HongLeong Financial Group Berhad

Sustainability Statement 2024

Sustainability Statement

ABOUT THIS STATEMENT

The Hong Leong Financial Group Berhad ("HLFG" or "the Group") Sustainability Statement for financial year ended 30 June 2024 ("FY2024") provides stakeholders with detailed information on our approach to managing sustainability across the Group, outlining our ongoing strategies and initiatives to address environmental, social and governance ("ESG") considerations within our business and operations. The statement also provides updates on the sustainability performance of our operating entities, highlighting the progress made to ensure our businesses across the Group deliver enduring positive outcomes for all stakeholders.



REPORTING PERIOD, SCOPE AND BOUNDARIES

All information disclosed in this statement covers the financial year 1 July 2023 to 30 June 2024, unless otherwise stated. It covers our activities in our key operating companies within the Group's entities, covering the following core businesses:

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

* *The information disclosed relates to Highlights & Achievements of 2024, Climate Metrics & Targets and Addressing the Emission Imperative. The remaining information pertains to Hong Leong Assurance Berhad ("HLA").*

STANDARDS AND GUIDELINES

This sustainability statement has been prepared with reference to the following regulations, standards, and guidelines:

- Bursa Malaysia Securities Berhad's ("Bursa Malaysia") Main Market Listing Requirements on Enhanced Sustainability Reporting
- Securities Commission's Malaysian Code of Corporate Governance ("MCCG")
- Global Reporting Initiative ("GRI") Universal Standards 2021
- United Nations Sustainable Development Goals ("UN SDGs")
- Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations by the Financial Stability Board ("FSB")
- Bank Negara Malaysia's ("BNM") Task Force on Climate-Related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions ("FI")
- BNM Policy Document Climate Risk Management and Scenario Analysis ("CRMSA")

* *For the Bursa Malaysia ESG Platform: Sustainability Performance Table, refer to Appendix I on pages 106 to 107.*

* *For the TCFD-Aligned Index, refer to Appendix II on page 108.*

* *For the GRI Content Index, refer to Appendix III on pages 109 to 110.*

EXTERNAL ASSURANCE

The contents of this report have been reviewed and assured by SIRIM QAS International Sdn. Bhd. The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements ("ISAE") 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide.

The assurance process involves verification of 17 material matters as presented in the Sustainability Statement within HLFG's sustainability pillars.

The Statement of Assurance is shown on Appendix IV on pages 111 to 113.

FY2024 SUSTAINABILITY HIGHLIGHTS AND ACHIEVEMENTS

The Group has made significant progress in driving sustainability across our business practices and operations, highlighted by the following achievements over the past financial year.

ROAD TO NET ZERO

In FY2024, HLFG established a Group-wide Net Zero by 2050 commitment and set short-term targets for all key operating companies to reduce emissions with a 15% to 25% reduction of Scope 1 & 2 GHG emissions by FY2026. HLFG and its key operating companies are on track in meeting their short-term target, depicted below by the Group's performance in GHG scope 1 and scope 2 reduction since baseline of FY2019.

HLFG	HLB	HLA	HLCB
28% reduction	**29%** reduction	**24%** reduction	**15%** reduction

HLFG

- Established **Group Sustainability Committee** aimed at embedding sustainability into long-term strategy and operations across HLFG
- HLFG (entity) achieved scope 1 and scope 2 **GHG reduction** of 28%
- **More than 50% female representation** in our Board of Directors

HLB

- Increased outstanding green car loans to **RM1.2 billion of outstanding green car loans** to date for battery electric vehicles ("BEV"), hybrid electric vehicles ("HEV") and plug-in hybrid electric vehicles ("PHEV")
- Set up a dedicated **Sustainability Department** to drive ESG progress and champion HLB's sustainability agenda
- Raised total portfolio of **Green Mortgage & Affordable Property Financing to RM14.6 billion,** equivalent to 14.4% of entire mortgage portfolio
- Expanded Scope 3 emissions reporting to include **financed emissions, disclosing 2 out of the 7 asset classes (i.e. auto loans and mortgage) during FY2024**
- Cumulatively delivered **RM3.5 billion financing for renewable energy projects**, earning the Runner Up Special Award for Renewable Energy Financing by a Domestic Bank at the National Energy Awards 2023

HLAH

- Increased user growth for HLA360°
  +30% in online transactions
  +12% in new registered users
- Waste To Cash Campaign recycled over **113.5KG of waste**
- Continued to **enhance ESG consideration for all investments,** as regulatory frameworks evolve
- Raised RM21,000 in cash donations supporting at least **70 women in underprivileged communities**

Sustainability Statement

HLCB		
Grew **green bonds and sukuk holdings by 120% to RM165 million**, supporting investments in renewable energy and public transportation	Established a **new Sustainability Risk Unit**, and introduced a qualitative climate-related Risk Appetite Statement ("RAS")	**468 employees** attended various **sustainability training programmes**

KEY RATINGS

FTSE4Good

Our FTSE4Good rating improved from **2.8** in FY2023 to **3.6** in FY2024

- The Group achieved improved results across all three ESG pillars and placed in the top half of all companies evaluated within the banking sector.
- HLFG, HLB and HLCB continue to be listed as constituents of FTSE4Good Bursa Malaysia Index, attaining scores higher than the banking sector average. This is a testament of the Group's efforts in advancing sustainability across all facets of business.

ESG AWARDS AND RECOGNITION DURING FY2024

HONG LEONG BANK BERHAD

HLB received four notable awards recognising their robust ESG performance and initiatives.

- Runner Up Special Award for Renewable Energy Financing by a Domestic Bank | National Energy Awards 2023
- Bank of the Year – ESG Leadership Award | Sustainability & CSR Malaysia Awards 2023
- Best Sustainability Disclosure & Reporting and Best Corporate Governance Framework Awards | Global Good Governance Awards 2023
- Financial Services Sector Gold Award | The Edge Malaysia ESG Awards 2023

HONG LEONG ASSURANCE BERHAD[1]

HLA has attained significant milestones as a leading domestic life insurer with recognition in delivering innovative solutions.

- Domestic Life Insurer of the Year – Malaysia | Insurance Asia Awards 2024
- Best Life Insurance Company – Malaysia | Global Business Outlook Awards 2024
- Insurtech – Life Insurance | Malaysia Technology Excellence Awards 2023

HONG LEONG CAPITAL BERHAD

HLCB was recognised with 10 awards within the green debt/sustainable financing and M&A space. Key awards include:

- Best Green Securitisation | Sustainable Finance Awards 2024
- Best Sustainable Finance Deal (Market Winner) | FinanceAsia Achievement Awards 2023
- Best ASEAN Green GRI Sukuk of the Year | ESG Green Finance Awards 2023) by ALPHA Southeast Asia
- Social Impact, SRI, ESG (Honourable Mention) | IFN Deals of the Year 2023

[1] *Awards span across 2023 and 2024.*

OUR APPROACH TO SUSTAINABILITY

OUR SUSTAINABILITY FRAMEWORK



The Group's sustainability framework features five sustainability pillars that form the foundation for evaluating, monitoring and developing sustainability efforts across our key operating companies. These pillars guide us in embedding ESG considerations into our overall business practices, strengthening and building resilience across key aspects as well as enhancing the value and outcomes we generate for stakeholders and the communities in which we operate.

Environmental Management	Socially Responsible Business	Community Investment	Digital at the Core	Workforce Readiness
Integrating environmental considerations into our business decisions, reducing resource consumption and progressing initiatives that contribute to environmental and climate resilience.	Conducting business with integrity and accountability, upholding ethical standards and ensuring compliance to promote responsible practices across our operations.	Making meaningful contributions to local communities through strategic partnerships and initiatives that promote inclusivity and address social and environmental challenges.	Leveraging digital technologies to transform business operations and deliver innovative solutions that enhance end-to-end customer experiences.	Upskilling our employees with the necessary ESG skills and competencies to propel our sustainability ambitions in a rapidly evolving business landscape.

These pillars are further categorised into our 17 material sustainability topics described under the Materiality section, facilitating clear and transparent sustainability disclosures to keep stakeholders updated on our progress.

Leveraging this framework, we are able to spur united and collective actions across our operating companies, empowering efforts to cohesively integrate ESG principles into their lending practices, provision of financial services and products, and investment frameworks. This is in line with our commitment to deliver sustainable value to all stakeholders and create positive impact within the communities in which we operate.

To support our Group-wide workforce in achieving these goals, we will continue to invest heavily in technological innovation and transformation, ensure a robust ESG risk management framework, and provide capacity-building training to equip our workforce with the competence and agility to navigate present and future challenges.

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OUR NET ZERO AMBITION

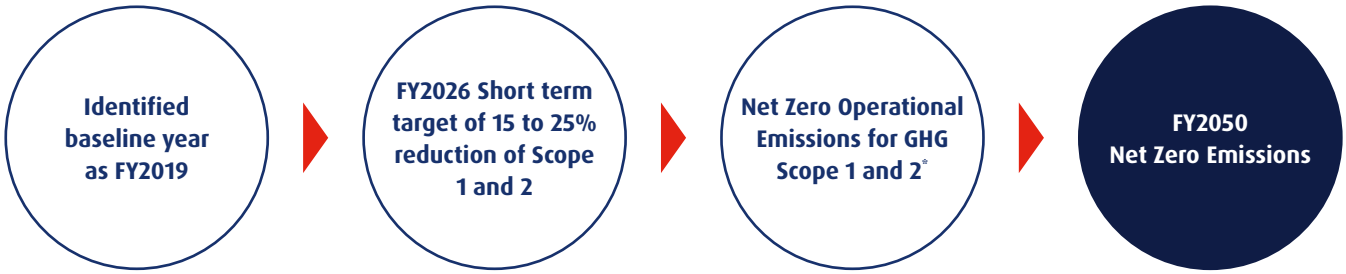
The Group remains steadfast in its commitment to drive climate action and build resilience alongside our stakeholders. To this end, HLFG and key operating companies aim to achieve net zero emissions by 2050 in support of national and global climate targets, including the Twelfth Malaysia Plan ("12MP") and National Energy Transition Roadmap ("NETR").

KEY FOCUS AREAS

Our net zero ambition establishes key focus areas for long-term decarbonisation with an emphasis on expanding carbon reduction efforts and developing net zero pathways. These include:

- **Understanding our baseline emissions, composition and emission drivers**
- **Enhancing operational efficiencies and adopting low-carbon practices within our operations**
- **Setting achievable and meaningful targets, and tracking progress**
- **Implementing climate mitigation and transition plans**

OUR PATH TO NET ZERO



* *HLB has demonstrated further commitment on going net zero for Scope 1 and 2 by 2030. Other operating entities are actively evaluating their own potential net zero pathways.*

The Group has set a target of achieving a 15% to 25% reduction of GHG Scope 1 and 2 emissions by FY2026, using FY2019 as baseline year. This target has been applied across the Group to ensure consistent and steady progress towards our Net Zero by 2050 ambition.

For FY2024, HLFG and all operating companies are **on-track** to meet the short-term target of a

15% TO 25%

reduction of GHG Scope 1 and 2 emissions by FY2026.

Since FY2019 as baseline, HLFG and its operating companies have significantly reduced Scope 1 and 2 operational emissions, and are on track to meet our short-term targets by FY2026.

CLIMATE DISCLOSURES

This sustainability statement acts as a Board-approved disclosure policy, and has been integrated with TCFD-aligned climate-related disclosures guided by the principles of transparency and accountability.

- **Our Sustainability governance structure** to manage climate-related risks and opportunities is on pages 43 to 44.
- **The ESG risk considerations** that our operating companies have embedded into their financial products and services are described on pages 72 to 75.
- **Our risk management framework** that guides our identification, assessment and monitoring of sustainability risks across the Group is detailed on pages 47 to 53 and 66 to 69.
- **Our Scope 1, 2 and 3 emissions,** and progress towards our emission goals, are disclosed on pages 60 to 62.

OUR SUSTAINABILITY GOVERNANCE

OUR CORPORATE GOVERNANCE STRUCTURE

Sustainability at HLFG is spearheaded by robust corporate governance that provides clear leadership towards achieving our sustainability ambitions. Our Board sets the tone from the top in maintaining oversight of the overall development and execution of our sustainability strategies, and is supported by the Board Audit and Risk Management Committee ("BARMC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Group Board Information and Technology Committee ("GBITC"). Our corporate governance structure, as well as the roles and responsibilities of these committees, are outlined below:

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 oversees the implementation of the governance and internal control frameworks as well as policies by management, ensuring effective risk management. All material governance, internal controls and sustainability or climate-risk related matters are reported to the BARMC, and they, in turn, update the Board.

NOMINATION COMMITTEE ("NC")*

Assists the Board with appointments, composition, performance assessments and skills evaluations for the Board, senior management and company secretary. This includes setting criteria for appointments, reviewing appointments and removals, assessing Board composition and effectiveness, evaluating the BARMC's performance, managing senior management succession planning and evaluations, and ensuring ongoing Board training.

REMUNERATION COMMITTEE ("RC")*

Supports the Board and reviews the structure and guidelines for remuneration concerning Directors, Chief Executive Officer ("CEO"), senior management officers, and material risk-takers; evaluates Executive Directors' and the CEO's remuneration packages for Board approval; and assesses remuneration packages of key senior officers and other material risk-takers for Board approval.

GROUP BOARD INFORMATION AND TECHNOLOGY COMMITTEE ("GBITC")

Jointly supports the Boards of HLFG, Hong Leong Investment Bank Berhad ("HLIB"), HLA and Hong Leong MSIG Takaful Berhad ("HLMT") to oversee technology and cyber security 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.

* *The NC and RC of HLFG have been combined into a single committee named as Nomination and Remuneration Committee with effect from 1 August 2024.*

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

Over the past year, the Group has strengthened its sustainability governance structure to enhance our ability in providing strategic guidance and oversight on sustainability matters to our operating companies.

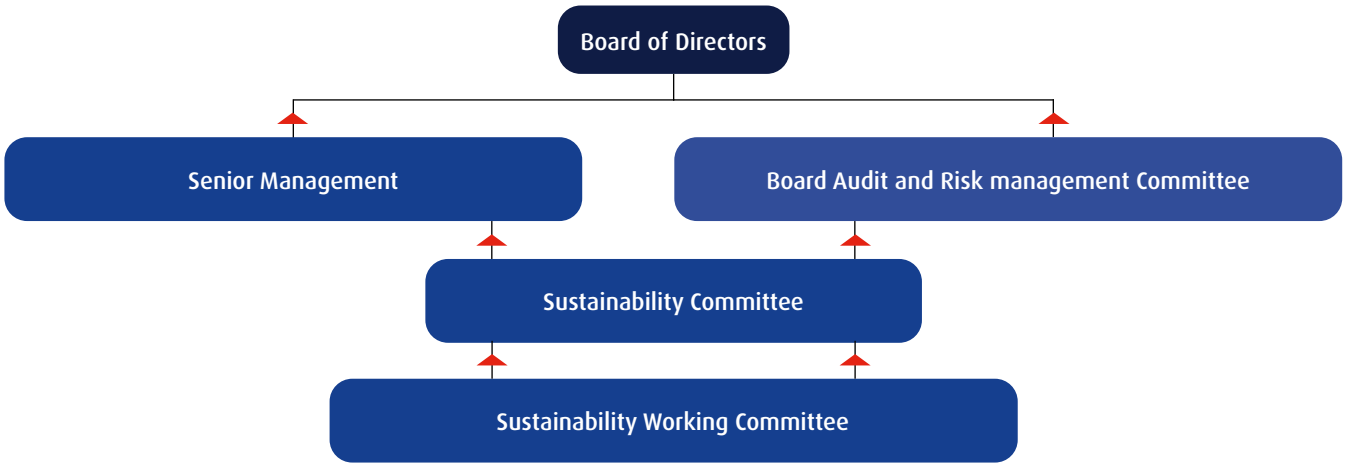
Our Board sets the tone from the top and bears overall responsibility for promoting sustainable growth and financial soundness of the Group, ensuring appropriate ESG considerations are integrated into our business strategies. In discharging its ESG-related duties, the Board is supported by the BARMC and senior management, who both play vital roles as conduits between our newly formed Group Sustainability Committee ("SC") and the Board.

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Established in July 2023, the SC consists of four senior management personnel: our Group Chief Financial Officer, Group Chief Risk Officer, General Counsel and Chief Compliance Officer and Group Company Secretary. Leveraging their combined, diverse experiences, the SC oversees the implementation, effectiveness and progress of sustainability-related initiatives undertaken by the Group and its operating companies.

While our operating companies are primarily responsible for managing their respective ESG initiatives, HLFG plays a crucial role in providing strategic direction and leadership to oversee and monitor efforts in addressing Group-wide material sustainability matters. To this end, the SC conducts regular intra-Group engagements with all operating companies, leveraging this platform to gather progress updates and promote consistency in the adoption of sustainability strategies and best practices.

The SC also supports Group-wide oversight of ESG risks and mitigation plans, assisting the BARMC in assessing and evaluating sustainability or climate-related risks and opportunities arising, while ensuring our practices align with international standards, such as TCFD, GRI and ISSB, and remain compliant with regulatory requirements set by BNM, Securities Commission Malaysia and Bursa Malaysia.



Sustainability Governance Body	Roles and Responsibilities
Board of Directors ("Board")	• Establishes an effective governance structure for implementing sustainability efforts and practices within business operations, ensuring that sustainability is integrated into business strategies.
Board Audit and Risk Management Committee ("BARMC")	• Comprises members of the Board, and oversees the Group's sustainability and internal control frameworks. • Ensures ESG factors are integrated into risk management policies. • Receives regular updates on sustainability and climate-related risks, keeping the Board informed through quarterly reports.
Senior Management	• Senior management acts as the main enabler of the Group's sustainability strategies, supporting the BARMC in overseeing the strategic direction for sustainability. • This includes evaluating sustainability progress, ensuring transparent sustainability reporting, and guiding the effective implementation of ESG risk management and mitigation plans.
Sustainability Committee ("SC")	• Spearheads the Group's strategic direction for sustainability, regularly receiving updates from all operating companies, and providing advice and guidance to ensure consistency in approach and strategies. • The SC monitors the Group's regulatory compliance, reviews policies and frameworks, sets targets and goals for sustainability initiatives, and reviews the Group's Sustainability Statement before recommending BARMC endorsement and Board approval for publication.
Sustainability Working Committee ("SWC")	• Acts as the sustainability working group to facilitate Group-wide discussions in driving the Group's sustainability best practices, capacity building and sustainability efforts. • Comprising sustainability leads and representatives from HLFG and the operating companies who are empowered to steer and execute sustainability and ESG initiatives within their respective SC.

