and Year-End reviews. In FY2025, 1,372 employees transitioned to new roles or were promoted.

We support employees in pursuing professional accreditations aligned with their career paths, helping them build expertise and contribute greater value to the organisation. Mentoring and coaching opportunities at the Bank are designed to support personal and professional growth through structured guidance and meaningful relationships.

Accredited Programme	Description	Progress
<b>The Chartered Bankers Programme</b>	This certification programme is a joint initiative by the Asian Institute of Chartered Bankers ("AICB") and the Chartered Banker Institute in the UK. It's designed to grow our pool of qualified chartered bankers by providing a recognised professional qualification that supports banking excellence and ethical standards.	As of FY2025, 25 employees have successfully earned their Chartered Banker certifications since 2019, with 22 currently working toward completion.
<b>AICB Certification in Risk, Audit, Compliance, Credit and AML/CFT</b>	The AICB course are mandatory for all key personnel handling critical functions such as risk, audit, compliance, credit, and AML/CFT. This requirement aligns with an industry-wide commitment made in October 2017 between the AICB and member banks of the ABM to uphold professional standards in the banking sector.	In FY2025, 381 employees have enrolled in 465 AICB Certifications. 39% of these employees are currently working towards completing their certifications, while 61% have already completed the required courses.

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

Accredited Programme	Description
<b>Islamic Accreditation Programmes</b>	<p>The Islamic Finance Qualification ("IFIQ") is a required certification for all professionals in the Islamic finance sector, ensuring they meet industry standards and have the necessary knowledge to operate in this specialised field.</p> <p>A total of 1,458 employees have earned their IFIQ qualifications. For FY2025, 20 employees have completed IFIQ certification. Building on the successful completion of training by the majority of Hong Leong Islamic Bank (HLISB) staff, we are expanding this programme across several divisions within the Bank. This expansion, advised by our Shariah team, is a key initiative to enhance our organisation-wide Shariah competency.</p>
	<p>The Certified Shariah Advisor ("CSA") and Certified Shariah Practitioner ("CSP") programmes are professional certifications designed to strengthen knowledge and expertise in Shariah principles and their practical application in Islamic finance.</p> <p>As of FY2025, 11 HLISB employees have earned CSA and/or CSP certification. In FY2025, 4 have completed the certifications.</p>

### TALENT REVIEW AND SUCCESSION PLANNING

We encourage employees to grow their careers with us through career mobility — both by moving up (vertical growth) or across roles and divisions (lateral growth) — by exploring internal job postings to discover the comprehensive range of career pathways within the Bank. Our weekly "Step Up To Your Next Role" newsletter reinforces this commitment by providing clear visibility of internal vacancies and career advancement opportunities across the Bank.

For FY2025, we continued to make strategic appointments and provide meaningful career progression opportunities to our people. 19 senior leaders who demonstrated exceptional dedication, performance, and leadership throughout the financial year — and who continue to play a vital role in driving our success — were promoted. Alongside these senior leadership advancements, more than 680 team members across various levels of the organisation were also recognised. These promotions are a testament to their contributions to the Bank's Transformation Plan and reflect our continued focus on embedding performance within our culture.

At divisional level, the second co-head chair for Business Channels was filled internally by our General Manager for Digital, Personal Financial Services, with effect on July 2025. The intent is to orchestrate the next level of meaningful "phygital" integration for customer interactions at branches and across channels through a digital lens or point of view. This expansion of responsibility is a key example of how the Bank is looking at existing and potential skillsets to drive impact both at the employee and organisational level.

Internal appointments in Business Channels were also announced for the roles of Sales Performance & Productivity Management; Channel Planning Strategy & Analytics; Channel Operation Strategy, Customer Experience & Strategic Cost Management and Channel Risk & Compliance Management. In PFS and PFS-i, the roles for Fixed Deposit and Liabilities Pricing Management and the Head of PFS-i were filled internally.

A Head of Regional Wealth Management has been appointed to lead, scale and drive sustainable profit growth of our wealth management business through the delivery of wealth management product solutions to all customer segments in HLB, with a focus on building the Private Banking customer segment in Singapore and Malaysia. In Singapore, new appointments included a Head of Personal Financial Services; Head of Wealth; Head of Business Community Banking for the Automobile Ecosystem and a Head of Information Technology & Digital Banking. A Chief Digital Commercialisation Officer has been appointed to collaborate, formulate and implement the strategic direction, development, launch and ongoing operations of HLB's digital bank initiatives across the Banking Group.

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

Career mobility within the organisation is highly encouraged. To support this, we organise monthly “career coach” sessions through our Virtual Brown Bag lunch and learn platform. Topics covered include fostering ambition, enhancing communication skills and building effective work relationships. This is complemented by thought leadership articles around career mobility with key insights from HLB employees who have been promoted or initiated an internal transfer to another role within the Bank. To close the loop, a weekly internal job vacancy newsletter is sent out as a call to action for employees to explore different opportunities, progressing their career through new responsibilities.

### Strengthening Sustainability Knowledge Across The Bank

We continue to strengthen sustainability knowledge across the Bank through targeted training initiatives. These programmes are designed to equip employees at all levels with the skills and awareness needed to integrate sustainability into their daily roles and decision-making. By embedding sustainability training into our organisational learning, we foster a culture of shared responsibility and empower our workforce to contribute meaningfully to our ESG goals.

### Sustainability Knowledge Programme

To promote sustainability awareness across our workforce, all employees are required to complete an annual mandatory e-Learning course titled “Introduction to Sustainability”, which cover fundamental sustainability-related contents such as importance of sustainability to financial institutions, corporate sustainability reporting requirements, materiality assessments, identifying opportunities to create long-term business value, global ESG indices and peer benchmarking with leading practices, roles of employees in the sustainability journey, etc. New hires also undergo this training through a virtual session conducted by our Group Sustainability Division as part of their onboarding process.

To build on this foundation, we leverage a range of learning channels, including training programmes, brown bag sessions and internal communications, that highlight and foster discussion around current and specific sustainability-related issues. These initiatives can be included or excluded as appropriate, based on evolving business needs and relevance, to support ongoing understanding of the fast-evolving ESG landscape.

#### Sustainability Training Key Highlights

To strengthen sustainability knowledge and embed ESG awareness across the organisation, we delivered a suite of targeted learning initiatives in FY2025 as follows:

##### Bank-wide Mandatory e-Learning

All employees are required to complete an annual e-learning course titled “Introduction to Sustainability” as well as a quiz at the end of the course to reinforce understanding of the topics covered. In FY2025, over 8,000 employees completed the mandatory Sustainability e-Learning course.

##### External Training

In addition to internal learning initiatives, we support continuous development by enabling employees to participate in external training programmes. Selected team members involved in sustainability efforts at HLB have attended specialised courses covering a wide range of topics, such as sustainable finance, green, social and sustainability bonds, climate risk management, carbon capture utilisation and storage, sustainability reporting and metrics, and the management of environmental and social (“E&S”) risks and impacts, among others.

##### Digital Learning

To support flexible and continuous learning, we offer a range of digital sustainability modules on the Go1 platform. These include topics such as Introduction to Environmental Sustainability, Decarbonisation, ESG and Sustainable Investing, and Financial Materiality. Employees are encouraged to complete these courses at their own pace and convenience, reinforcing individual ownership of sustainability knowledge and practice. In FY2025 alone, over 1,700 employees successfully completed the ESG related training, reflecting our sustained focus on building sustainability knowledge and capacity across the organisation.

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Division-Led Training

#### Business & Corporate Banking ("BCB")

- The Fundamental Account Sales Training ("FAST") is held four times annually for all new BCB front-line employees. This past FY2025, a total of 117 employees received training in product knowledge, system familiarity, and business processes. The programme also includes an overview of BCB's ESG Policy, providing new employees with essential insights into our sustainability approach from the outset.
- Additionally, 555 existing BCB employees refreshed their knowledge of the ESG Policy and Assessment Framework via e-learning module.
- Moreover, 118 employees from various divisions including Business Channels, Personal Financial Services, Global Markets, and Regional Wealth Management were trained in the ESG Readiness Programme. This initiative equipped them with the necessary tools and knowledge to advise clients and help businesses transition to sustainable models.

#### Personal Financial Services ("PFS")

- In FY2025, the PFS Sustainability team conducted two Marine Debris sessions on 9 and 14 May 2025. The Marine Debris sessions aimed to conserve marine ecosystems and address marine debris and plastic pollution where the pollution session was attended by 79 staff.
- In March 2025, PFS organised a Tesla x HLB: Leading the Charge in AI and Green Mobility for the participants to have a better understanding of Tesla's software-centric approach, Over-The-Air updates, and direct-to-consumer business model, as well as how autonomy and AI drive sustainable future and had attended by 236 staff.

## PROVIDING COMPETITIVE REMUNERATION & BENEFITS

### Remuneration Strategy

The Bank's remuneration strategy supports and promotes a high performance culture to deliver our vision to be a highly digital & innovative ASEAN financial services company. It also forms a key part of our EVP with the aim to drive the right behaviours, create a workforce of strong values, high integrity, clear sense of responsibility and high ethical standards. The Remuneration Policy aims to maintain a competitive remuneration strategy, enabling us to attract and retain talent and at the same time balance risk and performance outcomes, with an eye on prudent risk-taking.

As part of the Bank's remuneration practice, performance evaluation takes into account non-financial KPIs, which include alignment to the Code of Conduct and Ethics, risk management and compliance, meritocracy, prudent risk-taking, HLB values, and selected ESG measures.

The pay mix delivery for the Group Managing Director ("GMD"), senior management and employees encompass the following components:

### Fixed and Variable Pay

Fixed pay is delivered at an appropriate level, taking into account employees' skills, experience, responsibilities, competencies, and performance. It is benchmarked against comparable organisations to ensure competitiveness for attraction and retention purposes.

Performance-linked variable pay, in the form of bonuses, is awarded at the end of the financial year, subject to the Bank's overall performance and in recognition of individual contributions and key achievements. It is designed to reward the achievement of objectives aligned with value creation for our shareholders and multiple stakeholders.

A robust KPI setting process is in place, incorporating risk management into scorecards to minimise excessive risk-taking behaviours and ensure sufficient control mechanisms. For individuals in senior management positions, variable bonus awards exceeding a defined threshold are deferred over a specified period.



## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Long-Term Incentives

The Bank recognises and rewards individuals for their contributions towards its long-term business achievements (both in qualitative and quantitative measures) through a combination of cash and non-cash (i.e. shares or share-linked instruments) elements that are subject to partial deferment over a period of time (typically over a few years) with a built-in clawback mechanism.

### Clawback Provisions

The clawback mechanism can be triggered when there are non-compliances to regulations and policies and where Management deemed necessary due to achievements of performance targets that are not sustainable. Clawbacks are typically (and not limited to) applied in the case of Gross Misconduct, Financial Misstatements, Material Risks and/or Malfeasance of Fraud.

### Employment Benefits and Programmes

Employee benefits (e.g. screening, health and medical, leave passage) are used to foster employee value proposition and wellness to ensure the overall wellbeing of our employees. These are being reviewed annually to ensure we remain competitive in the industry and that our employees are well taken care of.

### Sustainability-Linked Remuneration

The Bank has integrated sustainability-related KPIs into our employees' KRAs under the 'Here for the Long Term' pillar, which carries a 6% weightage. All employees are required to document both qualitative actions and quantitative outcomes of their sustainability initiatives, reinforcing a culture of accountability and transparency.

Selected senior and middle management members who are directly responsible for embedding sustainability into their divisional initiatives, including the Group Managing Director ("GMD"), are evaluated against scorecard objectives aligned with our sustainability and climate-related targets and strategy which carries at a minimum 3.5% weightage, with the Chief Sustainability Officer carrying the maximum weightage of 70%.

### Employee Benefits

Our holistic benefits package encompasses a wide range of offerings, from various leave entitlements and medical coverage to financial aid, scholarships, and subsidies. This investment reflects our commitment to enhance employee satisfaction and promote their overall wellbeing.

### FY2025 Employee Benefits

#### Leave

##### Annual Leave

- 22 to 26 days of leave annually, subject to the employee's years of service

##### Maternity Leave

- 120 consecutive days of paid leave for up to five surviving children

##### Sports Participation Leave

- 10 consecutive working days of paid leave for participation in official sporting events on behalf of the employee's state or home country

##### Marriage Leave

- 10 days consecutive of paid leave for first legal marriage while employed with the Bank

##### Paternity Leave

- 5 consecutive working days of paid leave for up to five surviving children

##### Birthday Leave

- Half day of paid leave on the employee's actual date of birth if it falls on a working day

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Leave

#### Compassionate Leave

- 3 consecutive working days of paid leave upon the death of an employee's spouse, parent, parent-in-law or child
- 2 consecutive working days of paid leave upon the death of an employee's brother, sister or grandparent

#### Prolonged Illness Leave

- Leave of up to 24 months, with the first six months on full pay, the following 6 months on half pay and the remaining 12 months on unpaid leave, subject to recommendation by the Bank's panel doctor or a government hospital

#### Pilgrimage Leave

- 10 consecutive working days of paid leave for one occasion after completing 3 years of service with the Bank

#### Study & Examination Leave

- 4 working days of paid study leave per calendar year for Bank-approved examinations
- No cap on examination leave for actual exam date for Bank-approved examinations

#### CSR Leave

- 2 working days of paid leave per calendar year

### Medical

#### Medical coverage

- Covers all employees and their dependents, including one legal spouse (if not covered by another employer\*) and up to 5 surviving children (ages 15 days to 21 years, unmarried and unemployed).
- For unionised employees (Association of Bank Officers Peninsular Malaysia ("ABOM"), National Union of Bank Employees ("NUBE"), the Sarawak Commercial Banks' Association and the Sabah Commercial Banks' Association), coverage includes the employee and their:
  - Legal spouse;
  - Children under 18 years;
  - Disabled children over 18 years who are not gainfully employed; and
  - Children up to 23 years if attending full-time education at a local institution

\* If both the employee and their spouse are employed by the Bank, only 1 set of medical benefits is provided to the eligible dependent.

#### Annual Medical Examination

- Eligible for:
  - Employees aged 45 and above at Grade M3 and above, after 12 months of continuous service
  - Unionised employees aged 35 and above

### Financing Support

#### Housing & car financing

- Employee housing financing and car financing at preferential rates

#### Sundry loan/financing

- Eligible for officers, clerical and non-clerical employees, subject to terms and conditions

#### Festival Advance

- Eligible for employees at Grade E1 and below, as well as officers, clerical and non-clerical employees, subject to terms and conditions

## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Study & Scholarship Awards

#### Employee study award

- Eligible for employees with at least one year of service wishing to pursue a professional courses certificate, diploma, advanced diploma, Bachelor's degree or MBA/Master's degree, subject to terms and conditions.

#### Hong Leong Group Scholarship Award

- Eligible for permanent Hong Leong Group employees who have served for five consecutive years and whose child has not received other scholarships or grants (except National Higher Education Fund Corporation – "PTPTN" study loans); - are not in their final year of study;
  - Only one application is allowed per year; and
  - One child per application per annum can be financed for pre-university or tertiary-level education.

### Subsidy

#### Disability Care Subsidy

- Unionised employees are entitled to:
  - RM150 monthly per family for one disabled spouse or child, or RM200 monthly for two or more disabled dependent.

### Child-Friendly Facilities

- Access to fully equipped nursing rooms at Hong Leong Tower and PJ City Tower A for nursing mothers

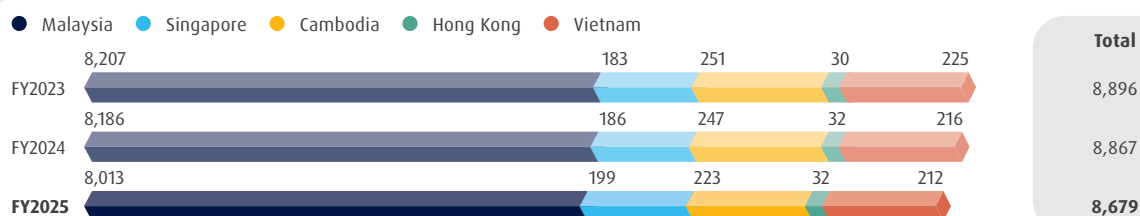
### Freedom of Association

We remain firmly committed to respecting the right to freedom of association and collective bargaining. Currently, 14% of our workforce is represented under collective bargaining agreements. We gain deeper insights into workforce needs through regular engagement with employee unions that enable us to implement targeted solutions that strengthen employee satisfaction and support long-term retention.

