

Sustainability Statement

OUR SUSTAINABILITY APPROACH



ABOUT THIS STATEMENT

This sustainability statement covers progress made by Hong Leong Financial Group Berhad ("HLFG") for the financial year of 1 July 2022 to 30 June 2023 ("FY2023") towards addressing economic, environmental, social, and governance matters within our business and operations, in line with HLF's sustainability ambitions. The Report is guided by the material sustainability matters of HLF and our operating entities ("the Group") and prepared with reference to the Global Reporting Initiative ("GRI") 2021 Sustainability Reporting Standards and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Malaysia") for Sustainability Statements in Annual Reports.

REPORTING SCOPE AND BOUNDARIES

This report encompasses sustainability data collected from the key operating companies of the following Group entities with the ensuing core businesses:


- Hong Leong Bank Berhad ("HLB") – Commercial and Islamic banking;
- Hong Leong Capital Berhad ("HLCB") – Investment banking and fund management; and
- HLA Holdings Sdn. Bhd. ("HLAH")* – Life insurance and family takaful.

* The information disclosed relates to Highlights & Achievement of 2023, Climate Metrics & Targets and Addressing the Emission Imperative. The remaining information relates to Hong Leong Assurance Berhad ("HLA").


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HIGHLIGHTS & ACHIEVEMENTS OF 2023













HLFG



Expanded reporting boundaries for GHG Scope 2 and Scope 3 emissions to include purchased cooling and employee commuting



>50% female representative in HLFG Board

HLB	HLCB	HLAH
<div style="margin-bottom: 10px;">  <p>Financed over RM390 million for battery electric vehicles (“BEV”), hybrid electric vehicles (“HEV”), and plug-in hybrid electric vehicles (“PHEV”)</p> </div> <div style="margin-bottom: 10px;">  <p>Cumulatively approved over RM13 billion for Green Mortgage & Affordable Property Financing</p> </div> <div style="margin-bottom: 10px;">  <p>Cumulatively approved over RM3 billion for Solar, Bioenergy, Small Hydro & Any RE* projects</p> </div> <div>  <p>Reduced approximately 21% of Scope 1 & 2 carbon emissions since base year FY2019, ahead of the targeted reduction of 15% to 25% by the year 2026</p> </div>	<div style="margin-bottom: 10px;">  <p>Mandated with up to RM1.4 billion programme limits for financing of renewable energy projects</p> </div> <div style="margin-bottom: 10px;">  <p>Launched Hong Leong Global Shariah ESG Fund (“HLGSESGF”) to increase accessibility to sustainable investing</p> </div> <div style="margin-bottom: 10px;">  <p>36% increase in green bonds investment, contributing to the generation of hydropower</p> </div> <div>  <p>Appointed a Chief Sustainability Officer (“CSO”) to lead the Sustainability Department and drive strategic sustainability initiatives throughout HLCB group companies</p> </div>	<div style="margin-bottom: 10px;">  <p>Adopted Robotic Process Automation across business processes to increase productivity and accuracy</p> </div> <div style="margin-bottom: 10px;">  <p>Conducted HLA L.I.V.E Hour to engage employees, covering trending topics such as Mental Health Awareness</p> </div> <div>  <p>Reduced approximately 20% of carbon emissions since base year FY2019</p> </div>
<div style="display: flex; align-items: center; margin-bottom: 5px;">  <p>HLFG, HLB and HLCB have been listed as a constituent of FTSE4Good Bursa Malaysia index, as a recognition of our Group’s efforts in embracing sustainability</p> </div> <p><small>* Any RE consist of customers with facilities that is not concentrated on a single RE resource</small></p>		

OUR APPROACH TO SUSTAINABILITY

The Group has adopted a progressive approach to embedding sustainability into our businesses. This is in line with our vision to be an integrated financial services group that strives to consistently meet our customers’ needs. We foster strength and resilience across the entire Group as we grow our businesses responsibly while conscientiously balancing environmental, social, and governance (“ESG”) considerations to create value for our stakeholders and the communities within which we operate.

We achieve this through continuous technological innovation and transformation, supported by a robust risk management framework. As an investment holding company, HLFG aims to

guide our operating companies to enhance their ESG performance, including actively working towards financial inclusivity, a low-carbon economy, and an empowering and future-ready workplace.

At HLFG, we are guided by the five Sustainability Pillars that serve as the foundation for evaluating, monitoring, and developing sustainability efforts across the Group’s key operating companies. Our operating companies are empowered to integrate ESG principles into their operations, lending practices, provision of financial services and products, and investment framework, while also facilitating transparent sustainability disclosures. By aligning our overall business practices with ESG principles, we aim to create a meaningful impact on the well-being of the society and the environment, contributing to a more sustainable future.

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STAKEHOLDER MANAGEMENT

Acknowledging the interests of our diverse stakeholder groups is fundamental to our long-term success. Through continuous engagement with our stakeholders via our operating companies, we strive to foster and enhance meaningful connections. We maintain valuable relationships with stakeholders using diverse engagement channels, as outlined in the table below:

Stakeholder	Engagement Channel	Areas of Interest	Section
Employees	<ul style="list-style-type: none"> - Daily operations - Performance management - Whistleblowing channels - Corporate communications - Training and development 	<ul style="list-style-type: none"> - Effective communication - Professional development - Job security - Benefits and well-being - Transparency 	Workforce Readiness, pg68
Investors	<ul style="list-style-type: none"> - Annual reports - Announcements - Financial reports - General meetings - Whistleblowing channels - Briefings - Meetings 	<ul style="list-style-type: none"> - Corporate governance - Financial performance - Regulatory compliance - Transparency 	Good Governance, pg40
Regulators and Authorities	<ul style="list-style-type: none"> - Daily operations - Audits - Meetings - Circulars - Enforcement - Reports 	<ul style="list-style-type: none"> - Regulatory compliance - Corporate governance - Ethical business conduct 	Good Governance, pg40
Clients	<ul style="list-style-type: none"> - Daily operations - Social media - Corporate communications - Corporate events/workshops 	<ul style="list-style-type: none"> - Client experience - Value-added products and services - Data privacy and cybersecurity - Ethical business conduct 	Driving Sustainable Economic Growth, pg58
Community	<ul style="list-style-type: none"> - Daily operations - Social media - Roadshows and events - Corporate communications - Corporate Social Responsibility events 	<ul style="list-style-type: none"> - Ethical business conduct - Transparency - Community investment - Financial inclusion - Financial literacy 	Driving Sustainable Economic Growth, pg58
Vendors and Suppliers	<ul style="list-style-type: none"> - Procurement process - Tender process - Outsourcing service provider due diligence review - Proof of Concept engagement 	<ul style="list-style-type: none"> - Fair procurement - Transparent tender process - Ethical business conduct 	Good Governance, pg40
Analysts and Media	<ul style="list-style-type: none"> - Social media - Corporate website - Media announcements 	<ul style="list-style-type: none"> - Transparency - Strategic communication 	Good Governance, pg40
Associations	<ul style="list-style-type: none"> - Meetings - Corporate events - Online correspondences 	<ul style="list-style-type: none"> - Industry stewardship - Regulatory compliance 	Good Governance, pg40

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MATERIALITY

Engaging with our stakeholders helps us to recognise emerging sustainability risks and opportunities, prioritise our efforts, and create long-lasting value for our organisation and the community. Through this, we are able to identify material sustainability topics that will ensure our progress in providing meaningful impact to our stakeholders, in line with their evolving requirements. We undertake a structured approach to identify the material topics, and conduct assessments and reviews to determine the relevance of these topics, which process is carried out at least biennially across the Group.

In FY2023, the Group undertook a materiality assessment exercise, taking into account the diverse views of a broad range of stakeholders across our operating entities, including the Board, senior management, employees, regulators, investors, customers, media, vendors, and suppliers.



HLFG’s materiality assessment approach encourages recognition and communication of the impact of sustainability topics on our Group’s performance, as well as the impact of our business activities along the value chain on the community and environment. The Group has identified 17 topics that are material to our operations, which have been tabled in the materiality matrix and further explained in the following section.



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Material Sustainability Topics

Digital at the Core

1. Digitalisation & Innovation
2. Customer Experience
3. Privacy, Data Protection & Cybersecurity

Environmental Management

4. Managing Our Operational Environmental Footprint
5. Building Climate Resilience

Workforce Readiness

6. Talent Attraction, Development & Retention
7. Diverse and Inclusive Workforce
8. Creating a Fair and Nurturing Workplace
9. Fostering a Sustainability-Driven Culture

Socially Responsible Business

10. Good Governance & Ethical Business Conduct
11. Sound Risk Management
12. ESG Integration into Financial Products

13. Fair Treatment of Financial Consumers
14. Sustainable Supply Chain
15. Human & Labour Rights

Community Investment

16. Supporting Social Enterprises and Communities
17. Financial Inclusion & Literacy

Legend:

- Digital at the Core
- Socially Responsible Business
- Environmental Management
- Workforce Readiness
- Community Investment



Sustainability Statement

Digital at the Core

No.	Material Matters	Description
1	Digitalisation & Innovation	Leveraging advanced data analytics and digital systems to develop innovative products aligned with customers' needs, and increase operational effectiveness to drive productivity, while simultaneously increasing accessibility of our products.
2	Customer Experience	Embedding a customer-centric culture throughout the organisation and undertaking initiatives to enhance end-to-end customer experience and customer satisfaction; leading to higher customer retention rates.
3	Privacy, Data Protection & Cybersecurity	Safeguarding employees' and customers' data from unauthorised access, cyber attacks, and threats through responsible collection, handling, storage, and protection of personal and proprietary data.

Environmental Management

No.	Material Matters	Description
4	Managing Our Operational Environmental Footprint	Responsibly optimising resource efficiency to effectively manage the environmental footprint of our operations, especially in energy management, paper consumption, water consumption, and greenhouse gas ("GHG") emissions.
5	Building Climate Resilience	Embedding climate-related risks into our risk management and operational framework to facilitate the transition towards a low-carbon economy, including reducing exposure to high-risk sectors and supporting low-carbon solutions.

Workforce Readiness

No.	Material Matters	Description
6	Talent Attraction, Development & Retention	Establishing a sustainable, high-quality talent stream, while also fostering a growth mindset in our employees to ensure their adaptability in the ever-evolving business and technological landscape.
7	Diverse and Inclusive Workforce	Promoting and embracing a diverse and inclusive workplace, whereby all employees are treated equally and without discrimination, thus encouraging productivity and innovation.
8	Creating a Fair and Nurturing Workplace	Creating an inclusive and supportive work environment which prioritises employee health and safety via effective policies, processes, and labour standards.
9	Fostering a Sustainability-Driven Culture	Establishing a corporate culture that embraces and promotes sustainable practices, values, and behaviours throughout the organisation, including encouraging employee volunteerism.

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Socially Responsible Business		
No.	Material Matters	Description
10	Good Governance & Ethical Business Conduct	Committed to conducting our business and operations professionally, while adopting the highest standards of ethics, integrity, transparency, and accountability, in order to maintain stakeholders' trust in the organisation.
11	Sound Risk Management	Upholding a strong compliance culture throughout the organisation to ensure adherence to applicable laws, regulations, and standards, as well as preventing financial crimes including 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.
12	ESG Integration into Financial Products	Integrating ESG factors into our products and services including: <ul style="list-style-type: none"> - Issuance of green and sustainable finance (HLB); - Investment practices (HLCB); - Insurance processes (HLA)
13	Fair Treatment of Financial Consumers	Ensuring fair treatment of our customers throughout our operations by prioritising their financial needs and risk appetite, as well as providing transparent, accurate, and comprehensive information about our products and services.
14	Sustainable Supply Chain	Upholding sustainability procurement principles across the supply chain via robust supplier policies, assessment, and engagement practices, while also encouraging supplier diversity to include local businesses.
15	Human & Labour Rights	Implementing policies to ensure the protection and respect of human rights throughout our value chain and business operations, including prevention of human rights violations.
Community Investment		
No.	Material Matters	Description
16	Supporting Social Enterprises and Communities	Forming partnerships with social enterprises for community empowerment programmes as a way of creating long-term social impact for underserved communities across our operations.
17	Financial Inclusion & Literacy	Empowering individuals and businesses to improve their financial well-being by promoting financial literacy and facilitating accessibility of affordable financial services to all segments of society.

For additional information on HLB's material sustainability topics, please refer to the HLB SR2023

For additional information on HLCB's material sustainability topics, please refer to the HLCB AR2023

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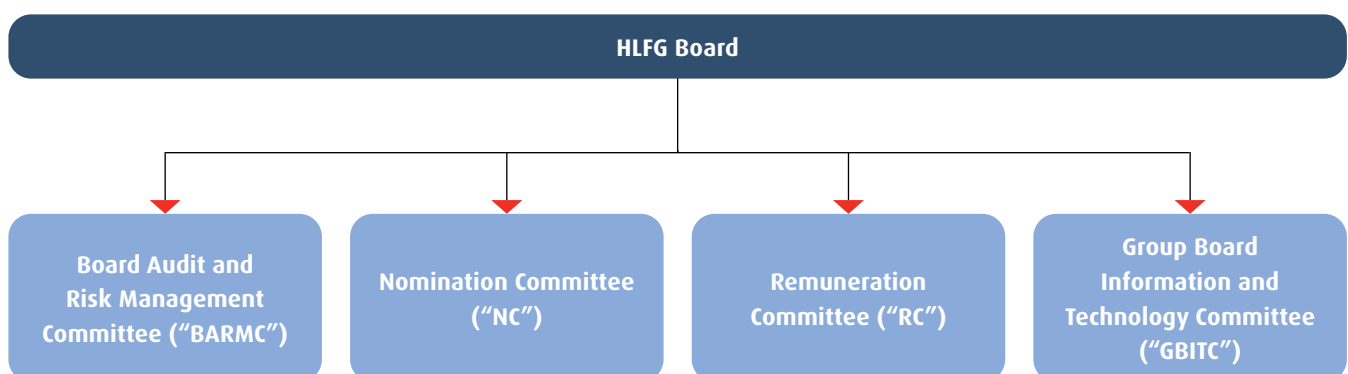
GOOD GOVERNANCE



DRIVING SUCCESS THROUGH STRATEGIC LEADERSHIP

Corporate Governance

Robust corporate governance and clear leadership form the basis for our organisation's success, leading the way towards achieving the Group's sustainability goals. With a commitment to ensuring an effective governance framework, our Board of Directors ("Board") set the tone at the top, maintaining oversight of management and the development and execution of our overall sustainability strategy.



The Board is supported by BARMC, NC, RC, and GBITC. Together with Senior Management, the Board oversees compliance with the regulations on Anti-Bribery and Corruption ("ABC"), Anti-Money Laundering ("AML"), whistleblowing, and other regulatory requirements. In order to ensure relevance and regulatory compliance, these policies and their respective standard operating procedures ("SOPs") are reviewed annually.