Sustainability and climate-related topics discussed during FY2024

- Quarterly risk monitoring on selected sustainability and climate risk indicators
- Implementation status of BNM's Climate Risk Management and Scenario Analysis ("CRMSA")
- Application and updated classification of BNM's Climate Change and Principle-based Taxonomy ("CCPT")
- CCPT reporting across relevant portfolios
- NGFS climate scenarios
- BNM's Climate Risk Stress Testing ("CRST") Methodology Paper
- Reporting of sustainable and green financing performance targets and progress to date
- Updates on regulatory developments
- Updates on sustainability and climate-related disclosures standards

BOARD SKILLS MATRIX

The Group constantly strives to operate as a team of individuals with diverse skill sets, strengths and expertise that contribute to achieving our strategic ESG priorities, ensuring its sustained success in the long run. The table below depicts the key skills and expertise of our Board of Directors for HLFG.

Skills & Experience	Number of Directors
Banking/Financial Services	5
Technology	6
Leadership	6
Corporate Governance, Risk Management/ Compliance and/or Sustainability	7
Financial Acumen	6
International Business Experience	6

ESG CAPACITY BUILDING

HLFG is committed to fostering a culture of continuous learning and development in ESG matters. Directors across the Group regularly participate in trainings encompassing a wide range of topics such as corporate governance, finance, legal, risk management, information technology, cyber security, sustainability, internal controls, and regulatory compliance. This proactive approach enables them to remain at the forefront of industry developments and ensures the ongoing refinement of our ESG integration strategies.

In line with statutory requirements, all existing directors will complete the Bursa Malaysia Mandatory Accreditation Programme Part II: Leading in Impact ("MAP Part II") course on sustainability governance. As at 30 June 2024, 5 out of 7 of Board of Directors have completed the MAP Part II accreditation.

Furthermore, to underscore our dedication to driving sustainability progress, ESG considerations are now an integral part of the Board Annual Assessment for all operating companies under the Group. This exemplifies HLFG's proactive approach to embedding sustainability as a core part of our governance and decision-making processes.

ESG RISK GOVERNANCE

The Group's ESG risk management governance structure promotes active involvement from all parties to ensure a uniform view of ESG risk across the organisation. This aligns with the Group's Sustainability Risk Governance Framework, which in turn aligns with the Group's overall Risk Management Framework. It also ensures accountability and facilitates an appropriate level of independence and segregation of duties among all parties involved.

All operating companies across the Group have incorporated ESG and sustainability risk factors into their operations to promote positive effects on the environment and the communities in which they operate. This involves a structured approach to identifying, evaluating, quantifying, monitoring, mitigating and reporting ESG risks, including policies and action plans to manage the following risks:

- Credit Risk
- Operational Risk
- IT and Cyber Risk
- Bribery and Corruption Risk
- Pandemic-Related Risk Business Continuity Risk
- Market Risk
- Liquidity Risk
- Regulatory Compliance Risk and Financial Crime Risk
- ESG Risk
- Shariah Risk

Acknowledging the critical need for financial institutions to expedite efforts in managing climate-related risks, all our operating companies have made progress towards meeting evolving regulatory expectations and implementing long-term mitigation strategies. The Group has set a baseline of climate-related goals and metrics, and have announced a Group-wide goal to achieve net zero by 2050.

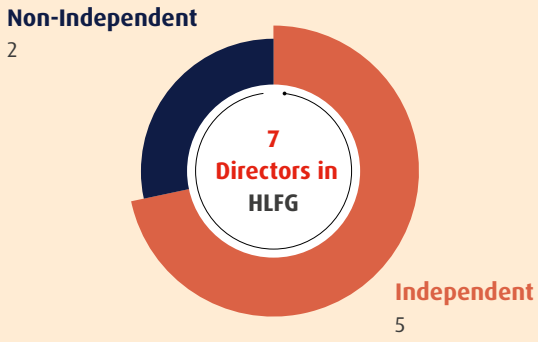
Read more on our approach to ESG risk management on pages 47 to 53 of this report.

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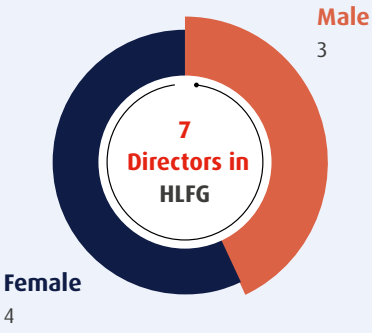
BOARD INDEPENDENCE AND DIVERSITY

Our commitment to maintaining a diverse Board aligns with our emphasis on diversity and inclusivity at every level of our organisation. The Group's Board currently features 57% female representation, while all of our directors are nominated and appointed fairly, without discrimination based on gender, race or religion. This Group-wide commitment is supported by our operating companies, with HLB, HLAH and HLCB having established their respective Board Diversity Policies.

Board Independence in FY2024

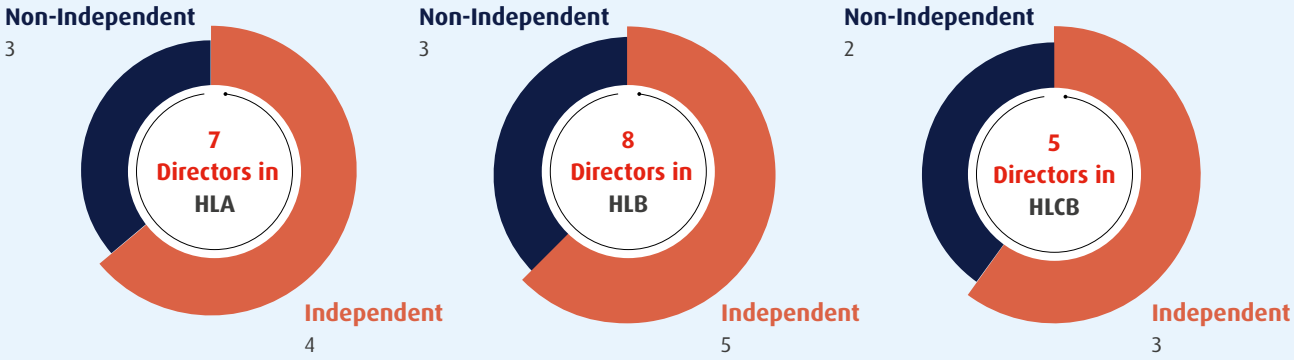


Board Gender Diversity in FY2024

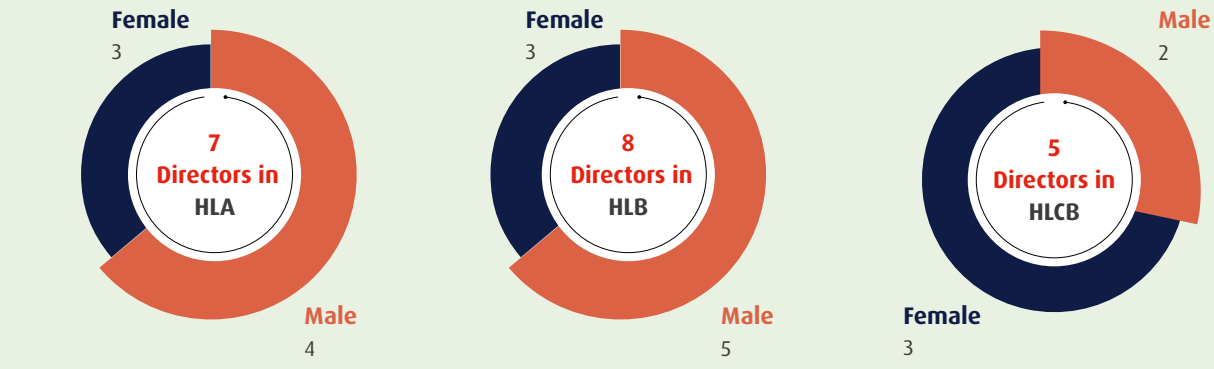


Board Diversity Across our Operating Entities

Board Independence in FY2024



Board Gender Diversity in FY2024



SOUND RISK MANAGEMENT & COMPLIANCE

INTEGRATING SUSTAINABILITY WITHIN RISK MANAGEMENT

Risk management is integral to the Group's overall strategy, fostering trust and providing safeguards to shareholders and customers. We are focused on building operational excellence and implementing robust controls to ensure scalable growth in response to the increasingly complex business environment. Recognising the direct and indirect impacts of climate change on our business, we have implemented a robust risk management structure that balances ESG risk mitigation with growth. We continue to strengthen our ESG risk management by integrating more sustainability and climate considerations within our risk management framework.

Established Sustainability Risk Appetite Statement ("RAS") on key financing portfolios, reinforcing focus on managing environmental risks[2].

Completed portfolio-level analysis based on ESG due diligence assessments, assessing climate-related risks to identify our high risk sectors and clients[3].

Expanded our Internal Capital Adequacy Assessment Process ("ICAAP") and Stress Test scenarios to include strategic ESG and climate-related risk assessments[4].

Enhanced sustainability and climate risk monitoring reports to Board and management.

A robust governance structure has been established across our Board, Board Committees and management teams to uphold robust risk management across the Group (see 'Sustainability Governance' on page 43 for more details). The BARMC oversees and monitors issues related to the Group's risks, including capital adequacy, credit risk, market risk, liquidity risk, operational risk, technology and cyber risk, compliance risk and ESG risk, amongst others. Group-wide policies, alongside the policies of our operational companies, have been established to guide the process of identifying, assessing, monitoring and managing risks and uncertainties as the Group pursues sustainability objectives. Our risk management framework incorporates strict protocols and procedures to ensure that employee conduct across the Group aligns with practices that minimise exposure to risk.



[2] *Established by our operating companies.*
[3] *Conducted by our operating companies. Refer to ESG Risk Assessment for more details.*
[4] *Refer to Scenario Analysis section for more details.*

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GROUP RISK MANAGEMENT FRAMEWORK

RISK GOVERNANCE OVERSIGHT
Board and management to exercise oversight and set tone from the top

PILLARS
Critical components to put in place

Culture of risk ownership	Defined risk appetite and capital strategy	Clear framework, policies, and process	Rigorous risk surveillance	Robust escalation structure	Functional capabilities and capacity
Risk management is part of the day-to-day job of all employees, driven through daily application of management decisions	Clear articulation of the Board's risk appetite in pursuit of its business objectives, supported by ICAAP, and ensuring strategy-risk-capital alignment	Provides clear direction. Defines business rules and operating parameters. Gives clarity to various parties' accountabilities.	Facilitates early identification of emerging risks and opportunities.	Cultivation of proactive risk communication to support timely and informed decisions.	The right talent pool and infrastructure are key to effectively carry out risk surveillance activities.

APPROACH
How we Implement

- **Relevant** — Focus on things that matter
- **Forward Looking** — Be proactive, anticipate emerging risks and opportunities
- **Sustainable** — Strive to build for the long term

GROUP RISK OVERSIGHT STRUCTURE



Notes:
a. GCF refers to Group control Functions.
b. IGRMC refers to Intra-Group Risk Management Committee.
c. IGHCC refers to Intra-Group Head of Compliance Committee.

DRIVING ROBUST ESG RISK MANAGEMENT

(1) Strengthening risk governance

Our operating companies employ a structured risk management approach that leverages the Three Lines of Defense ("3LOD") model to address and mitigate exposures to sustainability and ESG risks. The model harnesses the collective effort of business units, risk management and audit functions working closely to ensure our mitigation strategies and controls effectively manage our risk exposures and that our products, services and practices remain aligned to our sustainability objectives.

Stewardship within each of our Operating Companies



1st Line of Defense	Business Units	• Responsible for identifying, mitigating and managing ESG risks arising from their respective business operations.
2nd Line of Defense	Risk Management	• Develop and drive sustainability risk-related policies, procedures and risk management tools to manage ESG risks effectively. • Provide advisory services on sustainability risk matters, and identify, measure, monitor, and report sustainability risks within the organisation. • Continuously enhance sustainability-related risk management practices based on industry developments and regulatory updates.
3rd Line of Defense	Internal Audit	• Provide independent assurance and verification on the effectiveness of ESG risk management policies, procedures and controls.

(2) Enhancing ESG risk assessment

To accelerate climate action, we are dedicated to supporting the climate journeys of our customers towards a just and fair transition to low carbon and sustainable practices. Across our operating companies, we have integrated ESG considerations into our core business practices. This includes ESG-integrated credit evaluation frameworks, internal ESG scorecards and enhanced investment research processes to ensure robust risk management and support our clients' sustainability journeys.

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HONG LEONG BANK BERHAD

HLB's Business & Corporate Banking ("BCB") ESG Policy and Assessment Framework[5]

HLB has integrated ESG considerations into its credit evaluation framework for corporate, commercial and SME customers. The framework guides customers in high-risk Environmental & Social ("E&S") sectors toward sustainable business practices, aligning with national and global ESG standards such as Value-based Intermediation Financing and Investment Impact Assessment Framework ("VBIAF") sectorial guides and International Finance Corporation ("IFC") Performance Standards. The assessment encompasses (i) general exclusion screening; (ii) sector/sub-sector screening; and (iii) customer due diligence.

Stakeholder engagement initiatives, including knowledge-sharing with Account Relationship Managers ("ARMs") and Credit Risk Managers as well as ongoing sustainability dialogues, further enhance ESG awareness and risk considerations across the Bank's operations.

HONG LEONG ASSURANCE BERHAD

HLA's Investment Department's ESG Policy

HLA has integrated ESG considerations into their investment process and is supplemented further by an internal ESG scorecard. This serves to identify and classify investee companies based on their E&S risk scoring. ESG analysis is conducted annually alongside the credit review, or more frequently if material ESG-related risks arise, prompting the investment team to take necessary actions.

The Employee Benefits Department, which provides group term life, group hospitalisation & surgical, and other coverage solutions for corporate clients, has adopted ESG considerations. This serves to identify and classify existing clients based on their E&S risk scoring, in line with BNM's CCPT Guidelines.

HONG LEONG CAPITAL BERHAD

HLCB's Core Credit Risk Policy[6]

HLCB has incorporated ESG assessment for lending, underwriting and bond investments to mitigate ESG risks in accordance with BNM's CCPT Guidelines. This assessment evaluates client risk profiles and sustainability objectives, including environmental impact and climate mitigation measures. The Policy identifies sensitive sectors with high E&S risk, requiring clients to undergo enhanced due diligence ("EDD") screening.

Hong Leong Investment Bank Berhad ("HLIB") and Hong Leong Asset Bhd ("HLAM") have augmented their investment research processes to disclose and report on ESG metrics of investee companies. This expanded ESG research empowers portfolio and fund managers to make informed decisions. This includes in-depth ESG assessments for a vast majority of FBMKLCI companies and comprehensive trend analysis for stocks under coverage.

[5] *For additional information, refer to HLB Sustainability Report FY2024.*
[6] *For additional information, refer to HLCB Annual Report FY2024.*

(3) Climate Risk Management

We recognise climate change as a systemic risk and its profound impact on our operations, customers and business strategy. Through microeconomic and macroeconomic transmission channels, we are increasingly exposed to climate change that arise from physical and transition risk drivers, and its subsequent impact to the Group's performance. These risks carry financial and non-financial impacts on our business and portfolio exposures. Physical and transitions risks are defined as below.

Physical and Transition Risks

Physical risk refers to economic costs and financial losses arising from severe changing climate.

Acute physical risk drivers include extreme climate change-related weather events (or extreme weather events) such as heatwaves, landslides, floods, wildfires and storms.

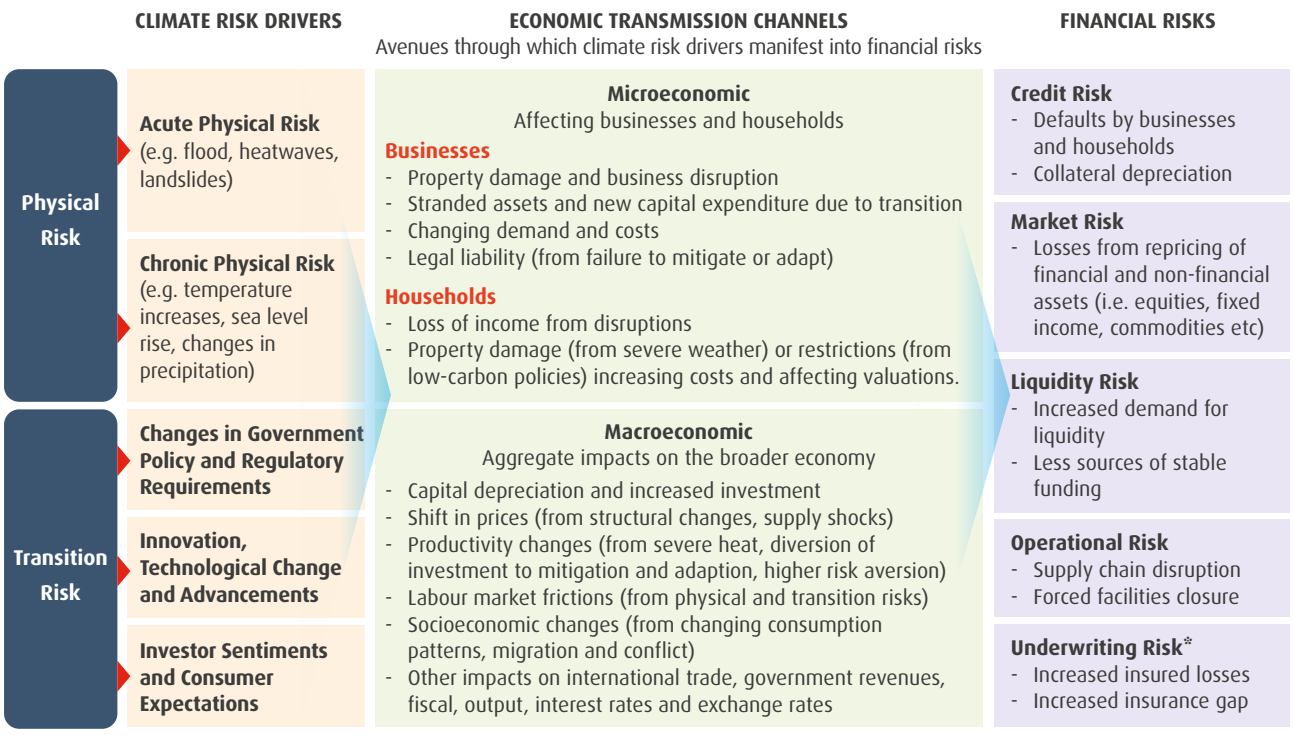
Chronic physical risk drivers include longer-term gradual shifts in climate such as rising sea levels and temperatures, changes in precipitation levels and extreme weather variability.