# TALENT ATTRACTION, DEVELOPMENT & RETENTION

## OUR PERFORMANCE

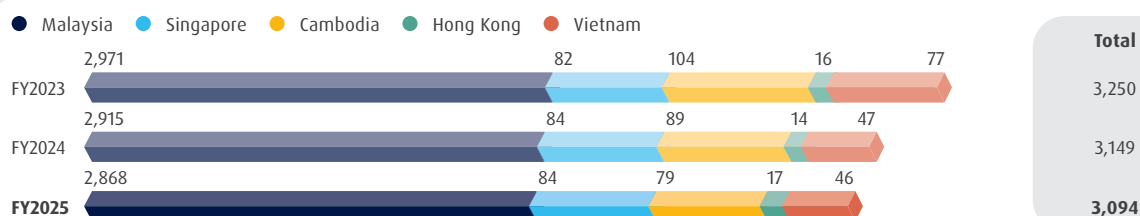
### Total number of employees



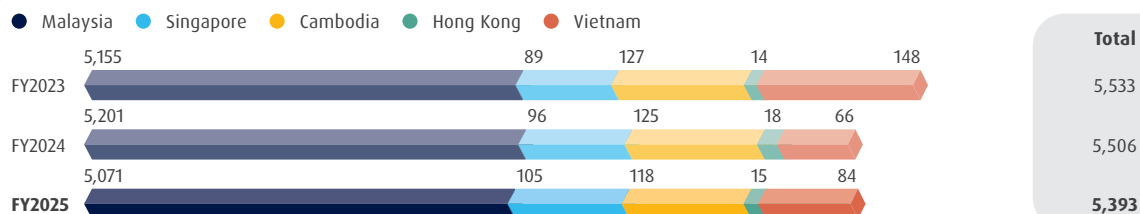
### Total number of employees by contract category

#### Permanent

##### Male (Persons)

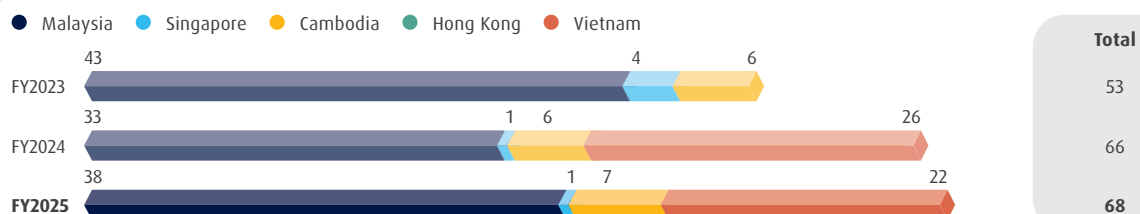


##### Female (Persons)

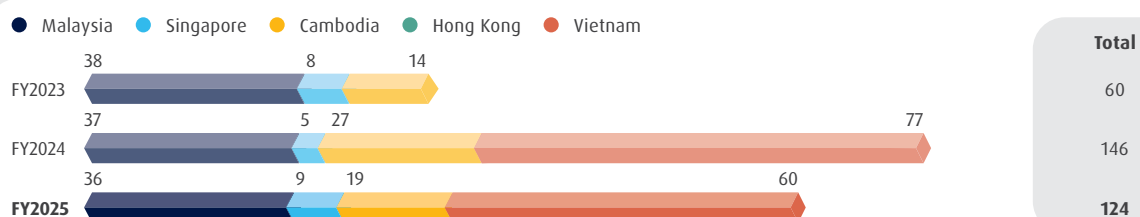


#### Temporary

##### Male (Persons)



##### Female (Persons)



## TALENT ATTRACTION, DEVELOPMENT &amp; RETENTION

## Total number of employee turnover by employee category

## Senior Manager (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total

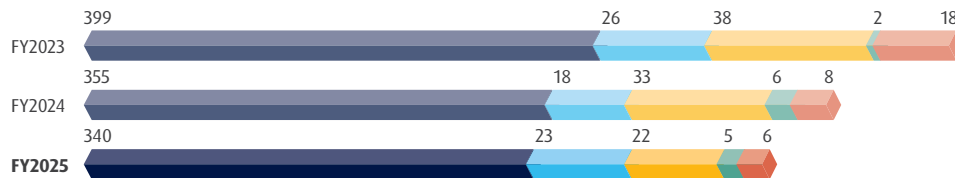
39

39

39

## Manager (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total

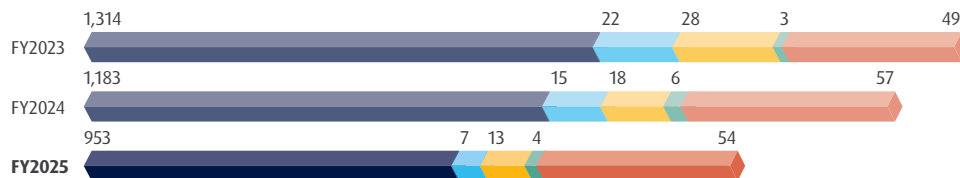
483

420

396

## Executive (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total

1,416

1,279

1,031

## Non-Executive (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



Total

40

45

38

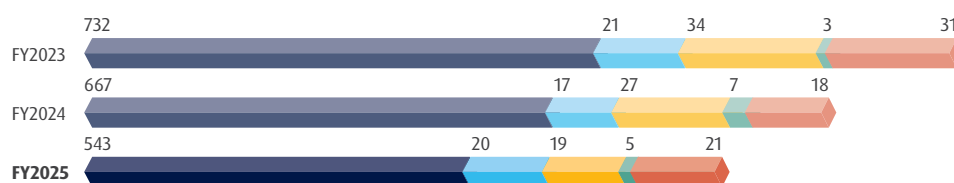


## TALENT ATTRACTION, DEVELOPMENT & RETENTION

### Total number of employee turnover by gender

#### Male (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam

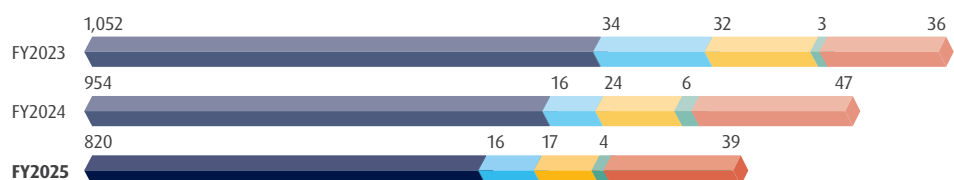


#### Total

821  
736  
608

#### Female (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



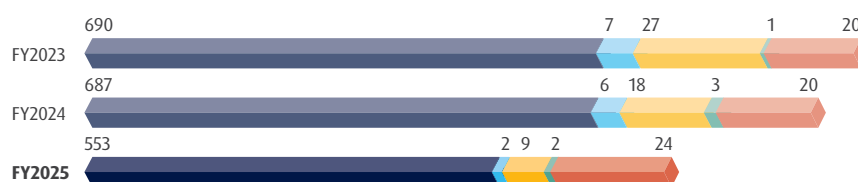
#### Total

1,157  
1,047  
896

### Total number of employee turnover by age group

#### Under 30 years old (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam

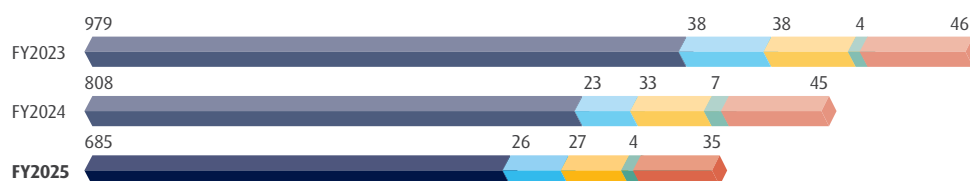


#### Total

745  
734  
590

#### 30-50 years old (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



#### Total

1,105  
916  
777

## TALENT ATTRACTION, DEVELOPMENT &amp; RETENTION

## Over 50 years old (Persons)

● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam



## Total

128

133

137

Total training hours by category	FY2023	FY2024	FY2025
Senior Manager	13,021	17,291	22,034
Manager	145,495	163,231	180,039
Executive	325,423	372,772	381,406
Non-Executive	166,470	73,678	77,218
Average hours of training by category			
Senior Manager (Hours/Employee)			86
Manager (Hours/Employee)			90
Executive (Hours/Employee)	Disclosure commenced in FY2025		86
Non-Executive (Hours/Employee)			58
Average hours of training by gender			
Male (Hours/Employee)			78
Female (Hours/Employee)	Disclosure commenced in FY2025		85
<b>Total average hours of training (Hours/Employee)</b>	<b>79</b>	<b>77</b>	<b>82</b>

Note: Average hours are based solely on HLB and do not include other entities' data.

## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### WHY IT MATTERS

For a bank where trust, service, and collaboration are critical, we nurture a culture that supports employee wellbeing, embraces diverse perspectives, and upholds ethical behaviour. Diversity and inclusion (“D&I”) is embedded in every aspect of our culture. We apply a merit-based approach across recruitment, remuneration, and development to ensure equal opportunities for all. This inclusive foundation strengthens our human capital and supports a sustainable workplace that values equity, fosters innovation, and empowers employees to contribute meaningfully to our ESG goals.

### RISK AND OPPORTUNITIES

#### Risks

The absence of a strong, clear diversity and sustainability agenda is a critical vulnerability. A homogenous workforce encourages groupthink, limiting creativity and innovation. Without a robust agenda, we struggle to attract and retain top talent—particularly young, purpose-driven professionals. A lack of clear diversity policies increases the risk of discrimination and a toxic workplace. Poor public perception can damage our brand and employer reputation, ultimately weakening financial performance, competitive standing, talent pipeline, and long-term viability.

#### Opportunities

A strong commitment to diversity and inclusion enhances our employer brand and aligns with evolving societal values. A sustainability-focused workforce drives innovation in efficiency and product development. By emphasising diversity and sustainability, we attract top talent and improve retention. A diverse team brings insights into varied customer needs, strengthening market strategies and unlocking new revenue opportunities.

#### Strategy and Mitigation Plan

The Bank fosters a sustainability-driven culture by ensuring diverse representation in senior management and across the workforce, upholding inclusion through the Board’s Code of Conduct and Ethics, and driving impactful initiatives under the HLB Impact programme.

#### Metrics

- Board and employee gender composition
- Gender pay ratio

### OUR APPROACH

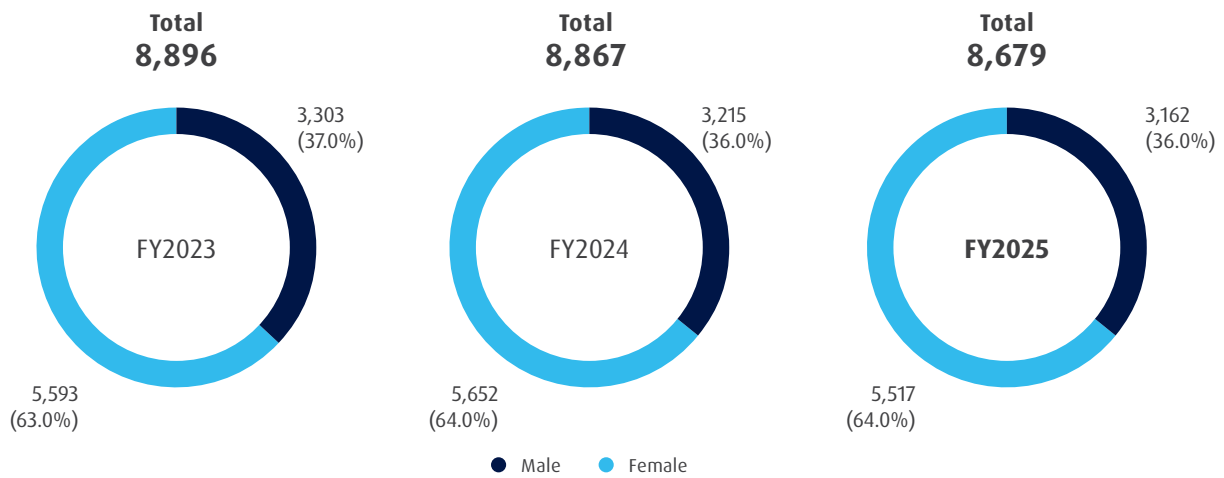
#### Maintaining a Diverse and Inclusive Workplace Culture

As part of our commitment to supporting women and parents in the workplace, we cultivated a family-friendly environment through enhanced benefits and inclusive engagement initiatives. In FY2025, we celebrated and participated in gender and family based awareness days including International Children’s Day, Family Day, International Women’s Day, and Movember—reflecting our dedication to fair and equitable employee wellbeing and work-life integration.

The gender composition of our workforce remained largely consistent with previous years.

## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

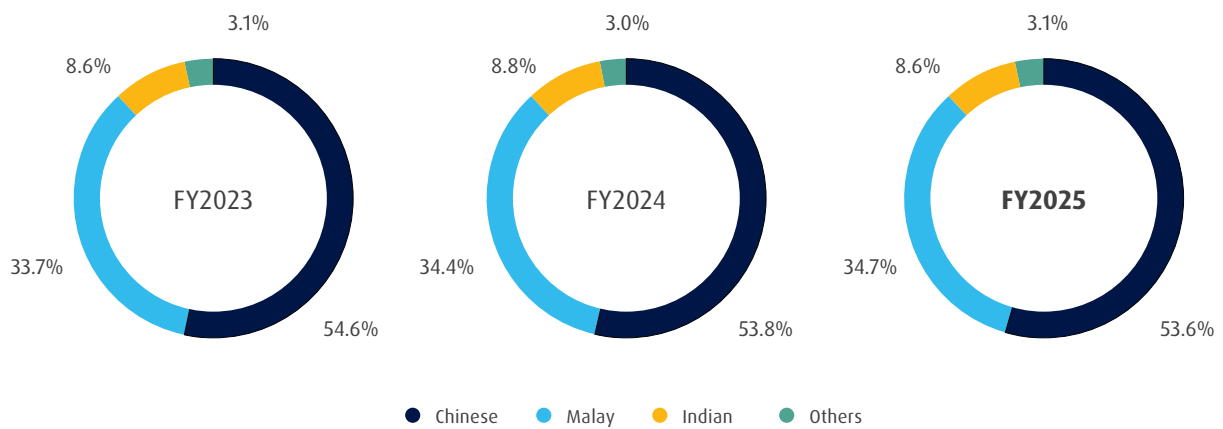
### Gender Composition of Employees (%)



Note: Inclusive of Malaysia, Singapore, Hong Kong, Cambodia and Vietnam operations.

Over the past three years, our workforce has maintained a balanced ethnic composition, demonstrating our continued commitment to maintaining a diverse and inclusive employee base.

### Ethnic Composition of Employees (%)



Note: Data reflects HLB only and does not include other regions.

## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### Monitoring Our Gender Pay Ratio

We regularly review our remuneration data to assess the gender pay ratio across various employee categories. We index average male pay to 1.00 and express female pay as a proportion of that benchmark. In refining our calculation, we excluded C-level executives and expatriates to more accurately reflect the broader employee population.

In FY2025, we observed that the gender pay ratio is well balanced among the different employee categories with average female pay ranging from 0.90 to 1.13 of average male pay.