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Governing Body	Roles and Responsibilities
Board of Directors	Establishes a sound governance structure for the implementation of sustainability efforts and practices in business operations, to ensure that sustainability is embedded in business strategies.
Board Audit and Risk Management Committee ("BARMC")	Comprising members of the Board, the BARMC has been set up to oversee the implementation of the governance framework and internal control framework and policies by the management of the organisation and that risk management is being managed effectively. They, in turn, report all material governance, internal control, and risk management activities to the Board.
Group Board Information and Technology Committee ("GBITC")	Jointly supports the Boards of HLFGB, Hong Leong Investment Bank Berhad ("HLIB"), HLA and Hong Leong MSIG Takaful Berhad ("HLMT") to oversee technology and cybersecurity issues, foster discussions to harmonise digital development practices, ensure robust risk assessments for important technology applications, and oversee management's compliance with BNM Risk Management in Technology ("RMiT") Policy.
Nomination Committee ("NC")	Supports the Board in matters of appointments, composition, performance assessment, and skills evaluation for the Board, senior management, and company secretary. This includes setting criteria for appointments, reviewing appointments and removals, assessing overall Board composition and effectiveness. The committee also reviews the performance of the BARMC, manages senior management succession planning and evaluations, and ensures the Board's ongoing training.
Remuneration Committee ("RC")	Supports the Board and reviews the structure and guidelines for remuneration concerning Directors, Chief Executive Officer, senior management officers, and material risk-takers; evaluating executive directors' and the Chief Executive Officer's remuneration packages for Board approval; and assessing for Board approval the remuneration of key senior management officers and other material risk-takers.

Sustainability Governance

Establishing a top-down approach focused on sustainable development and growth, the roles and responsibilities of the Board, Senior Management, and Sustainability Team are defined within the organisation. With a streamlined direction and leadership from the top, we are able to oversee sustainability initiatives and monitor efforts and progress in addressing our material sustainability matters across the Group.



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Board and Senior Management Roles and Responsibilities

HLFG Board is committed to ensuring sustainable practices are progressively embedded across the organisation to manage sustainability matters effectively. The Board provides oversight on all sustainability governance matters and is supported by Senior Management, namely our President & Chief Executive Officer, with the support of the Group Chief Financial Officer, who is responsible for driving the implementation of our sustainability strategy and ensuring that our objectives are met. We are currently outlining the roles and responsibilities of our Sustainability Committee, which is expected to be approved and adopted by FY2024.

Governing Body	Roles and Responsibilities
Board of Directors	To establish a sound governance structure for the implementation of sustainability efforts and practices in business operations, to ensure that sustainability is embedded in business operations.
President & Chief Executive Officer	To drive the implementation of our sustainability strategy and ensuring that sustainability objectives are met.
Group Chief Financial Officer	

The Boards across our operating entities are cognisant of their duties and responsibilities in addressing sustainability for the wider Group, with sustainability governance structures implemented for each entity.

ESG Capacity Building for the Board

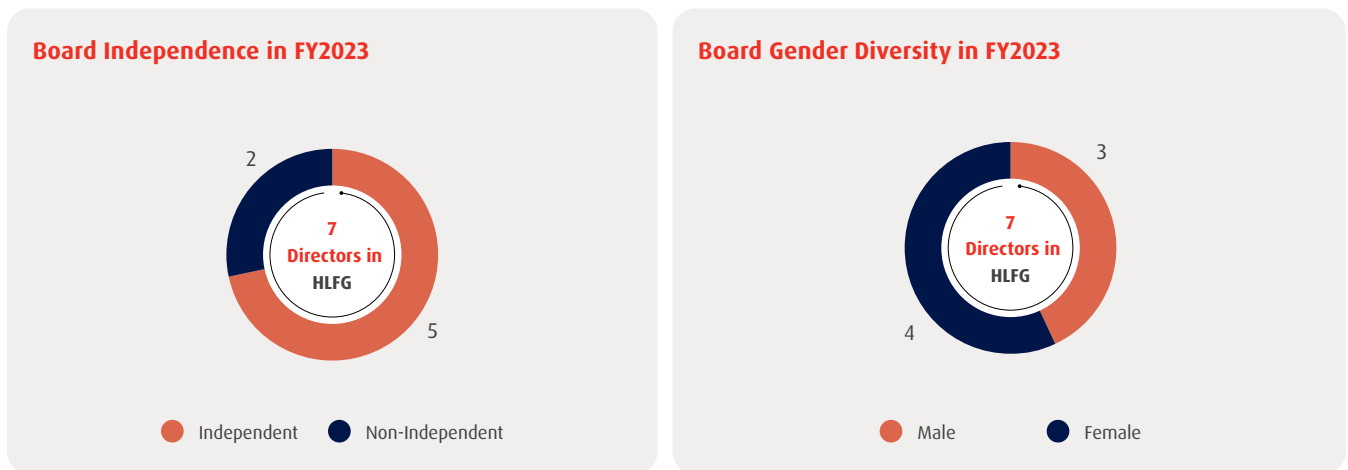
Our Board, which comprises individuals with diverse skills and backgrounds, is responsible for overseeing critical aspects of our company, including ESG-related matters. We seek to ensure that we operate as a team, leveraging our diverse strengths and expertise that contribute to achieving the strategic ESG priorities of the Group. In line with this, our Boards across the Group are equipped with a wide range of skill sets and expertise, including banking and/or financial services, insurance, technology, corporate governance, risk management or compliance, sustainability, financial acumen, and international business experience.

We also strive to provide ongoing board training on sustainability-related topics to ensure the Boards remain well-equipped to integrate ESG considerations into the respective organisation's overall strategy, decision-making processes, and risk management. With this approach, we endeavour to ensure transparency, integrity, and sustainable decision-making across all aspects of our operations.

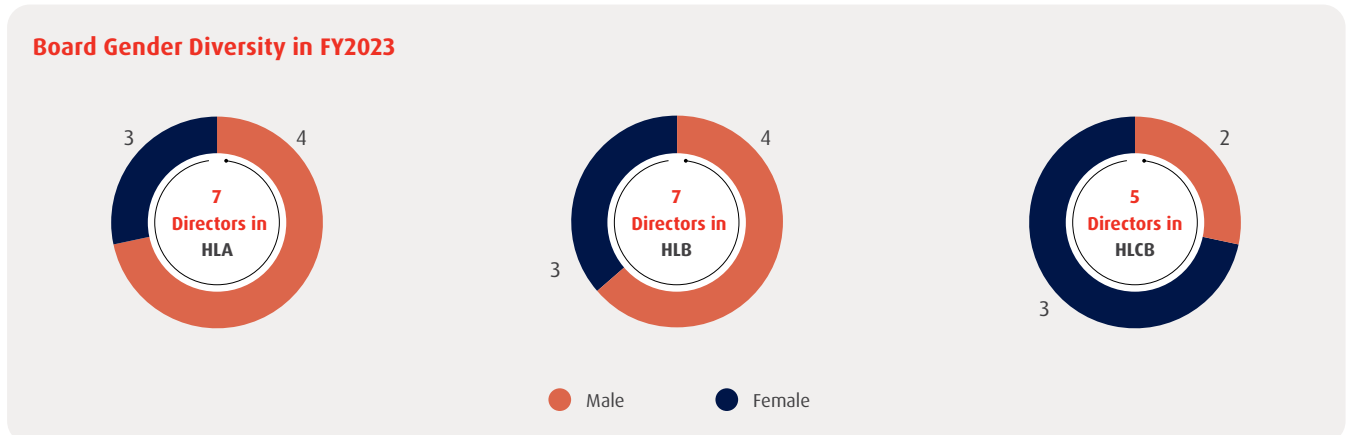
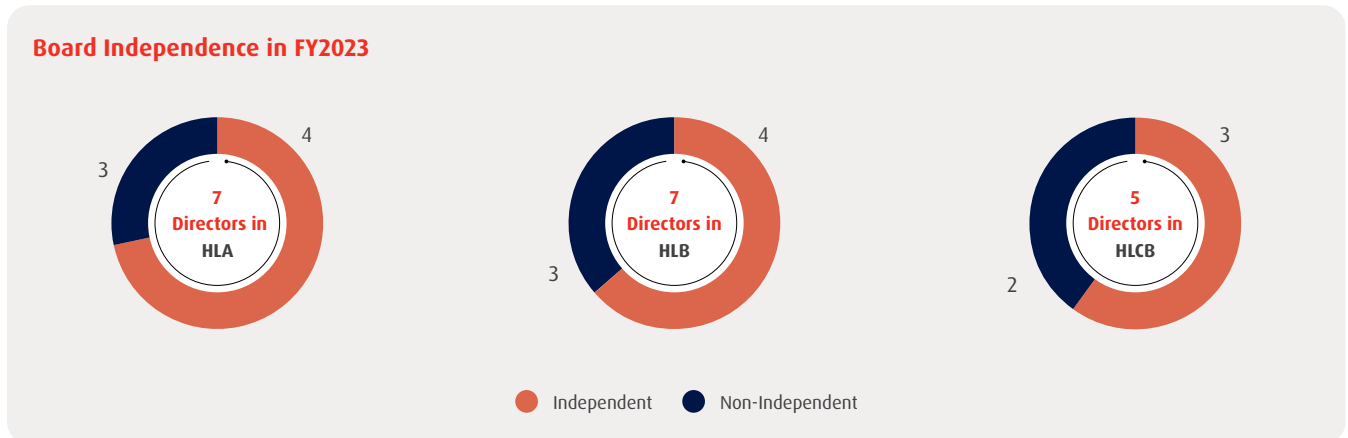
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Diversity & Inclusivity Across the Board

Maintaining a diverse Board is in line with our focus on encouraging diversity and inclusivity at every level of our organisation. All of our directors are nominated and appointed fairly, with no discrimination made based on gender, race, or religion, with HLB and HLCB further establishing their respective Board Diversity Policies. By prioritising an inclusive culture, we are able to maximise the strengths of a diverse workforce, creating a lasting and meaningful impact on our organisation in a rapidly changing business landscape.



BOARD DIVERSITY ACROSS OUR OPERATING ENTITIES



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ESG Risk Governance

Guided by the Sustainability Risk Governance Framework, which is aligned to the Group's overall Risk Management Framework, our ESG risk management governance structure promotes active involvement of all parties in the ESG risk management process to ensure a uniform view of risk across the organisation. It also ensures accountability while facilitating an appropriate level of independence and segregation of duties between all parties involved in the process.

All operating companies across the Group has incorporated ESG and sustainability factors into their operations to promote positive effects on the communities they operate in. This involves a structured approach towards identifying, evaluating, quantifying, monitoring, mitigating, and reporting ESG risks. Despite the inherent risks associated with ESG, the operating companies have introduced strategies to minimise and adapt to these risks, enabling the Group to improve resource efficiencies, adopt low-emission energy sources, develop new green products and services, access new markets, and further strengthen its resiliency against risks in general.

Recognising the urgency for financial institutions to accelerate efforts to manage climate-related risks, the operating companies have established ESG-related strategies, practices, processes, and procedures to ensure it is able to continue to deliver long-term value to its stakeholders in tandem with ESG-related developments and aspirations.

Embedding Sustainability into Our Organisational Philosophy

The Group is cognisant of the role we play in driving the sustainability initiative for the economy. We are committed to advocating for sustainable development and integration, not only to our external stakeholders, but also internally. To that end, our organisational philosophy has taken measures to facilitate smooth sustainability integration, driving granularity in the implementation and integration of sustainability considerations across the organisation.

Sound Risk Management

We have made steady progress in embedding ESG considerations, through our interactions with stakeholders, into daily business practices, products, and services. This ideal drives our sustainability progress and aspirations, enforcing our dedication to promote sustainability within our business value chains and network of stakeholders across our operating businesses.

With that in mind, our operating businesses, through their respective Risk Management Frameworks, have implemented comprehensive mitigation measures to address the inherent ESG risks within their operations. These include policies and action plans to manage the following risks:



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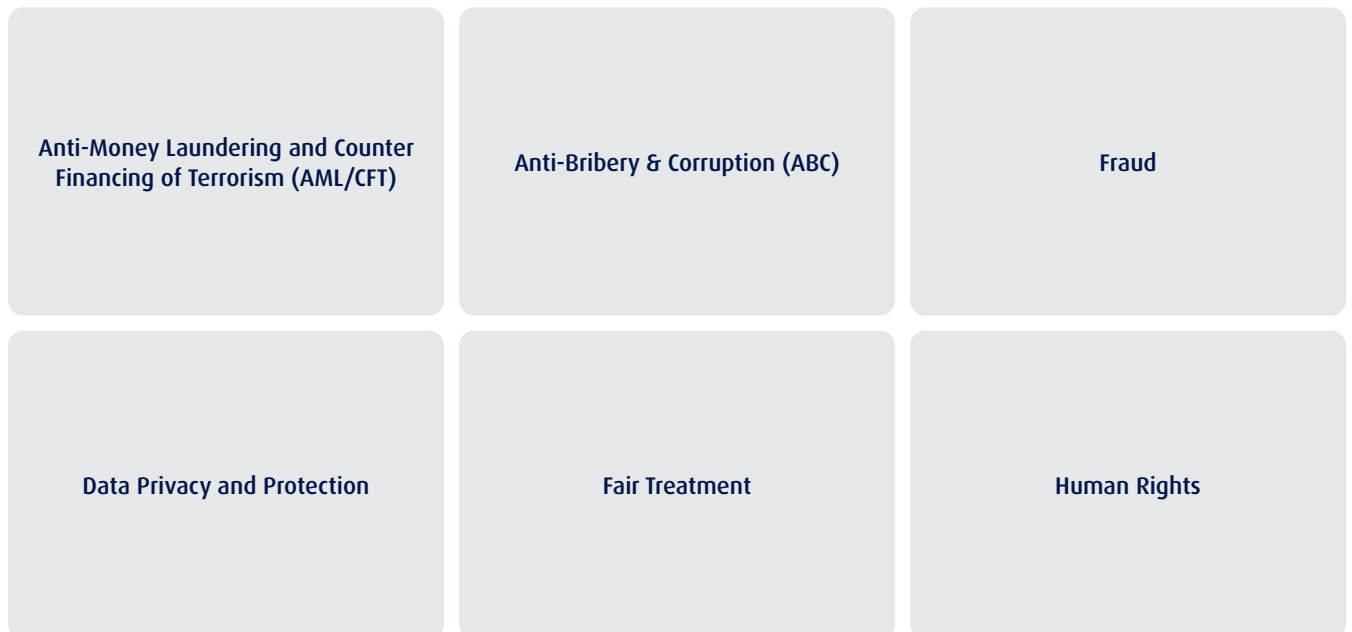
ETHICAL BUSINESS PRACTICES

Conducting business in a sound and responsible manner is fundamental to the organisation, increasing the need for robust internal controls and rigorous risk management procedures. To that end, the Group works assiduously, ensuring our principles and ambitions continue to drive the organisation towards providing positive lasting value for all of our stakeholders by building trusted partnerships and ensuring fairness and integrity.

Upholding Compliance and Integrity

HLFG is committed to upholding the highest standards of business conduct across the Group, ensuring the safety and security of our customers. A robust suite of policies, procedures, and controls are set in place to prevent unlawful activities from taking place, including money laundering, terrorism financing, bribery and corruption, among others. The BARMC oversees and monitors issues relating to the Group's regulatory compliance. Guided by the Group's Compliance Framework, the Group looks to build a strong compliance culture for all employees to not only understand and manage compliance risk, but also comply with evolving legal and regulatory requirements. The Group remains steadfast in our efforts to provide and maintain high standards of conduct in all our business dealings across the Group. We endeavour to ensure that all business activities are carried out with the highest levels of ethics and integrity.

As part of our approach towards good corporate governance, all our operating companies have implemented key compliance policies, including the Code of Conduct and Ethics, Anti-Bribery and Corruption, and Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions ("AML/CFT & TFS"), Personal Data Protection, and Whistleblowing policies to ensure responsible business conduct is continuously upheld. We proactively engage and train our employees on a regular basis with an emphasis on proper and ethical behaviour among our workforce. Employees are encouraged to raise their concerns about any improper conduct through the channels established by the Whistleblowing Policy.