Transition risk refers to risks associated with adjustments towards a low-carbon economy. These drivers include climate-related changes in public sector (generally government) policies, legislation and regulation, changes in technology, and shifts in market and customer sentiments. Transition risks may be influenced by physical risks.

Embedded within the Group's risk management framework, our climate risk management covers the core areas and capabilities we employ to identify, assess and manage the impacts of climate risk drivers that may manifest across the Group.

Governance on climate-related risks is consistent with our existing governance framework and is further outlined in the Sustainability Governance and Risk Management sections above. Similarly, we leverage our 3LOD model as aforementioned to steer the identification, assessment and management of climate risks. Supporting the process is the risk classification system exhibited below, illustrating how climate risk drivers give rise to potential risks that impact our clients and operations.

Transmission of Climate-Related Risks into Potential Risks to the Group[7]



* *Mainly applies to insurance business.*

7 *Adapted from NGFS and aligned to operating companies.*

Sustainability Statement

We continue to evaluate the materiality and impact of transition, physical, and liability risks across our diverse client portfolios among the operating entities, ensuring our risk management strategies remain robust and aligned with evolving ESG considerations.

POTENTIAL CLIMATE-RELATED RISKS AND ITS IMPACT UNDER HLB

HLB categorises climate-related risks in 5-year intervals, mirroring the Paris Agreement's Nationally Determined Contribution ("NDC") communication cycle. This timeframe also aligns with the typical repayment maturity of our loan and financing portfolios, which span across 4 to 15 years, depending on the product.

Category	Risk Type	Examples	Impact to HLB	Time Horizon
Transition Risk	Credit Risk	• Damage to physical assets of customers from climate hazards	• Reduced business profitability that may increase credit risk of obligors • Reduced borrower's ability to repay that may lead to potential default	ST MT LT
	Liquidity Risk	• Rising liquidity issues from customers' inability to meet obligations • Disruption to Bank's cash flow	• Reduced cash inflow due to customer's ability to service debt • Large withdrawal of deposits as CapEx allocated for low-carbon assets or repairs to damaged facilities • Reduced liquid asset value due to Market-to-Market ("MTM") losses from investments held	ST MT LT
	Market Risk	• Decline in value of securities and assets	• Increased volatility or abrupt decline in climate-incompatible securities held • Repricing of assets that may lead to decreased revenue	ST MT LT
	Policy & Legal Risk	• Enhanced reporting obligations	• Increased operating costs for regulatory compliance • Increased costs due to penalties from damaging acts	ST MT LT
Physical Risk	Operational Risk	• Inadequate or failed internal processes that may affect HLB's physical assets • Supply chain management	• Forced office closure due to damaged physical assets • Infrastructure damage which may lead to supply chain disruption	ST MT LT
	Technology Risk	• Costs to transition to low emissions technology	• Increased cost for R&D in new technologies • Costs and write-offs for stranded assets • Capital investments in new technologies	ST MT LT
	Reputational Risk	• Shifts in investor and consumer preferences	• Reduced revenue from lower demand for products and services that do not meet consumers' expectations	ST MT LT
	Strategic Risk	• Inability to transition from brown to green financing portfolios, thus, losing competitive advantage	• Decreased market share and profitability	MT LT
	Enterprise-wide Risk	• Inadequate capital to buffer against climate-related risks and losses	• Inadequate capital for climate-related risks events which may result in financial and non-financial losses e.g. loss of investor and consumer sentiments	MT LT

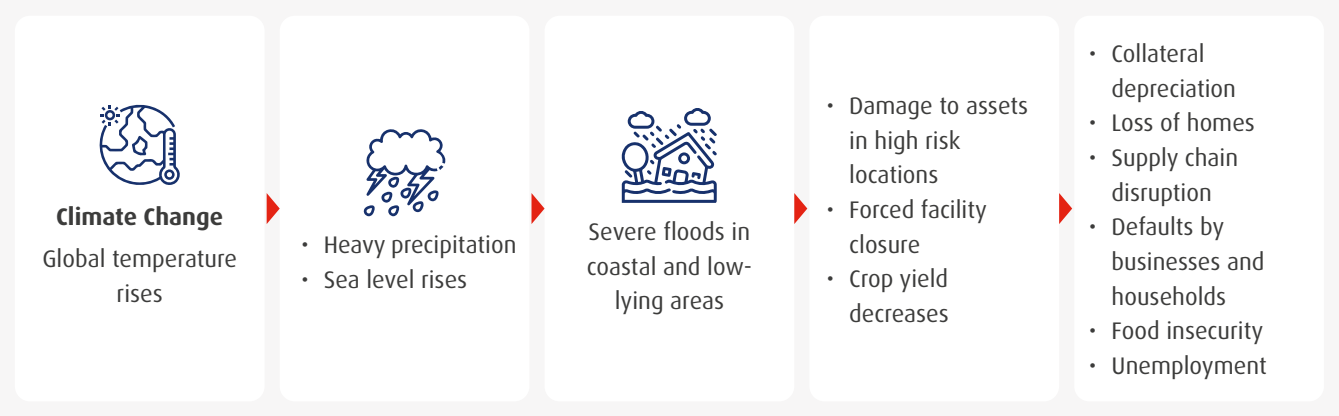
ST Short-term Risk (0-5 years) MT Medium-term Risk (6-10 years) LT Long-term Risk (over 10 years)

SCENARIO ANALYSIS

At HLFG, we recognise the importance of climate scenario analysis ("CSA") as a vital tool to assess climate-related risks and opportunities. We leverage CSA to examine the climate impact on our portfolio risks and exposures, thereby allowing us to make strategic decisions and set more granular climate targets to enhance climate resilience altogether.

In developing climate scenarios, our operating companies consider reference scenarios published by global bodies such as the Network for Greening the Financial System ("NGFS"), Intergovernmental Panel on Climate Change ("IPCC") and International Energy Agency ("IEA") to measure potential financial and socioeconomic impact arising from physical and transition risks. Please refer to the 'Building Climate Resilience' section for further elaboration.

Simulating the impact of climate change on HLB's loan and financing portfolio



COLLECTIVE CLIMATE ACTION BY THE GROUP

The Group has taken significant steps to ensure all operating companies advance climate actions within their respective risk management frameworks, highlighted by the implementation of a Group-wide Net Zero by 2050 ambition and relevant short-term targets during FY2024.

Moving forward, the BARMC will closely monitor the efforts of operating companies in meeting the evolving requirements of Bank Negara Malaysia's ("BNM") Task Force on Climate-Related Financial Disclosures ("TCFD") Application Guide for Malaysian Financial Institutions ("FI"), BNM's Climate Risk Management and Scenario Analysis ("CRMSA"), and other relevant regulatory guidelines related to climate action.

In line with the proposed establishment of the National Sustainability Reporting Framework ("NSRF") and other ongoing efforts to enhance sustainability reporting in Malaysia, we anticipate further expansion of climate-related disclosure requirements and increased clarity on the implementation of ISSB's IFRS S1 and IFRS S2 standards.

To this end, we have significantly expanded the scope of climate risk monitoring addressed by the SC during their updates to the BARMC. These include, but is not limited to, the following:

The ongoing performance of operating companies in meeting their internal GHG emissions and energy consumption targets

The status of internal climate risk management and mitigation programmes

The current global temperature status relative to the Paris Agreement target.

More details on the climate risk management progress made by our operating companies can be found in the 'Building Climate Resilience' topic on page 66 of this report.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is crucial to identify and understand the diverse perspectives and priorities of those affected by our operations. This enables us to make informed decisions that balance the needs of our stakeholders and the environment. By fostering open communication and collaboration, we build trust, strengthen relationships and ensure our ESG initiatives create long-term shared value for all.

Stakeholder	Engagement Channel	Areas of Interest	Section
Employees	• Daily operational meetings and monthly huddles • Performance management • Whistleblowing channels • Corporate communications • Training and development	• Effective communication of strategies and targets • Professional development training and opportunities • Risk and Compliance Culture • Job security • Benefits and well-being • Clear and transparent management	Workforce Readiness, Pages 95 to 105 Socially Responsible Business Pages 70 to 79
Investors	• Annual Report and Sustainability Statement Disclosures • Announcements • Financial reports • General Meetings • Whistleblowing channels • Briefings • Meetings	• Responsible and proactive corporate and ESG governance • Consistent and transparent updates on financial and operational performance • Regulatory compliance	Investor Relations, *Corporate website*
Regulators and Authorities	• Interactions during day-to-day operations • Audits • Meetings • Circulars • Reports	• Compliance and enforcement of evolving regulations • Responsible corporate governance practices • Ethical leadership and business conduct	Good Governance & Ethical Business Conduct, Pages 70 to 72
Clients	• Interactions during day-to-day operations • Social media • Corporate communications • Corporate events/workshops	• Progressive enhancement of customer experiences • Providing trusted advice and delivering value-added products and services • Data privacy and cybersecurity • Ethical business conduct and responsible financial products • Sustainability and ESG journeys	Digital at the Core, Pages 85 to 94 Fair Treatment of Financial Consumers, Page 76
Community	• Interactions during day-to-day operations • Digital communication through social media • Roadshows and events • Corporate communications • Corporate social responsibility events	• Responsible business conduct that safeguards and supports the community • Transparency in communication • Community investment into outreach initiatives • Products and initiatives that drive financial inclusion and literacy	Community Investment, Pages 80 to 84
Vendors and Suppliers	• Engagements during the procurement or tender process • Due diligence reviews (for outsourced service providers) • Proof of Concept ("PoC") engagements	• Fair procurement practices • Transparent tender processes • Ethical and responsible business conduct	Sustainable Supply Chain, Pages 77 to 78 Good Governance & Ethical Business Conduct, Pages 70 to 72

Stakeholder	Engagement Channel	Areas of Interest	Section
Analysts and Media	• Social media posts and digital communication • Corporate website announcements • Releases and media announcements	• Transparency, clarity and completeness in communication of ongoing performance • Communication of strategies and prospects	Investor Relations, *Corporate website*
Associations	• Interactions during meetings and corporate events • Online correspondences	• Industry stewardship efforts and support • Regulatory compliance	Good Governance & Ethical Business Conduct, Pages 70 to 72

MATERIALITY

Engaging with our stakeholders allows us to prioritise the key sustainability issues where we can achieve the greatest impact. These material matters provide fundamental guidance for identifying and managing emerging sustainability risks and opportunities, prioritising our resource allocation and delivering enduring value to both our organisation and society.

We conducted a comprehensive formal review and assessment of our material matters in FY2023. Following an internal review in FY2024, it was affirmed that the identified material topics in FY2023 remain pertinent to our operations and are in alignment with the interests and concerns of our stakeholders.

Our Materiality Determination Approach

01 TOPIC IDENTIFICATION

Identify key sustainability topics by conducting a comprehensive review of ESG standards and industry trends, supported by a robust understanding of our value chain.

02 STAKEHOLDER ENGAGEMENT

Gather insights and perspectives from both internal and external stakeholders of our operating companies, such as the Board, senior management, employees, regulators, investors, customers, media, vendors, suppliers and the community through online surveys and engagements. Leveraging both internal and external feedback, we are able to thoroughly evaluate the importance and relevance of each material topic.

03 PRIORITISATION & VALIDATION

Analyse the collected inputs to develop our Materiality Matrix, which is then validated by Senior Management.

Our materiality assessment process has enabled us to precisely gauge how sustainability issues affect our Group's performance alongside the broader consequences of our operating companies' activities on the community and environment.

From this assessment, we have identified 17 topics that are material to our operations, which have been tabled in the materiality matrix and further explained in the following section.

Sustainability Statement

MATERIAL SUSTAINABILITY TOPICS

Environmental Management

1. Managing Our Operational Environmental Footprint
2. Building Climate Resilience

Socially Responsible Business

3. Good Governance & Ethical Business Conduct
4. Sound Risk Management & Compliance
5. ESG Integration into Financial Products
6. Fair Treatment of Financial Consumers
7. Sustainable Supply Chain
8. Human & Labour Rights

Community Investment

9. Supporting Social Enterprises and Communities
10. Financial Inclusion & Literacy

Digital at the Core

11. Digitalisation & Innovation
12. Customer Experience
13. Privacy, Data Protection & Cybersecurity

Workforce Readiness

14. Talent Attraction, Development & Retention
15. Diverse and Inclusive Workforce
16. Creating a Fair and Nurturing Workplace
17. Fostering a Sustainability-Driven Culture

Contributing to the UN SDGs

We are committed to the global sustainable development agenda and have aligned our material topics with the United Nations Sustainable Development Goals ("UN SDGs"), recognising their pivotal role in shaping global sustainability efforts. This alignment amplifies our impact and inspires the Group to actively contribute to a sustainable future.

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

MATERIALITY MATRIX



Pillar 1: Environmental Management

Material Matters	UN SDG Contribution	Description
Managing Our Operational Environmental Footprint		Responsibly optimising resource use and efficiency to manage the environmental impact of our operations, with a particular focus on energy management, paper consumption, water use and greenhouse gas ("GHG") emissions.
Building Climate Resilience		Integrating climate-related risks into our risk management and operational framework to support the transition to a low-carbon economy, including reducing exposure to high-risk sectors and promoting low-carbon solutions.

Pillar 2: Socially Responsible Business

Material Matters	UN SDG Contribution	Description
Good Governance & Ethical Business Conduct		Conducting our business and operations with professionalism, adhering to the highest standards of ethics, integrity, transparency and accountability to maintain stakeholders' trust in the organisation.
Sound Risk Management & Compliance		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.
ESG Integration into Financial Products		Integrating ESG factors into the products and services of our operating companies including - the issuance of green and sustainable finance (HLB and HLCB); and - applying ESG principles in investment practices (HLCB and HLA).
Fair Treatment of Financial Consumers		Ensuring fair treatment of customers across our operations by prioritising their financial needs and risk appetite while providing transparent, accurate and comprehensive information about our products and services.
Sustainable Supply Chain		Upholding sustainability procurement principles throughout the supply chain with robust supplier policies, assessments and engagement practices, while also promoting supplier diversity to include local businesses.
Human & Labour Rights		Implementing policies to ensure the protection and respect of human rights throughout our value chain and business operations, including the prevention of human rights violations.

Sustainability Statement

Pillar 3: Community Investment

Material Matters	UN SDG Contribution	Description
Supporting Social Enterprises and Communities		Forming partnerships with social enterprises for community empowerment programmes to create long-term social impact for underserved communities within the regions where we operate.
Financial Inclusion & Literacy		Empowering individuals and businesses to enhance their financial well-being by promoting financial literacy and facilitating the accessibility of affordable financial services to all segments of society.

Pillar 4: Digital at the Core

Material Matters	UN SDG Contribution	Description
Digitalisation & Innovation		Utilising advanced data analytics and digital systems to create innovative products that meet customer needs, enhance operational efficiency to boost productivity, and simultaneously improve the accessibility of our products.
Customer Experience		Instilling a customer-centric culture across the organisation and implementing initiatives to improve the end-to-end customer experience and satisfaction, leading to increased customer retention rates.
Privacy, Data Protection & Cybersecurity		Protecting employees' and customers' data from unauthorised access, cyber attacks and other threats by responsibly collecting, handling, storing and safeguarding personal and proprietary information.

Pillar 5: Workforce Readiness

Material Matters	UN SDG Contribution	Description
Talent Attraction, Development & Retention		Building a sustainable, high-quality talent pipeline and cultivating a growth mindset among employees to ensure their adaptability in the constantly evolving business and technological environment.
Diverse and Inclusive Workforce		Fostering a diverse and inclusive workplace where all employees are treated equally and without discrimination, thereby encouraging productivity and innovation.
Creating a Fair and Nurturing Workplace		Creating a fair and supportive work environment that prioritises employee health and safety through effective policies, processes and labour standards.
Fostering a Sustainability-Driven Culture		Developing a corporate culture that embraces and promotes sustainable practices, values and behaviours across the organisation, including encouraging employee volunteerism.

For additional information on HLB's material sustainability topics, refer to the HLB SR2024.
For additional information on HLCB's material sustainability topics, refer to the HLCB SS2024.

MEMBERSHIPS & ASSOCIATIONS

Our operating companies actively participate in numerous organisations and associations, utilising their memberships to shape discussions and promote collaboration on important sustainability issues within their industries and the larger business community.

HONG LEONG BANK BERHAD

- The Association of Banks in Malaysia ("ABM")
- Asian Institute of Chartered Bankers ("AICB")
- Payments Networks Malaysia Sdn Bhd ("PayNet")
- Islamic Banking and Finance Institute Malaysia Sdn Bhd ("IBFIM")
- Ombudsman for Financial Services ("OFS")
- Cagamas Holdings Berhad ("Cagamas")
- The Association of Islamic Banking Institutions Malaysia ("AIBIM")
- Financial Planning Association of Malaysia ("FPAM")
- Financial Industry Collective Outreach ("FINCO")
- Partnership for Carbon Accounting Financials ("PCAF")
- The Malaysian Business Angel Network ("MBAN")
- Syarikat Jaminan Kredit Perumahan Berhad ("SJKP")
- Federation of Investment Managers Malaysia ("FIMM")

HONG LEONG ASSURANCE BERHAD

- Malaysian Insurance Institute ("MII")
- Life Insurance Association of Malaysia ("LIAM")
- Financial Planning Association of Malaysia ("FPAM")
- Financial Industry Collective Outreach ("FINCO")
- Ombudsman for Financial Services ("OFS")
- Malaysian Financial Planning Council ("MFPC")

HONG LEONG CAPITAL BERHAD

- Federation of Investment Managers Malaysia ("FIMM")
- Member of Malaysian Investment Banking Association ("MIBA")
- Association of Stockbroking Companies Malaysia ("ASCM")
- Malaysian Futures Brokers Association ("MFBA")
- Institutional Investors Council Malaysia ("IICM")
- Malaysian Association of Asset Managers ("MAAM")
- Financial Industry Collective Outreach ("FINCO")

PILLAR 1 : ENVIRONMENTAL MANAGEMENT

- Managing Our Operational Environmental Footprint
- Building Climate Resilience

MANAGING OUR ENVIRONMENTAL FOOTPRINT

WHY IT MATTERS

As a Financial Group, we are cognisant of our role in the transition to a low-carbon economy, both through our own emissions reduction and via the projects and corporate customers to which we provide funding. However, the interconnected nature of our business also presents significant climate-related risks – physical, transitional and liability-related – which we must consider and address thoroughly in order to minimise negative impacts on our business and stakeholders.