### Standing Against Discrimination

In line with our Code of Conduct and Ethics (“the Code”) Principle 7: Work Environment, we are committed to fostering a safe, respectful, and non-violent workplace. We take a firm stance against all forms of discrimination, harassment—including sexual harassment—and intimidation. We treat every allegation with the utmost seriousness and ensure that all reports are thoroughly and impartially investigated. This reinforces our zero-tolerance approach and our commitment to employee wellbeing. At the core of our values, the Code ensures that every individual is valued, respected, and treated fairly. We uphold zero tolerance for discrimination and harassment, and we embrace diversity across gender, race, religion, age, nationality, and abilities in every part of our business. In FY2025, we successfully upheld our record with zero reported incidents of discrimination.

As the Code forms an integral part of our terms and conditions of employment, we require all employees to uphold the highest standards of professionalism and ethics in their work, conduct, and personal behaviour. Any breach of the Code is treated as misconduct and may result in disciplinary action—including, where appropriate, termination of employment or engagement. This reinforces our commitment to integrity, accountability, and a value-driven workplace. In FY2025, there were zero substantiated complaints concerning human rights violations.

In FY2025, we took active steps to strengthen awareness and understanding of respect in the workplace, with a particular focus on harassment prevention. We launched a targeted three-month campaign that included the release of an educational infographic on identifying workplace harassment, alongside a virtual session titled Workplace Sexual Harassment 101, facilitated by an Advocate & Solicitor of the High Court of Malaysia. These initiatives underscored our ongoing efforts to foster a respectful, inclusive, and safe working environment for all employees. As a result, employees were made aware of workplace harassment indicators, reporting procedures, and ultimately this will enable a stronger sense of trust in the organisation’s commitment to a safe and respectful work environment.



## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### FOSTERING A SUSTAINABILITY-DRIVEN CULTURE AMONG EMPLOYEES



HLB Impact was launched to enhance the Bank's sustainability profile by embedding sustainable practices and initiatives through internal and external outreach and engagement—in line with our sustainability material topics: Fostering a sustainability driven culture, Supporting social enterprises and communities, Managing our operational environmental footprint, and Sustainable supply chain. HLB Impact was also conceptualised to drive internal awareness, encourage sustainable practices among employees, and support employees' sustainability-related performance metrics through our "Here for the Long Term" Core Value.

In our ongoing efforts to foster a culture of sustainability within the organisation, we organised various initiatives and activities to raise awareness of ESG issues and cultivate sustainable practices through a variety of channels, including talks, workshops and other activities.

Initiative	Dates	Key Outcomes
Recycling Awareness Talk by Recircle	September 2024	Engaged with 130 participants
Brown Bag - Transitioning Public Housing to Liveable Home for the Public	October 2024	Engaged with 221 participants
Brown Bag - Opening Doors: Supporting Literacy & Access to Education for Every Child	November 2024	Engaged with 148 participants
Recycling Day Events with Recircle (Hong Leong Tower & PJ City)	September 2024	287kg of recyclable waste collected from staff participation
Sustainability Workshop: Rethinking Waste - A Culture Shift	March 2025	Engaged with 147 participants
Sustainability Talk: Fueling a Sustainable Future with Renewable Energy	April 2025	Engaged with 80 participants; Average knowledge score increased from 2.8 to 3.9
How To Start Edible Gardening Workshop by Eats, Shoots & Roots	April 2025	Engaged with 37 participants; Average knowledge score increased from 2.6 to 4.5
Quarterly Recycling Days at HLB with Recircle	January 2025	528 kg of recyclables collected
	April 2025	245kg of recyclables collected; 526kg of e-waste collected
#HLBGoOutsideChallenge Photo Contest	June 2025	26 submissions received; Encouraged nature appreciation and ESG awareness

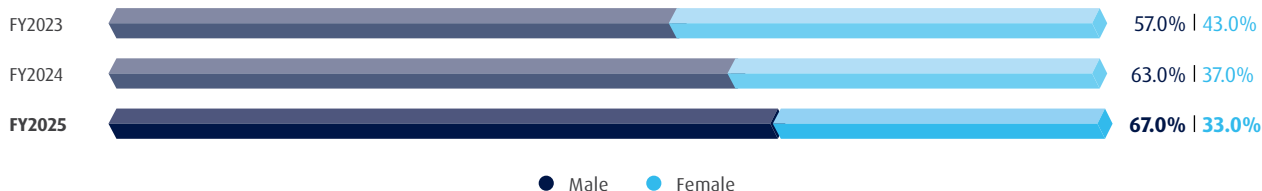


# FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

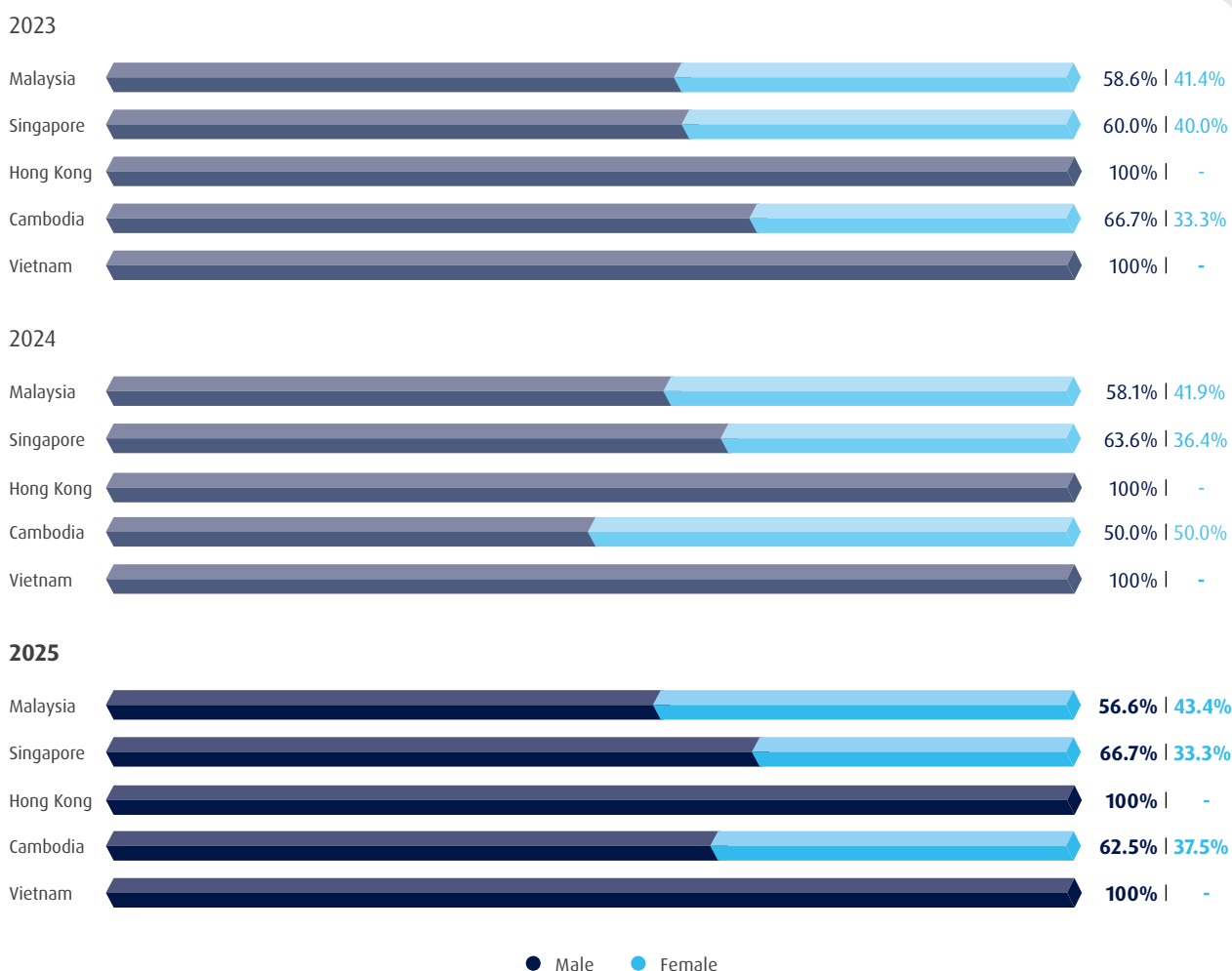
## OUR PERFORMANCE

### Gender Diversity by Employee Category (%)

#### Board of Directors<sup>1</sup>



#### Senior Management



Note: <sup>1</sup> Data reflects HLB only and does not include other regions.

## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### Manager

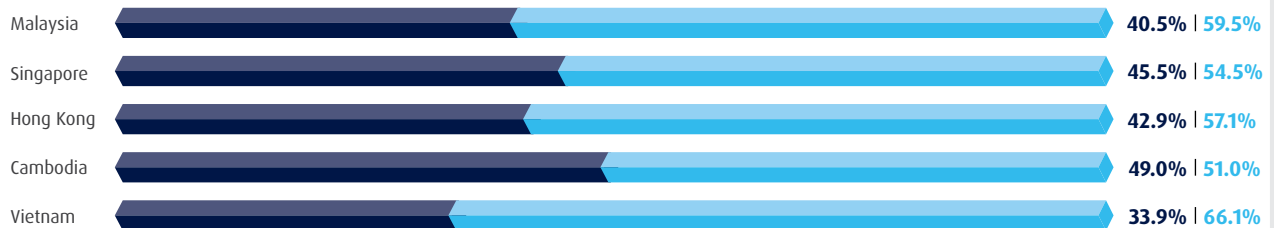
2023



2024



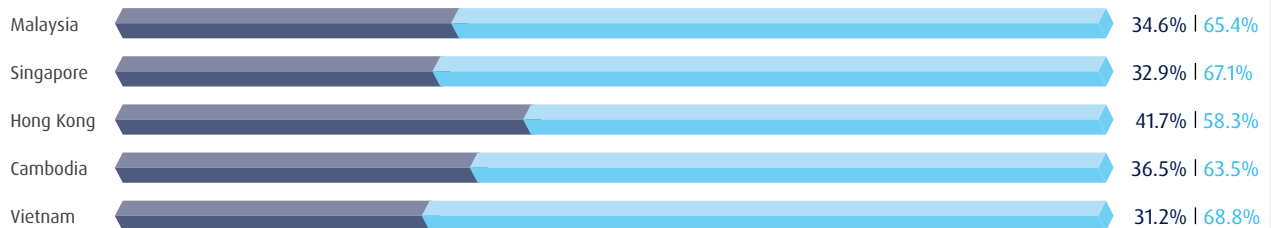
2025



● Male ● Female

### Executive

2023



2024



## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### 2025



### Non-Executive

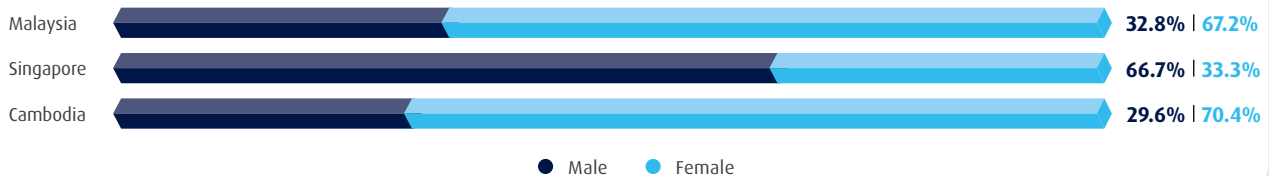
#### 2023



#### 2024



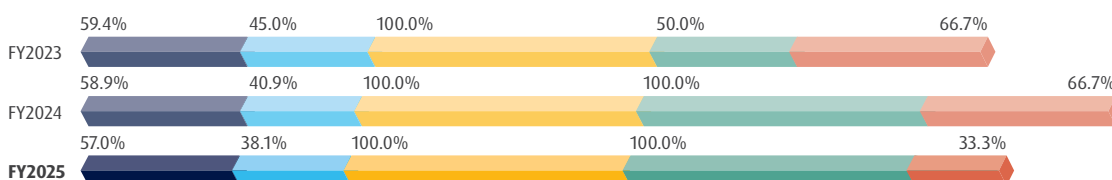
#### 2025



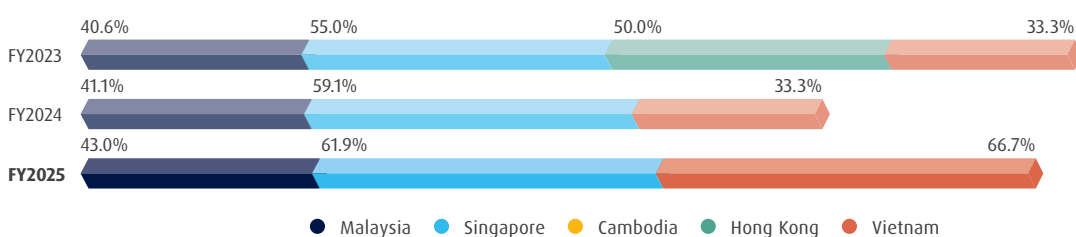
### Age Group by Employee Category (%)

#### Senior Manager

##### 30-50 years old



##### Over 50 years old



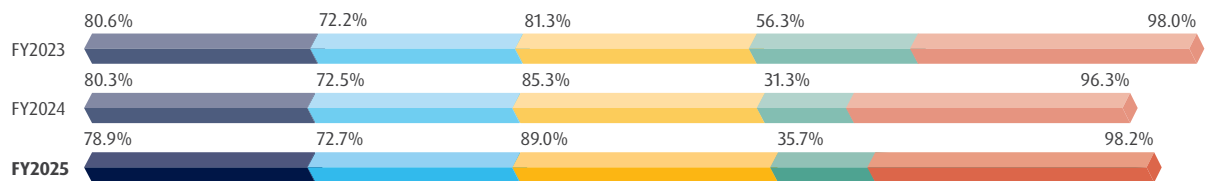
## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### Manager