For additional information on our Compliance policies across the Group, please refer to our page at <http://www.hlfg.com.my/about-us/codes-and-policies>

For additional information on HLB's compliance policies, please refer to the HLB SR2023

For additional information on HLCB's compliance policies, please refer to the HLCB AR2023

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PRACTISING RESPONSIBLE PROCUREMENT

Vendors and suppliers seek transparency in our procurement process and fairness in our business conduct. To achieve this, we adhere to our Procurement/Tender policy principles and procedures, which ensures proper governance and fair procurement, including due diligence, conflict of interest management, and approval requirements, across our operating entities.

We are committed to reducing the environmental impact of our operations throughout the value chain. To that end, HLB, HLCB, and HLFG have integrated ESG considerations in supplier and vendor selections for their procurement and outsourcing processes, while HLA will be looking to roll out similar initiatives moving forward.

Aligning with the Group's Anti-Bribery and Corruption ("ABC") Policy, we expect suppliers and vendors to adhere to our zero-tolerance stance against bribery and corruption. To ensure supplier integrity, we conduct due diligence, including background checks and document verification, before entering into formal relationships with vendors and periodically thereafter.

CLIMATE RESILIENCE ACROSS THE GROUP

We are mitigating climate-related risks by working towards enhancing our management of climate-related risks and opportunities, as well as improving our climate-related disclosures leveraging guidance from BNM's Task Force on Climate-related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions, in line with Bursa Malaysia's Sustainability Reporting Guide and in compliance with BNM's Climate Change and Principle-based Taxonomy. We have conducted various exercises to identify and disclose our climate-related risks and opportunities at the operating level, with further details reported by individual operating companies around four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

Climate Governance

We are aware that incorporating climate risk considerations into our policies forms the foundation for the identification and management of climate-related risks across the Group. In an effort to create long-term value for our stakeholders, prioritising the strengthening of climate risk management remains key to the organisation.

In order to ensure that members of the Board not only have the necessary skills and knowledge on climate change, but are also kept up-to-date on the latest climate issues, our Boards across our operating entities attended a variety of climate-related training sessions in 2023, including training on climate-related risks, climate governance, and the integration of climate considerations into business.

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Climate Strategy

We continue to disclose our approach to managing climate risks and opportunities, aligned with the TCFD recommendations. Our operating entities have taken guidance from JC3's TCFD Application Guide for Malaysian Financial Institutions in developing climate-related disclosures as they look to drive the integration of climate considerations into their daily operations.

As our operating businesses operate at varying levels, individual climate strategies of these entities are denoted below:

Operating Entities	Climate Strategy
HLB	<ul style="list-style-type: none"> Established a Vendor Sustainability Self-Assessment to ensure that climate-related aspects are considered in the vendor risk assessment Developed and implemented the Green Bond Framework, where proceeds from the issuance of green bonds are used to finance or refinance new or existing green assets/projects Introduced the BCB ESG Assessment Framework and Policy, an inclusionary approach to assist our customers in transitioning to climate-resilient business operations, and better manage the ESG risks of loan/financing portfolios Implemented the Wealth Management ESG Framework, to consider ESG risks in the wealth management products such as mutual funds, unit trusts, bonds, and equity products Initiated the Developer End Financing Framework to drive the integration of ESG evaluation into decision-making processes for panel developers Rolled out the Environmental Policy on Energy, Water, and Waste Management to promote efficient utilisation of energy and water resources while effectively managing waste without compromising safety, comfort, and reliability of the Bank's physical operations
HLCB	<ul style="list-style-type: none"> Established a time-bound implementation plan to address the requirements of BNM's Climate Risk Management and Scenario Analysis policy document in the short and medium term. Climate scenarios are progressively embedded into the time-bound implementation plan Established a Sustainability Framework in July 2022 that strategically guides HLCB's business, including the incorporation of climate-related considerations Launched Hong Leong Global ESG Fund ("HLGESGF") and Hong Leong Global Shariah ESG Fund ("HLGSESGF") which emphasise ESG investments Progressively embedding ESG requirements into investment decisions including steady growth in green bond portfolio and investment in green energy projects Conducting a comprehensive and holistic climate-related risk and opportunity assessment to understand the impact, implication and methods for managing risks and opportunities
HLA	<ul style="list-style-type: none"> Continue to enhance sustainability practices and progressively embed ESG in every aspect of HLA's business operations and processes Integrated ESG considerations into Employee Benefits Department's existing clients, to identify and classify existing clients based on their environmental and social risk scoring Taken progressive measures to reduce water usage and electricity consumption in HLA's nationwide operations Implemented initiatives to reduce GHG emissions through waste and e-waste recycling

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Climate Risk Management

The Group views climate change as an emerging risk that could impact our operations. As such, we recognise that physical, transition, and liability risks may transfer through microeconomic and macroeconomic perspectives and subsequently impact HLFG and our operating companies' performance. These risks may potentially have both financial and non-financial impacts on our business and portfolio exposure.

Our operating entity, HLB categorises climate-associated risks based on 5-year intervals, aligning with the Paris Agreement's stipulation that each member is required to communicate their Nationally Determined Contributions every 5 years.

Climate Metrics & Targets

We are committed to driving change within and throughout our businesses. In support of this, our operating company, HLB, has committed to achieving a carbon neutral position for their own emissions by 2030, and a Net Zero Carbon equivalent position by 2050. Our operating entities continue to enhance data integrity and quality in this regard, and our performance for the year is described below.

Operating Entities	Metrics & Targets
HLB	<ul style="list-style-type: none"> • Successfully reduced about 21% of operational emissions (Scope 1 and 2) since FY2019 • Enhanced Scope 3 boundaries to include employee commuting and downstream leased assets as well as operational and business travel emissions from branches in Hong Kong and Singapore • Completed retrofitting of LED light fittings in 21 HLB-owned branches
HLCB	<ul style="list-style-type: none"> • Began measuring and monitoring GHG emissions under Category 7 - employee commuting for Scope 3, in addition to Scope 1, Scope 2, and Scope 3 business travel
HLAH	<ul style="list-style-type: none"> • HLAH's GHG emissions encompass HLA and HLMT premises across Malaysia including headquarters and branches • Began measuring and monitoring GHG emissions under Category 7 - employee commuting for Scope 3, in addition to Scope 1, Scope 2, and Scope 3 business travel

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RESPONDING TO CYBER SECURITY RISKS

As the industry landscape increasingly shifts towards digital platforms and online financial services channels, the Group recognises the importance of strengthening the robustness of our cyber security controls.

Operating Entities	Enhancing Cyber Security
HLB	<ul style="list-style-type: none"> The Board Information and Technology Committee ("BITC") jointly supports the Boards of HLB and Hong Leong Islamic Bank Berhad ("HLISB") in overseeing technology and cyber security-related matters Board policies on Technology Risk Management, Cyber Resilience, Data Management, Data Protection and Customer Secrecy Multi-layered security implementations that safeguard the integrity of our systems and our customers' information
HLCB	<ul style="list-style-type: none"> Group Board Information and Technology Committee ("GBITC") jointly supports the Board of HLIB in overseeing technology and cyber security-related matters Stringent compliance, through policies and controls, with requirements in the Financial Services Act 2013 ("FSA"), Capital Markets and Services Act 2007 ("CMSA"), Personal Data Protection Act 2010 ("PDPA"), as well as other regulations issued by BNM, SC, and Bursa Malaysia Red Team Exercise: an attack simulation designed to measure the Group's ability to withstand real-life threats Cyber Drill Exercise to simulate cyberattacks, information security incidents and disruptions Tipping Point Intrusion Prevention System implemented, safeguarding computer systems from vulnerability attacks and web application vulnerabilities
HLA	<ul style="list-style-type: none"> GBITC jointly supports the Board of HLA in overseeing technology and cyber security-related matters Technology Risk Management Framework to address risks that may arise from failures or breaches of IT systems and/or applications

Operating Entities	Promoting Cyber Awareness Culture
HLB	<ul style="list-style-type: none"> Mandatory e-learning on Cyber Security and Cyber Risk Management Thematic Huddles on Cyber Risk Awareness Cyber Leaders Training to give a practical overview of cyber handling for managers to guide their team Roll out cyber comics series to promote cyber risk awareness with a virtual cyber security ambassador Quarterly Cyber Security and Risk Awareness Videos
HLCB	<ul style="list-style-type: none"> Cybersecurity Threat Modelling briefing Materials on cybersecurity awareness communicated via email Gamification of learning on malware, mobile security, and phishing through videos and crossword puzzles Training via video and assessment relating to password security Cybersecurity awareness pop-up reminder appears on staff PC or laptop upon login on a bi-weekly basis
HLA	<ul style="list-style-type: none"> Cyber Resilience Framework to strengthen our technological resilience against operational disruptions and ensure all our business units take collective responsibility over cyber risk management Endpoint Detection and Response providing protection against ransomware and malware while also facilitating threat hunting and incident response Periodic cyber security and risk newsletters that cover various topics relevant to all staff in educational and comics form to provide bite-sized and casual reading

Sustainability Statement

TRANSITIONING TO A LOW-CARBON ECONOMY



OUR SUSTAINABILITY IMPERATIVES

As a responsible financial holding company, HLFG is aware of the potential environmental issues that our operating companies may have an impact on. To that end, we strive to minimise our environmental impact across our operating companies, which includes tracking our carbon footprint. We track our year-on-year performance against our baseline to identify areas for further improvement. Our cause is furthered by our operating companies expanding the ability to provide financing solutions for greener investments and better strategies in managing our carbon footprint.

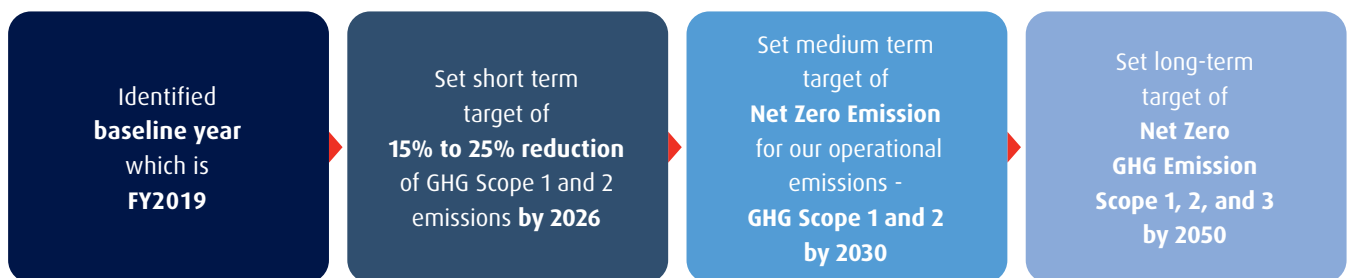
We have taken a leap forward in our sustainability journey as we enhance measuring and monitoring Scope 1 and Scope 2 GHG emissions for operations, as well as Scope 3 business travel and employee commuting emissions. We also currently track key environmental metrics, including electricity and paper consumption, which are linked to our impact on climate change.

Sustainability Statement

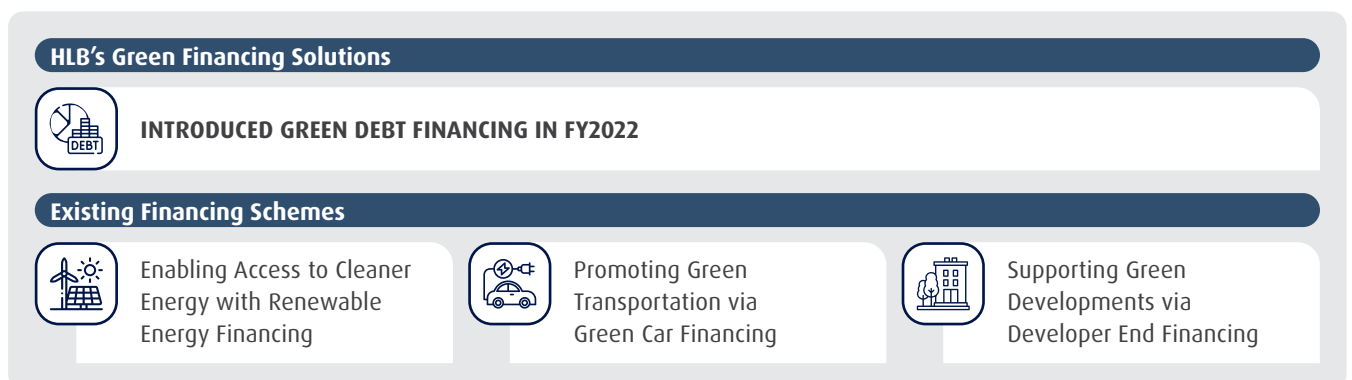
Sustainability Considerations at Our Operating Entities

Our sustainability considerations are guided by our outlined targets and goals, defining the direction of sustainability integration across the Group. The Group's business operations are committed to mitigating the adverse impacts in the form of environmental degradation through climate change. This ideology is reflected across our operating companies' ambitions and goals.

HONG LEONG BANK BERHAD



To this end, HLB has approached the finalisation stage of the Mangrove restoration project, in FY2023, at which they are expected to capture and store carbon through 50,000 mangrove trees. The initiative, in collaboration with MNS, is part of the Bank's commitment to mitigate the adverse impacts of climate change and reduce its own operations' carbon footprint. This is estimated to be achieved through an average of more than 1,200 tonnes of CO2 equivalent annually over the next 20 years.



To achieve our Net Zero goal, we have adopted a multifaceted approach that encompasses various aspects of our business. This includes the provision of green debt financing through financing access to renewable energy, green transportation, and supporting green developments.

Sustainability Statement

HONG LEONG CAPITAL BERHAD

Laid out a time-bound implementation plan to align with BNM's Climate Risk Management and Scenario Analysis ("CRMSA") policy document.

Taken steps to begin the journey towards quantifying climate-related risks as part of its Semi-Annual Stress Test.

Took a step forward by expanding its Scope 3 emissions reporting to include employee commuting.

Taken guidance from BNM's TCFD Application Guide, Bursa Malaysia's Sustainability Reporting Guide and BNM's Climate Change and Principle-based Taxonomy ("CCPT"), to enhance its approach to climate-related disclosures around the four thematic areas of Governance, Strategy, Risk Management and Metrics & Targets.

Introduced the HLGSESGF to provide green and sustainable financing solution to a broader client base.

In line with HLCB's endeavour to play a crucial role in establishing climate-conscious practices and providing climate friendly financial solutions, HLCB has laid out a time-bound implementation plan, aligning with BNM's CRMSA policy document. In addition, they are progressively heading to further alignment by beginning the journey to quantifying climate-related risks and expanding their Scope 3 emissions reporting.

HLCB is also enhancing their climate-related disclosures with guidance and reference to regulatory standards and frameworks. Moreover, HLCB is expanding their range of sustainable products to integrate Shariah-compliant sustainable products, providing sustainable financing access to a broader client base through the HLGSESGF.

HONG LEONG ASSURANCE BERHAD

BNM's Exposure Draft on Climate Risk Management and Scenario Analysis

HLA and HLMT have completed the gap analysis of the exposure draft together with a high-level Implementation Roadmap.

Sustainability Committee

Newly formed Sustainability Committees in HLA and HLMT will provide support to the Board in undertaking its oversight responsibilities relating to sustainability and climate risks.