OUR APPROACH

NAVIGATING OUR DECARBONISATION JOURNEY

As a Group, we have established our base year emissions as FY2019 to pave our decarbonisation journey, and developed short-term and long-term targets to spur our sustainability agenda. We continue to deepen our understanding on various, plausible climate pathways to net zero and emission drivers to our carbon footprint. Carbon emissions serve as one of our key climate metrics to measure the effects and impact to climate change. Taking on a multifaceted approach, we focus on minimising negative environmental impact.

We are working towards enhancing how we address climate-related risks and opportunities while improving data quality and expanding the boundaries of our climate disclosures to align further with TCFD Recommendations. These efforts have become even more critical following our commitment to achieving Net Zero by 2050, with short-term targets to reduce Scope 1 and Scope 2 emissions by 15% to 25% by FY2026.

In line with this, we are making inroads to enhance carbon disclosures across Scopes 1, 2 and 3 as we actively pursue emission reduction initiatives where possible. Our greenhouse gas ("GHG") emissions measurement and reporting remain in adherence to the GHG Protocol, the IPCC Guidelines for National Greenhouse Gas Inventories, and other relevant local emissions factors where applicable.

In our journey to net zero, the Group considers a 4-lever approach to prioritise and scale decarbonisation efforts.

4-LEVER APPROACH

Lever 1

Avoid through low-to-no carbon design

Lever 2

Reduce through energy and operational efficiency

Lever 3

Replace through green and sustainable alternatives

Lever 4

Compensate or Neutralise through offsets such as renewable energy certificates ("RECs") and carbon credits

MANAGING OUR ENVIRONMENTAL FOOTPRINT

OUR OPERATIONAL CARBON FOOTPRINT

The largest drivers of our operational GHG footprint are the energy we use for our buildings i.e. head and regional offices, data centres and branches (e.g. electricity, heating and cooling). The Group's key emission categories include:

Scope 1	Direct emissions from fuel combustion in buildings and company-owned vehicles (i.e. stationary and mobile combustion, and fugitive emissions).
Scope 2	Indirect emissions from purchased electricity, accounting for the largest share on our overall footprint, as well as purchased cooling.
Scope 3	Category 6 Business Travel, Category 7 Employee Commuting, Category 13 Downstream Leased Assets* and Category 15 Investment*.

* *For HLB only.*

EXPANDING SCOPE 3 REPORTING ON FINANCED EMISSIONS - CATEGORY 15 (INVESTMENT)

HLB has expanded its reporting on Scope 3 financed emissions across seven asset classes, with disclosures for Auto Loans and Mortgages included in its FY2024 Sustainability Report. The financed emissions are disclosed based on the Partnership of Carbon Accounting Financials ("PCAF") methodology, the Bank being a signatory of PCAF. FY2024 forms the baseline of the Bank's financed emissions portfolio.

HLA and HLCB are also in the midst of expanding their respective Scope 3 financed emissions reporting.

Financed Emissions Portfolio under HLB

Identified Asset Class	Status	Financed Emissions (tCO_2e)
Mortgages	**Calculated and disclosed**	**1,024,827**
Auto Loans	**Calculated and disclosed**	**655,715**

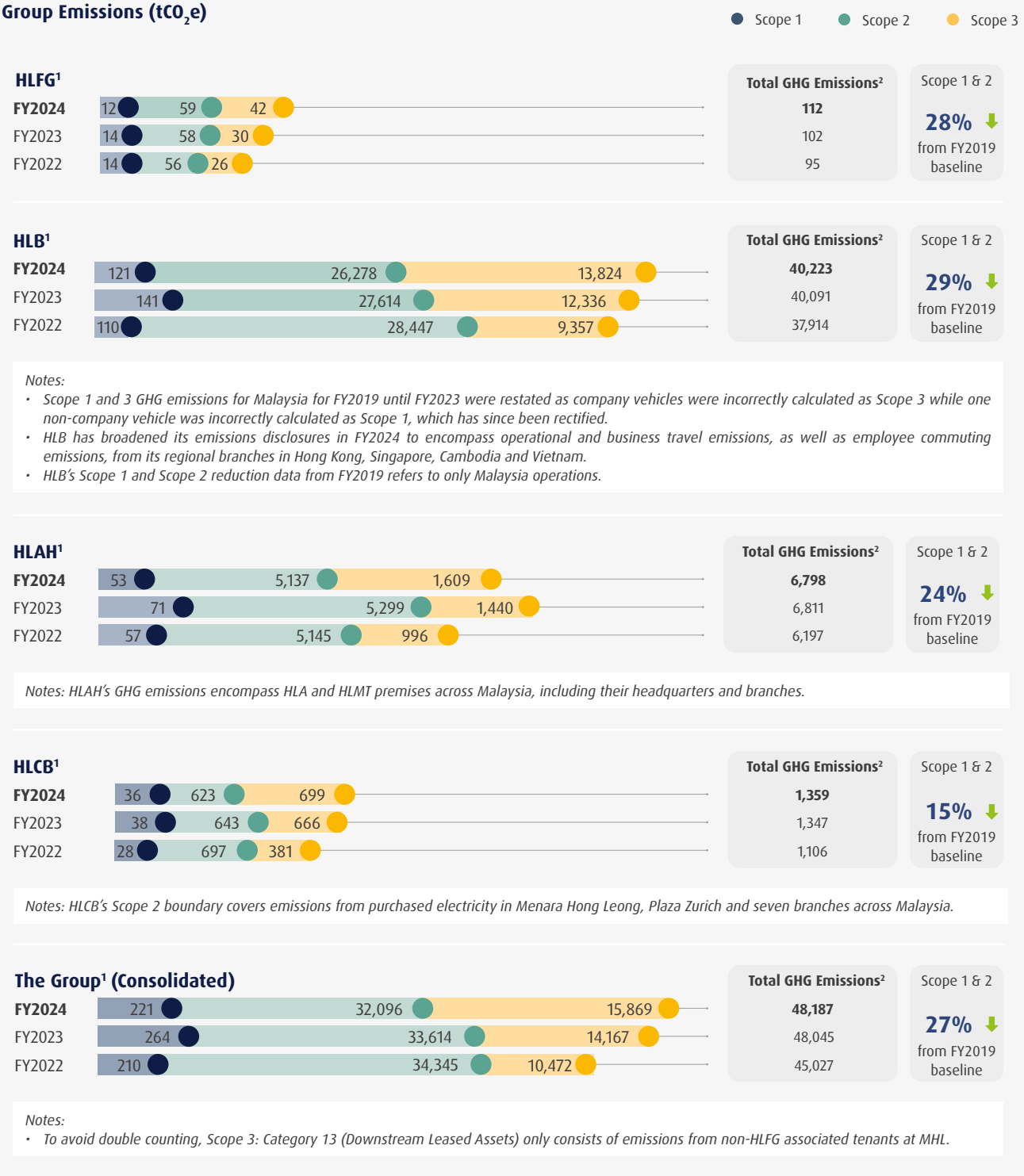
Notes: Limitations to customer data availability. Calculations are based on best data estimates as a proxy to determine absolute financed emissions. HLB will strive to improve its data collection process to obtain more accurate estimates.



Sustainability Statement

MANAGING OUR ENVIRONMENTAL FOOTPRINT

Group Emissions (tCO_2e)



Notes:
- *Scope 1 and 3 GHG emissions for Malaysia for FY2019 until FY2023 were restated as company vehicles were incorrectly calculated as Scope 3 while one non-company vehicle was incorrectly calculated as Scope 1, which has since been rectified.*
- *HLB has broadened its emissions disclosures in FY2024 to encompass operational and business travel emissions, as well as employee commuting emissions, from its regional branches in Hong Kong, Singapore, Cambodia and Vietnam.*
- *HLB's Scope 1 and Scope 2 reduction data from FY2019 refers to only Malaysia operations.*

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

Notes: HLCB's Scope 2 boundary covers emissions from purchased electricity in Menara Hong Leong, Plaza Zurich and seven branches across Malaysia.

Notes:
- *To avoid double counting, Scope 3: Category 13 (Downstream Leased Assets) only consists of emissions from non-HLFG associated tenants at MHL.*

Overall Notes for Group Emissions:

[1] *Across the Group, GHG emission numbers from FY2019 until FY2023 were recalculated using updated emission factors and global warming potential (GWP).*

[2] *Due to rounding, some totals may not correspond with the sum of the separate figures.*

ENERGY CONSUMPTION

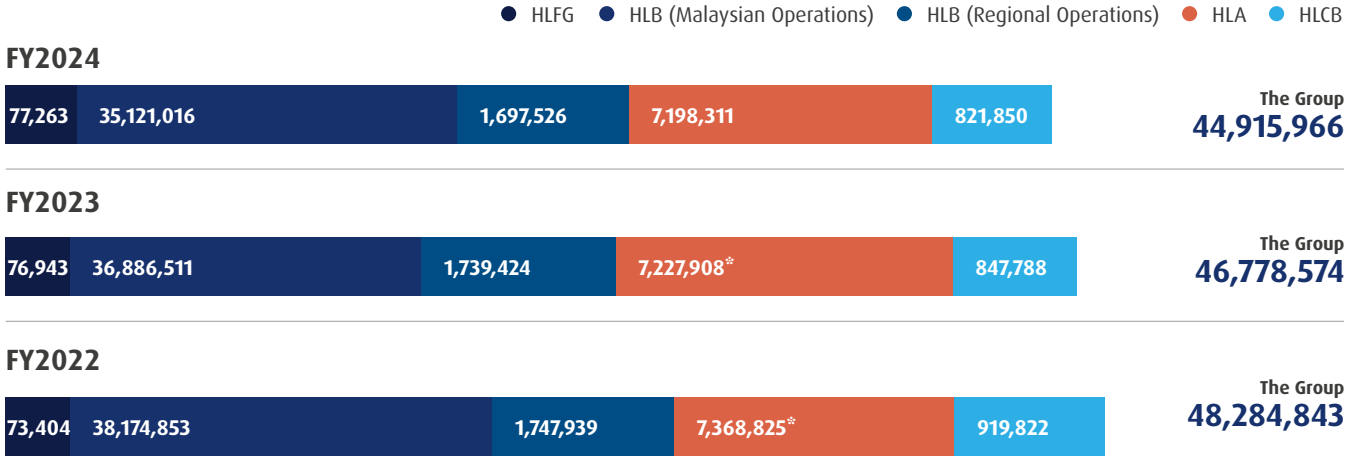
The Group and its operating companies take proactive measures to integrate resource efficiency into operations, and have implemented a variety of Energy Efficiency & Conservation ("EE&C") measures to drive energy savings in day-to-day business operations. We have also expanded our energy data inventory to provide us with deeper understanding of operational energy consumption across the Group.

HLB's EE&C measures continued to deliver results in FY2024 with its Malaysian operation's energy consumption reducing by 24% from baseline and by 5% during the year.

Simultaneously, we are seizing opportunities to increase our utilisation of renewable energy within our energy mix, with HLB and HLA having installed rooftop solar panels at PJ City tower to enhance their energy consumption mix.

Energy Saving Initiatives by our Operating Companies	
HLB	• Installed solar panels on the rooftop of PJ City Tower A. • Upgrading chillers to optimise energy consumption. • Installing energy-efficient air conditioning units. • Retrofitting LED lights in branches.
HLA	• Installed solar panels on the rooftop of PJ City Tower B and Bukit Mertajam. • Adopting technologies and processes to improve energy efficiency and reduce energy wastage. • Transitioning company vehicles to EVs, hybrids or more fuel-efficient alternatives. • Utilised 202,966 kWh of solar energy during FY2024, and sold 24,205 kWh.
HLCB	• Moderating air-conditioning use within business premises. • Upgrading to LED tubes in Plaza Zurich.

ANNUAL ENERGY CONSUMPTION (kWh)



Restated for HLA.

* *FY2022 and FY2023 restated to include all branches. Previous reported data only covered PJ City (Tower B).*

Sustainability Statement

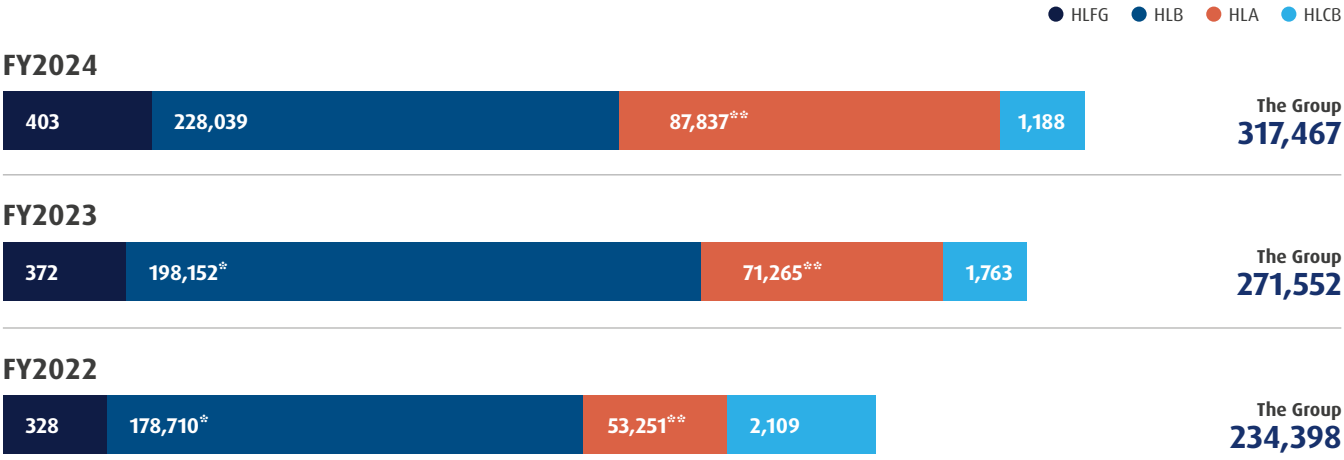
MANAGING OUR ENVIRONMENTAL FOOTPRINT

WATER CONSUMPTION

The Group is dedicated to reducing and optimising water usage throughout its operations, without compromising the safety, comfort and reliability of the Group's workforce and operations. Our ongoing efforts include closely monitoring water consumption metrics and implementing responsible water management practices. Additionally, we are exploring opportunities to adopt water-saving measures, such as HLA's consideration of rainwater harvesting systems.

The rise in water consumption during FY2024 was due to a major cleaning exercise on our water tanks at the basement, Level 3 and rooftop of Hong Leong Tower, which incurred a high water use footprint. For PJ City (Tower A), the main reason for the increase in water usage was a faulty water meter, which led to water usage not being recorded accurately.

ANNUAL WATER CONSUMPTION (M^3)



Restated for HLB and HLA

* *FY2022 and FY2023 restated for HLB to include all branches. Figures for branches are based on best estimation basis. Previous reported data only covered Hong Leong Tower and PJ City (Tower A). HLB is working towards enhancing calculation for water consumption for all HLB branches in Malaysia.*

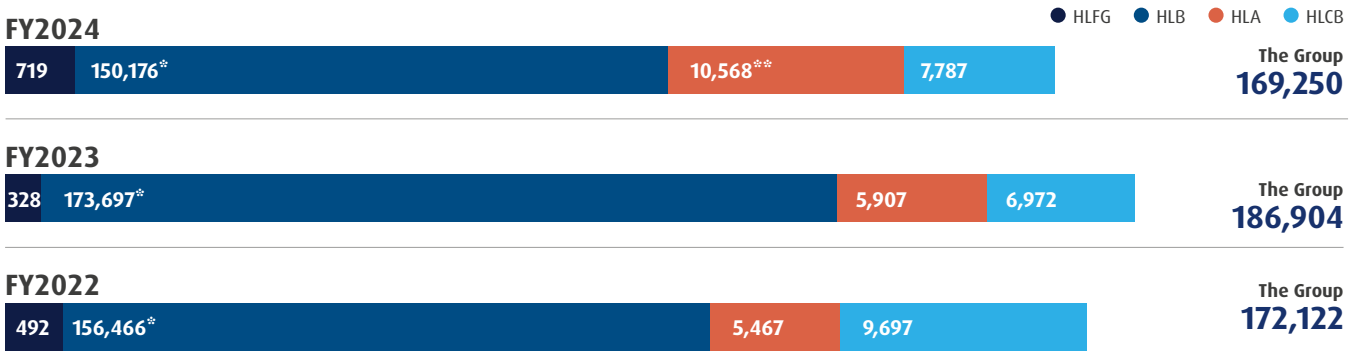
** *FY2022 and FY2023 restated for HLA to include Menara Raja Laut and Wisma Hong Leong. Previous reported data only covered PJ City (Tower B). Expansion of reporting in FY2024 to include all branches.*

PAPER CONSUMPTION

The Group recognises the importance of reducing paper usage, given its significant role in the operations of financial institutions. By streamlining operations and adopting digital innovations, we aim to minimise paper consumption. Our operating companies are increasingly using e-policies, statements, receipts, and reports to decrease the need for printed copies. These efforts are intended to lower the total paper usage across our operations, yielding benefits such as reduced operating costs, faster and more convenient communication, and an improved environmental footprint.

Additionally, HLB and HLA have implemented recycling programmes to maximise paper recycling. In FY2024, HLB recycled 19,069 kg of paper at their Hong Leong Tower and PJ City Tower A buildings, marking a 7.8% increase from the previous year, while HLA recycled 1,521 kg of paper. Meanwhile, HLCB commenced a recycling bin project in February 2024, which also contributed to greater recycling of paper waste.

ANNUAL PAPER CONSUMPTION (KG)



Restated for HLB

* *FY2022 and FY2023 restated for HLB in kilograms (kg) from reams. HLB's Paper Consumption covers only Malaysian operations and is tracked through Total Office Paper Purchased (in reams).*

** *Expansion of reporting boundary in FY2024 for HLA to include paper consumption of all branches. FY2023 and FY2022 only covers paper consumption for PJ City (Tower B).*

WASTE MANAGEMENT

The Group is collectively collaborating to seek solutions for enhancing our collection on waste data. We are seeking to streamline our definition and categorisation of waste data across the Group. With a strong emphasis on recycling, we aim to recycle the vast majority of all paper, plastic and metal waste we produce, with a growing focus on recycling e-waste as well.

HONG LEONG BANK BERHAD

Guided by its Environmental Policy on Energy, Water and Waste Management, HLB has continued to undertake responsible recycling of waste across its operations, resulting in 19.14 tonnes of waste diverted from disposal over the past financial year.