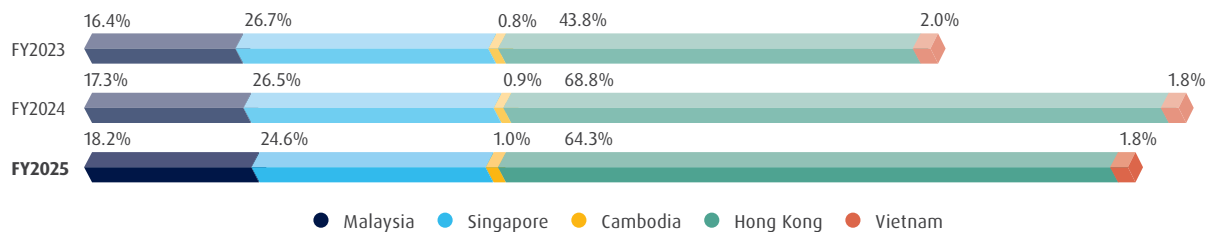
#### Under 30 years old



#### 30-50 years old

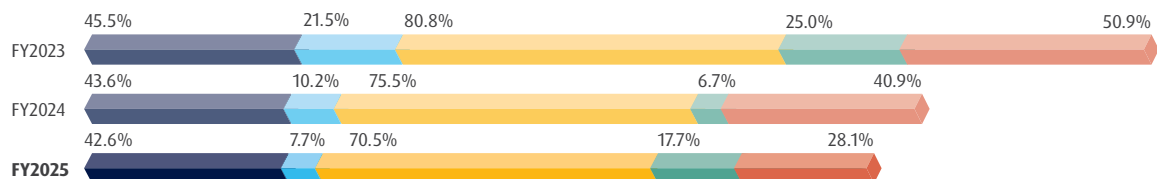


#### Over 50 years old

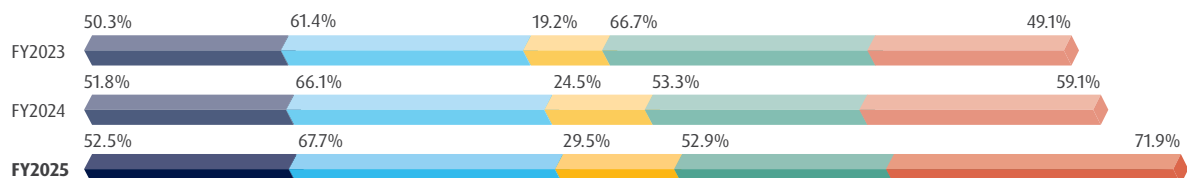


### Executive

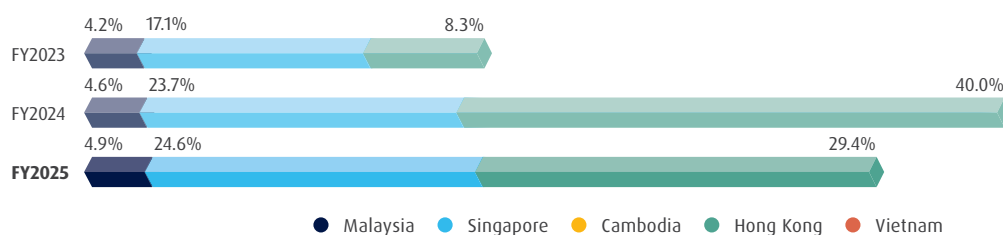
#### Under 30 years old



#### 30-50 years old



#### Over 50 years old



## FOSTERING AN INCLUSIVE & SUSTAINABLE WORKPLACE CULTURE

### Non-Executive

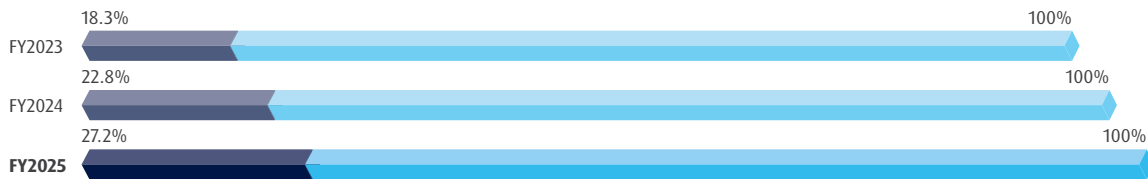
#### Under 30 years old



#### 30-50 years old



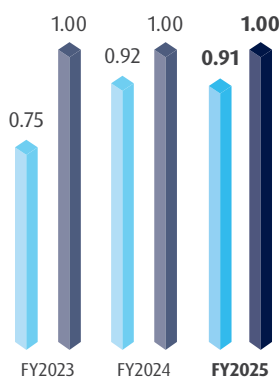
#### Over 50 years old



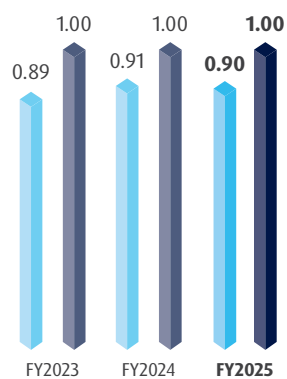
● Malaysia ● Singapore ● Cambodia ● Hong Kong ● Vietnam

### Gender Pay Ratio<sup>2</sup>

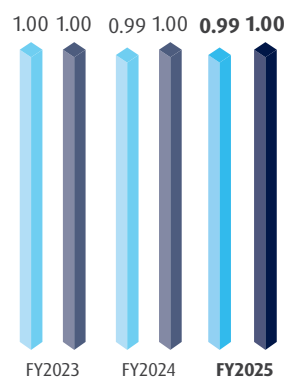
#### Senior Managers



#### Manager

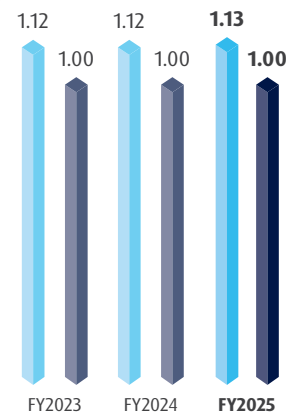


#### Executives



#### Non-Executives

(Clerical, on-clerical, others)



● Male ● Female

Note: <sup>2</sup> Data reflects HLB only and does not include other regions.

## APPENDIX I: PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023	2024	2025
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Manager	Percentage	100.00	100.00	100.00
Manager	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	100.00	100.00	96.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	399,000.00 *	817,410.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	9,013	14,097
<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Manager Below 30 years old	Percentage	0.00	0.00	0.00
Senior Manager 30 to 50 years old	Percentage	59.40	58.90	57.03
Senior Manager Over 50 years old	Percentage	40.60	41.10	42.97
Manager Below 30 years old	Percentage	3.00	2.40	2.87
Manager 30 to 50 years old	Percentage	80.60	80.30	78.92
Manager Over 50 years old	Percentage	16.40	17.30	18.21
Executive Below 30 years old	Percentage	45.50	43.60	42.56
Executive 30 to 50 years old	Percentage	50.30	51.80	52.51
Executive Over 50 years old	Percentage	4.20	4.60	4.93
Non-Executive Below 30 years old	Percentage	0.00	0.00	0.00
Non-Executive 30 to 50 years old	Percentage	81.70	77.20	72.82
Non-Executive Over 50 years old	Percentage	18.30	22.80	27.18
Gender Group by Employee Category				
Senior Manager Male	Percentage	58.60	58.10	57.00
Senior Manager Female	Percentage	41.40	41.90	43.00
Manager Male	Percentage	41.20	40.50	40.00
Manager Female	Percentage	58.80	59.50	60.00
Executive Male	Percentage	34.60	33.70	34.00
Executive Female	Percentage	65.40	66.30	66.00
Non-Executive Male	Percentage	33.10	32.90	33.00
Non-Executive Female	Percentage	66.90	67.10	67.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	60.00	67.00	67.00
Female	Percentage	40.00	33.00	33.00
Below 30 years old	Percentage	0.00	0.00	0.00
30 to 50 years old	Percentage	0.00	0.00	0.00
Over 50 years old	Percentage	100.00	100.00	100.00
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	37,645.60	36,018.90 *	33,274.60

Internal assurance

External assurance

No assurance

(\*)Restated



## APPENDIX I: PERFORMANCE DATA TABLE FROM BURSA ESG REPORTING PLATFORM

Indicator	Measurement Unit	2023	2024	2025
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.06	0.03	0.06
Bursa C5(c) Number of employees trained on health and safety standards	Number	8,498	9,287	8,708
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Senior Manager	Hours	13,021	17,291	22,034
Manager	Hours	145,495	163,231	180,039
Executive	Hours	325,423	372,772	381,406
Non-Executive	Hours	166,470	73,678	77,218
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.00	0.90	0.92
Bursa C6(c) Total number of employee turnover by employee category				
Senior Manager	Number	31	38	32
Manager	Number	399	355	340
Executive	Number	1,314	1,183	953
Non-Executive	Number	40	45	38
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	94.30	93.90 *	92.80
<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	198.200000	228.000000 *	145.500000
<b>Bursa (Waste management)</b>				
Bursa C10(a) Total waste generated	Metric tonnes	-	37.90	137.19
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	17.70	19.10	24.30
Bursa C10(a)(iii) Total waste directed to disposal	Metric tonnes	-	18.80	112.87
<b>Bursa (Emissions management)</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	123.10	102.40 *	95.40
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	27,708.60	26,393.30 *	24,384.20
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	11,798.80	13,254.40 *	12,451.10
<div>Internal assurance</div> <div>External assurance</div> <div>No assurance</div> <div>(*)Restated</div>				

### Notes:

- Total amount invested in the community for FY2024 has been restated to exclude a RM77,600 contribution from the Zakat Wakalah fund.
- Our total energy consumption is reported in the unit of MWh. Energy consumption and Scope 2 emissions data for Malaysian operations in FY2023 and FY2024 have been restated. Previous figures were based on assumptions, but starting in FY2025, we began using actual readings from utility providers. The Scope 2 restatement also includes an updated grid emission factor.
- We have updated the filtration criteria for total spending on local and foreign suppliers, to improve the granularity of the data. As a result, the total spending figures for FY2023 and FY2024 have been restated.
- Water consumption data for FY2023 and FY2024 has been restated to include all Malaysian operations. The figures for these years were estimated, while FY2025 data reflects actual consumption from utility bills.
- Scope 1 data has been restated for FY2023 and FY2024 due to the exclusion of biogenic CO<sub>2</sub> emission.
- Scope 3 data has been restated for FY2023 and FY2024 due to the updated grid emission factor and exclusion of biogenic CO<sub>2</sub> emissions.

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
<b>Board Policy on Credit Risk Governance</b>	The Credit Risk Governance Board Policy (“Board Policy”) provides guidance in ensuring that credit risk management is part of an integrated approach to the enterprise-wide risk management.	May 2022 (Latest review as of May 2025)	<p><b>7.8 Environment, Social and Governance (“ESG”)</b></p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves. The HLBG’s Sustainability Risk Governance Framework is developed to align with the Bank’s overall risk management framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>Going forward, enhancements to the Bank’s credit risk assessment methods shall consider the effects of climate-related risks as well as its impact on the ability and willingness of customers/ counterparties to honour their credit obligations. Assessments should be conducted at the inception of contractual relationships and subsequently reviewed on an on-going basis.</p> <p>The Bank’s ESG Framework incorporates ESG considerations in the Bank’s credit evaluation of its corporate customers as the transition to a low carbon and climate-resilient economy. The ESG Framework is enhanced to include an internal Environmental, Social and Governance risk rating system and additional guidelines to deal with high-risk sectors such as forestry, metals and mining/quarrying, non-renewable energy and palm oil.</p> <p>The Bank’s sustainability related strategies, practices, processes and procedures are reviewed in relation to domestic and global standards, and management determinations are made with respect to the appropriateness of application, and appropriate time of application to the bank’s business activities.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p>
		April 2021 (Latest review as of May 2025)	<p><b>6.3 Credit Evaluation and Approval</b></p> <p><b>6.3.1 Credit Evaluation</b></p> <p>a. ....</p> <p>f. The Bank must observe the requirements and adhere to the processes/procedures as laid out in the Bank’s Environmental, Social and Governance (“ESG”) policies, which include identifying and assessing business customers’ considerations to climate change risks and the broader environmental risks; and to assess and highlight if their business activities fall within HLB’s general exclusions (i.e., prohibited activities).</p> <p>j. ....</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section								
Board Policy on BCB Credit	The credit policies outlined in this policy are fundamental standards which are applied to various functions of the credit chain of the Bank with the ultimate objective of building a healthy and cohesive credit culture.	August 2020 (Latest review as of January 2025)	<p><b>6.6 Environmental, Social and Governance Framework</b></p> <p>The Bank recognizes that ESG issues pose financial and reputational risks for customers and the Bank. With the increasing threats of climate change and the broader environmental degradation such as biodiversity loss, it is appropriate for the Bank to address these issues by incorporating ESG standards into the day-to-day business operations. In alignment to ESG standards and best practices, the Bank seeks to fulfil three key visions:-</p> <ul style="list-style-type: none"><li>a) To shift small and medium-sized enterprises (SMEs) &amp; corporate customers out from the high/medium environmental &amp; social (E&amp;S) risk category to the medium/low risk category, hence promoting sustainability;</li><li>b) To foster a cultural shift, thus making ESG a business as usual (BAU) consideration among Bank staff; and</li><li>c) To create the best product &amp; service offerings in the market when it comes to promoting sustainable business practices.</li></ul> <p>The Bank will adopt an inclusion approach whereby the Bank will guide customers in environmentally and socially sensitive sectors towards better ESG standards and practices, through supporting them in mitigation plans and nurturing programmes. The Bank also recognize that financial institutions play an enabling role in promoting economic sectors that are better aligned to lower carbon emissions and/or better climate-related outcomes.</p> <p>Therefore, the Bank is also committed to supporting customers in green sectors, starting with the renewable energy and energy efficiency sectors.</p> <p>In developing the ESG standards and practices, the Bank will take into consideration international and national frameworks and standards such as the United Nation’s Sustainable Development Goals (SDGs) framework, Value-Based Intermediation Financing and Investment Impact Assessment Framework (VBIAF)<sup>1</sup>, Bank Negara Malaysia’s (BNM) Climate Change and Principle-based Taxonomy paper<sup>2</sup> and International Finance Corporation (IFC) standards.</p>								
		June 2022 (Latest review as of June 2025)	<p><b>8.1.6 (9) Financing including Solar Panel</b></p> <p>Application meeting conditions below is eligible for Solar Panel Financing with maximum xx% in additional LTV (all in LTV including Insurance, Legal and Solar up to xx%)</p> <p><i>Conditions have been omitted for this report</i></p>								
Board Policy on BCB Credit	To set out policies governing PFS Credit lending and credit underwriting practices in order to maintain healthy credit asset quality whilst supporting loan growth strategies.	June 2023 (Latest review as of June 2025)	<p><b>8.2.4 (2) New Car</b></p> <p>In order to mitigate recovery risk and enhance operational efficiency, the following to impose maximum allowable MOF for new vehicle based on car brands and customer risk profile, i.e. Risk Band (“RB”).</p> <table><tr><th>Type</th><th>Vehicle Category</th><th>Risk Band</th><th>MOF%</th></tr><tr><td>.....</td><td>.....</td><td>.....</td><td>.....</td></tr></table> <p><i>Car brands include vehicles that are BEV, PHEV and HEV</i></p>	Type	Vehicle Category	Risk Band	MOF%	.....	.....	.....	.....
		Type	Vehicle Category	Risk Band	MOF%						
.....	.....	.....	.....								

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
<b>Board Policy on BCB Credit</b>	To set out policies governing PFS Credit lending and credit underwriting practices in order to maintain healthy credit asset quality whilst supporting loan growth strategies.	June 2023 (Latest review as of June 2025)	<p><b>10 Environmental, Social, and Governance (“ESG”)</b></p> <p><b>10.1 Introduction</b></p> <p>To incorporate ESG principles into our lending policy to ensure we contribute to the country sustainability initiatives and in doing so, to achieve HLB Value of ‘Here for long term.’</p> <p>ESG issues pose a financial, business viability and reputational risks for our clients and for us. Furthermore, with the increasing threats of climate change and the broader environmental degradation such as biodiversity loss, we have a fiduciary duty as a financial institution to address these issues by incorporating ESG standards into our day-to-day business operations. In committing to ESG principles and best practices, we hope to fulfil five key visions:</p> <ol style="list-style-type: none"> <li>To “Engage” and “Walk the Talk” with our panel developers on Bank’s belief on the importance of contributing towards “Sustainability”;</li> <li>To build and inculcate a “Culture of Best Practices” among panel developers;</li> <li>Recognize the “Risks” and “Impacts” of climate change on economy, social economy, business operations and financial system;</li> <li>To introduce “Environmentally Friendly - Green Projects” concept as the 1st step into executing our ESG strategy; and</li> <li>To increase “ESG Awareness” and create a cultural shift among the Bank staff in daily processes and operations.</li> </ol> <p>This policy, procedures, guidelines, and practices serves as an essential guide on the Bank’s expectation for all departments/units and staff personnel engaged in the mortgage financing business. The said guidelines outline our ESG philosophy and approach driving the ESG journey with the Bank’s panel developers.</p> <p><b>10.2 ESG policy philosophy and approach</b></p> <p>Sustainability is a component of our “PFS” strategy. Our ESG philosophy is that we will work responsibly with our panel developers to encourage sustainability practises and enable economic activities that create shared prosperity for current and future generations. We believe that actively engaging and working in partnership with our stakeholders is crucial to addressing sustainability concerns, whilst promoting ESG best practices.</p> <p>The financial sector has an important role to play in addressing the need to transition to a sustainable, low-carbon economy that balances the environmental, social, and economic needs of society. This can be achieved by establishing an objective standard of measurement for green developments, which promotes efficient use of resources such as energy, water and other building materials and thus lowering the carbon footprint of the built environment.</p> <p>In developing this PFS ESG policy, we referred to international and national frameworks such as United Nation’s Sustainable Development Goals (SDGs), Bank Negara Malaysia’s (BNM) Climate Change and Principle-based Taxonomy paper (Appendix 1), Green Building Index rating system (GBI) and Green Real Estate rating tools (GreeRE) and Leadership in Energy &amp; Environmental Design (LEED).</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