Raising Competencies

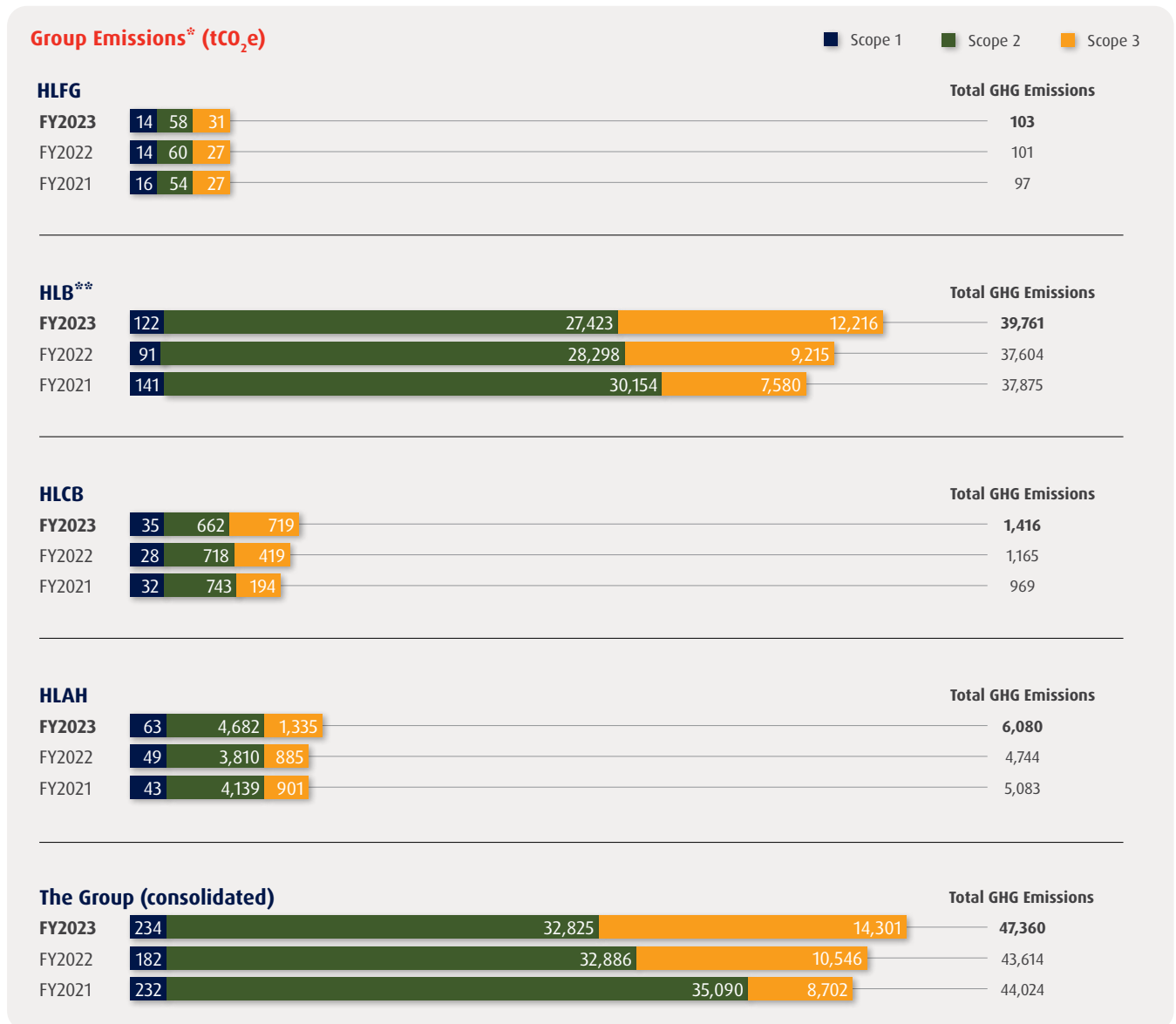
HLA and HLMT have implemented an ongoing training programme designed to enhance the ESG awareness of our Board, Senior Management, and staff, while progressively building their knowledge on climate-related risks.

HLA has undertaken several initiatives during FY2023 which underscore their efforts to manage climate-related risks effectively. To that end, HLA has set out on their sustainability journey based on their high-level Implementation Roadmap with guidance from BNM's Exposure Draft on CRMSA. Further driving the cause, a Sustainability Committee has been formed, acting as the oversight on their sustainability journey. This comes together with internal capacity building seen through the ESG awareness training programme for their Board, Senior Management, and staff.

Sustainability Statement

Addressing the Emissions Imperative

We are working towards improving how we address climate-related risks and opportunities while improving the quality and expanding the boundaries of our climate disclosures, aligning better with BNM's TCFD policy document. The assessment of our carbon footprint across all of our operating companies is a crucial effort to identify and improve our operational impact on the environment.



* Revision in GHG emissions figures is due to expansion of scope and boundaries

** HLB's GHG emissions covers only the Malaysian operations

Sustainability Statement

SCOPE AND BOUNDARIES OF GHG EMISSIONS REPORTING

The Group has taken a phased approach to address the need for enhanced carbon footprint disclosures, taking into account data readiness and limitations. At present, the reporting boundaries for GHG emissions are Scope 1, Scope 2, and business travel and employee commuting under Scope 3. HLFG has expanded their own Scope 2 emissions calculations to include purchased cooling while HLB has expanded their boundaries to include downstream leased assets under their Scope 3 reporting.

Scope 1	Direct GHG emissions that encompass: <ul style="list-style-type: none"> - Stationary Combustion - Mobile Combustion - Fugitive Emission
Scope 2	<ul style="list-style-type: none"> - Indirect GHG emissions from the generation of purchased electricity - Purchased cooling
Scope 3	Other indirect GHG emissions: <ul style="list-style-type: none"> - Business Travel - Employee commute

Our measurement and reporting of greenhouse gas emissions are in accordance with the GHG Protocol: A Corporate Accounting and Reporting Standard, Intergovernmental Panel on Climate Change (IPCC) Guidelines for National Greenhouse Gas Inventories, and using relevant local emissions factors where applicable.

HLB in FY2023

HLB's carbon footprint saw a slight increase in their total GHG emissions in FY2023, a 5.7% increase to 39,761 tCO₂e from 37,604 tCO₂e in the previous year. The marginal increase in total emissions is attributed to the expansion of the Bank's Scope 3 boundaries which saw the inclusion of employee commute and downstream leased assets as well as the inclusion of operational and business travel emissions from branches in Singapore and Hong Kong. HLB is determined to further enhance the climate disclosures, to achieve a more reliable accounting and reporting of GHG emissions.

HLCB in FY2023

HLCB's GHG emissions disclosure is systematically documented in terms of scopes (Scope 1, Scope 2, and Scope 3) from FY2021 to FY2023, covering operations at their main offices, Menara Hong Leong and Plaza Zurich, three HLIB branches, four HLAM branches, as well as six hubs across different states. HLCB recorded a total of 1,416 tCO₂e for FY2023, reflecting an increase from the previous year. This can be primarily attributed to the inclusion of employee commuting in the calculation of Scope 3 emissions, driven by a higher number of staff resuming work in office. HLCB is driven to be guided by the goals outlined in their Sustainability Framework, propelling them to persistently oversee, assess, and enhance their GHG reporting.

HLAH in FY2023

HLAH's GHG emissions encompass HLA and HLMT premises across Malaysia including headquarters and branches.

Both absolute and intensity emissions in FY2022 and FY2023 saw an increase as employee and business travel has resumed to pre-COVID19 condition.

Sustainability Statement

A HOLISTIC APPROACH TOWARDS REDUCING OUR ENVIRONMENTAL FOOTPRINT


Our Environmental Progress

We recognise the importance and significance of resource management to progressively and efficiently reduce our environmental footprint. This encompasses effective identification and management of resource consumption with no compromise on business operations or productivity. Tackling effective resource management requires sustainability awareness from our stakeholders to drive our efforts towards sustainable changes within our daily operations. We identify and monitor key resource consumption metrics to track indicators material to us, which subsequently help strategise our management and ultimately reduce emissions and consumption across the Group.

At HLF, we strive to make a concerted effort in ensuring our resource management is met with initiatives that are in line with our environmental goals. This includes greening our buildings, paper consumption management, and water consumption management.

GREENING OUR BUILDINGS

The Group has made conscious efforts to integrate sustainability into our daily operations. Extending initiatives to enhance resource efficiency, the operating companies under the Group have implemented measures to ensure energy savings and efficient resource management in our day-to-day business operations. In FY2023, HLA installed larger-scale solar PV panels for Tower B, PJ City, which is planned to be operational in early FY2024. In addition, the operating locations of HLA has also been retrofitted with LED light tubes while our buildings' Chiller Starter System has been upgraded to regulate energy consumption. This, paired with the expansion of our energy data inventory, has led to a granular understanding of our operational consumption across the Group.


 Annual Electricity Consumption (kWh)			
The Group			
FY2021	FY2022	FY2023	
43,810,427	40,858,116	39,549,465	
FY2023			
HLB*	HLCB	HLA	HLFG
36,886,512	847,788	1,738,222	76,943
FY2022			
HLB*	HLCB	HLA	HLFG
38,202,545	919,822	1,662,345	73,404
FY2021			
HLB*	HLCB	HLA	HLFG
41,036,503	939,240	1,765,422	69,262

* HLB's Annual Electricity Consumption covers only Malaysian operations

Sustainability Statement

WATER CONSUMPTION

Ongoing efforts include metrics tracking of water consumption and management across and the considerations of HLA to adopt rainwater harvesting. The Group is intent on reducing the usage of water in our operations without compromising the safety, comfort, and reliability of the Group's physical operations.


 Annual Water Consumption (m ³)			
The Group			
FY2021	FY2022	FY2023	
91,463	73,849	86,700	
FY2023**			
HLB*	HLCB	HLA	HLFG
71,095	1,763	13,470	372
FY2022			
HLB*	HLCB	HLA	HLFG
61,192	2,109	10,220	328
FY2021			
HLB*	HLCB	HLA	HLFG
75,578	1,649	13,950	286

* HLB's Annual Water Consumption covers only Malaysian operations

** The increased water consumption for HLB, HLA, and HLFG from FY2022 to FY2023 was due to the normalised movement of people coming back to work post pandemic

PAPER CONSUMPTION

The Group is cognisant of the need for a reduction in the usage of paper, as it is a material resource in the operations of financial institutions. This is achieved through streamlining of operations and the adoption and integration of digital innovation to reduce the need for paper consumption. The operating companies have begun adopting the use of e-policies, statements, and other paper trails as a byproduct of the use of financial services. These initiatives are aimed at reducing the total weight of paper used across the operating companies, which would reduce operating costs.

 Paper Consumption			
FY2023			
HLB*	HLCB	HLA	HLFG
78,953 reams	6,818 kg	5,907 kg	328 kg
FY2022			
HLB*	HLCB	HLA	HLFG
71,121 reams	9,697 kg	5,467 kg	492 kg
FY2021			
HLB*	HLCB	HLA	HLFG
108,796 reams	10,496 kg	5,942 kg	269 kg

* HLB's Paper Consumption covers only Malaysian operations and is tracked through Total Office Paper Purchased (in reams).

While paper is an integral resource to financial institutions, HLB is aware of the need for better management of this precious resource. To that end, HLB is active in their recycling initiative, recording 17,686kg of paper recycled in FY2023 for their Hong Leong Tower and PJC Tower A buildings. HLA has also significantly increased their paper recycling, with 1,783kg of paper recycled in FY2023, an 80% increase as compared to the previous financial year, which recorded a total of 988kg.

Sustainability Statement

E-WASTE MANAGEMENT

The growing integration of digitalisation into the Group's business operations has a direct correlation with the usage of digital technologies. As a result, the need for e-waste management has increased in importance and the Group maintains effective handling mechanisms for the management of e-waste including recycling programmes. HLB circulated posters and infographics and conducted an e-waste recycling drive during their sustainability month from March to April in FY2023. HLCB engaged with HP and expanded their lease agreement to encompass recycling services in order to ensure proper collection, recycling, and disposal of e-waste, particularly toners and cartridges, and are currently identifying contractors for recycling plastic and glass waste generated within facilities. HLA conducted their inaugural, year-long e-Waste Collection Drive which recorded 620kg of e-waste collected. This initiative was in collaboration with Electronic Recycling Through Heroes (ERTH), encouraging staff to recycle desktops, printers, laptops, smartphones, and household electrical items in a safe and responsible manner. This contributed to the diversion of 72kg of precious metals and 6kg of toxic metals from landfills.

For additional information on HLB's resource efficiency efforts, please refer to the HLB SR2023
For additional information on HLCB's resource efficiency efforts, please refer to the HLCB AR2023

Bolstering the Journey

HLB RENEWABLE ENERGY FINANCING

HLB set an initial target of RM500 million in Renewable Energy financing for five years starting 2019. With over RM3.2 billion in Renewable Energy financed to date, HLB has revised its target to RM4 billion Renewable Energy financing by FY2025.

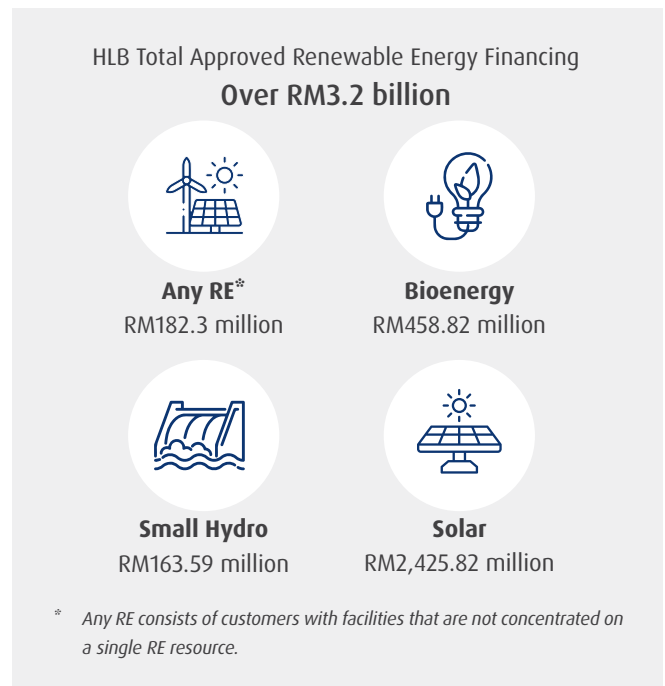
HLB's initiatives to further the sustainability cause are seen through the extent of green financing provided, including creating access to green transportation, driving green and sustainable development, and the HLB Green Bond. To date, the cumulative total in green transportation financing has exceeded RM812 million, with over RM391 million in financing for electric vehicles ("EV") mobilised in FY2023, exceeding our initial target of RM240 million. For green and sustainable development efforts, HLB has provided financing for three portfolios: affordable property, green and affordable property and mortgage. Green bonds issued by HLB were used to finance renewable energy projects, green building initiatives and sustainable transportation efforts with outstanding balances of RM261.1 million, RM863 million, and RM412.8 million respectively.

SUSTAINABLE INVESTING AT HLCB

Prioritising clients that have embraced comprehensive internal ESG policies, practices, and commitments aligned with industry standards is instrumental in creating additional opportunities for green and sustainable financing. In line with this, HLCB has continued their efforts in raising capital through their offerings, including ASEAN Sustainability-Linked Bonds and Sukuk. In FY2023, HLCB has also been mandated with two solar power projects valued at RM1.4 billion.