Type of Waste	Amount Recycled in FY2024 (tonnes)
Paper	19.06
Plastic and Cans	0.08

* *As wet waste tracking only commenced in March 2024, this total covers the period of March 2024 to June 2024 only.*

HLB has also commenced the monthly calculation of wet waste (waste to disposal) across Hong Leong Tower and PJ City (Tower A), and will continue to track this metric in order to deliver a stronger basis for year-on-year comparison in future.

Waste diverted to disposal in FY2024 (tonnes)*

Hong Leong Tower
11.294

PJ City (Tower A)
7.451

HONG LEONG ASSURANCE BERHAD

Supported by concerted recycling efforts, HLA diverted a total of 3.483 tonnes of waste from disposal during FY2024.

Type of Waste	E-waste	Paper	Plastics	Metals	Carton
Amount Recycled in FY2024 (tonnes)	0.72	1.52	0.05	0.02	1.18

HONG LEONG CAPITAL BERHAD

In FY2024, HLCB expanded its waste management initiatives by launching the Recycling Bin project, enabling employees to proactively contribute to responsible waste practices. HLCB has also engaged HP to provide e-waste recycling services to ensure the proper collection, recycling and disposal of e-waste, particularly toners and cartridges.

In FY2024, HLCB successfully recycled 100% of its electronic waste, amounting to 147.5 KG (0.1475 TONNES)

BUILDING CLIMATE RESILIENCE

WHY IT MATTERS

Recognising the risks and opportunities of climate change, 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 Risk Management and Scenario Analysis ("CRMSA") and Climate Change and Principle-based Taxonomy ("CCPT").

OUR APPROACH

Guided by our Group-wide Net Zero by 2050 commitment, our operating companies are strengthening their climate risk management practices, this being embedded within their respective risk management frameworks. This covers the development of climate risk management tools and capabilities, guiding policies to manage climate-related risks, climate-related disclosures and the implementation progress in fulfilling the CRMSA, CRST and CCPT requirements among the operating companies. These areas, along with active climate conversations and engagements, serve to drive unified climate action and resilience across the Group.

BUILDING AND REFINING OUR SUITE OF CLIMATE RISK MANAGEMENT TOOLS

Climate risk tool and assessment	Description	Reference
Climate scenario analysis ("CSA")	• **Physical risk scenario analysis.** Our operating companies apply the Centennial (1-in-100 year) Flood Risk Map modelled from DID's[8] flood data for acute physical risk scenario analysis. • **Transition risk scenario analysis.** Our operating companies apply the three NGFS Scenarios[9] to assess potential transition risk impacts to their respective portfolios, as follows: - **Orderly Scenario (Net Zero 2050)** assumes early, stringent climate policies and green technology breakthroughs, limiting global warming to 1.5°C. - **Disorderly Scenario (Divergent Net Zero 2050)** assumes diverging paths in policy implementation and solutions across sectors and countries, limiting global warming to 1.5°C. - **Hot House World Scenario (NDCs)** assumes pledged targets under the Paris Agreement are met but policy measures remain inadequate, leading to a 2.6°C. rise in temperatures.	IPCC, NGFS (Sept. 2022), BNM CRST Methodology Paper (Feb. 2024) ("CRST MP")
Flood risk map	• Covers the flood risk assessment of our operations based on sea level rise and flood risk area.	Climate data from DID, NAHRIM[8], Climate Central etc.
ESG Due Diligence	• Acts as a climate risk screening tool to determine our high E&S sectors and clients. • Refer to ESG Risk Assessment section for further details.	BNM CCPT
Vendor Due Diligence	• Acts as a vendor assessment tool to evaluate against the E&S criteria as part of the procurement process. • Refer to Sustainable Supply Chain section for further details.	
Risk dashboard	• Covers the reporting of sustainability and climate metrics as well as tracking and progress of performance targets.	

[8] *DID denotes Department of Irrigation and Drainage, NAHRIM denotes National Water Research Institute of Malaysia.*
[9] *NGFS scenarios assume availability of Carbon Dioxide Removal ("CDR") technologies as a key driver.*

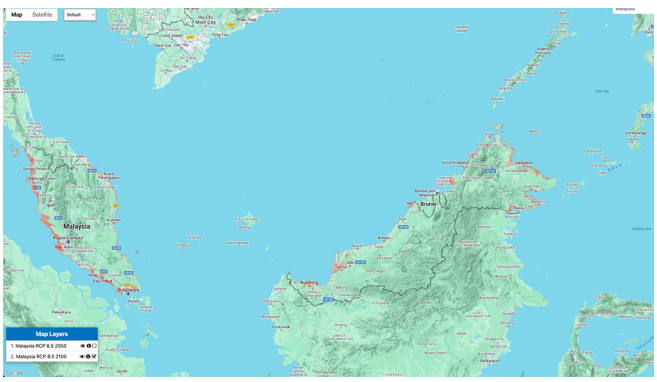
ADVANCING THE GROUP'S CAPABILITIES IN CLIMATE SCENARIO ANALYSIS AND STRESS TESTING

Climate scenario analysis ("CSA") and stress testing are key tools among our operating companies to assess climate-related risks and opportunities, and meet evolving regulatory expectations. A substantial portion of the Group's credit risk exposure arise from HLB's loan asset portfolio with climate change potentially having material impact on the creditworthiness of customers and existing credit conditions.

To date, our operating companies have conducted physical risk analyses to determine the proportion of its operations (i.e. offices and branches) that are vulnerable to flooding. Notably, HLB has developed a CSA model using climate data from government agencies such as DID and NAHRIM to project flood inundation levels. For a 1-in-100-year flood event (i.e. centennial flooding), the Bank has further performed geotagging of its Business and Corporate Banking ("BCB") and Personal Financial Services ("PFS") assets located across Malaysia to identify assets at risk. HLB is currently enhancing its flood map to increase the granularity of climate analysis and align with the CRST requirements. This extends to:

- Augmenting the quantification of financial risks and impact to portfolios
- Integrating appropriate macroeconomic variables ("MEVs") and parameters into climate models
- Extending flood risk assessment based on 1-in-200-year flood event (in reference to IPCC Representative Concentration Pathway ("RCP") 8.5 scenario).

Coastal Flooding Risk Map under RCP 8.5 in year 2100 by NAHRIM



Since FY2022, the Bank has also conducted CSA exercise to assess higher E&S risk corporate customers using the Herfindahl-Hirschmann Index ("HHI") to quantify ESG concentration risk. This assessment informs stress test parameters and assumptions for additional provisions under our regulatory stress testing. These CSA exercises are essential for managing climate-related financial risks within our broader risk management framework.

Highlights on ongoing climate-risk related initiatives and progress described below:

Enhancing climate-related risk capabilities

- **CRMSA Progress:** With the ongoing implementation roadmaps, our operating companies have made substantial progress in meeting the CRMSA requirements.
- **Physical risk assessment:** HLB, HLCB and HLA have performed asset location and mapping, and assessed their respective exposure of operations to flood risks.
- **ESG due diligence:** HLB, HLCB and HLA have also conducted portfolio-level analysis based on the CCPT requirements and incorporated enhancements based on the standardised CCPT IG Due Diligence Questions ("DDQ").
- **Climate scenario analysis:** HLB has adopted NGFS scenarios and acute physical risk scenario within its stress testing exercise whilst HLCB and HLA are in the midst of integrating climate scenarios within their stress testing practices.
- **Capacity building:** Scenario Analysis workshops, involving all relevant departments within HLA, were conducted by an external consultant on 20 and 27 September 2023.



Sustainability Statement

BUILDING CLIMATE RESILIENCE

Strengthening climate strategy and governance

- **Strategy and governance:** HLA has established its Sustainability Committee to assist the Board in overseeing sustainability and climate risk matters. Additionally, HLCB has established a Sustainability Risk Unit ("SRU") within the Risk Management Department, and implemented its Board Policy on Sustainability Risk in October 2023.
- **Risk appetite statement ("RAS"):** HLB and HLA have incorporated climate-related RAS since FY2023 with HLCB establishing its qualitative climate-related RAS in July 2023.
  - **HLB:** Quantitative RAS approved in July 2023.
  - **HLA:** Qualitative RAS approved in October 2023.
  - **HLCB:** Qualitative RAS approved in July 2023.

Galvanising climate action

- **Remuneration-linked performance:** HLB has incorporated ESG considerations within its performance indicators with selected senior management's performance linked to sustainability and climate-related targets and strategy. Similarly, key result areas ("KRAs") of HLB's SC and SWC members are linked to sustainability and climate-related non-financial performance targets.

Raising internal competencies

- **Industry participation:** HLB, HLCB and HLA continue to actively participate in industry implementation groups (with representatives appointed for BNM JC3 and CCPT Implementation Groups) to address climate-related gaps, whilst keeping abreast of sustainability and climate-related risks.

Engaging the community

- **Knowledge-sharing:** Since its inception in FY2021, HLB has organised 11 Sustainability Roundtables to date, promoting ESG awareness and driving change through open, expert-led dialogues. In May 2024, the Bank launched its inaugural HLB ESG Readiness Programme in collaboration with PwC and Thoughts in Gear, designed to equip customers with valuable ESG insights, transition strategies and disclosure best practices.
- **Green transition:** HLCB increased efforts to encourage clients to adopt strong internal ESG policies and practices that meet industry standards, while supporting clients in establishing their sustainability frameworks.
- **Responsible investment practices:** In FY2024, HLAM supported and participated in the Southeast Asia Climate Investment Summit ("SEACIS") 2024, a pivotal event aimed at tackling climate change and advocating for responsible investment practices throughout Southeast Asia.

Driving carbon offsets

- **Mangrove restoration project:** HLB has collaborated with the Malaysian Nature Society to plant 50,000 mangrove trees in Kuala Selangor, facilitating the potential removal of more than 1,200 tCO_2eq from the atmosphere over the next 20 years.
- **Renewable energy certificates ("RECs"):** HLB has secured two year's worth of Bursa Carbon Exchange RECs, which have been earmarked for future redemption as an option to offset the Bank's Scope 2 emissions.

HONG LEONG BANK BERHAD

Climate Risk Management Analysis Initiatives

- Adopting HLB's Sustainable Finance Framework ("SFF") that will act as a guideline to determine the eligibility criteria and use of proceeds for sustainable finance products or instruments issued by the Bank.
- Expanding climate risk management capabilities through expansion of climate models.

HONG LEONG ASSURANCE BERHAD

Initiatives for Reduction of Scope 1 and 2 Emissions

HLA is undertaking holistic initiatives to reduce its Scope 1 and Scope 2 emissions, including by:

- Adopting technologies and processes to improve energy efficiency within its premises, such as
  - upgrading to LED lights;
  - enhancing chiller efficiency; and
  - switching off appliances and electronics at night.
- Transitioning company vehicles to EVs, hybrids or more fuel-efficient alternatives.
- Exploring the feasibility of utilising solar energy across all HLA-owned buildings, with solar panels thus far installed at Bukit Mertajam and PJ City (Tower B).
- Inspecting equipment and monitoring lighting efficiency.

HONG LEONG CAPITAL BERHAD

Climate Risk Management Analysis Initiatives

- Evaluating how climate risk drivers transition into financial risks and their impact on HLCB.
- Refining data collection and metrics, while developing tools for tracking and measuring climate risk.
- Quantifying climate risks by December 2024, with FY2024 as the baseline.
- Enhancing Risk Reports with climate-related risk analysis.
- Establishing a quantitative climate-related RAS by December 2024.
- Defining climate-related indicators, limits, and thresholds across various metrics by December 2024.
- Developing and analysing the impact of climate-related scenarios based on globally recognised sources.

PILLAR 2 : SOCIALLY RESPONSIBLE BUSINESS

- Good Governance & Ethical Business Conduct
- Sound Risk Management & Compliance
- ESG Integration into Financial Products
- Fair Treatment of Financial Consumers
- Sustainable Supply Chain
- Human & Labour Rights

GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

WHY IT MATTERS

Upholding ethics and integrity is essential to our reputation, consumer trust and risk management. By promoting professionalism, prohibiting all forms of bribery and corruption, and supporting whistleblowing, we lay the groundwork for sustainable growth. The Group remains dedicated to responsible business practices, backed by strong internal controls and risk management, to ensure lasting value and trusted partnerships with all stakeholders.

OUR APPROACH

UPHOLDING INTEGRITY AND COMPLIANCE

HLFG is dedicated to maintaining the highest standards of ethics and integrity in business conduct, which is essential for the sustainability of our businesses and maintaining stakeholder loyalty. We have implemented a comprehensive set of policies, procedures and controls to guide employee behaviour and prevent unlawful activities such as money laundering, terrorism financing, bribery and corruption.

To ensure consistent high standards across all business dealings, we have established a Group Compliance Framework, overseen by the BARMC, to monitor regulatory compliance. This framework aims to build a strong compliance culture, helping employees understand their responsibilities and manage compliance risks while adhering to evolving legal and regulatory requirements.

THE GROUP'S CODE OF CONDUCT & ETHICS

Our Group-wide Code of Conduct and Ethics[10] ("Code") defines the standards of professional conduct and ethics required of all our employees, subsidiaries, associate companies as well as third-party service providers, including but not limited to vendors, suppliers and contractors. Bearing the Code, HLFG and its operating companies are committed to a high standard of professionalism and ethics in the conduct of our business and professional activities. We require all employees to to perform their annual attestation in adherence to the Code.

[10] *For more details, refer to the Code available on our site.*

GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

The Code is pillared on 7 key principles as outlined below:

7 Principles to the Group's Code of Conduct & Ethics

Principle 1: Competence
Ensuring our employees possess and maintain the skills and knowledge needed to perform their roles in accordance with the standards required by the Group to meet its legal, compliance and regulatory obligations.

Principle 2: Compliance
Ensuring our employees fully understand and comply with all applicable laws, regulations and statutory requirements.

Principle 3: Integrity
Upholding high standards of business conduct and strict anti-corruption stance, while maintaining integrity of the Group's information, assets, property and finances, and encouraging the reporting of non-compliance.

Principle 4: Consumer Protection
Guidelines for acting responsibly and transparently in our business practices, treating all colleagues, stakeholders, customers and business partners with respect and considering the impact of decisions and actions on them.

Principle 5: Confidentiality
Stringent rules to protect confidential information and prevent misuse of information, alongside guidelines for appropriate corporate communication authorisation and social media utilisation.

Principle 6: Objectivity
Rules and controls to mitigate conflicts of interest, misuse of position and acceptance of gifts or entertainment, ensuring no bias or undue influence impacts our employees' decisions and judgments.

Principle 7: Work Environment
Sets forth our commitments to ensure a safe, diverse and inclusive workplace with zero tolerance for any form of discrimination, harassment (including sexual harassment) or intimidation, while ensuring our business practices are mindful, socially responsible and sustainable.

ROBUST GROUP-WIDE POLICIES

To promote good corporate governance, all operating companies have enacted key compliance policies to ensure responsible business conduct. Additionally, we have established channels for reporting actual or suspected cases of non-compliance.



GOOD GOVERNANCE & ETHICAL BUSINESS CONDUCT

TRAINING AND ENGAGEMENT

Our operating companies actively engage and train employees on anti-corruption guidelines, ensuring that our workforce remains fully aware of our zero-tolerance stance against unethical behaviour.

FY2024 PERFORMANCE DATA

Across the Group and its key operating companies, 99% of all employees received anti-corruption training during FY2024. There were zero incidents related to corruption reported during the year.

Anti-Corruption **C1(a),(b),(c)**

	HLFG	HLB	HLA	HLCB	Group Consolidated
Percentage of employees who received anti-corruption training	89%	100%	90%	89%	99%
Percentage of operations assessed for corruption risk	100%	100%	100%	100%	100%
Confirmed or reported incidents of corruption	0	0	0	0	0

ESG INTEGRATION INTO FINANCIAL PRODUCTS

WHY IT MATTERS

Tackling climate change is a global imperative. As a financial group whose banking operations span across regional markets with investments across local and global capital markets, it is critical for us to drive climate action and deliver meaningful impact by integrating ESG standards within our products and practices. By doing so, we are able to support a just, orderly and equitable transition to more sustainable business and operating models for both the Group and our customers.

OUR APPROACH

ESG considerations have become increasingly rooted in the way we innovate, deliver and communicate our products and services. Guided by the principles of ESG, sustainability, value-based-intermediation ("VBI"), and Sustainable and Responsible Investment ("SRI"), our operating companies strive to deliver green and sustainable solutions whilst supporting climate mitigation and adaptation journeys of customers. The ESG Due Diligence covered in the Risk Management section further supports this.

At HLFG, we are dedicated to enhancing our capabilities and assisting our operating companies in their shift towards sustainable and inclusive growth. Our Sustainability Committee will play a key role in overseeing the performance of all operating companies in greening their portfolios, ensuring alignment with BNM's Climate Change and Principle-based Taxonomy ("CCPT") framework and contributing to the promotion of inclusive and sustainable finance within Malaysia.

ESG INTEGRATION INTO FINANCIAL PRODUCTS

SUPPORTING SUSTAINABLE TRANSITIONS THROUGH PRODUCT AND SERVICES

Supporting the nation's transition to a low-carbon economy, our operating companies have expanded their respective financing and investment portfolios to deliver more climate-focused solutions as illustrated below.

The Group's ESG Products and Services

Green Financing	ESG/Sustainability Financing	Solar Plus Financing
	Green Mortgage and Affordable Property Financing	Green Car Financing
Sustainable and Responsible Investing	Green Securities: Green Bond/Green Debt Financing	
	Private Retirement Scheme* ("PRS")	
	Global ESG Funds*	
ESG Investment Research	ESG Research Snapshot	

* *Includes conventional and Shariah-compliant products*

(1) Supporting renewable energy uptake through HLB and HLCB

Renewable energy ("RE") financing under HLB and HLIB supports businesses in their transition to cleaner energy sources including solar, hydro power and bioenergy. Having set a 5-year RM500 million target in RE financing in 2019, HLB has exceeded this target and approved RM3.5 billion in RE financing as of end-FY2024. This achievement highlights our contribution in support of our customers' decarbonisation efforts and the 31% RE of installed capacity target set within the NETR by 2030. HLB's efforts were recognised with the Runner Up Special Award for Renewable Energy Financing by a Domestic Bank at the National Energy Awards 2023.

In FY2024, HLB has cumulatively approved RE financing up to

RM3.52 BILLION

Successfully completed

RM1.78 BILLION

in advisory works for ESG/Sustainability financing in FY2024

On the capital markets front, HLCB's advisory works in ESG/Sustainability financing has garnered much traction. In FY2024, HLIB completed five ESG/sustainability related financing transactions with total issuances of RM1.78 billion, which also included the issuance of a Climate Bonds Initiatives-qualified solar power Sukuk, marking the deal as the first issuance of its kind in Malaysia and the world.