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

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

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



## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
<b>Board Policy on Liquidity Management (“LMBP”)</b>	<p>The Board Policy sets out the policy governing the funding liquidity management. Liquidity risk is defined as the inability to raise required funds to meet financial obligations as they fall due. The inability to raise fund includes:</p> <p><b>(i) Inability to liquidate securities</b></p> <ul style="list-style-type: none"> <li>The inability to convert securities into cash without significant haircut to the securities nominal value</li> </ul> <p><b>(ii) Inability to raise funding from the wholesale market</b></p> <ul style="list-style-type: none"> <li>The inability to raise reasonably price deposits or interbank borrowings from the wholesale market.</li> </ul>	<p>July 2022 (Latest review as of July 2024)</p>	<p><b>4.6 Environment, Social and Governance (ESG)</b></p> <p>The Bank integrates ESG, sustainability and Value-Based Intermediation Financing (VBIAF) considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The Bank’s Sustainability Risk Governance Framework is developed to align with the Bank’s overall Risk Management Framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks.</p> <p>The Bank recognizes the potential for a cyclical reduction in deposits from higher ESG risk depositors, thus going forward the Bank will enhance its ESG metrics for Liquidity Risk Management through:</p> <ul style="list-style-type: none"> <li>Progressive enhancement of depositor data to incorporate ESG ratings.</li> <li>Establish additional ratios to enhance visibility of ESG related risks (e.g., High ESG Risk customer concentration).</li> <li>As data collection matures and methodological refinements are developed, these will provide a basis for the Bank to establish baselines from which targets/controls can be ascertained.</li> </ul> <p>Liquidity risk assessment methods shall consider the effects of climate-related risks, as well as, its impact on the stability of funding, potential outflows and adequacy of liquidity buffers. Assessments shall be conducted at a portfolio level taking into account the profile of asset holdings, potential shifts in the operating environment and susceptibility to sudden deposit withdrawals arising from climate-related risks.</p> <p>The Bank’s sustainability related strategies, practices, processes and procedures are reviewed in relation to domestic and global standards, and management determinations are made with respect to the appropriateness of application, and appropriate time of application to the Bank’s business activities.</p>
<b>Board Policy on Internal Capital Adequacy Assessment Process</b>	<p>To clearly articulate the governance structure and the approach taken for the assessment and review of Internal Capital Adequacy Assessment Process (“ICAAP”)</p>	<p>June 2023 (Latest review as of June 2025)</p>	<p><b>9 Environment, Social and Governance (“ESG”)</b></p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The HLBG’s Sustainability Risk Governance framework is developed to align with the Bank’s overall Risk Management Framework. It provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p> <p>As part of the Bank’s ICAAP in evaluating the impact of climate-related risks over relevant time horizons that may negatively affect its capital position/adequacy, the Bank shall leverage the outcome of the stress testing as per stipulated in the Board Policy on Stress Testing.</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
<b>Board Policy on Stress Testing</b>	To highlight the governance structure of the stress testing and reverse stress testing programmes, which are an integral part of the Internal Capital Adequacy Assessment Process (“ICAAP”) and are pertinent requirements of an effective and robust stress testing programmes.	June 2024 (Latest review as of June 2025)	<p><b>9 Climate Risk Stress Testing (“CRST”)</b></p> <p>(a) Climate change and its effect on the environment and economy could present significant risks to the stability and health of financial institutions, leading to wider consequences for the economy and financial system.</p> <p>(b) The Bank shall perform climate risk stress testing to evaluate its susceptibility to various climate-related scenarios.</p> <p>(c) The Bank must conduct the CRST exercise by employing the following three long-term adverse climate scenarios to capture the impact from a range of different permutations of physical and transition risks. The following climate scenarios are based on internationally recognized scenarios developed by the Network for Greening the Financial System (“NGFS”):</p> <ul style="list-style-type: none"> <li>(i) Net Zero 2050 (NZ 2050)</li> <li>(ii) Divergent Net Zero (DNZ 2050); and</li> <li>(iii) Nationally Determined Contributions (NDCs)</li> </ul> <p>In addition, the Bank shall conduct a short-term acute physical risk scenario that considers a one-off 1-in-200-years flood event in Malaysia.</p> <p>An overview of each NGFS scenarios and selected climate and macroeconomic variables as prescribed by BNM for the CRST exercise are outlined in <b>Addendum 5</b>.</p> <p>(d) CRST time horizon includes long-term climate scenarios that will span over a 27-year period from December 2023 (starting position) until 2050.</p> <p>(e) The Bank shall adopt a quantitative approach when assessing the credit risk portfolio as outlined in the Methodology Paper. While a qualitative approach can be adopted for market risk, liquidity risk and operational risk portfolios.</p> <p>(f) The Bank is required to report its CRST to BNM on an annual basis from 2024 until 2029, followed by a 5-year interval throughout the stress horizon.</p>
		June 2024 (Latest review as of June 2025)	<p><b>Addendum 5: Climate Scenarios and Variables</b></p> <p><b>Climate Scenarios</b></p> <p><b>Orderly: Net Zero 2050 (NZ 2050)</b></p> <p>This climate scenario rests on strong climate policies and significant green technology breakthroughs to rapidly reduce greenhouse gas (“GHG”) emissions, limiting global warming to 1.5°C. It reflects key features of an early and orderly transition to a low carbon world. To achieve this goal, stringent climate policies are applied immediately across all sectors of the economy, while significant innovation and technology breakthrough will have to take place. This includes major strides in the carbon dioxide removal (“CDR”) technology and a sharp shift toward renewable energy production, resulting in high transition risk.</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section									
		June 2024 (Latest review as of June 2025)	<p><b>Addendum 5: Climate Scenarios and Variables</b></p> <p><b>Climate Scenarios</b></p> <p><b>Disorderly: Divergent Net Zero 2050 (DNZ 2050)</b></p> <p>The scenario differs from the NZ 2050 scenario in several aspects. Here, global climate policies are much more stringent in selected economic sectors, reflecting a quicker phase-out of fossil fuels and the impact thereof. The distributional impacts from climate policies are uneven, with some sectors being affected even more relative to the rest suggesting varied focus of climate policies being introduced at different points in time. This could result from the imposition of differentiated carbon taxes or carbon prices across certain economic sectors. Moreover, technology advancements in CDR and renewable energy are lower relative to NZ 2050 reflecting inherent limitations of adequate financial funding and constraints within existing economic structure. The combination of these factors is expected to result in a medium to higher transition risks, relative to the NZ 2050 scenario, while impact from physical risk on the economy will be lower than the NDCs scenario.</p> <p><b>Hot House World: Nationally Determined Contributions (NDCs)</b></p> <p>The NDCs scenario assumes both implemented and pledged policy measures are fully implemented but remains inadequate to facilitate an orderly transition. While emissions decline, the limited policy actions taken are insufficient and will lead to an approximately 2.5°C increase in temperatures, and a materialization of moderate to severe physical risks. Compared to the other two scenarios, impact from transition risk is expected to be lower for this scenario.</p> <p><b>Climate Variables</b></p> <p>These climate variables, embodying physical risk and transition risk are based on the high-level global and regional pathways as simulated by the NGFS and have been downscaled and calibrated to Malaysia via the National Institute Global Econometric Model.</p> <p>Consequently, the impact from these climate variables under the above scenarios on the rest of the company are reflected in the macroeconomic and financial market data provided by the Bank</p> <table><tr><th>Climate Variables</th><th>Macroeconomic Variables</th><th>Financial Market Variables</th></tr><tr><td><b>Physical</b><ul style="list-style-type: none"><li>Near-surface temperature</li></ul></td><td><ul style="list-style-type: none"><li>GDP</li><li>Gross value added (GVA) by selected sectors</li></ul></td><td><ul style="list-style-type: none"><li>Central Bank policy interest rate</li><li>3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield</li></ul></td></tr><tr><td><b>Transition</b><ul style="list-style-type: none"><li>Shadow carbon price pathway</li><li>Emissions pathway</li><li>Global and domestic energy prices</li><li>Energy consumption and energy mix</li></ul></td><td><ul style="list-style-type: none"><li>Private/government consumption</li><li>Private/government investment</li><li>Exports and imports (goods and services)</li><li>Headline inflation</li><li>Unemployment rate</li><li>House price index (residential, 2015=100)</li></ul></td><td><ul style="list-style-type: none"><li>3-year, 5-year, 10-year and 15-year private debt security yield (by rating)</li><li>Real effective exchange rate (index; 2017=100)</li><li>Equity prices (index; 2017=100)</li></ul></td></tr></table>	Climate Variables	Macroeconomic Variables	Financial Market Variables	<b>Physical</b> <ul style="list-style-type: none"><li>Near-surface temperature</li></ul>	<ul style="list-style-type: none"><li>GDP</li><li>Gross value added (GVA) by selected sectors</li></ul>	<ul style="list-style-type: none"><li>Central Bank policy interest rate</li><li>3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield</li></ul>	<b>Transition</b> <ul style="list-style-type: none"><li>Shadow carbon price pathway</li><li>Emissions pathway</li><li>Global and domestic energy prices</li><li>Energy consumption and energy mix</li></ul>	<ul style="list-style-type: none"><li>Private/government consumption</li><li>Private/government investment</li><li>Exports and imports (goods and services)</li><li>Headline inflation</li><li>Unemployment rate</li><li>House price index (residential, 2015=100)</li></ul>	<ul style="list-style-type: none"><li>3-year, 5-year, 10-year and 15-year private debt security yield (by rating)</li><li>Real effective exchange rate (index; 2017=100)</li><li>Equity prices (index; 2017=100)</li></ul>
Climate Variables	Macroeconomic Variables	Financial Market Variables										
<b>Physical</b> <ul style="list-style-type: none"><li>Near-surface temperature</li></ul>	<ul style="list-style-type: none"><li>GDP</li><li>Gross value added (GVA) by selected sectors</li></ul>	<ul style="list-style-type: none"><li>Central Bank policy interest rate</li><li>3-year, 5-year, 10-year and 15-year Malaysia Government Securities yield</li></ul>										
<b>Transition</b> <ul style="list-style-type: none"><li>Shadow carbon price pathway</li><li>Emissions pathway</li><li>Global and domestic energy prices</li><li>Energy consumption and energy mix</li></ul>	<ul style="list-style-type: none"><li>Private/government consumption</li><li>Private/government investment</li><li>Exports and imports (goods and services)</li><li>Headline inflation</li><li>Unemployment rate</li><li>House price index (residential, 2015=100)</li></ul>	<ul style="list-style-type: none"><li>3-year, 5-year, 10-year and 15-year private debt security yield (by rating)</li><li>Real effective exchange rate (index; 2017=100)</li><li>Equity prices (index; 2017=100)</li></ul>										

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
		June 2023 (Latest review as of June 2025)	<p><b>7 Environment, Social and Governance (“ESG”)</b></p> <p>The Bank integrates ESG and sustainability considerations within its business practices to ensure creation of long-term socioeconomic benefits for the communities it serves.</p> <p>The HLBG’s Sustainability Risk Governance framework is developed to align with the Bank’s overall Risk Management Framework. It provides structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks. It acts as a guide for the Bank to adopt pragmatic measures to ensure sustainable value to our stakeholders whilst generating a positive impact to the communities and the environment in which we operate.</p> <p>The Bank recognizes that climate-related risks namely physical and transition risks are evolving in nature and need to be identified, analysed, measured and mitigated. In particular, the Bank seeks to facilitate the transition of the Bank’s customers to lower ESG risks, as we recognize that the ESG impact of the Bank’s customers on society and the environment are far larger than the direct ESG footprint of the Bank.</p> <p>Given the complexity and continued evolution of climate-related risks, the Bank shall develop scenario analysis to determine the resilience of its business strategies as part of the stress testing exercise in managing climate-related risks and opportunities. This includes identifying and defining a range of climate-related scenarios over both short-term and long-term horizons.</p>
		June 2022 (Latest review as of June 2025)	<p><b>6 Stress Testing Approaches</b></p> <p>(a) .....</p> <p>(f) The assessment of material risks includes, but not limited to, the following major risk categories or activities:</p> <ul style="list-style-type: none"> <li>i. Credit risk</li> <li>ii. market risk;</li> <li>iii. IRRBB/RORBB;</li> <li>iv. liquidity risk;</li> <li>v. risk arising from securitisation activities;</li> <li>vi. operational risk;</li> <li>vii. Shariah Non-Compliance (“SNC”) risk;</li> <li>viii. financial group risk; and</li> <li>ix. sustainability risk / climate-related risks</li> </ul> <p>(g) An assessment of Sustainability Risk / Climate-related Risk is to be conducted as part of the stress testing exercise. Recognition is given to the fact that the impacts arising from this risk is dynamic and subject to change as such, the Bank is to be guided by regulatory policy documents in assessment of this risk</p> <p>(o) .....</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
<b>Board Policy on Shariah Governance</b>	To establish a Shariah governance (“SG”) structure for Hong Leong Islamic Bank. The Board Policy on Shariah Governance (“the Policy”) will be reviewed on an annual basis.	December 2021 (Latest review as of January 2025)	<p><b>4.3 Shariah Policy Making</b></p> <p><b>4.3.2 Value-Based Intermediation (“VBI”) agenda</b></p> <p>Principles of VBI are integrated at both levels: transactions and overall HLISB operations. HLISB has on boarded VBI agenda driven and is dedicated to enhance further by focusing on the impact of Islamic banking to both people and the planet whilst also ensuring that profit returns for shareholders remain a priority with Shariah propositions embedded.</p> <p>HLISB has three key visions in VBI for 3P (Prosperity, People and Planet) strategic commitment namely; Innovation, Efficiency and Effective Ecosystem. In line with the VBI agenda, HLISB fully supports HLB’s sustainability directions by adopting relevant frameworks such as HLB’s BCB Credit ESG Policy that had incorporated BNM’s Climate Change and Principle-based Taxonomy (“CCPT”), which is consistent with BNM’s VBI.</p> <p>For this VBI agenda, VBI officers will be the Lead Coordinators that shall coordinate, manage, assist, guide, monitor and report on VBI initiatives to be in line with HLISB VBI strategy.</p>
<b>Management Policy on Shariah Compliance</b>	To encapsulate the essence of Shariah compliance aspects.	Jan 2022 (Latest review as of September 2023)	<p><b>4.6 Value-Based Intermediation (“VBI”)</b></p> <p>HLISB is expected to generate positive and sustainable impacts to ‘3P’ in Triple Bottom Line (“TBL”) namely economy (‘prosperity’), community/social (‘people’) and environment (‘planet’). HLISB articulates integration of VBI principles and implementation strategies towards a sustainable financial ecosystem and these VBI initiatives are to be consistent with Shariah principles. The details of VBI Core Principles can be referred in Appendix J.</p>
<b>Board Policy on Code of Conduct &amp; Ethics</b>	<p>i. A fundamental value of the Hong Leong Bank Group (“HLBG” or the “Bank”) is that we are ‘Here for the Long Term’. In upholding this value, the Bank commits to a high standard of professionalism and ethics in the conduct of our business and professional activities as set out in this Board Policy on Code of Conduct &amp; Ethics (“Code”).</p> <p>ii. This Code is designed to ensure that employees, and the organisation, observe and comply with all applicable laws, regulations and regulatory requirements. Employees of the Bank located outside Malaysia are expected to know and comply with the laws, regulations and Codes of Conduct that apply to you in your respective jurisdictions as well as provisions in this Code of Conduct &amp; Ethics Policy. If compliance to some provisions of this policy are not practical or possible, due to customs in your particular country, approval from the Policy Owner of this policy is required.</p>	June 2018 (Latest review as of October 2024)	<p><b>8.3 Sustainability</b></p> <p>The Bank is committed to reduce the effect of our operations on the environment so that we are able to build our franchise in a safe and healthy environment. We aim to do this by managing the resources we use across the Bank and raising staff awareness about the importance of caring for the environment. The Bank 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.</p>