In FY2023, HLCB's Treasury and Markets team maintained a considerable investment in green bonds (Green energy sectors through hydropower), whereby the holdings in the bond observed a 36% increase year-on-year. To further the Treasury & Markets teams' commitment in addressing climate change, the team will place greater focus in seeking investment opportunities in ESG or green bonds such as solar and hydro plants with preference given to bonds with ESG classification of C3 and above.

For additional information on HLCB's sustainable investing efforts, please refer to the HLCB AR2023



Sustainability Statement

DRIVING SUSTAINABLE ECONOMIC GROWTH



As a notable presence in the financial services landscape, the Group plays a role in helping to foster the country's inclusive development and sustainable growth. We endeavour to achieve this vision by ensuring our subsidiaries mobilise financing, investments, and insurance activities to drive economic growth, promote social development, and safeguard the climate and environment.

FINANCIAL INCLUSION & EMPOWERMENT

As a financial holding company, our foremost commitment is to ensure proper oversight of our operating entities in empowering customers through inclusive financial solutions, primarily by leveraging the power of technology and digitalisation. To achieve this, our subsidiaries consistently work to develop financially inclusive products, including loans, bonds, investment funds, and insurance. With proper controls and oversight in place, our operating entities aim to serve people from diverse backgrounds so that they could gain confidence in their financial future, build their wealth, and protect themselves against unexpected circumstances. Additionally, we strive to democratise access of financial services to all, through our subsidiaries, by creating opportunities for the underserved, promoting financial and digital literacy, as well as levelling the playing field for small and medium enterprises ("SMEs").

Initiatives and Progress in Driving Financial Inclusion & Empowerment

HONG LEONG BANK BERHAD

As a socially responsible business, HLB endeavours to engage in impactful initiatives that lend support to social enterprises and advocate for enhanced financial empowerment within the community. The following are the major initiatives launched by HLB in FY2023:

Fostering Small Businesses via HLB Jumpstart - Micro Business

In FY2023, HLIBS launched 'HLB Jumpstart - Micro Business,' a social finance programme that provides funding to individuals with limited employment options or aspiring entrepreneurs without credit history, nurturing small business startups. In collaboration with MADCash and AlfieTech, the initiative provides zero-profit financing and mentorship to ensure sustainable income sources for underserved micro-entrepreneurs.

Encouraging Green Supply Chain Practices for Malaysian SMEs

HLB hosted an exclusive session with the Small and Medium Enterprises Association themed "Sustainability Meets Strategy: Enhancing Competitiveness Through Green Supply Chain." The session highlighted expert insights regarding changing trends in regulation, finance and market demand on green supply chains, helping SMEs stay ahead and make informed decisions for their businesses, while contributing to the country's sustainability agenda.

HLB Pocket Connect App for Junior Savers

In FY2023, HLB has piloted the 'QR Pay' feature to their Pocket Connect users. Pocket Connect app for Junior Savers, launched in FY2021, is a market-first digital platform that caters to both savers under the age of 18 and their parents. Through its patented Earn, Save, and Spend interactive features, the app assists young users to manage their pocket money and savings while encouraging parents to instil healthy financial habits in their children at an early age.

Promoting Financial Literacy via DuitSmart

HLB launched their DuitSmart platform in FY2021 to equip and empower Malaysians with financial knowledge to influence sound financial decisions. The Bank has established plans to expand the outreach programme and form strategic partnerships with PayWatch and BNM in FY2023 to FY2025. In FY2023, HLB's DuitSmart Kids programme, conducted in collaboration with Smart Reader® Worldwide, witnessed 1,789 students' graduating from the programme.

HONG LEONG CAPITAL BERHAD

HLCB is dedicated to promoting financial inclusion via the adoption of technology and digitalisation, with the aim of increasing accessibility to financial services. Apart from providing a range of sustainable products to encourage responsible investments among their clientele, HLCB also strives to enhance investing knowledge by continuously engaging with clients and local communities.

Enabling Shariah-compliant Trading Through Platform Upgrade

In July 2022, HLeBroking enhanced its trading platform to enable our customers to trade in Shariah-compliant stocks.

By opting for Shariah accounts, customers can exclusively purchase stocks that adhere to Shariah principles. The total traded value as at FY2023 amounted to more than RM2.5 million, with 150 accounts opened.

Conducting Financial Literacy and Investment Talks

In FY2023, 15 investment talks were conducted with more than 1,700 participants.

To promote financial literacy awareness and literacy among the community, more than 1,400 reports were published on HLeBroking platforms in FY2023.

Sustainability Statement

HONG LEONG ASSURANCE BERHAD

Cashless Facility for Outpatient Cancer Treatment

In line with their customer-first vision, HLA continuously strives to deliver a hassle-free customer experience journey. The latest feature extends the cashless facility for outpatient cancer treatment benefit, which is the benefit that covers cancer therapeutic sessions which do not require hospitalisation. This aims to replace the outgoing reimbursement method, thereby providing customers with smooth payment experience at panel hospitals, as well as easing the financial burden of policyholders.

Additionally, this cashless facility reduces documentations required during admission and claims, and the digitalisation of guarantee letter submission allows policyholders to track their guarantee letter facility status on the HLA360° application.

SHAPING THE FUTURE OF FINANCE VIA DIGITALISATION

At HLF, digitalisation stands as a core value, evident in our "Digital at the Core" strategy. We are steadfast in our commitment to offer both digital and physical access to financial services, ensuring inclusivity for underserved communities, regardless of their geographical or socioeconomic limitations. While traditional brick-and-mortar branches remain available where and when necessary, we embrace the dynamic digital landscape, consistently placing innovation at the forefront of our approach.

Initiatives and Progress in Digitalising Our Solutions

HONG LEONG BANK BERHAD

HLB's digital innovation efforts aim to create customer value while driving the nation towards a cashless society and advancing the banking sector's technology. HLB's aspirations for FY2023 are evident through the following programmes:



Launching of Cashless Sekinchan to Boost Town's Tourism Activity

In partnership with Payments Network Malaysia Sdn Bhd ("PayNet"), HLB has rolled out digital payment tools to help transform Sekinchan to be the first cashless kampung in Malaysia. This initiative equips around 800 businesses in Sekinchan with a HLB DuitNow starter kit that aids cashless transactions, which would popularise the town as a holiday destination, in line with its 'Visit Sekinchan 2023' campaign.






Digital Transformation for 16 Schools in Kota Kinabalu

Hong Leong Bank's 'HLB@School' programme offers a cashless ecosystem for 16 schools, while nurturing financial and environmental literacy among students. The programme facilitates digital transformation by equipping the students of these schools with the HLB 3-in-1 Junior Account, enabling students to track their pocket money, expenditure, and savings.

Sustainability Statement

HONG LEONG CAPITAL BERHAD

HLCB's digital innovation approach is driven by enhancing client trading and investment in the operating companies, as well as increasing productivity and turnaround time. In FY2023, they implemented key internal digitalisation efforts, including digital client onboarding, eStatements, and personalised services through the HL iSmart Invest data collection. Other activities undertaken in FY2023 are detailed below:

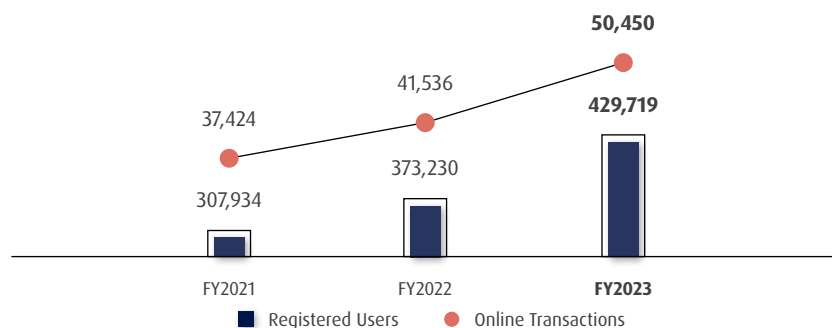
 HLeBroking Digital Platforms	 Direct Market Access ("DMA") Trading	 HLAM's Online Transaction Platform
<p>HLeBroking mobile application (app) offers ePayments for instant trading after fund deposition, providing a seamless trading experience.</p> <p>HLeBroking trading platform has digitised their clients' onboarding process, reducing the turnaround time. Clients can now open their conventional accounts digitally, and they can do so for Shariah accounts by FY2025.</p>	<p>DMA electronic trading solution, launched in July 2020, enables clients to execute investment orders in real time at lower costs.</p> <p>In HLCB's pursuit of enhancing market efficiency, the DMA system will be upgraded with algorithmic trading capabilities, expected to complete in FY2024. HLCB clients will thereby gain access to a broader range of trading options.</p>	<p>HLAM's Online Transaction Platform has offered increased flexibility and accessibility to fulfil clients' specialised needs.</p> <p>The HL iSmart Invest and EPF i-invest modules offer a seamless transaction process that enhances the user experience for HLAM's clients.</p>

HONG LEONG ASSURANCE BERHAD

HLA has embraced digital technology to streamline product purchases and provide seamless customer service. These efforts are evident in the following digital platforms and enhancements, aimed at delivering better and more personalised customer experiences.

HLA360°

The online Customer Portal enables customers to have instant and seamless access to policy information, e-medical card and the ability to perform self-service online transactions.



Robotic Process Automation (RPA)

HLA has accelerated its automation in order to create digitalised processes that help businesses scale rapidly, in line with HLA's modernisation and digitalisation goals. HLA has adopted RPA across various business processes, including customer screening and data processing, in order to increase productivity, accuracy and achieve cost-savings. As at June 2023, the RPA initiative has cumulatively saved approximately RM113,000 and more than 530 manhours. Additionally, over 180 HLA staff have been trained as a continuous effort towards automation and process improvement.

Sustainability Statement

Enhancing e-Policy Issuance

In an effort to reduce paper usage across the organisation, HLA monitors and drives e-Policy issuance to customers. HLA has been diligently educating agents and customers about the benefits of e-contracts, including secured and seamless access via HLA360°, reducing the risk of losing physical contracts.

E-Annual Statement

HLA is persistently working on improving customer satisfaction and minimising the need for physical paper handling, evident through their ongoing efforts to digitise customer annual statements. With the E-Annual Statement, customers will be able to view copies of their annual statements anytime and anywhere via the HLA360° customer portal. This initiative reduces paper and printing, while providing customers with secure access.



DEVELOPING SUSTAINABLE FINANCE PRODUCTS

HLFG is committed to advocating for a sustainable financial system with a positive socio-economic impact, while also minimising harm to the environment. To facilitate the transition to a low-carbon economy, all operating companies across the Group are encouraged to expand their portfolio of ESG-compliant and ESG-rated offerings, aligning with our commitment to climate risk and corporate sustainability.

As a financial holding company, we continuously strengthen our capabilities to support our subsidiaries in their transition towards sustainable and inclusive growth. This section highlights how our subsidiaries integrate ESG considerations into their diverse range of financial services, aligned with our Sustainability Theme, "Socially Responsible Business".

Initiatives in Developing Sustainable and Inclusive Financial Products

HONG LEONG BANK BERHAD

As a financial institution, HLB acknowledges their capacity to help drive the shift to a low-carbon economy. With the commitment to attain Net Zero carbon emissions by 2050, they have implemented a diverse strategy, including facilitating green debt financing via their Green Bond Framework, which focuses on projects relating to renewable energy, green transportation, as well as sustainable developments.

HLB's Green Bond framework adheres to the ASEAN Green Bond Standards and the globally recognised Green Bond Principles. The HLB Green Bond portfolio has since grown in outstanding balance from RM1,056.6 million in FY2022 to RM1,536.9 million in FY2023.

Promoting Cleaner Energy

The transition to a low-carbon economy relies heavily on moving away from high carbon emitting sources to more sustainable avenues. To this end, HLB has revised their Renewable Energy ("RE") financing commitment, which was initially set at RM500 million for a period of 5 years starting in 2019, to RM4 billion by FY2025. By the end of FY2023, HLB had financed over RM3 billion in RE financing, encompassing various projects including bioenergy, solar, hydro plant, and other RE projects. The result of its green financing is expected to save over 800,000 tCO₂e emissions in a year.

Enabling Access to Green Transportation

In an effort to facilitate the transition to Net Zero, HLB strived to innovate and roll-out green car financing solutions in Malaysia. Through the HLB Green Car Financing Framework, HLB aims to increase the financing for BEV, HEV and PHEV by providing attractive financing interest rates. To date, the cumulative total in green transportation financing has exceeded RM812 million, with over RM391 million financing for EV mobilised in FY2023, exceeding the initial target of RM240 million.

Driving Green Developments

HLB's Developer End Financing policy, introduced in FY2021, guides and streamlines green financing for property developers.

The policy incentivises ESG integration-based sustainability scores, offering attractive financing packages and expedited approvals for developers with low ESG risk profiles. The policy also assists developers who do not meet the Green Developer benchmark by helping them to address their gaps and improve their ESG risk profile. Beginning FY2023, all property development projects are required to be assessed under the green building criteria as HLB looks to drive the incorporation of ESG practices across industries. A total of 804 companies and projects have been assessed under the ESG Assessment for Developer End Financing in FY2023.

Sustainability Statement

HONG LEONG CAPITAL BERHAD

In the past two years, HLCB has kickstarted their sustainable investment journey by introducing multiple sustainability-themed funds, and they are dedicated to further expanding their sustainable product offerings in the future. They aim to offer both Islamic and conventional investment choices that align with their sustainability objectives and progress.

Hong Leong Global Shariah ESG Fund ("HLGSESGF")

Following the launch of the first ESG fund, HLGESGF in FY2022, HLCB continued to launch HLGSESGF in FY2023, which is also their first Shariah-compliant ESG fund. The fund is aimed at providing medium- to long-term capital growth by investing in a globally diversified portfolio of companies with a focus on ESG criteria in the investment process.

Hong Leong PRS Growth Fund

The Hong Leong PRS Scheme was launched in December 2022. The holistic scheme provides investors the opportunity to diversify their retirement funds by investing in various avenues including equity, fixed income, money markets, or balanced collective investment schemes, allowing investors to optimise their retirement savings.

HONG LEONG ASSURANCE BERHAD

HLA firmly believes that providing responsible products and services goes hand-in-hand with delivering positive financial outcomes to our customers.

Money Laundering & Terrorism Financing Assessment for New Product and Business Practices

- Before launching or using new products, HLA and HLMT conduct assessments to identify potential money laundering and terrorism financing ("ML/TF") risks. All new products and services are given ML/TF risk ratings before their launch.



Sustainability Statement

Integrating ESG Principles into Our Assessment Processes

We recognise our responsibility to guide our subsidiaries in implementing sustainable business models and practices that ultimately deliver value to customers. Our operating companies are actively working to identify, acknowledge, and mitigate environmental and social impacts related to the products and services we offer.