FY2024, HLCB increased its investments in Bakun Hydro's sukuk from

RM25 TO RM40 MILLION

With ongoing efforts to grow HLCB's ESG-linked portfolios, the operating company continues to expand investments in green bonds, particularly in the green energy sector. Notably through HLIB, HLCB increased its investment in Bakun Hydro Power Generation Sdn. Bhd's. ("Bakun Hydro") sukuk from RM25 million to RM40 million. The sukuk is linked to Southeast Asia's largest hydropower plant.

ESG INTEGRATION INTO FINANCIAL PRODUCTS

(2) Mobilising green bonds through HLB and HLCB

Adequate funding for green and sustainable projects is necessary to propel Malaysia to reach its sustainability goals. HLB has had active market participation in green bond issuance/deals and green debt financing since the launch of its Green Bond Framework in FY2022. This has led to the issuance of landmark bonds by Cagamas Berhad to fund green housing (i.e. RM300 million[11]), and Exio Logistics Sdn. Bhd to fund a green building-certified logistics hub (i.e. RM350 million) in FY2024.

In May 2024, HLIB undertook a similar route to release its own Green Bond Framework. The Green Bond Frameworks under HLB and HLIB are developed in accordance with the ASEAN Green Bond Standards ("ASEAN GBS") issued by the ASEAN Capital Markets Forum and the Green Bond Principles ("GBP") issued by the International Capital Market Association ("ICMA") – as validated by RAM.

On 13 June 2024, HLIB issued RM100 million nominal value of green subordinated notes out of its RM1.0 billion Tier-2 Multi-Currency Sub-Notes programme.

Over the past year, HLB's Green Bond portfolio has grown in outstanding balance from RM1.5 billion in FY2023 to over

RM2.5 BILLION

in FY2024.

HLCB has increased its green bonds and sukuk by

>2X TO RM165 MILLION

as at end-June 2024.

GREEN BOND ISSUANCE as of June 30, 2024 for HLB and HLIB

Issuer	Amount Issued* (RM'Million)	Issue Date	Maturity Date	Rating	Type
HLB	900[11]	2022-04-29	Perpetual	A1 (RAM)	Green
HLIB	100	2024-06-13	2034-06-13	AA1 (RAM)	Green

* *nominal value*
[11] *HLIB as Principal Adviser.*

Notes: The table above includes bonds issued from and after April 2022, under HLB's Green Bond Framework, and from and after May 2024, under HLIB's Green Bond Framework.

GREEN BOND PORTFOLIO as of June 30, 2024 for HLB

Eligible Assets/Projects	FY2023 Outstanding Balance (RM'Million)	FY2024 Outstanding Balance (RM'Million)	YoY Growth (%)
Renewable Energy	261.1	430.6	64.9
Green Building	863.0	1,267	46.8
Sustainable Transportation	412.8	796.3	92.9
TOTAL	**1,536.9**	**2,493.9**	

Notes: Eligible Assets/Projects include the five categories of Renewable Energy, Energy Efficiency, Green Building, Waste Management and Sustainable Transportation. For expected impact of funded Eligible Assets/Projects, refer to HLB Sustainability Report FY2024.

(3) Driving Electric Vehicle ("EV") Adoption

Supporting our transition to Net Zero, HLB's Green Car Financing initiative aims to increase access to financing for battery electric vehicles ("BEV"), hybrid electric vehicles ("HEV"), and plug-in hybrid electric vehicles ("PHEV"). Besides offering competitive financing rates, HLB has built strong partnerships with EV manufacturers and distributors, and actively educates potential customers on the benefits of switching to EVs.

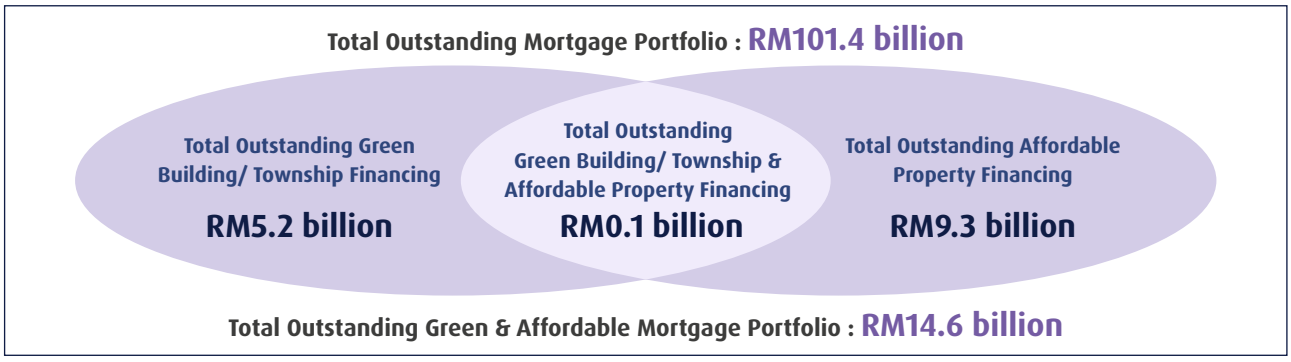
HLB's outstanding green car loans
RM1.2 BILLION
to date, surpassing the FY2024 target of
RM960 MILLION.

(4) Empowering Green Developments

Guided by its Developer End Financing Policy, HLB is steadily growing the proportion of green buildings, green townships, and affordable properties within its mortgage portfolio with a target of RM14.4 billion in total outstanding. The Policy underscores the Bank's commitment in supporting property developers to undertake projects that emphasise environmental and social value creation. HLB encourages developers to integrate ESG considerations by offering financing packages and expediting approvals for those with low ESG risk profiles. The Bank also assists developers who fall short of the Green Developer benchmark to improve their ESG risk profiles.

In FY2024, we assessed approximately 900 projects under the ESG Assessment for green buildings/ townships, applying the green building criteria as outlined within the Policy. To date, the Bank has successfully financed RM14.6 billion, equivalent to 14.4% of its RM101.4 billion mortgage portfolio.

As at end-FY2024, green and affordable developments represent
14.4%
of HLB's entire mortgage portfolio.



(5) Promoting Sustainable and Responsible Investing Among Investors

HLCB, through its asset management arm, HLAM, manages global ESG funds and PRS funds as follows:

Hong Leong Global ESG Fund ("HLGESGF")	Hong Leong Global Shariah ESG Fund ("HLGSESGF")	7 Private Retirement Schemes ("PRS")

In FY2024, HLCB increased its green bond and sukuk holdings by
120% TO RM165 MILLION,
with ESG Research Snapshot developed for 96% of KLCI constituents under our coverage.

HLGESGF and HLGSESGF funds are catered to ESG-conscious investors, enabling investments into a globally diversified portfolio of sustainable companies. To promote HLGESGF, HLAM launched a 4-month digital marketing campaign. Both funds have received favourable response from clients and recorded 100% AUM growth in FY2024. In efforts to bolster sustainable investing practices, HLCB's stockbrocking has also strengthened its ESG research capabilities by including ESG Research Snapshots for the majority of FBMKLCI stocks under coverage.

FAIR TREATMENT OF FINANCIAL CONSUMERS

WHY IT MATTERS

Our commitment to fair dealing is at the core of our business practices, ensuring that we maintain trust and transparency with our customers. By prioritising integrity and ethics within our customer services and interactions, we not only build long-term satisfaction and loyalty but also foster a responsible financial ecosystem that strengthens our reputation as a trusted financial institution.

OUR APPROACH

We are committed to acting in the best interest of the Group and our customers. We adopt a two-prong approach to consistently uphold fair treatment standards and practices across our operating companies based on the core principles under BNM's Fair Treatment of Financial Consumers ("FTFC") Policy Document[12]. We ensure transparency, responsible and professional conduct when engaging with customers.

(1) Practising a customer-centric culture

Customer success forms part of the Group's DNA. Through our consumer-centric approach, we reinforce our corporate culture to consistently meet our customers' financial and protection needs. We embed ourselves within our customers' financial journey end-to-end, delivering a full suite of financial services, seamlessly integrated across digital and physical channels. Across the Group, we continue to leverage customer insights and analytics, and strengthen customer relationships with the provision of value-added services and personalised banking solutions.

(2) Preserving trust through fair dealing practices

In our pursuit of sustainable practices, the Group emphasises fair dealing as a core aspect of our business operations. We aim to build unwavering consumer confidence, lasting loyalty and customer stickiness for our continued growth. Guided by our Code and commitment to regulatory compliance, we have the necessary policies and guidelines in place to govern the integrity and quality of our products and services as well as manage conduct risk among our employees. Employees in operating companies undergo mandatory FTFC training during onboarding and are expected to emulate our fair dealing principles. The Group is also dedicated to offering equitable products tailored to meet consumer needs through responsible marketing practices. Our endeavours in fair dealing are outlined within the guiding policies below.

Our Operating Companies' Primary Policies Ensuring Consumer Protection

- **Code of Conduct and Ethics**
- **Product Transparency and Disclosure Policy**
- **Client Charter**
- **Product Risk Approval Policy**
- **Complaint Handling Procedures**

(3) Regulating capital market and distribution activities

More closely for HLCB, employees engaged in regulated activities are required to hold a Capital Markets Services Representative's Licence ("CMSRL") from SC Malaysia. Additionally, our UTCs and PRCs involved in the marketing and distribution of unit trusts and PRS funds respectively are required to be registered with the Federation of Investment Managers Malaysia ("FIMM").

(4) Empowering our agency force

At HLA, our agents play a crucial role as trusted and dedicated partners to our customers. We strive to achieve operational excellence with our agents, ensuring customers' well-being are protected and insured whilst providing superior service at all times. In November 2023, HLA honoured its 1,058 top leaders and agents at its Annual Awards Presentation ("AAP") 2023 in their contribution to uphold HLA as one of the leading domestic life insurer in Malaysia. In FY2024, HLA achieved solid performance with RM3.1 billion in total gross premium.

[12] *In March 2024, BNM updated its FTFC Policy to include fair treatment of vulnerable customers.*

SUSTAINABLE SUPPLY CHAIN

WHY IT MATTERS

Recognising the importance of transparency, ethics, and fairness in our procurement process and business conduct, we have enacted stringent policies to support a fair, transparent and ESG-centric procurement framework. By practising responsible sourcing, enhancing supplier oversight and supporting local vendors, we advance our sustainability objectives while ensuring long-term value for our stakeholders and the communities in which we operate.

OUR APPROACH

PRACTICING RESPONSIBLE PROCUREMENT

The Group and its operating companies are committed to ensuring transparency and fairness in our procurement process with the aim of promoting environmental and social stewardship across our supply chain. 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.

SUPPLIER ESG ASSESSMENTS

To enhance oversight of suppliers' ESG practices, HLFG, HLB, and HLCB have integrated ESG considerations into supplier and vendor selections for their procurement and outsourcing processes, while HLA plans to implement similar initiatives.

▼

PRESERVING ETHICAL CONDUCT

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

▼

SUPPORTING LOCAL PROCUREMENT

Engaging local suppliers is crucial to our ethical procurement policies, fostering a vibrant local business environment while ensuring a reliable and sustainable supply chain. Overseas suppliers may nevertheless be engaged for services unavailable locally.

Sustainability Statement

SUSTAINABLE SUPPLY CHAIN

At HLFG and our operating entities, 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. These policies and procedures are regularly updated to reflect the latest guidelines on procurement and outsourcing processes.

Following the introduction of HLB's Vendor Sustainability Self-Assessment element into the policy in FY2021, the Bank has expanded this assessment to include all 99 Tier 1 vendors in FY2024 from the initial pilot assessment of 39 Tier 1 vendors. In FY2024, **71% of our Tier 1 vendors scored Best in Class,** up from 61.5% in the pilot assessment.

In July 2023, HLIB revised its Procurement Management Policy to incorporate stringent assessments of supplier management practices and policy adoption in areas such as **environmental performance, AML, CFT, CPF & TFS, human rights, cybersecurity and personal data protection.**

FY2024 PERFORMANCE DATA

Supply Chain Management **C7(a)**

	HLFG	HLB	HLA	HLCB	Group Consolidated
Percentage of Suppliers That Are Based Locally	97%	91%	96.7%	94.0%	96%
Percentage of Total Spend on Local Suppliers	99.8%	94.6%	95.4%	90%	94.3%



HUMAN & LABOUR RIGHTS

WHY IT MATTERS

Our Group policies and those of our operating companies emphasise our dedication to protecting and respecting human rights throughout our value chain and business operations.

OUR APPROACH

UPHOLDING RIGHTS AND EQUAL OPPORTUNITY

Adhering to the principles set forth by the United Nations Global Compact, we acknowledge our responsibility to uphold human and labour rights. Guided by a Group-wide Code of Conduct and Ethics (see 'Good Governance & Ethical Business Conduct' on page 70 for more details), alongside relevant policies implemented by our operating companies and their subsidiaries, we are resolute in treating all employees with the utmost respect and ensuring equal opportunities for their professional advancement.

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 recognise the importance of diversity in leadership and have adopted a Board Diversity Policy to enhance the collective skills, perspectives and strengths of the Board. The Board will set appropriate diversity targets, including gender balance, and will take necessary measures to meet these targets as needed. In doing so, the Board aims to maintain diversity in line with SC's Malaysian Code on Corporate Governance.

PRESERVING RESPECTFUL WORKPLACES

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.

We expect our supply chain to adhere to similarly high standards, and undertake oversight of their management of issues related to human rights, such as discrimination, harassment and equal opportunity. The Group and its operating companies have included ESG criteria in the assessments of new suppliers, with periodic checks undertaken thereafter to monitor ongoing compliance.

In FY2024, there were

ZERO grievances or incidents reported related to harassment, bullying or discrimination.

ZERO record of human rights violation across the Group.



Sustainability Statement

PILLAR 3 : COMMUNITY INVESTMENT

Supporting Social Enterprises and Communities

Financial Inclusion & Literacy

SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

WHY IT MATTERS

We are dedicated to creating shared value for all stakeholders, including the broader communities where we operate. Across the Group, we are enhancing our community engagement to make meaningful environmental and social contributions, notably through support for socially responsible enterprises and environmental conservation efforts. By leveraging our resources to empower communities, we enhance our reputation while fostering progress towards sustainable development goals.

OUR APPROACH

AMPLIFYING OUTCOMES THROUGH COLLECTIVE ACTION

Our operating companies choose their strategic partners for community outreach with care, focusing on those with strong social and environmental goals. This approach enables us to work with organisations that align with our values, enhancing the positive impact we can achieve together. Our employees are crucial to these efforts, actively engaging in the Group's initiatives to support local communities throughout the year.

HLFG's Community Engagement



Supporting the Underprivileged

Throughout the year, the Group launched several initiatives to assist underprivileged communities. These included a Chinese New Year KFC Meals Donation as part of the HLB-HLFG Employee CSR Program, a HLB-HLFG Pre-Loved Denim Clothes & Books Donation Drive organised in collaboration with social enterprises SURI and FINCO, and a CSR Soup Kitchen Initiative, where staff volunteered to support those in need.



Tree Planting and Hiking Trail Maintenance

14 volunteers from HLFG took part in trail maintenance to encourage local community use of the Pulai trail as a hiking destination, promoting appreciation for urban biodiversity and conservation. This environmental initiative aims to raise awareness of the importance of reducing carbon emissions and preserving the environment for future generations' enjoyment.

SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

HLB's Community Engagement

HLB Jumpstart

The HLB Jumpstart programme assists early-stage Malaysian startups and entrepreneurs focused on creating sustainable solutions, promoting innovation and addressing environmental issues. Currently, the programme supports seven social enterprises:

SURI: A fashion company that repurposes denim and provides opportunities for single mothers from underprivileged communities.

Green Hero: An online platform that sells surplus food at reasonable prices, reducing food waste and offering underprivileged communities access to affordable, nutritious food.

Coffee for Good: Trains and employs underserved youth as skilled coffee baristas, breaking down barriers to opportunities in the F&B industry.

The Asli Co: Trains mothers from indigenous communities in Malaysia to produce and sell modern handicrafts, enabling them to support their children's education.

Benak Raya: Develops rice-based products to preserve traditional Simanggang rice farming in Sarawak, uplifting the local Ibanese community.

Primus Wellness: Produces and sells herbal products while creating entrepreneurial and job opportunities for underprivileged and financially vulnerable communities.

Refiller Mobile: Provides home delivery for household goods via a zero-waste mobile store, reducing single-use plastic and promoting circularity.

In FY2024, the HLB CSR team organised the HLB Jumpstart 3.0 workshop, which included participation from the supported social enterprises and one NGO. The workshop provided upskilling and knowledge in areas such as Microsoft Excel, ESG, digital marketing and social media branding.

Employee Volunteerism

Through the HLB Employee CSR Programme, the Bank's employees invest their time and resources to support welfare homes nationwide during festive seasons, such as Chinese New Year, Hari Raya and Deepavali, and take part in various other volunteering efforts. In FY2024, employees contributed a total of 3,091 volunteer hours across various activities under the programme's five pillars: Environment, Food Security, Festive (Community), Financial Literacy and Social Enterprise.

In total, HLB invested

RM476,600 in local communities during FY2024, collectively creating value in the lives of

9,013 direct beneficiaries and

1,535 indirect beneficiaries

HLA's Community Engagement

Run For A Better Tomorrow

With over 1,800 participants, HLA's charity run has raised RM30,000 for ROSE Foundation alongside Hong Leong MSIG Takaful and Hong Leong Foundation.

This run serves as a platform to bring the community together and create awareness to the public on the importance of living a healthy and active lifestyle for a sustainable future. Held in conjunction with the insurer's 50th Anniversary, runners came together to raise awareness in nurturing a culture of sustainability and quality of life cultivating ESG practices within the community.

HLA Denim & Books Donation Drive

In support of Hong Leong Bank's Denim & Book Drive, HLA staff donated 20 pairs of denim jeans to be upcycled by Suri Lifestyle, a social enterprise that empowers underprivileged single mothers. They also contributed 120 reading materials, including academic books, novels, and magazines, to students at SK Methodist Pelabuhan Klang as part of FINCO's education initiatives.

Raising Funds for the Underprivileged

HLA management and staff raised over RM12,000 in cash donations from 24 June to 5 July 2024 on behalf of Yayasan Food Bank Malaysia. This donation supported at least 100 underprivileged families in Malaysia who are currently facing economic hardships.

During FY2024, HLA contributed

RM21,000

to community projects, impacting 70 women in underprivileged communities

Sustainability Statement

SUPPORTING SOCIAL ENTERPRISES & COMMUNITIES

HLCB's Community Engagement

Supporting Local SMEs

Supporting local SMEs is a core emphasis of HLCB's community support initiatives, with deserving local enterprises engaged to provide goods and services during festive celebrations.