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section																					
Management Policy on Counterparty Credit and Issuer Risk (“CCIR”)	To outline the principles, policies and methodologies in managing counterparty credit and issuer risk (CCIR) in Hong Leong Bank Group (the Bank).	June 2021 (Latest review as of September 2024)	<p><b>8.2 Additional Credit Caveats</b></p> <p>(i) .....</p> <p>(iv) <b>Exposure to 3rd Generations of IPP</b></p> <p>Financing of 3rd Generation IPPs may be considered (though without the 100% offtake of power generation by TNB) on a case to case basis depending on the merits of the Issuer/ borrower, subject to the satisfactory assessment on the cashflow and project viability. In promoting a strong ESG culture and sustainable finance and climate action, GM shall adopt the following commitments:</p> <ul style="list-style-type: none"><li>• Cease financing any new coal-fired power plants effective 1 July 2021.</li><li>• Cease financing all coal-fired power plants effective 1 July 2030.</li></ul> <p>(v) .....</p>																					
Management Policy on Reputational Risk	To document the key principles to be upheld by the Bank in managing the reputational risks of the Bank.	March 2022 (Latest review as of April 2025)	<p><b>5.2 Sources of reputational risk</b></p> <p>5.2.2 The table below illustrates the sources of reputational risk which occur as a result of a mismatch between stakeholders’ expectation and their actual experience.</p> <table><tr><th>Key Stakeholders</th><th>Expectations</th><th>Sources of reputational risk</th></tr><tr><td>Customers</td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Financing businesses in the high/ medium environmental &amp; social risk category instead of the medium/ low environmental &amp; social risk category</li><li>• .....</li></ul></td></tr><tr><td>Staff</td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• Discrimination/ harassment</li><li>• Strained staff relations/ labour unrest &amp; strikes</li><li>• Homogenous workforce which does not promote diversity</li><li>• Working environment that is unsafe, hazardous and disregard of employees’ wellbeing</li></ul></td></tr><tr><td>Employee Unions</td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li></ul></td></tr><tr><td>Shareholders/ Investors</td><td><ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li><li>• Achieving sustainability agenda and deepening adoption of sustainability practices</li><li>• Being recognised by global sustainability indices and assessments</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Inability to identify and address material ESG topics of the Bank and its stakeholder</li><li>• Practices that are not socially or environmentally friendly</li></ul></td></tr><tr><td>Suppliers/ Vendors/ OSP</td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li></ul></td></tr><tr><td>Business Partners</td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li></ul></td></tr></table>	Key Stakeholders	Expectations	Sources of reputational risk	Customers	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Financing businesses in the high/ medium environmental &amp; social risk category instead of the medium/ low environmental &amp; social risk category</li><li>• .....</li></ul>	Staff	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• Discrimination/ harassment</li><li>• Strained staff relations/ labour unrest &amp; strikes</li><li>• Homogenous workforce which does not promote diversity</li><li>• Working environment that is unsafe, hazardous and disregard of employees’ wellbeing</li></ul>	Employee Unions	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>	Shareholders/ Investors	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li><li>• Achieving sustainability agenda and deepening adoption of sustainability practices</li><li>• Being recognised by global sustainability indices and assessments</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Inability to identify and address material ESG topics of the Bank and its stakeholder</li><li>• Practices that are not socially or environmentally friendly</li></ul>	Suppliers/ Vendors/ OSP	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>	Business Partners	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>
Key Stakeholders	Expectations	Sources of reputational risk																						
Customers	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Financing businesses in the high/ medium environmental &amp; social risk category instead of the medium/ low environmental &amp; social risk category</li><li>• .....</li></ul>																						
Staff	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• Discrimination/ harassment</li><li>• Strained staff relations/ labour unrest &amp; strikes</li><li>• Homogenous workforce which does not promote diversity</li><li>• Working environment that is unsafe, hazardous and disregard of employees’ wellbeing</li></ul>																						
Employee Unions	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>																						
Shareholders/ Investors	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li><li>• Achieving sustainability agenda and deepening adoption of sustainability practices</li><li>• Being recognised by global sustainability indices and assessments</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Inability to identify and address material ESG topics of the Bank and its stakeholder</li><li>• Practices that are not socially or environmentally friendly</li></ul>																						
Suppliers/ Vendors/ OSP	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>																						
Business Partners	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>																						



## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section															
			<table><tr><th>Key Stakeholders</th><th>Expectations</th><th>Sources of reputational risk</th></tr><tr><td><b>Rating Agencies/ Analysts</b></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li><li>• .....</li></ul></td></tr><tr><td><b>Regulators</b></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Compliance with ESG requirements</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Violation of ESG requirements</li><li>• .....</li></ul></td></tr><tr><td><b>Community</b></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li></ul></td></tr><tr><td><b>General Public</b></td><td><ul style="list-style-type: none"><li>• .....</li></ul></td><td><ul style="list-style-type: none"><li>• .....</li></ul></td></tr></table> <p><b>5.3.6 Strong Enterprise Risk Management</b></p> <p>The Bank continuously reviews and enhances its enterprise risk management policies and procedures to ensure that the controls for the management of reputations risks are adequate. Some of the Bank’s key enterprise risk management policies are as follows:</p> <ul style="list-style-type: none"><li>• .....</li><li>• <b>Hong Leong Bank Group Sustainability Risk Governance Framework</b></li></ul> <p>The Hong Leong Bank Group Sustainability Risk Governance Framework was developed to address the ESG risks that may arise as the Bank implements its business strategies, policies and initiatives. The Bank is guided by the Framework in taking pragmatic steps to ensure it delivers sustainable value to our stakeholders whilst creating a positive impact to the communities and environments we operate in. The framework provides a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating and reporting of ESG risks.</p> <ul style="list-style-type: none"><li>• .....</li></ul> <p><b>6.2 Assessment of OSP (Outsource Service Provider)</b></p> <p>6.2.2 The due diligence must take into consideration the following factors regarding the OSP:</p> <p>a. ....</p> <p>r. sustainability considerations such as human rights protection in the workplace, sound occupational health and safety practices, sustainable environmental performance as well as ethical business practices. These considerations may be substantiated by OSP having in place policies, employee code of conduct and ethics, certifications, commitment statements, Corporate Social Responsibility (CSR) activities and sustainability trainings to its staff, among others.</p> <p>s. ....</p>	Key Stakeholders	Expectations	Sources of reputational risk	<b>Rating Agencies/ Analysts</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li><li>• .....</li></ul>	<b>Regulators</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Compliance with ESG requirements</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Violation of ESG requirements</li><li>• .....</li></ul>	<b>Community</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li></ul>	<b>General Public</b>	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>
Key Stakeholders	Expectations	Sources of reputational risk																
<b>Rating Agencies/ Analysts</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li><li>• .....</li></ul>																
<b>Regulators</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Compliance with ESG requirements</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Violation of ESG requirements</li><li>• .....</li></ul>																
<b>Community</b>	<ul style="list-style-type: none"><li>• .....</li><li>• Promoting economic sectors that are better aligned to lower carbon emissions and/ or better climate-related outcomes.</li></ul>	<ul style="list-style-type: none"><li>• .....</li><li>• Practices that are not socially or environmentally friendly</li></ul>																
<b>General Public</b>	<ul style="list-style-type: none"><li>• .....</li></ul>	<ul style="list-style-type: none"><li>• .....</li></ul>																
<b>Board Policy on Outsourcing</b>	To set out policies governing the Bank’s outsourcing arrangements to maintain adequate internal governance and to manage outsourcing risk according to the scale and complexity of the outsourcing arrangements.	September 2023 (Latest review as of October 2024)																

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section										
			<div>6.2.3 BPO (Business Process Owner) shall assess the impact of climate-related events on internal operations as a whole, including material outsourcing activities and OSP’s ability to quickly recover capacity to continue providing critical services at an optimum level. The outcome of the assessment, if significant to the critical business functions, shall be reflected in the BCP accordingly.</div> <div>6.2.4 shall assess the susceptibility of OSP’s primary site, alternate site and data centre (both primary and alternate) locations to severe weather events.</div> <div><b>6.12 Risk Assessment</b></div> <div>6.12.2 Key Outsourcing Risks</div> <table><tr><th>Risk</th><th>Concerns</th></tr><tr><td>(1) .....</td><td>.....</td></tr><tr><td>(7) Sustainability Risk</td><td>OSP’s business conduct and impact in terms of environment, social and governance factors (ESG).</td></tr><tr><td>(8) Climate Risk</td><td>Potential risk that may arise from climate change, related impacts and economic and financial consequences.</td></tr><tr><td>(19) .....</td><td>.....</td></tr></table>	Risk	Concerns	(1) .....	.....	(7) Sustainability Risk	OSP’s business conduct and impact in terms of environment, social and governance factors (ESG).	(8) Climate Risk	Potential risk that may arise from climate change, related impacts and economic and financial consequences.	(19) .....	.....
Risk	Concerns												
(1) .....	.....												
(7) Sustainability Risk	OSP’s business conduct and impact in terms of environment, social and governance factors (ESG).												
(8) Climate Risk	Potential risk that may arise from climate change, related impacts and economic and financial consequences.												
(19) .....	.....												
		September 2022 (Latest review as of October 2024)	<div><b>6.10 Proposal Paper</b></div> <div>6.10.1 Business Proposal Paper Requirements</div> <div>a. ....</div> <div>b. All proposals for outsourcing a specified function must take into consideration the following factors, among others:</div> <div>(i) .....</div> <div>(xi)Sustainability Review</div>										
<b>Board Policy on Product Risk Approval</b>	The Board Policy on Product Risk Approval is a policy to: (i) protect customer’s interest in the bank products/services; (ii) ensure the risk of products is appropriate for the bank; (iii)ensure the bank complies with regulatory requirements relating to product requirements.	August 2019 (Latest review as of September 2024)	<div><b>4 Principles</b></div> <div>4.1 .....</div> <div>4.7Sustainability – The Bank shall work towards advancing sustainability principles in its value propositions of new business initiatives, products and services designs and implementation.</div> <div>4.8.....</div>										
<b>Board Policy on Procure To Pay, Fixed Assets &amp; General Ledger Controls</b>	To provide an end-to-end view and better control of the Enterprise Resource Planning (‘ERP’) of the Bank.	April 2024	<div><b>4.2 Applicability for Procurement</b></div> <div>a) Eliminate waste and promote controlled usage</div> <div>To achieve the objective of optimizing procurement costs, improving efficiency the Bank shall</div> <div><ul style="list-style-type: none"><li>Eliminate the use of items wherever possible, for instance reduction in usage of paper, pre-printed forms, plastic water bottles, etc.</li><li>Controlled usage shall be in place leading to a reduction in quantities or man-hour rates, standardization of material specifications and find alternative solutions whenever possible.</li></ul></div> <div>To minimize the Environmental, Social &amp; Corporate Governance (‘ESG’) negative impacts, by performing vendor ESG assessment via the Vendor Due Diligence process which covers fair labour practices, occupational health and safety, environment, ethical business practices, IT &amp; data security and management.</div>										

## APPENDIX II: HLB POLICIES WITH INTEGRATION OF ENVIRONMENT AND SOCIAL (“E&S”) ELEMENTS

Policy Name	Purpose	Date of “E&S” Inclusion	Extracted Section
			<p>b) .....</p> <p>g) Assessment of Suppliers/Vendors Onboarding and management of our panel suppliers and vendors include comprehensive due diligence assessment of the background, financial standing and reputation of our suppliers and vendors, quality control of products and services and compliance with the Bank’s code of conduct and sustainability requirements. Such as human rights protection, fair labour practices and sustainable environment performance.</p> <p>h) Sustainable Practices The principle of ensuring that all purchases, service requests, repair and maintenance processes align with the Bank’s commitment to reduce the impact of its operations on the environment through its sustainability initiatives and to promote efficient utilization of energy and water while effectively managing waste without compromising safety, comfort and reliability.</p> <p><b>4.2.5 Vendors</b></p> <p>a) .....</p> <p>b) Evaluation and Selection of Vendors</p> <p>(i) .....</p> <p>(x) Demonstrate policies and practices that promote human rights protection, equal opportunities, fair employment practices and non-discrimination, including:</p> <ul style="list-style-type: none"> <li>• Gender, marital status, nationality, age and disability;</li> <li>• Fair and human treatment of staff</li> <li>• Do not engage in child labour law requirements, including the provision of fair wages, safe and reasonable working environment; and</li> <li>• Promotion of occupational health and safety values</li> </ul> <p>(xi) Demonstrate adoption of environmental policies and management systems sufficient to ensure continuous improvement in environmental performance which includes:</p> <ul style="list-style-type: none"> <li>• Practice “Reduce, Reuse and Recycle” efforts.</li> <li>• Practice energy efficient consumption efforts.</li> <li>• Minimize environmental pollution.</li> </ul> <p>(xii) Demonstrate the existence of management systems and procedures to implements appropriate staff guidelines and code of conduct to ensure the prevention of:</p> <ul style="list-style-type: none"> <li>• Money laundering;</li> <li>• Fraud, bribery and corruption and other improper payments or gifts;</li> <li>• Unauthorized access to personal and business information.</li> </ul> <p>(xiii) .....</p>
<b>Board Policy on Purification Fund</b>	To set forth the principles and standards for Hong Leong Islamic Bank Berhad (“HLISB” or “the Bank”) in respect of the controls in managing the Bank’s Purification Fund.	March 2018 (Latest review as of November 2023)	<p><b>6. Recipient of Purification Fund</b></p> <p><b>6.1 The recipients of Purification Fund could include the following:</b></p> <p>a. Baitul Mal (division within the Zakat Authorities that manage the distribution of the Purification Fund to the eligible recipients); or</p> <p>b. Charitable bodies or organisations, to fund their charitable activities such as:</p> <ul style="list-style-type: none"> <li>i. Aids for the poor and needy;</li> <li>ii. Educational, training, research programmes which are in compliance with Shariah;</li> <li>iii. Health programmes or ailing treatments;</li> <li>iv. Any other charitable activities that comply with Shariah as recommended by Senior Management and endorsed by HLISB SC; or</li> </ul> <p>c. Any other recipients as recommended by Senior Management and endorsed by HLISB SC.</p>

## APPENDIX III: STAKEHOLDER ENGAGEMENT

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



### Employees

#### Their Expectations

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

#### Bank-wide Communications

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

#### HR Initiatives

Engagement Channel	Frequency
Performance management process	Goal setting, mid-year review and year-end appraisal, supported by individual development plan discussions
Learning and development	Ongoing, via Bank-wide and role-based training
Curated, bite-sized learning	Weekly
Workday Assistance Chatbot	24/7

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

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

## APPENDIX III: STAKEHOLDER ENGAGEMENT



### Employees (continued)

#### Employee Engagements – Others

Engagement Channel	Frequency
HLB Impact	Annually
Our Group Scholarship Programme	

#### Others

Engagement Channel	Frequency
Whistleblowing channel	Upon initiation of whistleblowing cases. Contact information is available on the HLB website.