All operating companies within the Group follow a similar 3-stage ESG assessment framework, encompassing general exclusion screening, sector/sub-sector screening, and entity-specific screening. The following is HLA's Investment Department's ("ID") ESG Assessment Framework:

For additional information on HLB's ESG Assessment Framework, please refer to the HLB SR2023

For additional information on HLCB's ESG Assessment Framework, please refer to the HLCB AR2023

Approach to Integrating ESG Principles into Assessment Procedures		
<p>Hong Leong Bank Berhad</p> <p><i>BCB ("Business & Corporate Banking") ESG Policy and Assessment Framework</i></p>	<p>Hong Leong Capital Berhad</p> <p><i>ESG Risk Management & Assessment</i></p>	<p>Hong Leong Assurance Berhad</p> <p><i>ESG Approaches of Investment and Employee Benefits Department</i></p>
<p>HLB's BCB ESG Policy and Assessment Framework supports SMEs, commercial, and corporate customers in high-risk Environmental & Social (E&S) sectors, facilitates their carbon reduction journey and accelerates the transition to a more sustainable economy.</p> <p>The framework assesses ESG risks based on national and international frameworks, including the UN Sustainable Development Goals, Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF"), BNM's CCPT guidance paper, and IFC Performance Standards. Enhancements to the Framework in FY2022 enable our Credit Risk teams to evaluate customers' business activities as well as their risk mitigation prospects.</p>	<p>HLCB's Core Credit Risk Policy integrates ESG assessment for lending, underwriting, and bond investments to effectively mitigate ESG risks in accordance with BNM's CCPT requirements. The assessment evaluates clients' risk profiles, sustainability objectives, and environmental impact.</p> <p>Hong Leong Asset Management Berhad ("HLAM") has also established quantitative and qualitative metrics for their ESG methodology, thus empowering their fund managers to make well-informed decisions. As of FY2023, approximately 25% of the stocks under coverage have incorporated ESG trend analysis.</p>	<p>HLA's Investment Department's ESG Policy includes environmental and social considerations in the investment assessment process, resulting in an internal ESG scoring.</p> <p>They conduct their ESG analysis on an annual basis, or more frequently if significant risks emerge, prompting necessary actions by their investment team.</p> <p>Additionally, the ESG approach was extended to the Employee Benefits Department, which provides group term life, group hospitalisation & surgical, and other coverage solutions for corporate clients. The department has adopted ESG considerations to identify and classify existing clients based on their environmental and social risk scoring, as guided by BNM's CCPT.</p>

Sustainability Statement

PRACTISING A CONSUMER-CENTRIC CULTURE

Strengthening Consumer Relationships

Across the Group, we continuously strengthen consumer relationships through meaningful connections and provision of value-added solutions. Our consumer-centric approach ensures that our community enjoys unfettered access to comprehensive banking services, to help overcome geographic and socioeconomic limits. In our pursuit of digitalising our operations, we are committed to maintaining physical branches to cater to customers who still prefer or require them in an ever-evolving digital landscape.

Through proactive engagement with our valued consumers, we have been able to extend support and provide guidance on available financial assistance options, while also encouraging them to embrace digital banking solutions. By integrating both digital and physical accessibility, we remain dedicated to catering to the diverse preferences and needs of our customers, striving to provide a seamless and comprehensive banking and financial service experience for all.

Building Trust Through Fair Dealing

We firmly believe that fair dealing practices form the foundation of our business. Given the substantial monetary flow involved, we are determined to be highly diligent in ensuring fair and transparent dealings with our consumers. Upholding the principles of integrity and ethics, the Group is committed to promoting fair dealing and conducting business with utmost responsibility.

In our pursuit of sustainable practices, the Group places utmost importance on fair dealing as a fundamental pillar of our business operations. Our primary objective is to instil unwavering confidence in our consumers regarding our offerings, fostering enduring consumer loyalty that plays a vital role in driving our ongoing business growth. Committed to regulatory compliance and guided by our Code of Conduct and Ethics, we endeavour to implement a range of fair dealing initiatives that safeguard the integrity and excellence of our products and services, aligning them with our dedication to sustainable principles.

Ensuring Transparency

Our commitment to transparency is reflected in our operating companies' policies and practices, upholding fair dealing principles and legal requirements. We provide clients with comprehensive information on our services and products and ensure clear and mutually agreed-upon terms. Our efforts are supported by regularly reviewed policies, SOPs, and codes of conduct.

Responsible Marketing

The Group's goal is to provide equitable products tailored to meet our consumer requirements. Following rigorous due diligence, we create terms and conditions, memorandums and pricing supplements, ensuring compliance with regulatory standards before submitting them to regulators where required and/or circulating them to potential customers or clients.

HLB's Fair Dealing and Treatment of Customers

Through the incorporation of BNM's Fair Treatment of Financial Consumers ("FTFC") Policy Document into our operations, HLB has managed to enhance its existing policies to promote required standards of fair, responsible, and professional conduct when dealing with customers, adopting the FTFC policy document requirements that outline the expectations for financial institutions to manage fair practices and provide customers with confidence in their dealings.

HLCB's Efforts in Instilling Integrity

HLCB has put in place measures such as Key Risk Area, SOPs and training to ensure that employees and/or agents adhere with the applicable laws and regulations. Only employees who hold Capital Markets Services Representative's Licence ("CMSRL") issued by SC are permitted to offer counsel on capital market transactions. Individuals who wish to market and distribute Unit Trust Scheme or Private Retirement Scheme are required to be registered with Federation of Investment Managers Malaysia.

Strengthening Our Consumer Engagement & Experience

By proactively engaging with our consumers, we gain valuable insights into their financial needs and can henceforth pinpoint areas for improvement. This enables all operating companies across the Group to offer tailored solutions that effectively address our consumers' specific requirements. To foster meaningful interactions, we organise workshops, events, seminars, and online webinars that cater to our consumers' financial needs.

Recognising the importance of leveraging digitalisation and technology to enhance the consumer experience, we are also committed to the continuous enhancement of our IT systems across all operating companies. This commitment ensures the creation of a secure, resilient, and efficient digital infrastructure that aligns with our consumer needs and promotes sustainable business growth.

Initiatives and Progress in Enhancing Consumer Experience

Hong Leong Bank Berhad

Customer Experience Lab

To enhance customer experience, HLB utilises their Customer Experience ("CX") lab to understand evolving customer demands. The CX Lab is the result of collaborative efforts from multiple stakeholders to innovate and shape customer journeys, products, and services.

Hong Leong Capital Berhad

HLCB's Effort in Promoting Financial Accessibility among Female Investors

In support of International Women's Day, HLCB's operating companies have taken significant strides in promoting accessibility and financial literacy among female investors through HLeBroking Woman's Choice Campaign and HLAM International Women's Day Campaign.

Electronic Know-Your-Customer ("e-KYC")

In May 2023, HLCB's operating companies introduced the e-KYC solution to automate client assessment and approval in HLeBroking's online portal, thus enhancing client onboarding.

HLAM ESG Awareness Programme

To increase awareness of their ESG funds and the importance of sustainable investing, HLAM launched their first ESG Awareness Programme featuring various activities including:

- "Adopt a Plant", an on-ground activity where 250 plants were prepared at Plaza Zurich lobby. Visitors are encouraged to take home a plant as they learn about HLAM ESG funds;
- New HLAM ESG Funds Investor Campaign, a programme that rewards our new investors who signed up and invested in HLAM ESG Fund during the campaign period.

Sustainability Statement

WORKFORCE READINESS



The Group recognises that employees, as our most valuable asset, play a pivotal role in integrating sustainability into our operations and creating value for stakeholders. Our goal is to foster sustainable value by embedding sustainability within our workforce and preparing ourselves for future market developments. Through various initiatives, the Group empowers their employees to ensure personal growth through a diverse and inclusive working environment that fuels creativity and innovation. Employee development programmes equip them with distinct skill sets, while meaningful engagement helps maintain a high-performing workforce that is consistently driven to deliver exceptional business results.

SUSTAINABLE TALENT DEVELOPMENT STRATEGY

Establishing a thriving and competent workforce is essential to gaining a competitive edge in the financial industry. To this end, the Group is committed to attracting, retaining and developing top talent through thoughtfully designed programmes that foster growth, development, and job satisfaction. This dedication to employee well-being and growth resonates throughout the Group, encouraging our people to flourish while giving their best to serve our customers and clients.

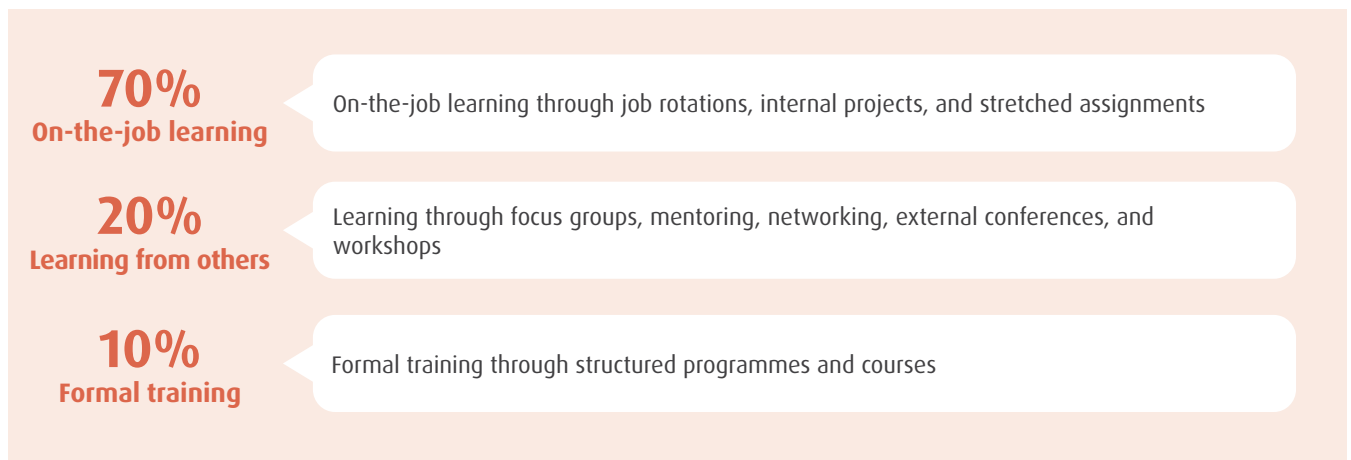
We seek diverse and motivated candidates who are eager to contribute meaningfully to our business. To ensure inclusive hiring, we utilise various recruitment channels. Additionally, we support ongoing professional development and offer training in leadership, role-specific skills, and sustainability to enhance our internal capabilities.

Sustainability Statement

Talent Development

Across the Group, we have adopted a Learning Framework which aims to provide a holistic approach to developing the employees of our operating companies, enhancing their knowledge, experience, and skill sets across different areas. To establish a nurturing and empowering work environment, we promote peer and mentor learning among our employees. We offer a comprehensive array of development programmes, covering leadership, soft skills, and functional and technical abilities that are accessible to all.

70-20-10 TALENT DEVELOPMENT MODEL



HONG LEONG BANK BERHAD

- **Employees Onboarding Programme**
 - To facilitate a seamless integration of new employees into the Bank, HLB requires them to participate in an onboarding programme within the first 60 days of their employment. This structured virtual programme emphasises the Bank’s sustainability efforts, ethical banking principles, and internal policies and processes.
- **Accreditation Programmes**
 - HLB and HLISB strive to develop the competency of their workforce through the pursuit of accreditation programmes, including the Chartered Bankers Programme, Islamic Finance Qualification, and AICB Certification in Risk, Audit, Compliance, Credit, and AML/CFT.
- **Talent Pipeline Building Initiatives**
 - HLB offers structured internships and training programmes including the Internship Programme, Graduate Trainee, and Protégé, to attract and sustain a diverse and inclusive talent pipeline. They collaborate with universities to scout for talent through career fairs and campus recruitment days.

- **Talent Review and Succession Planning**

- HLB provides their employees with lateral and vertical career growth opportunities by regularly advertising internal job openings, offering numerous career pathways within the company. Through the HLB Leaders Programme, a personalised development plan is included as part of the talent review and succession planning process to prepare potential future leaders and nurture their leadership potential.

HONG LEONG CAPITAL BERHAD

- **High Potential (“HiPo”) Programme**
 - Utilising the 70-20-10 model, the HiPo programme enables effective identification and professional development of promising talents.

In FY2023,

26 EMPLOYEES

were identified as HiPo based on talent development, and

12 EMPLOYEES

were identified as potential successors for critical roles.

Sustainability Statement

- **Continuing Professional Education ("CPE")**
 - HLCB has set prerequisites for all licensed employees to fulfil their Continuing Professional Education ("CPE") requirements by attending recognised CPE programmes conducted by the relevant authorities. All HLCB licensed employees are required to fulfil their annual CPE requirements.
- **Management Associate ("MA")**
 - HLIB's Management Associate ("MA") programme recruits and develops graduates by allowing them to gain career exposure for two years. Thus far, seven MA trainees have been recruited, and two of them have been confirmed as permanent staff.
- **Investing in Talent Development**
 - To foster a high-performance workforce and ensure our talent's agility, adaptability, and future readiness, HLCB employees received an average 11.7 hours of training during the financial year.

HONG LEONG ASSURANCE BERHAD

- **Developing People Managers**
 - To continuously develop good leadership, HLA has organised various talks and sharing sessions to keep leaders and people managers informed on the latest industry developments and regulatory changes. These sessions included a refresher on anti-bribery and corruption as well as the amendments to the Employment Act, which provided a 2-way communication for information sharing and clarifications with subject matter experts. 81 People Managers were trained under these programmes.
- **HLA L.I.V.E Hour**
 - Recognising the importance of building strong working relationships among colleagues across business units, HLA L.I.V.E Hour is conducted to engage employees to Learn, Interact, Value-add and be Energised. These series of programmes cover trending topics such as Mental Health Awareness, with a workshop session to promote awareness and educate on ways to support mental health development.

	HLFG	HLB	HLCB	HLA
Average Hours of Training	13	79	12	21

ESG Capacity-building Initiatives

The Group recognises the significance of fostering ESG knowledge and capabilities in our employees to drive our ambition of becoming a more sustainable business. Our operating companies are actively developing structured ESG training programmes to empower their employees to integrate ESG principles into their roles and responsibilities. Policies and SOPs enhanced with ESG considerations were also communicated to employees across the operating companies.

HONG LEONG BANK BERHAD

- **Mandatory Sustainability Training**
 - All HLB employees have completed the mandatory sustainability e-learning module. As part of the onboarding programme, 1,840 new hires completed the "Introduction to Sustainability" training. Additionally, in FY2023, HLB collaborated with the WWF Asia Sustainable Finance Initiative Academy to provide fundamental knowledge on sustainability for bankwide employees, which was completed by 1,620 employees voluntarily.
- **Sustainability Month**
 - HLB's annual Sustainability Month conducted in FY2023 attracted 1,910 participants. The month-long initiative was dedicated to conducting training and raising sustainability awareness among our employees through 13 activities, including Introduction to the HLB GHG Framework, Earth Chat Series, and Love Food, Hate Waste webinars.

Sustainability Statement

- **Employees as Drivers of Change**

- Aligned with the Group's sustainability commitments, HLB empowers their employees to actively contribute and make significant community impact through the HLB Employee CSR Programme. Employees are encouraged to volunteer or initiate new community-centred projects.

HONG LEONG CAPITAL BERHAD

- **Three-pronged ESG Awareness Training Programme**

- In alignment with the Group's sustainability objectives, HLCB is launching a comprehensive programme aiming to foster a deeper understanding of ESG principles and encourage proactive involvement in driving positive changes at a personal level, as employees, and as advisors. Partnered with the Asian Banking School, the training programme is scheduled to roll out from August 2023 to January 2024.

- **ESG Certification**

- As of March 2023, two HLIB analysts have been ESG certified, with one of them also obtaining the CFA UK Certificate in Climate and Investing.