- For the Chinese New Year celebration in February 2024, 550 succulents worth RM4,505 were sourced from Little Eden Succulents, a local business that donates a portion of its annual profit to charitable organisations.
- Deliccia, a social enterprise employing urban poor housewives and single mothers, was engaged to cater the internal CNY celebration at a cost of RM5,736.
- During the FY2024 Raya celebration, HLCB engaged Seven Tea One, a non-profit that employs differently abled teens, urban housewives and single mothers, investing RM6,720 for their catering services.

Ramadan Dates Distribution

To support underprivileged and essential communities during Ramadan, HLCB distributed dates to suraus and old folks' homes from 17 to 28 March 2024. An investment of RM1,584 facilitated this initiative, reaching seven suraus and two old folks' homes.



Donation Drives

HLCB organised three donation drives during FY2024:

- In collaboration with HLB, 67 pieces of denim and 99 books were collected via a donation drive held in February 2024 to support underprivileged mothers and provide educational resources to underprivileged children and youth.
- Leveraging a Ramadan donation drive amongst HLAM and HLISAM staff, HLCB donated RM1,650 worth of breaking fast meals for 300 people to the PERTIWI Soup Kitchen charity for the homeless.
- Via a New Year's donation drive for two old folks' homes, the Pertubuhan Kebajikan Pusat Jagaan Sri Mesra at Ampang received a donation of RM1,500 in cash and RM300 in food and essential items, while Pusat Jagaan Siti Nor Aini at Kajang received a donation of RM1,500 in cash, alongside food and essential items, including a freezer.

Well Project 2024 Program

This project aimed to support the construction of a well to provide clean water to communities in Tanzania and Malawi, helping to uplift these underprivileged communities. A total of RM1,230 was raised by staff and HLAM collectively during May and June 2024, with a QR Code provided to staff to encourage convenient donations.

HLCB invested a total

RM24,725

in community programmes and initiatives during FY2024, impacting

30 BENEFICIARIES

FY2024 PERFORMANCE DATA

Community Empowerment

	HLFG	HLB	HLA	HLCB	Group Consolidated
Total amount invested into community projects (RM)	910	476,600	21,000	24,725	523,235

FINANCIAL INCLUSION & LITERACY

WHY IT MATTERS

As an integrated financial services group, we remain committed to deliver inclusive financial solutions, driven by technology and digitalisation. By placing emphasis on targeted financial inclusion and literacy initiatives, we aim to reduce inequalities and support national goals to bridge the financial rural-urban gap, contributing to long-term economic resilience for the nation.

HONG LEONG BANK BERHAD

DuitSmart Financial Literacy Workshops

Leveraging their DuitSmart platform launched in FY2021 to empower Malaysians with greater financial acumen, HLB conducted 73 DuitSmart workshops at primary and secondary schools, universities and community centres during FY2024, impacting nearly 8,000 beneficiaries. The Bank also organised a HLB DuitSmart Month to promote the platform, leading to the acquisition of 580 new bank customers.



HLB Jump Start – Micro Business

In the previous financial year, HLISB launched the HLB Jumpstart - Micro Business programme to provide financing for individuals with limited or no credit history, as well as aspiring entrepreneurs with low credit scores, giving underserved individuals the chance to start their own businesses.

Since HLB Jumpstart - Micro Business launched in 2022, we have onboarded **20 businesses** through MADCash and **22** through AlfieTech, disbursing over **RM100,000** in microloans

Talking ATMS

Aligned with the Bank's dedication to provide inclusive financial services, HLB pioneered talking automated teller machines ("ATMs") in Malaysia for the visually impaired community. These innovative ATMs feature braille keypads and headphone sockets, offering accessible banking with instructions in English, Malay or Mandarin.

As of FY2024, the network of HLB Talking ATMs comprises **17 machines** across West and East Malaysia.

HLB Pocket Connect for the Younger Generation

The Pocket Connect digital app is equipped with tools and functionalities that enhance financial literacy and skills for people aged under 18, encouraging parents to instil healthy financial habits in their children from an early age. During the year, the Bank recorded 36,801 HLB Pocket Connect sign-ups, issued 62,384 HLB/HLISB Junior Debit Cards and opened 99,368 new HLB 3-in-1 Junior Accounts.

Sustainability Statement

FINANCIAL INCLUSION & LITERACY

HONG LEONG ASSURANCE BERHAD

Cashless Facility for Outpatient Treatment

Driven by their customer-first vision, HLA has enhanced their customer experience by introducing a cashless facility for customers seeking outpatient treatments. In upgrading the previous reimbursement method, HLA provides a seamless payment experience at panel hospitals and eases the financial burden on policyholders. The move has also reduced documentation requirements during admission and claims, while enabling policyholders to conveniently track the status of their guarantee letter via the HLA360° application.

HONG LEONG CAPITAL BERHAD

Offering Opportunities for Sustainable Investment

Following the launch of Hong Leong Global ESG Fund ("HLGESGF") in FY2022, HLCB introduced its first Shariah-compliant ESG fund in FY2023, the Hong Leong Global Shariah ESG Fund ("HLGSESGF"). Providing medium to long-term capital growth through investment in a globally diversified portfolio of companies that adhere to ESG criteria, these funds enable our sustainability conscious customers to expand their portfolio in tandem with their commitments.

Expanding Access to Retirement Schemes

The Hong Leong Private Retirement Scheme ("PRS") was introduced in December 2022 to enhance accessibility to retirement fund solutions. Building on this, HLCB launched three new funds under its PRS to cater to customers seeking Islamic regulated solutions - the Hong Leong PRS Islamic Growth Fund, Hong Leong PRS Islamic Moderate Fund and Hong Leong PRS Islamic Conservative Fund.



Empowering Female Investors

HLAM organised an International Women's Day Campaign in FY2024 to promote retirement savings and investment among women, including the use of their EPF funds. With the goal of empowering women financially by enhancing their knowledge, skills and confidence to make informed investment decisions and achieve their financial objectives, the campaign attracted 34 participants and achieved net investment sales of RM354,700.

Enabling Shariah-compliant Trading

To promote an inclusive investment experience, HLeBroking's trading platform was upgraded to allow clients to trade in Shariah-compliant stocks. Clients with Shariah accounts can exclusively purchase stocks that comply with Shariah principles.

PILLAR 4 : DIGITAL AT THE CORE

- Digitalisation & Innovation
- Customer Experience
- Privacy, Data Protection & Cybersecurity

DIGITALISATION & INNOVATION

WHY IT MATTERS

In today's modern landscape, customers across our operating companies increasingly expect seamless and convenient banking experiences that offer accessibility anytime, anywhere. In line with our vision to be an integrated financial services group that consistently meets our customers' needs, innovation and the adoption of technological advancements remain pivotal in delivering our full suite of financial products. At the same time, we recognised the cybersecurity and data privacy risks inherent within the digital landscape and invested in maintaining robust safeguards across our operations.

OUR APPROACH

DELIVERING INNOVATIVE AND PERSONALISED DIGITAL SOLUTIONS

HONG LEONG BANK BERHAD

HLB remains at the forefront of the digital banking landscape, advancing Malaysia's cashless society goals through innovative digital branches and solutions that harness new technology to enhance customer user journeys and experiences.

FY2024 Initiatives to Enhance Digital Functionality

Apply@HLB & HLB Wallet

Malaysia's first fully digital onboarding experience was enhanced with e-Know Your Customer ("eKYC") functionality for sole proprietors and a Pay&Save feature to simplify banking.

HLB Connect Online

This one-stop digital banking platform introduced new mortgage and transaction services, backed by advanced security protocols. Key enhancements to safety features included the rollout of AppAuthorise and HLB Connect Code, which replaced SMS TAC for banking transfers and security settings respectively.

FY2024 Achievements	FY2024 Achievements
More than 27,200 new HLB Wallet accounts registered.	**RM108.5 billion** in retail transaction value for retail internet banking

Sustainability Statement

DIGITALISATION & INNOVATION

HONG LEONG BANK BERHAD

HongLeong connect

HLB Connect App

The mobile app, offering full banking functionality, was updated with a new interface featuring an easy-to-view dashboard summary and improved navigation, while enabling seamless digital application of product offerings through the app.

FY2024 Achievements
HLB Connect App **20%** increase in active users year-on-year.
Total number of users Approx. **2.6 million**

HongLeong connectFirst

HLB ConnectFirst and Digital Onboarding for Businesses

A digital banking solution for businesses, it now features the e-Know Your Business ("eKYB") function for new account openings.

FY2024 Achievements
HLB ConnectFirst **11%** growth in active users year-on-year.
>100,000 companies on HLB's corporate internet banking platform

Pioneering Cashless Ecosystems

- **HLB@Kampung programme:** HLB is transforming rural and hard-to-reach areas in Malaysia into cashless villages by providing local businesses with digital payment tools. This includes making Sekinchan Malaysia's first cashless kampung and initiating digital transformation in Bagan Nakhoda Omar, Sabak Bernam through the Program e-Duit Desa. A total of 71 projects have been launched as at the end of FY2024.

FY2024 Achievements
Opened more than **9,900 accounts** with a total of **RM39.9 million** in account balances

FY2024 Achievements
71 projects initiated, with **27 active projects**, an increase of **237.5%** from FY2023

- **HLB@School programme:** HLB is equipping schools with digital solutions to foster cashless ecosystems and teach good money habits to young students.

FY2024 Achievements
Opened more than **34,900** HLB Junior Accounts

FY2024 Achievements
Onboarded **26** new cashless schools, bringing the total to **95** and marking a **38%** increase compared to FY2023

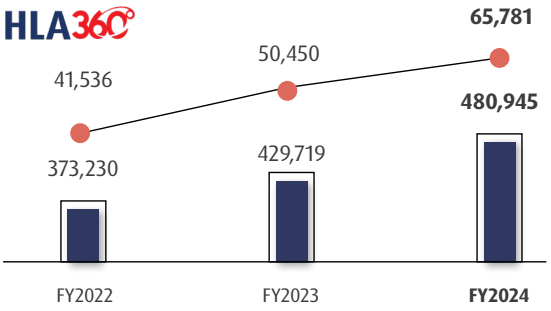
FY2024 Achievements
Provided more than **1,900** POS terminals to **167** school merchants

HONG LEONG ASSURANCE BERHAD

HLA continues to leverage digital technology to improve customers' ability to make purchases and payments seamlessly via digital platforms, while consistently enhancing its digital solutions to boost efficiency and provide a more seamless customer experience.

HLA360°

HLA's online customer portal offers customers convenient instant access to their policy information and e-medical card, as well as enabling them to perform self-service online transactions. Supported by ongoing efforts to enhance functionality and user experience, HLA360° has continued to record steady growth in registered users and online transactions.



Growth rate from FY2023 to FY2024:

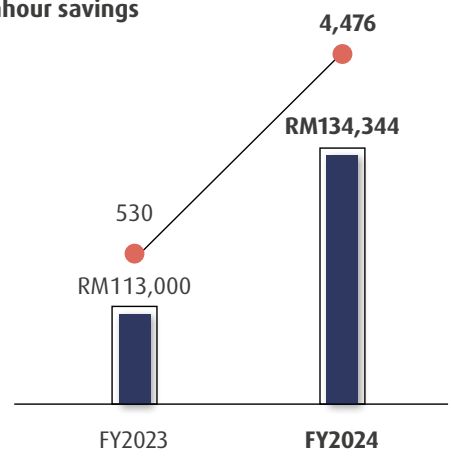
Registered users **12%**

Online transactions **30%**

ADOPTING ROBOTIC PROCESS AUTOMATION ("RPA")

HLA has expanded its use of robotic process automation to create digitalised processes that not only enhance customer experience but also increase efficiency, accuracy of information and cost savings. Key initiatives this year include automation of manual processes involving credit card standing instruction payments.

>700%
manhour savings



EXPANDING DIGITAL TRAINING

To support its modernisation and digitalisation goals, HLA has focused on equipping its employees with the skills to fully utilise modern technology, automation and data analytics. Highlights from the past year include:

An additional **39** employees have been trained in RPA and Lean Six Sigma.

HLA launched a new Tableau Data Champion Program to enhance employees' understanding of data analytics, data visualisation and building tableau dashboards, underscoring its aspiration to harness self-service analytics and become a data-driven organisation. In FY2024, **102** employees completed beginner training, with Intermediate and Advanced training planned for FY2025. So far, five dashboards have been created by data champions following the programme, leading to an estimated annual saving of **552** manhours.

DIGITALISATION & INNOVATION

HONG LEONG CAPITAL BERHAD

HLCB has continued to prioritise digital transformation and innovation, focusing on enhancing service accessibility, promoting financial inclusion within the investment community and improving productivity and system efficiency across its operations.

Digital Portals with Advanced Functionality

HLeBroking Digital Platforms	Direct Market Access ("DMA") Trading	HLAM's Online Transaction Platform
• Offers clients a seamless trading experience via both website and mobile application. • Key features include digital onboarding through eKYC, streamlined trading processes and quicker turnaround times, such as instant trading post-fund deposits. • Recently upgraded in March 2024 to allow existing clients to apply for a foreign shares trading facility.	• Launched in July 2020, HLCB's Direct Market Access ("DMA") electronic trading solution enables real-time investment order execution at reduced costs. • The DMA system was upgraded in FY2024 to incorporate algorithmic trading capabilities, expanding the range of trading options available to clients.	• Enhances client investment experience with increased flexibility and accessibility through the HL iSmart Invest and EPF i-Invest modules. • HL iSmart Invest offers a cash investment module for easy investment in a variety of funds. • EPF i-Invest allows EPF members to invest in HLAM's EPF-approved funds via the EPF's Members Investment Scheme.

A ROBUST NEW AGENCY SYSTEM

Launched in May 2024, AgencyPRO, HLAM's new agency system, enables digital onboarding for new Unit Trust Consultant ("UTC")/ Private Retirement Scheme Consultant ("PRC") members and provides easy access to consolidated client information, including e-business cards for networking. The system also features a library module with customisable profiles, unique QR codes and seamless sharing modes alongside a training module to explore its full functionality.

DIGITALISATION OF PROCESSES

- HLCB's Information Technology ("IT") Department established a data warehouse system in June 2023, centralising integrated data from various sources.
- Completed the digitalisation of Central Depository System ("CDS") forms in July 2024, enabling convenient and timely e-submissions to Bursa Malaysia.
- HLAM is in the process of transitioning all critical client updates, including statements, dividend vouchers, reports and transaction slips, to electronic communication.

CUSTOMER EXPERIENCE

WHY IT MATTERS

Across the Group, we consistently reinforce consumer relationships by fostering meaningful connections and offering value-added solutions. Through proactive engagement, we gain valuable insights into their financial needs and accessibility concerns, allowing all our operating companies to develop tailored solutions that address specific requirements. This leads to improved customer satisfaction, bolstering loyalty and safeguarding the long-term prospects of the Group.

HONG LEONG BANK BERHAD

CUSTOMER EXPERIENCE LAB

HLB has continued to utilise its Customer Experience ("CX") Lab to gain deeper insights into customer needs and respond to their evolving expectations. The CX Lab combines the expertise of internal teams and external specialists, including leading technology companies, FinTech firms, start-ups and academic institutions. Through workshops and engagement sessions, the lab gathers insights and leverages technology to enhance customer experiences, products and services. Between January 2021 and June 2024, the CX Lab has facilitated 72,971 customer engagements.

IMPROVING CUSTOMER SATISFACTION

Through its Voice of Customer ("VOC") platform, HLB received 386,831 feedback submissions during FY2024, reflecting high customer satisfaction scores across various metrics as shown below.

HLB FY2024 Customer Satisfaction Scores

4.53 out of 5 for 'Customers Calling Contact Centre'	**4.57 out of 5** for 'Customers Visiting Branch'	**4.39 out of 5** for 'Internet Banking Users'
4.63 out of 5 for 'Mobile Banking Users'	**4.46 out of 5** for 'SST Users'	**4.58 out of 5** for 'HLB Pop-up'

HLB has facilitated
26,519 customer
engagements via its community platform, HLB Designed by You ("DBY").

HLB successfully engaged
>7,300 prospects
and facilitated
> 2,800 financial
advisory sessions through its HLB Pop-up initiative launched in high-traffic areas.

CUSTOMER EXPERIENCE

HONG LEONG ASSURANCE BERHAD

DRIVING INCREASED CUSTOMER SATISFACTION

Since mid-FY2023, HLA has focused on enhancing customer satisfaction across its three main touchpoints. By conducting surveys with telephone, email and walk-in customers regarding the quality of customer service, HLA has been able to track its Net Promoter Score ("NPS") across these areas and implement initiatives that have led to notable improvements.

NPS scores

Promoters	Detractors
+18.5% YoY	**-78.2% YoY**

HONG LEONG CAPITAL BERHAD

HLIB MIGRATION TO THE NEW HLB E-COMMERCE PAYMENT PLATFORM

HLIB has integrated the new HLB e-Commerce Payment Platform and this has enabled clients to perform large-sum transfers of up to RM1 million from their HLB account to HLIB's collection account. The platform migration allows for instant receipt creation in clients' trust accounts with the immediate update on increasing relevant trading limits. This builds upon intra-Group synergies to deliver integrated financial services while further encouraging clients to bank with HLB through CASA account opening.

ENHANCING DIGITAL ONBOARDING SERVICES

In November 2023, HLAM launched a digital client onboarding service for its HLAM/HLISAM i-Smart Invest module, allowing seamless remote onboarding of new customers. By the end of FY2024, this module had successfully opened 151 new accounts. Additionally, the HLAM Agency System, launched in May 2024, facilitated the digital onboarding of new UTC/PRC members.

CLIENT EDUCATION AND ENGAGEMENT INITIATIVES

Key highlights of HLCB's client education and engagement initiatives during FY2024 include:

Conducted 11 investment and market outlook webinars and roadshows with **over 700 participants**

- Collaborated with Bursa Malaysia to hold **3 sessions of the Bursa-HLIB Stratum Focus Mini Conference** for clients during FY2024
- Published over **1,445 educational resources and research reports,** providing clients with valuable investment and wealth planning knowledge
- Participated in **InvestSmart® Fest 2023,** a key industry investor education initiative organised by the Securities Commission Malaysia, held at KLCC from 17-19 November 2023
- Set up booths at the **Bursa Marketplace Fair** in Kota Kinabalu and the SC's InvestSmart®@Johor 2024 event, both held in May 2024

PRIVACY, DATA PROTECTION AND CYBER SECURITY

WHY IT MATTERS

As our customers shift towards digital platforms and online financial services, robust cyber security systems and controls are crucial to prevent authorised access, data breaches, financial losses and fraud. The proliferation of cyber attacks such as phishing scams and malware attacks has become commonplace, leaving enormous amounts of data vulnerable to theft. By ensuring responsible data handling, and strengthening our security and resiliency in critical infrastructures, we effectively safeguard our operations, and customers' data and interests.