### Customers

#### Their Expectations

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

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



### Investors

#### Their Expectations

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

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

## APPENDIX III: STAKEHOLDER ENGAGEMENT



### Regulatory Bodies & Government Agencies

#### Their Expectations

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

Engagement Channel	Frequency
Bank Negara Malaysia ("BNM")	As and when required
Bursa Malaysia	
Perbadanan Insurans Deposit Malaysia ("PIDM")	
Securities Commission	
Federation of Investment Managers Malaysia ("FIMM")	
Personal Data Protection ("PDP") Commissioner	
Financial Markets Ombudsman Service ("FMOS")	
Securities Industry Dispute Resolution Centre ("SIDREC")	
Payments Networks Malaysia Sdn. Bhd. ("PayNet")	
Malaysian Anti-Corruption Commission ("MACC")	
Labuan Financial Services Authority	
Shariah Advisory Council ("SAC")	
Inland Revenue Board ("LHDN")	
Accountant General's Department	
Royal Malaysian Police ("PDRM")	
Royal Malaysian Customs Department	
Department of Insolvency	



### Suppliers & Outsourcing Service Providers

#### Their Expectations

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

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



## APPENDIX III: STAKEHOLDER ENGAGEMENT



### Community

#### Their Expectations

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

#### HLB Jumpstart

Engagement Channel	Frequency
Programmes for social enterprises	Minimum twice yearly

#### HLB DuitSMART

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

#### NGOs and Civil Society Organisations

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



### Media

#### Their Expectations

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

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

## APPENDIX IV: GRI CONTENT INDEX WITH ALIGNMENT TO KEY STANDARDS

<b>GRI Services Statement</b>	Hong Leong Bank Berhad has reported the information cited in this GRI content index for the period of 1 July 2024 to 30 June 2025, with reference to the GRI Standards
<b>GRI used</b>	GRI 1: Foundation 2021

GRI Standard	Description	Section	Page Number
<b>GRI 2: General Disclosures (2021)</b>			
<b>GRI 2-1</b>	Organizational Details	About this Report - Reporting Scope and Boundaries	pg. 2
<b>GRI 2-2</b>	Entities included in the organization's sustainability reporting	About this Report - Reporting Scope and Boundaries	pg. 2
<b>GRI 2-3</b>	Reporting period, frequency and contact point	About this Report - Reporting Scope and Boundaries	pg. 2
<b>GRI 2-4</b>	Restatements of information	Our Performance	Restatements of data compared to prior years are noted in the respective section(s) where they appear
<b>GRI 2-5</b>	External assurance	About this Report - Board Approval and External Assurance	pg. 2
<b>GRI 2-6</b>	Activities, value chain and other business relationships	About Hong Leong Bank	pg. 4-5
<b>GRI 2-7</b>	Employees	Fostering an Inclusive & Sustainable Workplace - Our Approach	pg. 141
<b>GRI 2-9</b>	Governance structure and composition	Sustainability and Climate Governance - Good Governance	pg. 12-13
<b>GRI 2-10</b>	Nomination and selection of the highest governance body	Sustainability and Climate Governance - Role of The Sustainability Committee	pg. 13-15
<b>GRI 2-11</b>	Chair of the highest governance body	Hong Leong Bank Annual Report 2025 - Corporate Governance Overview, Risk Management and Internal Control Statement	pg. 102-130
<b>GRI 2-12</b>	Role of the highest governance body in overseeing the management of impacts	Sustainability and Climate Governance - Good Governance	pg. 12-13
<b>GRI 2-13</b>	Delegation of responsibility for managing impacts	Sustainability and Climate Governance - Good Governance	pg. 13
<b>GRI 2-14</b>	Role of the highest governance body in sustainability reporting	Sustainability and Climate Governance - Role of The Sustainability Committee	pg. 13-15
<b>GRI 2-15</b>	Conflicts of interest	Hong Leong Bank Annual Report 2025 - Board of Directors' Profile - Board Audit Committee Report - Related Parties Transactions and Conflict of Interest 1. Ethical Business Conduct - Code of Conduct and Ethics	pg. 85-87 pg. 96 pg. 26
<b>GRI 2-16</b>	Communication of critical concerns	Ethical Business Conduct	pg. 26
<b>GRI 2-17</b>	Collective knowledge of the highest governance body	Sustainability and Climate Governance - Board Skills Development and Board Evaluation	pg. 15
<b>GRI 2-18</b>	Evaluation of the performance of the highest governance body	Sustainability and Climate Governance - Role of the Sustainability Committee and Board Skills Development and Board Evaluation	pg. 13-15
<b>GRI 2-19</b>	Remuneration policies	1. Hong Leong Bank Annual Report 2025 - Corporate Governance Overview, Risk Management & Internal Control Statement 2. Sustainability and Climate Governance - Board Selection	pg.102-130 pg. 14
<b>GRI 2-20</b>	Process to determine remuneration	Hong Leong Bank Annual Report 2025 - Corporate Governance Overview, Risk Management & Internal Control Statement	pg. 102-130
<b>GRI 2-22</b>	Statement on sustainable development strategy	1. Group Managing Director/Chief Executive Officer's Statement 2. Chairman of the Sustainability Committee and Chief Financial Officer's Statement	pg. 7-10
<b>GRI 2-23</b>	Policy commitments	1. Ethical Business Conduct - Code of Conduct and Ethics 2. Sustainability and Climate Approach - Our Sustainability Framework 3. Appendix III - HLB Policies with Integration of Environment and Social ("E&S") Element	pg. 26 pg. 32 pg. 151-164
<b>GRI 2-24</b>	Embedding policy commitments	1. Ethical Business Conduct - Code of Conduct and Ethics 2. Sustainability and Climate Approach - Our Sustainability Framework 3. Appendix II - HLB Policies with Integration of Environment and Social ("E&S") Elements	pg. 26 pg. 32 pg. 151-164
<b>GRI 2-25</b>	Processes to remediate negative impacts	Ethical Business Conduct	pg. 26-29
<b>GRI 2-26</b>	Mechanisms for seeking advice and raising concerns	Ethical Business Conduct	pg. 26-29
<b>GRI 2-27</b>	Compliance with laws and regulations	Ethical Business Conduct	pg. 26-29
<b>GRI 2-28</b>	Membership associations	Collaborations	pg. 6
<b>GRI 2-29</b>	Approach to stakeholder engagement	Appendix III: Stakeholder Engagement	pg. 165-168
<b>GRI 2-30</b>	Collective bargaining agreements	Talent Attraction, Development & Retention - Providing Competitive Remuneration & Benefits	pg. 135

## APPENDIX IV:

### GRI CONTENT INDEX WITH ALIGNMENT TO KEY STANDARDS

GRI Standard	Description	Section	Page Number
<b>GRI 3: Material Topics 2021</b>			
<b>GRI 3-1</b>	Process to determine material topics	Sustainability and Climate Approach - Materiality	pg. 33-35
<b>GRI 3-2</b>	List of material topics	Sustainability and Climate Approach - Materiality	pg. 33-35
<b>GRI 3-3</b>	Management of material topics	Sustainability and Climate Approach - Materiality	pg. 33-35
<b>GRI 101: Biodiversity (2024)</b>			
<b>GRI 101-8</b>	Ecosystem services	Managing Our Operational Environmental Footprint	pg. 57-59
<b>GRI 201: Economic Performance (2016)</b>			
<b>GRI 201-2</b>	Financial implications and other risks and opportunities due to climate change	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 46-54
<b>GRI 203: Indirect Economic Impacts (2016)</b>			
<b>GRI 203-1</b>	Infrastructure investments and services supported	1. Building Climate Resilience to Facilitate a Low-Carbon Transition 2. Advancing Sustainable & Responsible Financing 3. Supporting Social Enterprises & Communities	pg. 46-54 pg. 69-81 pg. 91-101
<b>GRI 203-2</b>	Significant indirect economic impacts	1. Building Climate Resilience to Facilitate a Low-Carbon Transition 2. Advancing Sustainable & Responsible Financing 3. Supporting Social Enterprises & Communities	pg. 46-54 pg. 69-81 pg. 91-101
<b>GRI 204: Procurement Practices (2016)</b>			
<b>GRI 204-1</b>	Proportion of spending on local suppliers	Building a Sustainable Supply Chain	pg. 85
<b>GRI 205: Anti-corruption (2016)</b>			
<b>GRI 205-1</b>	Operations assessed for risks related to corruption	Ethical Business Conduct - Anti-Bribery and Corruption	pg. 27
<b>GRI 205-2</b>	Communication and training about anti-corruption policies and procedures	Our Sustainability Governance - Ethical Business Conduct	pg. 29
<b>GRI 205-3</b>	Confirmed incidents of corruption and actions taken	Our Sustainability Governance - Ethical Business Conduct	pg. 27
<b>GRI 302: Energy (2016)</b>			
<b>GRI 302-1</b>	Energy Consumption within the organization	Managing Our Operational Environmental Footprint	pg. 66
<b>GRI 302-3</b>	Energy Intensity	Managing Our Operational Environmental Footprint	pg. 66
<b>GRI 302-4</b>	Reduction of energy consumption	Managing Our Operational Environmental Footprint	pg. 66
<b>GRI 303: Water and Effluents (2018)</b>			
<b>GRI 303-5</b>	Water consumption	Managing Our Operational Environmental Footprint	pg. 67
<b>GRI 305: Emissions (2016)</b>			
<b>GRI 305-1</b>	Direct (Scope 1) GHG emissions	Managing Our Operational Environmental Footprint	pg. 61
<b>GRI 305-2</b>	Energy Indirect (Scope 2) GHG emissions	Managing Our Operational Environmental Footprint	pg. 61
<b>GRI 305-3</b>	Other indirect (Scope 3) GHG emissions	Managing Our Operational Environmental Footprint	pg. 61-62
<b>GRI 305-5</b>	Reduction of GHG emissions	Managing Our Operational Environmental Footprint	pg. 61
<b>GRI 306: Waste (2020)</b>			
<b>GRI 306-2</b>	Management of significant waste-related impacts	Managing Our Operational Environmental Footprint	pg. 56, 60
<b>GRI 306-3</b>	Waste generated	Managing Our Operational Environmental Footprint	pg. 67
<b>GRI 306-4</b>	Waste diverted from disposal	Managing Our Operational Environmental Footprint	pg. 67
<b>GRI 306-5</b>	Waste directed to disposal	Managing Our Operational Environmental Footprint	pg. 67
<b>GRI 308: Supplier Environmental Assessment (2016)</b>			
<b>GRI 308-2</b>	Negative environmental impacts in the supply chain and actions taken	Building a Sustainable Supply Chain	pg. 85
<b>GRI 401: Employment 2016</b>			
<b>GRI 401-1</b>	New employee hires and employee turnover	Talent Attraction, Development & Retention	pg. 128, 137-138
<b>GRI 401-2</b>	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Talent Attraction, Development & Retention	pg. 133-135
<b>GRI 403: Occupational Health and Safety 2018</b>			
<b>GRI 403-1</b>	Occupational health and safety management system	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 116
<b>GRI 403-2</b>	Hazard identification, risk assessment, and incident investigation	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 117

## APPENDIX IV: GRI CONTENT INDEX WITH ALIGNMENT TO KEY STANDARDS

GRI Standard	Description	Section	Page Number
<b>GRI 403-3</b>	Occupational health services	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 115-123
<b>GRI 403-4</b>	Worker participation, consultation, and communication on occupational health and safety	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 115-123
<b>GRI 403-5</b>	Worker training on occupational health and safety	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 118
<b>GRI 403-6</b>	Promotion of worker health	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 119-120
<b>GRI 403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Wellbeing, Health & Safety-Strengthening Occupational Health and Safety	pg. 115-118
<b>GRI 403-9</b>	Work-related injuries	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 123
<b>GRI 403-10</b>	Work-related ill health	Employee Wellbeing, Health & Safety - Strengthening Occupational Health and Safety	pg. 123
<b>GRI 404: Training and Education (2016)</b>			
<b>GRI 404-1</b>	Average hours of training per year per employee	Talent Attraction, Development & Retention - Our Performance	pg. 139
<b>GRI 404-2</b>	Programmes for upgrading employee skills and transition assistance programmes	Talent Attraction, Development & Retention - Attracting High-Quality Talent	pg. 128-130
<b>GRI 405: Diversity and Equal Opportunity (2016)</b>			
<b>GRI 405-1</b>	Diversity of governance bodies and employees	Fostering an Inclusive & Sustainable Workplace	pg. 141, 144-148
<b>GRI 405-2</b>	Ratio of basic salary and remuneration of women to men	Fostering an Inclusive & Sustainable Workplace	pg. 148
<b>GRI 406: Non-Discrimination (2016)</b>			
<b>GRI 406-1</b>	Incidents of discrimination and corrective actions taken	Fostering an Inclusive & Sustainable Workplace	pg. 142
<b>GRI 407: Freedom of Association and Collective Bargaining (2016)</b>			
<b>GRI 407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Talent Attraction, Development & Retention - Freedom of Association	pg. 135
<b>GRI 414: Supplier Social Assessment (2016)</b>			
<b>GRI 414-2</b>	Negative social impacts in the supply chain and actions taken	Building a Sustainable Supply Chain	pg. 84
<b>GRI 418: Customer Privacy (2016)</b>			
<b>GRI 418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy, Data Protection & Cybersecurity	pg. 113

## APPENDIX V:

### IFRS S2 CONTENT INDEX

Core Element	Recommended Disclosures	Section	Page Number
Governance			
Understand the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities	Sustainability and Climate Governance	pg. 12 - 17
		Integrating Sustainability into Sound Risk Management	pg. 18 - 25
		Our Sustainability Framework	pg. 32
		Talent Attraction, Development & Retention	pg. 131 - 133
	Management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	Sustainability and Climate Governance	pg. 12 - 17
		Integrating Sustainability into Sound Risk Management	pg. 18 - 25
Strategy			
Understand an entity’s strategy for managing climate-related risks and opportunities	The climate-related risks and opportunities that could reasonably be expected to affect the entity’s prospects	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 46 - 47 pg. 51 - 54
		Managing Our Operational Environmental Footprint	pg. 56 - 57
	The current and anticipated effects of those climate-related risks and opportunities on the entity’s business model and value chain	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 46 - 54
		Sustainability and Climate Governance	pg. 12 - 17
	The effects of those climate-related risks and opportunities on the entity’s strategy and decision-making, including information about its climate-related transition plan	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 51 - 54
		Managing Our Operational Environmental Footprint	pg. 56 - 57 pg. 59 - 66
		Advancing Sustainable & Responsible Financing	pg. 70 - 71 pg. 73 - 75
		Building a Sustainable Supply Chain	pg. 83 - 84
	The effects of those climate-related risks and opportunities on the entity’s financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity’s financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity’s financial planning	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 48 - 54
		Managing Our Operational Environmental Footprint	pg. 59 - 60
		Hong Leong Bank Annual Report 2025	pg. 215
	The climate resilience of the entity’s strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity’s identified climate-related risks and opportunities	Notes to the Financial Statements - Intangible Assets	
		Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 46 - 49
	Managing Our Operational Environmental Footprint	pg. 61 - 65	
Risk management			
Understand an entity’s processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity’s overall risk management process	The processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks	Sustainability and Climate Governance	pg. 12 - 17
		Integrating Sustainability into Sound Risk Management	pg. 18 - 25
		Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 46 - 49
	The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	Sustainability and Climate Governance	pg. 12 - 17
		Integrating Sustainability into Sound Risk Management	pg. 18 - 25
	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity’s overall risk management process	Integrating Sustainability into Sound Risk Management	pg. 18 - 25
Metrics and Targets			
Understand a company’s performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation	Information relevant to the cross-industry metric categories	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 48 - 54
		Managing Our Operational Environmental Footprint	pg. 57 - 65
		Advancing Sustainable & Responsible Financing	pg. 72 - 73
		Talent Attraction, Development & Retention	pg. 133
	Industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry	Managing Our Operational Environmental Footprint	pg. 61 - 65
	Targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets	Building Climate Resilience to Facilitate a Low-Carbon Transition	pg. 51 - 54
		Managing Our Operational Environmental Footprint	pg. 56 - 57 pg. 61 - 65

## APPENDIX VI: SASB CONTENT INDEX

SASB Code	Metric	Section	Page Number
<b>FN-CB-230a.1</b>	(1) Number of data breaches, (2) Percentage that are personal data breaches, (3) number of account holders affected)	Privacy, Data Protection & Cybersecurity	pg. 113
<b>FN-CB-230a.2</b>	Description of approach to identifying and addressing data security risks	Privacy, Data Protection & Cybersecurity	pg. 110-113
<b>FN-CB-240a.1</b>	Amount of loans outstanding that qualify for programmes designed to promote small business and community development	Advancing Sustainable & Responsible Financing	pg. 73-81
<b>FN-CB-240a.4</b>	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Nurturing Financial Inclusion & Literacy	pg. 90
<b>FN-CB-410a.2</b>	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	Advancing Sustainable & Responsible Financing	pg. 70-73
<b>FN-CB-410b.1</b>	Absolute gross financed emissions	Managing Our Operational Environmental Footprint	pg. 64
<b>FN-CB-410b.4</b>	Description of the methodology used to calculate financed emissions	Managing Our Operational Environmental Footprint	pg. 63-64
<b>FN-CB-510a.1</b>	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	Ethical Business Conduct - Anti-Bribery and Corruption	pg. 27
<b>FN-CB-510a.2</b>	Description of whistleblower policies and procedures	Ethical Business Conduct - Whistleblowing	pg. 28



## APPENDIX VII:

### SIRIM INDEPENDENT ASSURANCE STATEMENT



#### SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

##### To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Hong Leong Bank Berhad (hereafter referred to as HLBB) to perform an independent verification and provide assurance of HLBB Sustainability Report FY2025. The main objective of the verification process is to provide assurance to HLBB and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International pertains to selected sustainability performance information (subject matter) covering Malaysia data only, as listed below. This is as in the assurance scope for HLBB Sustainability Report FY2025.