- **ESG Capacity-building Efforts**

- In FY2023, 96 HLCB employees attended ESG-related seminars or training, totalling up to 1,068 hours of ESG capacity building. HLAM and HLISAM have also launched quizzes and campaigns related to their ESG funds.

HONG LEONG ASSURANCE BERHAD

- **Strategic Partnership for ESG Capacity Building**

- HLA has been proactively building their internal ESG capacity through partnerships with external consultants. In FY2023, HLA has continued their collaboration with the Jeffrey Sachs Centre on Sustainable Development of Sunway University to develop a comprehensive training module to instil knowledge among employees regarding climate change and sustainability-related issues, opportunities, and challenges. 40 employees have attended the training as of FY2023.

- **5Rs of Zero Waste – Refuse, Reduce, Reuse, Recycle and Rot**

- HLA organised environmental talks for employees to create awareness and educate them on ways to practise zero-waste living in their daily lives.

EMBRACING DIVERSITY, EQUITY, AND INCLUSION

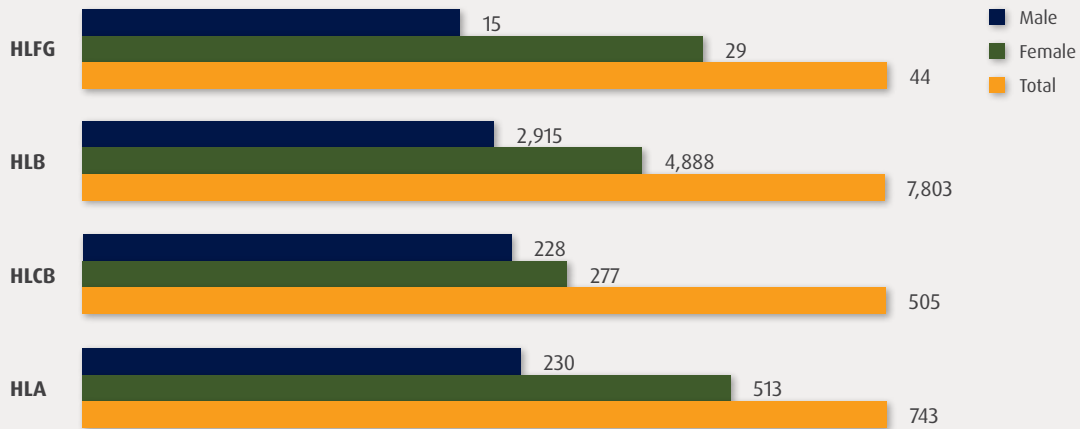
Diversity, equity, and inclusion are foundational to our culture and the growth of our business. Embracing diversity and inclusion is imperative as it enhances employee engagement, retention, and performance, leading to a more resilient and successful organisation. Recognising the power of diversity and inclusivity as drivers of productivity, creativity, and innovation, we actively seek to build a diverse workforce, engaging individuals from various backgrounds, origins, experiences, and cultures. As we strive to sustain our diverse workplace, we are proud to report that female employees now comprise 62.7% of our Group's workforce, showcasing our commitment to gender representation and equality.

62.7% FEMALE EMPLOYEES

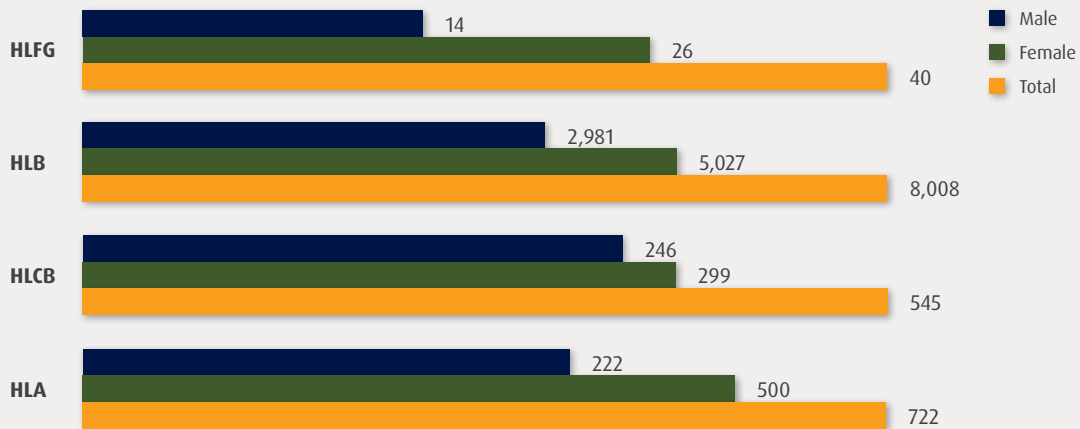
of our Group's workforce

Sustainability Statement

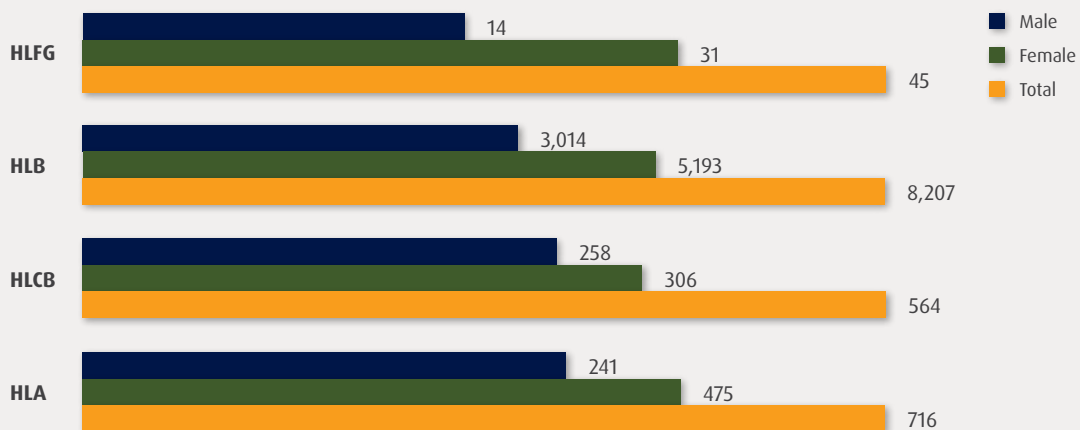
Employees by Gender in FY2021



Employees by Gender in FY2022

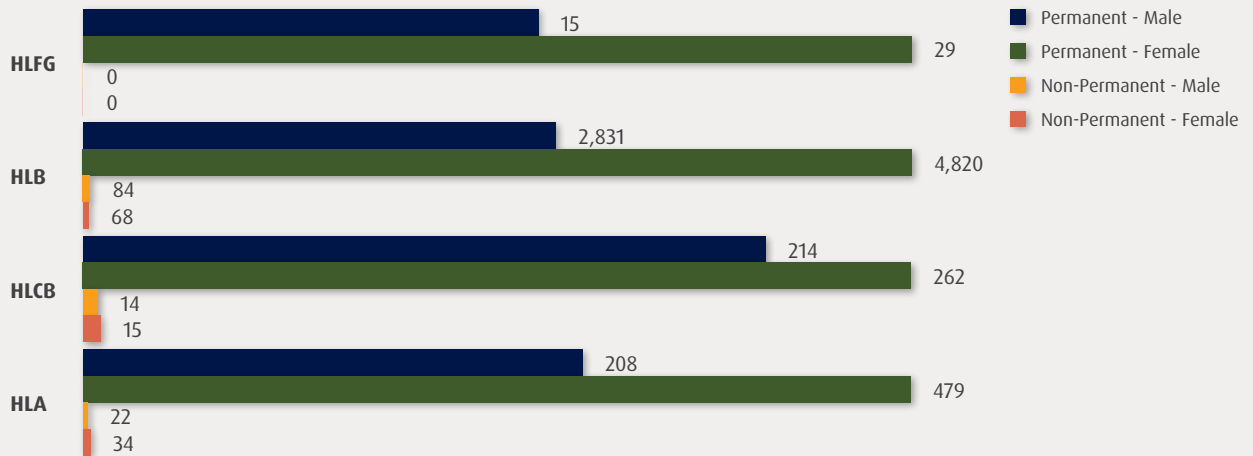


Employees by Gender in FY2023

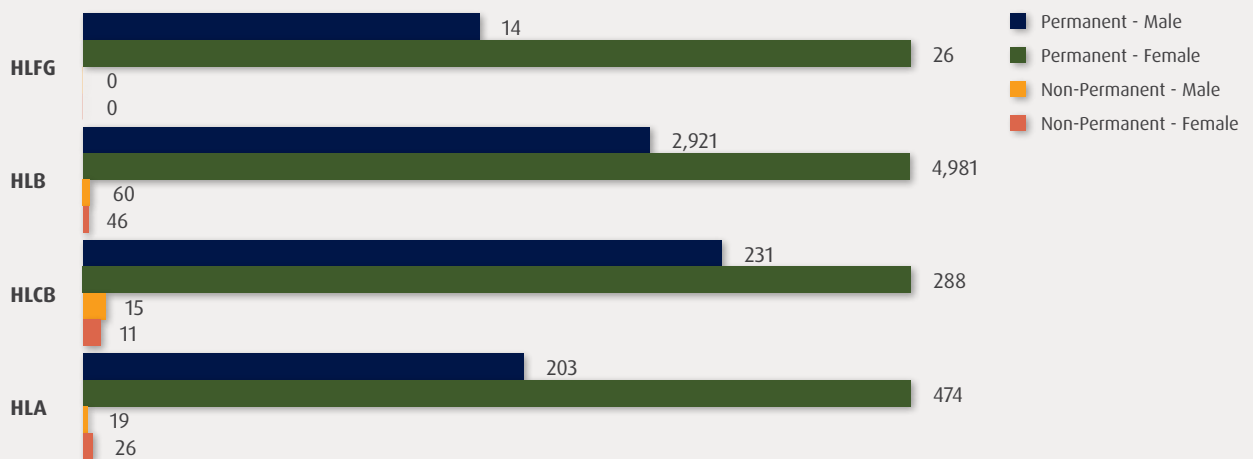


Sustainability Statement

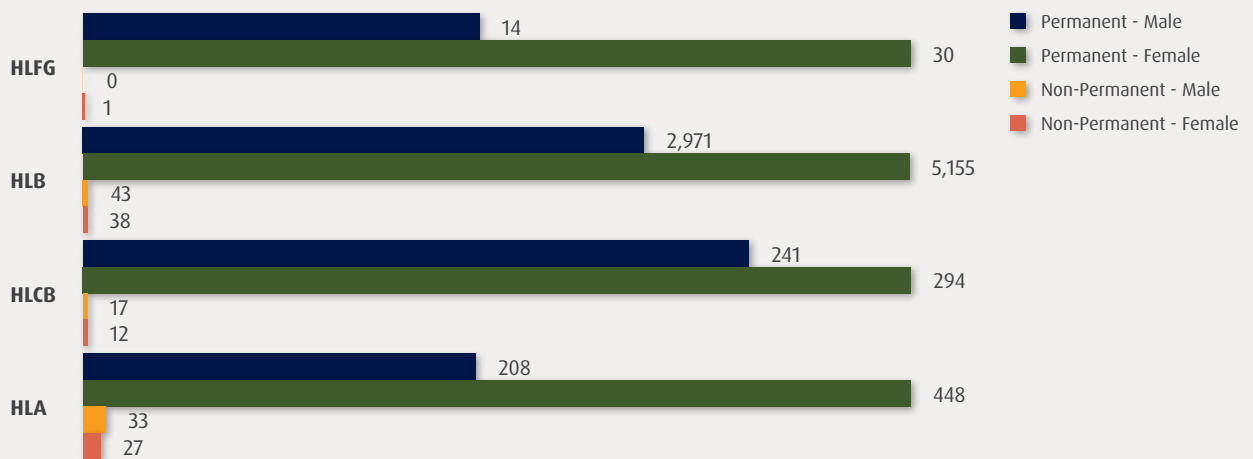
Employees by contract type in FY2021



Employees by contract type in FY2022

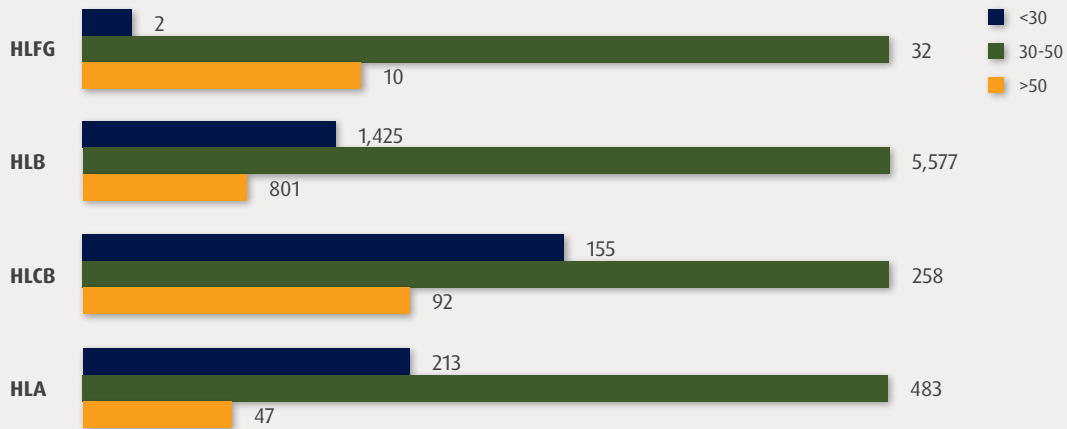


Employees by contract type in FY2023

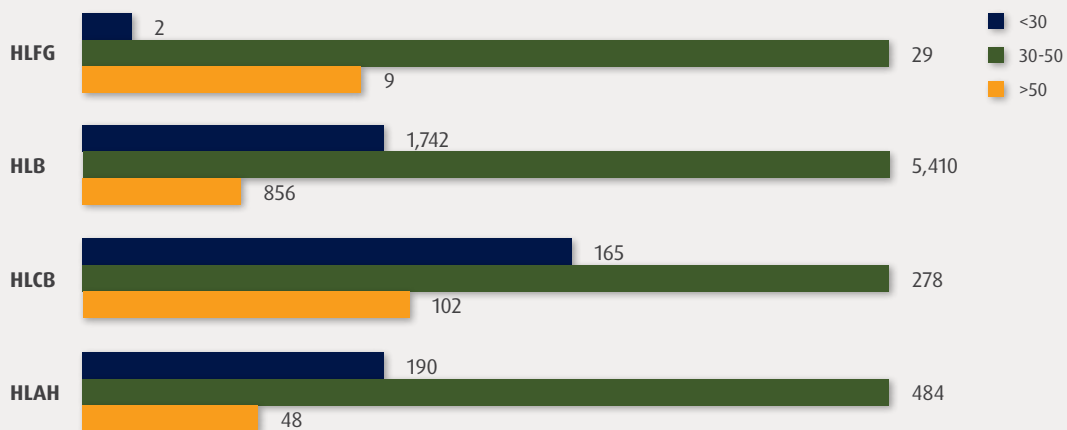


Sustainability Statement

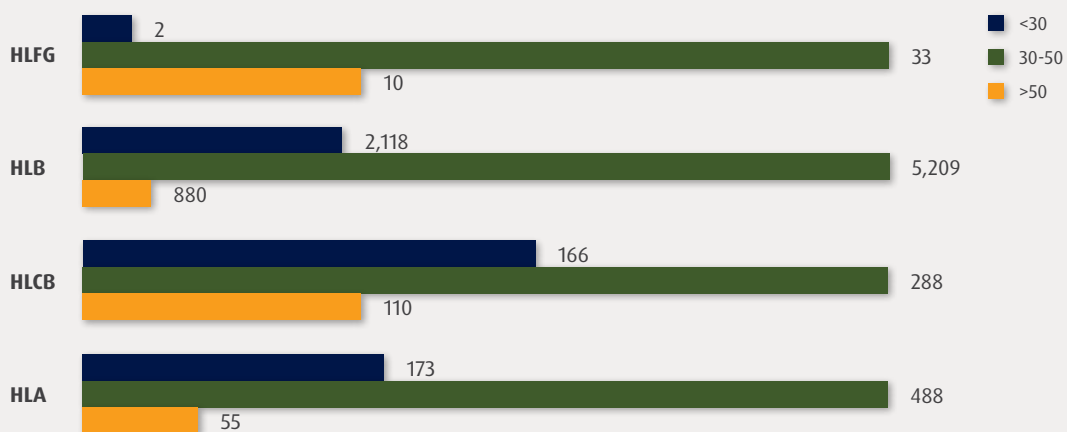
Employees by age group in FY2021



Employees by age group in FY2022

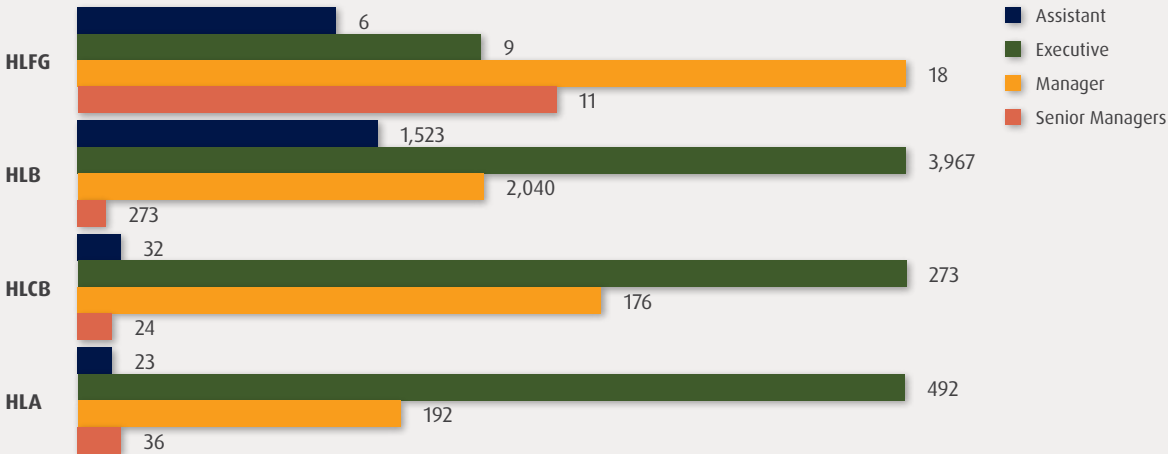


Employees by age group in FY2023

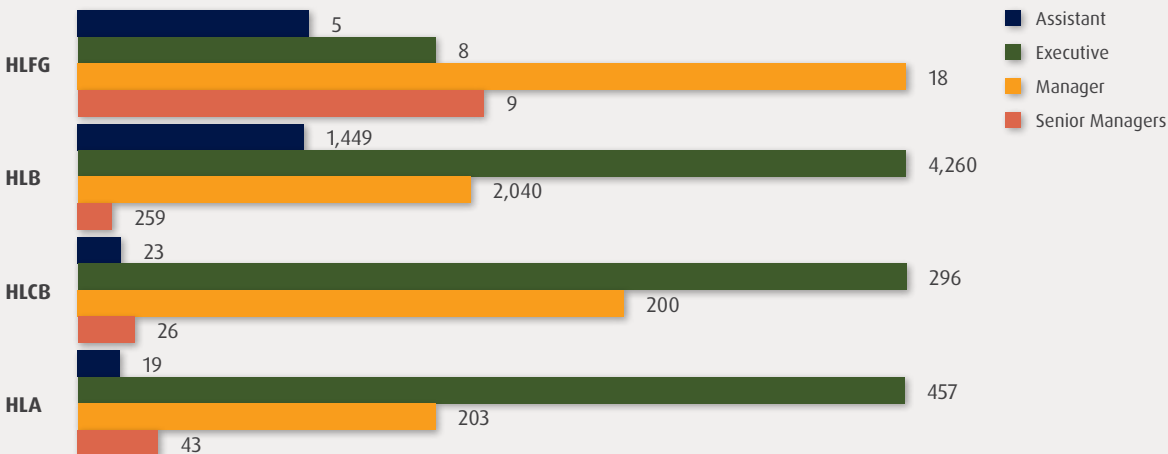


Sustainability Statement

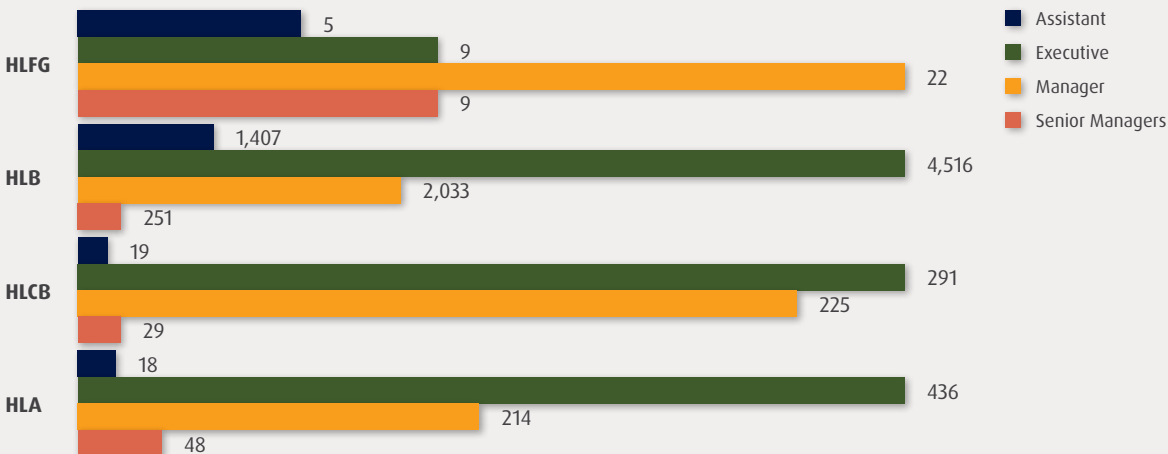
Employees by category in FY2021



Employees by category in FY2022



Employees by category in FY2023



Sustainability Statement

PRIORITISING OUR EMPLOYEES' WELL-BEING

Employees form the bedrock of our success, and we remain committed to encouraging healthy development and growth of our human capital. Our approach to building a high-quality talent pool goes beyond providing promising career growth opportunities and relevant training. Within HLF, we promote active engagement among the operating companies and their workforce at all levels, prioritise employee health and safety, and respect human rights regardless of the employees' backgrounds. Providing a healthy and dedicated workforce paves the way for achieving our business objectives and positioning ourselves as an employer of choice.

Workplace Human Rights

Adhering to the principles set forth by the United Nations Global Compact, we acknowledge our responsibility to uphold human and labour rights. Across the Group, we are resolute in treating all employees with the utmost respect and ensuring equal opportunities for their professional advancement. Our unwavering commitment stands against any transgression of human rights, including forced and compulsory labour, child labour, and workplace discrimination.

Diversity, inclusion, and anti-harassment principles are integral to our operating companies' Code of Conduct and Ethics. Across the Group, we embrace individuals from diverse backgrounds and origins. Discrimination of any form, whether based on race, nationality, citizenship status, religion, age, gender, pregnancy, marital status, or physical disability, is strictly prohibited.

We are committed to fostering a respectful and safe environment, where all employees, customers, and business partners are treated with dignity and equality. Harassment or any form of inappropriate conduct, including unwelcome jokes, threats, physical contact, derogatory comments, teasing, bullying, intimidation, or any offensive or abusive language or actions, is not tolerated at all times.

In FY2023, there were ZERO grievances or incidents reported related to harassment, bullying, or discrimination.

Protecting Our People

It is our fundamental responsibility to provide a safe and healthy working environment for our employees. Developed in compliance with the Occupational Health and Safety Act ("OSH Act") 1994, our operating companies, HLB and HLCB's, Occupational Safety and Health Standard Operating Procedure ("OSHA SOP") guides them in managing their OSH risks.

The operating companies' OSH Committees, comprising the management and employee-representatives, oversee the implementation of OSH-related practices across our operations. In accordance with our OSHA SOP, our designated inspection team also conducts periodic risk assessments to identify, assess, and control safety risks and hazards at the workplace. In FY2023, there were zero incidents reported related to workplace environment.

EMPLOYEE AS OUR DRIVE FOR POSITIVE SOCIAL IMPACT

HLFG remains committed to creating shared value for all stakeholders by promoting sustainability through engagement and advisory initiatives. We actively engage with the wider community, making impactful environmental and social contributions that also contribute to business growth. We are dedicated to expanding our community engagement efforts, and our employees play a significant role, actively participating in the Group's initiatives to support local communities throughout the year.

Our operating companies have carefully selected their strategic partners, ensuring that their activities are driven by clear social and environmental ambitions. This is imperative as it allows us to collaborate with organisations that share our values and goals, amplifying the positive social and environmental impact we can create together.

Sustainability Statement

HLFG's Community Engagement



Providing a Brighter Future to "Orang Asli" (indigenous) Children

In March 2023, HLF, along with HLB Cameron Highlands branch, collaborated with Kechara Soup Kitchen's Society School Mission 2023, a volunteering programme aimed at supporting education in underprivileged communities, to distribute Back-to-School packs to children of the Semai Tribe, whose families face financial difficulties in supporting their children's education. Through our collective efforts, we were able to provide 1,100 children at Orang Asli settlements with essential school supplies.

1,100 CHILDREN

at Orang Asli settlements with essential school supplies.



Waterfall Cleaning Initiative

In collaboration with Persatuan Sahabat Alam Tampik Janda Baik, HLF, initiated a waterfall cleaning initiative, aiming to preserve our nature and engage our community simultaneously. 7 volunteers have participated in hiking the hill and cleaning the waterfall.

HLB's Community Engagement

HLB Jumpstart - Micro Business

'HLB Jumpstart - Micro Business' provides funding to underserved micro-entrepreneurs, which some are dedicated to improving social and environmental well-being. Through these, HLB is able to support their cause:

- SURI - a denim upcycling social enterprise that provides financial opportunity and living skills for single and underprivileged mothers.
- Green Hero - dedicated to eradicating food waste across the nation, providing affordable and nutritious access to food for the budget-conscious community.
- The Asli Co - providing home-based sustainable income for Orang Asli mothers, with the long-term goal of uplifting them from poverty.

Cashless Zakat

HLB supports the momentum of customers' shift towards cashless Zakat predominantly via the HLB Connect platform. In FY2023, 1,178 Zakat transactions were enabled via this platform, amounting to more than RM190,000 and a 17% increase in total value compared to FY2022.

1,178 ZAKAT TRANSACTIONS

were enabled via this platform, amounting to more than RM190,000 and a 17% increase in total value compared to FY2022.

Several initiatives were launched in recent years to support HLB's customers' adoption of cashless Zakat payments, including:

- Zakat payment via HLIB's Cashless ATM, which allows payments outside of the normal Zakat counter operating hours.
- Zakat Payment using JomPAY services, which allows Zakat payment via internet banking platforms.

Sustainability Statement

HLB's Community Engagement (continued)

Flood Relief Assistance

Determined to give back to the community, HLB initiated a 'Flood Relief Assistance' programme for customers affected by the floods, by offering payment deferrals on loan and financing facilities, including credit cards, of up to six months. The Bank also offered free replacements for debit and credit cards, cheques, and bank statements that were damaged or lost in the floods. Additional financing was provided to existing SME and microenterprise customers that required working capital to facilitate their business recovery.

Providing Access to the Visually-Impaired Community

HLB commits to being an all-inclusive organisation by serving communities in need of access to financial services. To that extent, HLB is the first bank in Malaysia to establish speech equipped Self Service Terminals. The HLB Talking ATMs, complete with a braille keypad and headphone socket, are designed to assist visually-impaired banking customers. In FY2023, HLB introduced 12 new HLB Talking ATMs across the country, bringing the total number of HLB Talking ATMs to 17 to date.

In FY2023, HLB introduced

12 NEW HLB TALKING ATMS

across the country, bringing the total number of HLB Talking ATMs to 17 to date.

HLCB's Community Engagement

Celebrating Ramadan with Compassion

To cherish and engage underprivileged communities in the spirit of Ramadan, HLCB organised a donation drive, distributing breakfasting meals in collaboration with Pertubuhan Tindakan Wanita Islam (PERTIWI) Soup Kitchen to the homeless during the Ramadan month in FY2023. They had also engaged mosques within the underprivileged community areas and an orphanage to distribute "Kurma" (dates).

Raya Celebration with Rumah Titian Kaseh

HLCB donated basic essential items and Raya cookies, purchased from Ibupreneur, a social enterprise that works to empower financially vulnerable mothers in the B40 group by equipping them with necessary skills and business opportunities, to Rumah Titian Kaseh. 70 orphans benefited through this initiative.

Lighting up Lives for Deepavali

In conjunction with the Deepavali celebration in October 2022, HLCB distributed 560 sets of cookies to our employees. The cookies, worth RM19,600, were purchased from Seven Tea One, a social enterprise that provides a safe, inclusive, and non-discriminatory platform for differently-abled and marginalised communities to learn employment skills and earn dignified income.

"Back to School" Programme

HLCB conducted our "Back to School" programme which managed to donate school supplies and necessities to 2 orphanages, with a total of 52 children benefiting from the effort. Some of the items donated were school bags, stationeries, school uniforms, and necessities such as cooking utensils, food, and electrical appliances.

HLA's Community Engagement

Saving Our Planet Saves Us Campaign

HLA values collaborative efforts both within and beyond the organisation. In conjunction with World Environment Day, HLA organised their Saving Our Planet Saves Us campaign in partnership with PJ ECO Recycling Plaza, where plastic, metal, glass, and paper waste collected from employees were recycled.

HLA e-Waste Collection Drive

HLA's inaugural, year-long e-Waste Collection Drive, recorded 620kg of e-waste collected. In collaboration with EARTH, staff were encouraged to recycle desktops, printers, laptops, smartphones, and household electrical items in a safe and responsible manner. This has contributed to the diversion of 72kg of precious metals and 6kg of toxic metals from landfills.

HLA Charity Food Drive

When the seasonal floods hit various parts of the nation, HLA played their part by joining forces with the Food Aid Foundation to provide food items to flood victims, particularly in Johor which was severely affected. With staff's support, approximately 300kg of food items were donated to the flood victims.

HLA Blood Donation Drive

HLA continued their effort in organising a Blood Donation Drive in FY2023 in conjunction with Pusat Darah Negara (PDN) and the Life Insurance Association of Malaysia's (LIAM) Nationwide Blood Donation Campaign 2022. The drive had encouraged HLA staff, agency forces and the general public to donate blood, saving more than 170 lives.

GRI Content Index

GRI STANDARDS CONTENT INDEX

Statement of use	Hong Leong Financial Group Berhad has reported the information cited in this GRI content index for the period 1 July 2022 to 30 June 2023 with reference to the GRI Standards.
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