The management of HLBB was responsible for the preparation of the Sustainability Report FY2025. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the HLBB Sustainability Report and the Annual Report 2025.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of selected subject matter as listed below, as well as the BURSA Performance Data. The results of this verification process have been systematically tabulated in Appendix 1, Appendix 2, and the Report to Management, with further details provided therein.

<b>Subject matter</b>
<b>The whole chapter and the performance indicator for:</b>
Talent Attraction, Development and Retention
Fostering an Inclusive and Sustainable Workplace Culture
Privacy, Data Protection and Cybersecurity
<b>Selected subject matter and the performance indicator for:</b>
Overview – Our Sustainability Governance and Ethical Business Conduct
Environmental Footprint – Waste Management

The verification was carried out by SIRIM QAS International between August and September 2025, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation made available during the assessment.
- Verification of data presented in the Sustainability Report, which includes a detailed review of the sampled data.
- Interviewing key personnel responsible for collating information and developing various sections of the report to substantiate the veracity of the claims.

## APPENDIX VII: SIRIM INDEPENDENT ASSURANCE STATEMENT

The verification process was subjected to the following limitations:

- The scope of the work did not involve verification of other information reported in HLBB's Sustainability Report and Annual Report 2025.
- The review excluded all financial-related data, as these are subjected to the company's financial audit.
- As part of this assurance engagement, the verification team visited the corporate office at Hong Leong Tower, Bukit Damansara. However, the verification process did not include physical inspections of any of HLBB's operations and assets.
- The verification team did not assess or verify any data related to contractors or third parties.

### Conclusion

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

- The level of data accuracy for selected subject matter included in HLBB Sustainability Report FY2025, is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement.

### List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamorthy	:	Team Member
3)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
4)	Ms. Farhanah Ahmad Shah	:	Team Member

Statement Prepared by:

Statement Approved by:

  
**AERNIDA BINTI ABDUL KADIR**

Team Leader

Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 8 September 2025

  
**WAN SHAHIMA BINTI MIOR AHMED SHAHIMI**

General Manager

Management System Certification Department  
SIRIM QAS International Sdn. Bhd.

Date: 12 September 2025

Note: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantee the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (8 September 2025).

## APPENDIX VII:

### SIRIM INDEPENDENT ASSURANCE STATEMENT

Appendix 1: Performance Data Table - BURSA Malaysia Indicator	Measurement Unit	FY2025
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Manager	Percentage	100
Manager	Percentage	100
Executive	Percentage	100
Non-Executive	Percentage	96
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Diversity)</b>		
Age Group by Employee Category		
Senior Manager Below 30 years old	Percentage	0.00
Senior Manager 30-50 years old	Percentage	57.03
Senior Manager Over 50 years old	Percentage	42.97
Manager Below 30 years old	Percentage	2.87
Manager 30-50 years old	Percentage	78.92
Manager Over 50 years old	Percentage	18.21
Executive Below 30 years old	Percentage	42.56
Executive 30-50 years old	Percentage	52.51
Executive Over 50 years old	Percentage	4.93
Non-Executive Below 30 years old	Percentage	0.00
Non-Executive 30-50 years old	Percentage	72.82
Non-Executive Over 50 years old	Percentage	27.18
Gender Group by Employee Category		
Senior Manager Male	Percentage	57.00
Senior Manager Female	Percentage	43.00
Manager Male	Percentage	40.00
Manager Female	Percentage	60.00
Executive Male	Percentage	34.00
Executive Female	Percentage	66.00
Non-Executive Male	Percentage	33.00
Non-Executive Female	Percentage	67.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	67.00
Female	Percentage	33.00
Below 30 years old	Percentage	0.00
30-50 years old	Percentage	0.00
Over 50 years old	Percentage	100.00
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category	Hours	660,697
Senior Manager	Hours	22,034
Manager	Hours	180,039
Executive	Hours	381,406
Non-Executive	Hours	77,218
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.92
Bursa C6(c) Total number of employee turnover by employee category		
Senior Manager	Number	32
Manager	Number	340
Executive	Number	953
Non-Executive	Number	38
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Data Privacy and Security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Waste Management)</b>		
Bursa C10(a) Total waste generated	Metric tonnes	137.19
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	24.3
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	112.87

## APPENDIX VII: SIRIM INDEPENDENT ASSURANCE STATEMENT

Appendix 2 The subject matter covered in this assessment are tabulated below.	CLASSIFICATION OF DATA			
	HIGH	MEDIUM	LOW	UN SUBSTANTIATED
<b>OUR APPROACH TO SUSTAINABILITY</b>				
Our Sustainability Governance				
Ethical Business Conduct				
<b>OUR SUSTAINABILITY THEMES</b>				
<b>ENVIRONMENTAL MANAGEMENT</b>				
Waste Management				
<b>DIGITAL AT THE CORE</b>				
Privacy, Data Protection & Cybersecurity				
<b>WORKFORCE READINESS</b>				
Talent Attraction, Development & Retention				
Fostering an Inclusive and Sustainable Workplace Culture				

**Note 1:**

This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (8 September 2025).

**Note 2:**

The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.

**Note 3:**

Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in the Management Report.

**HIGH:** The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

**MEDIUM:** Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.

**LOW:** Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.

**UNSUBSTANTIATED:** The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025

We have been engaged by Hong Leong Bank Berhad ("HLB" or "the Bank") to perform an independent limited assurance engagement on the selected sustainability indicators for the financial year ended 30 June 2025 (the "Subject Matter Information") as defined below and marked with the symbol "△" on pages 12 to 148 in the Bank's Sustainability Report for the financial year ended 30 June 2025 (the "Sustainability Report 2025").

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

#### Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on pages 12 to 148 of the Sustainability Report 2025 and referenced in the "Subject Matter Information and Reporting Criteria" section below.

#### Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which the Bank is solely responsible for selecting and applying.

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

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2025
<b>Other environmental indicators</b>			
1. Total Energy Consumption	GRI 302-1	Malaysia operations	120,974 GJ
		Singapore operations	1,807 GJ
		Cambodia operations	2,446 GJ
		Hong Kong operations	163 GJ
		Vietnam operations	1,398 GJ
2. Total Water Consumption	GRI 303-5	Malaysia operations	145,450 m3

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2025
<b>Greenhouse Gases ("GHG") emissions</b>			
3. Scope 1 GHG Emissions	GRI 305-1	Malaysia operations	95 tCO <sub>2</sub> e
		Singapore operations	9 tCO <sub>2</sub> e
		Cambodia operations	20 tCO <sub>2</sub> e
		Hong Kong operations	-
		Vietnam operations	-
4. Scope 2 GHG Emissions	GRI 305-2	Malaysia operations	24,384 tCO <sub>2</sub> e
		Singapore operations	192 tCO <sub>2</sub> e
		Cambodia operations	376 tCO <sub>2</sub> e
		Hong Kong operations	27 tCO <sub>2</sub> e
		Vietnam operations	357 tCO <sub>2</sub> e
5. Scope 3 Category 6 Business Travel Emissions	GRI 305-3	Malaysia operations	1,842 tCO <sub>2</sub> e
		Singapore operations	17 tCO <sub>2</sub> e
		Cambodia operations	34 tCO <sub>2</sub> e
		Hong Kong operations	6 tCO <sub>2</sub> e
		Vietnam operations	38 tCO <sub>2</sub> e
6. Scope 3 Category 7 Employee Commuting Emissions	GRI 305-3	Malaysia operations	9,826 tCO <sub>2</sub> e
		Singapore operations	98 tCO <sub>2</sub> e
		Cambodia operations	81 tCO <sub>2</sub> e
		Hong Kong operations	20 tCO <sub>2</sub> e
		Vietnam operations	98 tCO <sub>2</sub> e
7. Scope 3 Category 13 Downstream Leased Assets Emissions	GRI 305-3	Malaysia operations	783 tCO <sub>2</sub> e



## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2025
<b>Greenhouse Gases ("GHG") emissions (cont'd)</b>			
Scope 3 GHG Financed Emission: 8. Motor Vehicle Loans 9. Residential Mortgages	<ul style="list-style-type: none"> <li>• GRI 305-3</li> <li>• GHG Protocol</li> <li>• PCAF</li> </ul>	Malaysia operations	630,761 tCO <sub>2</sub> e 809,148 tCO <sub>2</sub> e
<b>Loan/financing portfolio exposures</b>			
Total Mobilised Sustainable Financing (Disbursed and Committed): 10. Green, Affordable and Green, and Affordable Property 11. Green Vehicles Financing 12. Business and Corporate Banking ("BCB") Sustainable Financing	HLB's internal framework/guideline	Malaysia operation	RM3.1 billion  RM0.9 billion  RM0.5 billion
13. Total Outstanding Green Vehicles Financing	HLB's internal framework/guideline	Malaysia operation	RM1.8 billion
14. Total Outstanding Green, Affordable and Green, and Affordable Property Financing	HLB's internal framework/guideline	Malaysia operation	RM17.0 billion
15. Cumulative approved renewable energy financing	HLB's internal framework/guideline	Malaysia operation	RM3.8 billion
16. BCB portfolio exposures breakdown: by high environmental and social risk sectors	HLB's internal framework/guideline	Malaysia operation	<p><u>Before Environmental and Social Due Diligence ("EDD") Assessment:</u> Low and Medium Risk: 64% Inherently High E&amp;S Risks: 36%</p> <p><u>After EDD Assessment for the 36% inherently High E&amp;S Risks:</u> Low and medium risks: 26% High with mitigation: 5% High without mitigation: 5%</p>

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)

The Subject Matter Information	Reporting Criteria	Scope	Figures disclosed in the Sustainability Report 2025
<b>Sustainable Supply Chain</b>			
17. Proportion of spending on local vendors	GRI 204-1	Malaysia operation	92.8%
<b>Health and Safety</b>			
18. Number of work-related fatalities	GRI 403-9	Malaysia operation	0
19. Number of employees trained on Health and Safety Standards	GRI 403-5	Malaysia operation	8,708
20. Lost time incident rate	GRI 403-9	Malaysia operation	0.06
<b>Community Investment</b>			
21. Total amount invested in the community where the target beneficiaries are external to the listed issuer	<ul style="list-style-type: none"> <li>GRI 201-1</li> <li>HLB's internal framework/guideline</li> </ul>	Malaysia operation	RM817,410
22. Total number of beneficiaries impacted	<ul style="list-style-type: none"> <li>GRI 201-1</li> <li>HLB's internal framework/guideline</li> </ul>	Malaysia operation	30,074

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

- The Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad;
- Hong Leong Bank Berhad's internal sustainability reporting guidelines and procedures by which the Subject Matter Information is gathered, collated and aggregated internally;
- The Global Reporting Initiative's Sustainability Reporting Standards ("GRI Standards") for disclosures; and
- The GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") or Partnership for Carbon Accounting Financials ("PCAF")

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### **Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)**

#### **Responsibilities of the Directors and management**

Management of the Bank is responsible for the preparation of the Subject Matter Information included in the Bank's Sustainability Report 2025 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Bank's Sustainability Report 2025 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by the Bank which are reasonable in the circumstances.

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

#### **Inherent limitations**

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities and over time. In addition, Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

#### **Our Responsibility**

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

#### **Our Independence and Quality Management**

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

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

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)

#### Summary of work performed

Our work included the following procedures. We:

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

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

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

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### **Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the selected sustainability information disclosed in the Sustainability Report 2025 (cont'd)**

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

Our report, including our conclusion, has been prepared solely for the Board of Directors of the Bank in accordance with the agreement between us dated 30 June 2025 (the "agreement"). We consent to the inclusion of this report in the Sustainability Report 2025 of the Bank which will be accessible at [www.hlb.com.my](http://www.hlb.com.my) in connection with the Bank's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Subject Matter Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Bank for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
23 September 2025

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2025

We have been engaged by Hong Leong Bank Berhad ("HLB" or "the Bank") to perform an independent limited assurance engagement on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's green bond for the financial year ended 30 June 2025 (the "Subject Matter Information") as defined below and marked with the symbol "Ⓔ" on page 54 in the Bank's Sustainability Report for the financial year ended 30 June 2025 (the "Sustainability Report 2025").

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

#### Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria set out on page 54 of the Sustainability Report 2025 and referenced in the "Subject Matter Information and Reporting Criteria" section below.

#### Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which the Bank is solely responsible for selecting and applying.

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

The Subject Matter Information	Reporting Criteria	Eligible Criteria	Figures disclosed in the Sustainability Report 2025
The proceeds from Hong Leong Bank Berhad's Green Bond issuances	Eligibility Criteria as per Hong Leong Bank Berhad's Green Bond Framework dated April 2022	Renewable Energy	RM0.4 billion
		Sustainable Transportation	RM0.8 billion
		Green Building	RM1.7 billion
		Waste Management	-
		Energy Efficiency	-



## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### **Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2025 (cont'd)**

#### **Responsibilities of the Directors and management**

Management of the Bank is responsible for the preparation of the Subject Matter Information included in the Bank's Sustainability Report 2025 in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Bank's Sustainability Report 2025 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by the Bank which are reasonable in the circumstances.

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

#### **Inherent limitations**

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

#### **Our Responsibility**

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

#### **Our Independence and Quality Management**

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

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

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



### **Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2025 (cont'd)**

#### **Summary of work performed**

Our work included the following procedures. We:

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

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

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

## APPENDIX VIII: PWC LIMITED ASSURANCE REPORT



**Independent Limited Assurance Report to the Board of Directors of Hong Leong Bank Berhad on the use of proceeds raised through the issuance of the Hong Leong Bank Berhad's Green Bond disclosed in the Sustainability Report 2025 (cont'd)**

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

Our report, including our conclusion, has been prepared solely for the Board of Directors of the Bank in accordance with the agreement between us dated 30 June 2025 (the "agreement"). We consent to the inclusion of this report in the Sustainability Report 2025 of the Bank which will be accessible at [www.hlb.com.my](http://www.hlb.com.my) in connection with the Bank's responsibilities under paragraph 6.2(e) of Practice Note 9 of the Main Market Listing Requirements in respect of the disclosure of a statement on whether the listed issuer has sought independent assurance on the Subject Matter Information. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Bank for our work or this report except where terms are expressly agreed between us in writing. Any reliance on this report by any third party is entirely at its own risk.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers" followed by a stylized mark.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-I.CA & AF 1146  
Chartered Accountants

Kuala Lumpur  
23 September 2025

## **Hong Leong Bank Berhad**

Registration No. 193401000023 (97141-X)

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

**[www.hlb.com.my](http://www.hlb.com.my)**

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