OUR APPROACH

Data privacy and cyber security are top priorities of the Group. The Group's holistic approach focuses on multi-layered security implementations aimed at safeguarding the integrity of our systems and customer information, complemented by comprehensive internal controls and cyber security and fraud/ scam awareness and education.



We manage technology and cyber risks as part of the overall risk management strategy, effected through HLFG's Technology Risk Management Policy, Cyber Resilience Policy and Personal Data Protection Policy. The Group has institutionalised the Group Board Information and Technology Committee ("GBITC"), which supports the Boards of our operating companies[13] in overseeing technology and cyber security related matters.

The GBITC promotes consistency in practices and policies across HLFG, fostering trust in the Group, building robust practices and cultivating strong cyber security awareness throughout the organisation. As custodians of our customers' assets and personal data, we continue to enhance our vigilance and cyber security capabilities in response to cyber threats.

FY2024 GBITC Agenda Highlights

Digital, technology and cyber security disruptions and trends	Strategy and technology roadmaps	Technology project pipeline and updates
Security initiatives, enhancements and cyber awareness	Technology and cyber risk reports	Regulatory compliance and technology guidelines such as cloud and digital assets

[13] *GBITC supports the Boards of HLFG, HLIB, HLA and HLMT.*

PRIVACY, DATA PROTECTION AND CYBER SECURITY

HONG LEONG BANK BERHAD

Board Committee and Policies

- The Board Information and Technology Committee ("BITC") supports the Boards of HLB and HLISB in managing and overseeing technology and cybersecurity issues, safeguarding customer data and upholding the integrity of its banking infrastructure.
- Implemented Board policies on Technology Risk Management, Cyber Resilience, Data Management and Data Protection & Customer Secrecy.

Protocols and Proactive Security Measures

- Continual enhancement of multi-layered security protocols across digital applications, while implementing proactive cybersecurity updates to prevent internet and mobile banking fraud.
- Most recent security updates include implementing a "one mobile device per customer" policy, incorporating an emergency lock feature to prevent transactions and setting cooling-off periods for mobile app binding, transaction limit increases and changes to customer information
- A dedicated Security Alert and Scam Prevention section on the corporate website, as well as a 24/7 contact centre for customers.

FY2024 Training and Awareness Initiatives

- Mandatory e-learning on cyber security and cyber risk management, requiring employees to pass an assessment with a minimum score of 80%.
- Organised Cyber Leaders Training to deliver practical training for managers to guide their teams in managing, responding to and reporting potential cyber attacks
- Published a series of cyber comics to promote cyber security best practices throughout the organisation
- Conducted monthly phishing simulation exercises to improve cyber awareness among employees





HLB recorded **ZERO** substantiated complaints concerning breaches of customer privacy or losses of customer data.

HONG LEONG ASSURANCE BERHAD

Governance and Policies

- The Group Board Information and Technology Committee ("GBITC") supports the Board of HLA to manage and oversee technology and cybersecurity issues, safeguard customer data and uphold the integrity of its digital infrastructure.
- A Technology Risk Management Policy has been instituted to address risks arising from failures or breaches of IT systems and applications, alongside a Cyber Resilience Policy, Cloud Computing Adoption Policy and IT Security Operations Policy.



FY2024 Training and Awareness Initiatives

- Cyber comics on various topics such as identifying phishing emails, data privacy, locking laptops when away and being aware of your surroundings.
- Materials on the effective use of generative AI tools
- Monthly phishing simulations and emerging cyber threat newsletters
- Awareness on cleaning desks and proper safety protocols when using public Wi-Fi
- Awareness emails on the "Boss Scam", a phishing, smishing or phone call scam used by hackers to impersonate bosses or executives
- Focus highlights on privacy, data protection and cyber security during employee orientation



HLA recorded **ZERO** instances of data breaches and cyber intrusions, with no identified leaks, theft or losses of customer data.

Business Continuity Management ("BCM")

HLA's BCM policy and procedures were set in place to ensure a consistent approach and provide guidance for emergency response, detailing areas such as:

- BCM strategies to be undertaken by critical business functions
- Disruption responses, maximum tolerable downtime and recovery time objectives
- Business continuity plan ("BCP") and recovery strategies.



PRIVACY, DATA PROTECTION AND CYBER SECURITY

HONG LEONG CAPITAL BERHAD

Governance and Compliance

- The Group Board Information and Technology Committee ("GBITC") supports the Board of HLIB to manage and oversee technology and cybersecurity issues, safeguard customer data and uphold the integrity of its investment banking infrastructure.
- Compliance and vigilance are guided through robust policies and guidelines aligned with the regulations of the Financial Services Act 2013 ("FSA"), Capital Markets and Services Act 2007 ("CMSA"), and Personal Data Protection Act 2010 ("PDPA"), while following guidelines prescribed by BNM, SC and Bursa Malaysia.

Controls and Measures

- Internal restrictions, antivirus and firewall measures and data integrity monitoring tools
- Mechanisms to enhance remote cybersecurity for employees working from home
- Systems and applications that are consistently updated and enhanced in line with the latest developments, alongside regular assessments to identify and address cybersecurity gaps
- Planned exercises simulating real-life cybersecurity scenarios to evaluate the ability to detect and respond to threats effectively
- Tipping Point Intrusion Prevention System implemented, safeguarding computer systems from vulnerability attacks and web application vulnerabilities

FY2024 Training and Awareness Initiatives

- Cybersecurity Threat Modelling briefing
- Gamification of learning on malware, mobile security and phishing through videos and crossword puzzles
- Educational materials on cybersecurity awareness disseminated via email, alongside instructions and assessments on password security
- Bi-weekly cybersecurity awareness pop-up slide appears upon staff login on PC or laptop
- 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

HLCB recorded **ZERO** instances of data breaches and cyber intrusions, with no identified leaks, theft or losses of customer data.

FY2024 PERFORMANCE DATA

Data Privacy and Security C8(a)

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data*

Year	HLFG	HLB	HLCB	HLA	Group Consolidated
FY2022	0	0	0	0	0
FY2023	0	0	0	0	0
FY2024	0	0	0	0	0

Notes:

* *Substantiated complaints refer to written statements by regulatory or similar official body addressed to the company that identifies breaches of customer privacy, or a complaint lodged with the company that has been recognised as legitimate by the company*

PILLAR 5 : WORKFORCE READINESS

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

TALENT ATTRACTION, DEVELOPMENT & RETENTION

WHY IT MATTERS

Establishing a thriving and competent workforce is vital to gaining a competitive edge in the financial industry. Through targeted recruitment strategies and comprehensive programmes that foster growth, development and job satisfaction, we aim to attract and retain top-quality talent with the skills and qualities to drive our business forward. We also emphasise talent identification and succession planning, building a continuous pipeline of future leaders to support our long-term ambitions.

OUR APPROACH

COHESIVE TALENT DEVELOPMENT

Across the Group, we have implemented a learning framework designed to offer a well-rounded approach to employee development, enhancing knowledge, experience and skills across various domains. By adopting the 70-20-10 Talent Development Model, we ensure a consistent and comprehensive approach to training, incorporating peer and mentor learning alongside extensive development programmes. Our focus spans leadership, soft skills, and both functional and technical abilities, and we strive to ensure our learning programmes are made accessible to all employees.

Adopting the 70-20-10 Talent Development Model

70% **On-the-Job Learning**	On-the-job learning is facilitated through job rotations, internal projects and stretch assignments.
20% **Learning from Others**	Learning from others is promoted through focus groups, mentoring, networking, external conferences and workshops.
10% **Formal Training**	Formal training is provided through structured programmes and courses.

Sustainability Statement

TALENT ATTRACTION, DEVELOPMENT & RETENTION

HONG LEONG BANK BERHAD

- **Employees Onboarding Programme**
  New HLB employees are required to complete a virtual onboarding programme within 60 days of their start date. This structured programme covers our internal policies and processes, sustainability efforts and ethical banking fundamentals (through the Ethics in Banking course by the Asian Banking School) in order to build a strong understanding of our values and standards.

Over the past five years

More than **6500** new employees have taken part in our new hire induction, with **1,666** employees participating in FY2024	More than **5,900** employees have attended the Introduction to Sustainability and Brand Promise training sessions, including **1,812** employees in FY2024	More than **1,200** employees have completed the Asian Banking School's Introduction to Ethics in Banking course, with **249** employees completing the course in FY2024

- **Accreditation Programme**
  Employees are given the opportunity to undertake accreditations relevant to their career paths, empowering them to become experts in their field. Programmes currently offered include the Chartered Bankers Programme, the Islamic Finance Qualification and AICB Certification in Risk, Audit, Compliance, Credit and AML/CFT.

- **Digital Learning Platform**
  In FY2024, HLB launched Go1, a fully digital learning platform designed to provide employees with 'anytime, anywhere' access to training resources and promote a continuous learning mindset. Go1 offers access to over 80,000 modules from more than 200 content providers and is fully integrated within HLB@Workday, the bank's internal people and performance management platform. A total of 4,885 employees completed voluntary e-learning courses on HLB@Workday during FY2024.

- **Building Talent Pipelines**
  HLB provides structured internships and training through its Internship, Graduate Trainee, and Protégé Programmes, aiming to recruit diverse and capable young talent to support its long-term goals. This effort is further bolstered by in-person engagement at key university campuses to identify and connect with potential new hires.

- **Talent Review and Succession Planning**
  HLB offers employees numerous opportunities for both lateral and vertical career growth by frequently advertising internal job openings and providing diverse career pathways within the Bank. This is complemented by the HLB Leaders Programme, which develops potential future leaders through customised development plans and cross-functional collaborative opportunities. In FY2024, 997 employees transitioned to new roles or received promotions, representing a 13% increase in the number of vacancies filled internally.

In FY2024, HLB recorded **626,972** training hours bank-wide, with 77 average training hours per employee.



HONG LEONG ASSURANCE BERHAD

- **Training Programmes**
  Several training sessions were held during FY2024 for various employee categories. This included 'The Art of Communication' for executive-level employees, and two talks for both managers and executives titled 'Problem Solving & Decision Making' and 'EQ for Personal and Interpersonal Level of Leadership Effectiveness'. Further to this, ten modules of underwriting and claims training was rolled out for selected staff, including New Business, Policy Administration Department, Claims, Customer Service and Branch staff.

- **HLA L.I.V.E Hour**
  Recognising the importance of building strong working relationships among colleagues across business units, HLA conducts the L.I.V.E Hour to engage employees to Learn, Interact, Value-add, and be Energised. During FY2024, sessions covered mental health, parental talk, personal finances and benefits of insurance.

- **Employee Engagement**
  In FY2024, a variety of activities were organised to strengthen employees' bonds with each other and give back to society, namely:

  - **HLA employees Wellness Day**
    The wellness day was organised with a theme emphasising health and wellness, with activities such as free basic health screening provided by Columbia Asia.

  - **Blood Donation Drives**
    HLA also actively organised blood donation drives for employees, supporting these events on site at our PJ City premise. These drives are helmed by Pusat Darah Negara as well as external organisations such as the LIAM Nationwide Blood Donation.

  - **Annual Dinner**
    The HLA Annual Dinner and Dance in November 2023 celebrated the 50th anniversary of the organisation, and in order to commemorate this milestone, all employees were gifted custom-made glass food containers in order to cultivate the culture of bringing personal containers for takeaways and reducing food packaging waste.

  - **Mother's Day Celebration Event**
    HLA organises thematic celebration events that offer a variety of health-related events for employees. The latest Mother's Day Celebration was organised in conjunction with external foundations and health service providers, and included:
    - Talks on cervical cancer awareness
    - Health screening by Health Lane Family Pharmacy
    - Free food sampling and low-calorie oatsome meal replacement packages

  - **Employee Insurance Showcase**
    Insurance showcases were conducted throughout the year, sharing details on exclusive employee discounts for HLA products.

During FY2024, HLA provided **5,784** hours of training to employees, averaging 9 training hours per employee.



TALENT ATTRACTION, DEVELOPMENT & RETENTION

HONG LEONG CAPITAL BERHAD

- **High Potential ("HiPo") Programme**
  HLCB continues to leverage on its HiPo Programme to identify and nurture promising employees and nurture a robust talent pipeline. Via this initiative, candidates are identified, assessed and supported through their professional development using the 70-20-10 model to meet desired goals. As of FY2024, 55 high performers have been identified and 27 potential successors for critical roles.

- **Continuing Professional Education ("CPE")**
  HLCB provides support to licensed employees in fulfilling their mandatory Continuing Professional Education ("CPE") requirements, sponsoring their annual attendance at recognised CPE programmes provided by relevant authorities.

- **HLIB's Management Associate and Graduate Trainee Programmes**
  HLIB's Management Associate ("MA") programme is designed to attract and develop future talent pipelines. This two-year programme offers participants hands-on experience across various departments, allowing management to determine where their skills fit best.

  In partnership with the Securities Commission Malaysia, HLIB has additionally launched a six-month Graduate Trainee programme to nurture graduate talent in the capital market industry. A total of 14 trainees have successfully completed the programme, with 8 transitioning to executive positions within HLCB as of FY2024.

- **HLAM's Agent Training Series**
  In July 2023, HLAM launched a training series designed to enhance agents' sales credibility and ability to build customer trust while reinforcing their responsibilities and compliance. The comprehensive training covers all aspects of their roles, and also featured talks on ongoing industry developments, risk management and responsible business conduct.

HLCB delivered a total of **4,234** training sessions, to employees throughout FY2024, with an average of 22.6 hours per employee.

FY2024 PERFORMANCE DATA

Training and Development

	HLFG	HLB	HLA	HLCB	Group Consolidated
Total Training Hours	953	626,972	5,784	12,546	646,255
Average Training Hours per Employee	**21**	**77**	**9**	**23**	**73**

Notes:
HLA's lower average training hours are attributable to the insurance sector having lower mandatory training modules by regulatory bodies in comparison to banking. In addition, HLA's team-building initiatives comprise managerial-level and above employees only.

DIVERSE & INCLUSIVE WORKFORCE

WHY IT MATTERS

Diversity and inclusion ("D&I") is a foundational pillar of our culture and crucial to maintaining our reputation as a progressive and sustainable organisation. Our meritocratic approach to D&I in all our HR practices – spanning recruitment, remuneration and development – ensures that we provide equal opportunities for all employees to realise their career aspirations, thus boosting our human capital and driving greater levels of employee satisfaction and retention.

OUR APPROACH

Our Code of Conduct and Ethics stipulates that all employees – regardless of their demographics, age or background – should be treated equally and be free from discrimination at all times. This forms the foundation of our deeply-held commitment to D&I, informing the efforts elaborated on below.

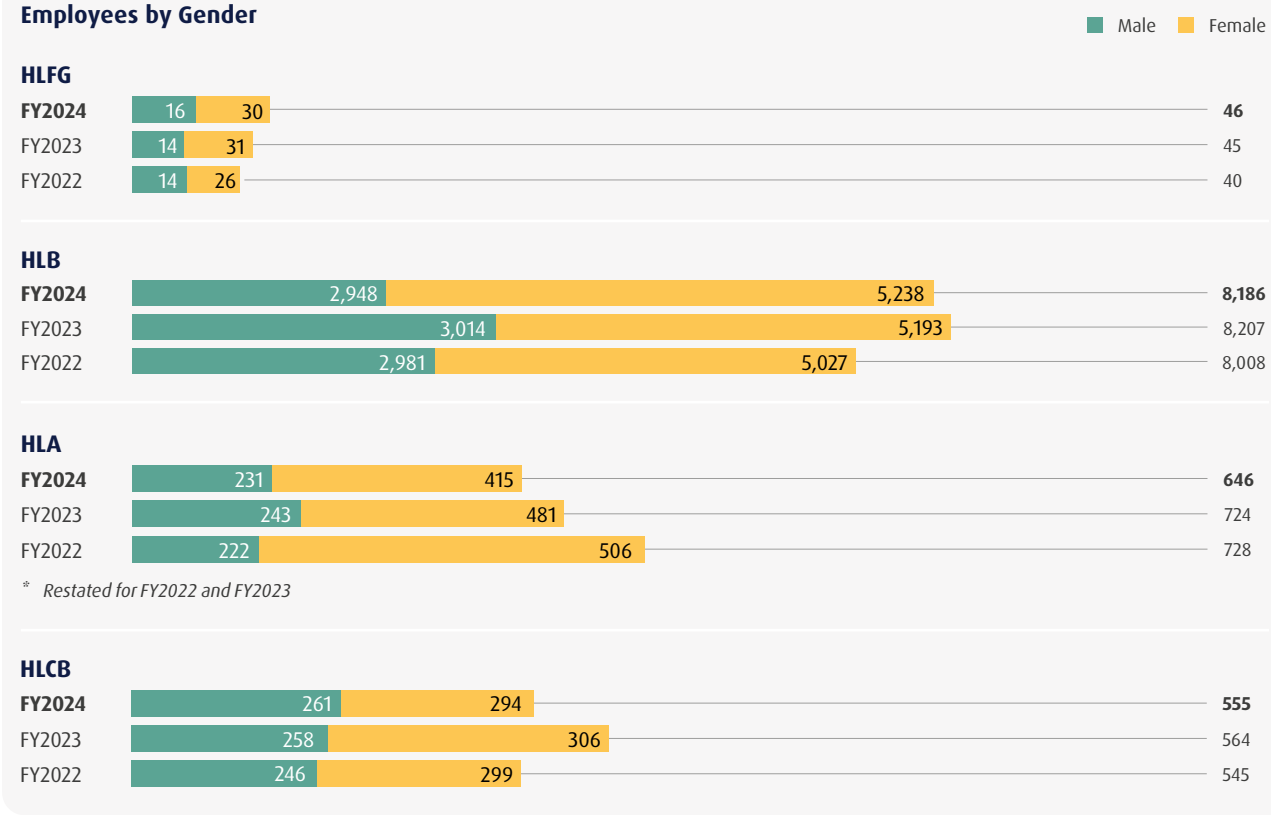
SUPPORTING GENDER DIVERSITY

We robustly promote gender diversity in the Group and its operating companies, across leadership teams and all employee levels, seeking to build a well-balanced workforce and provide a welcoming and comfortable workplace environment for all employees.

Female employees comprise **63%** of the Group's total workforce.



Employees by Gender

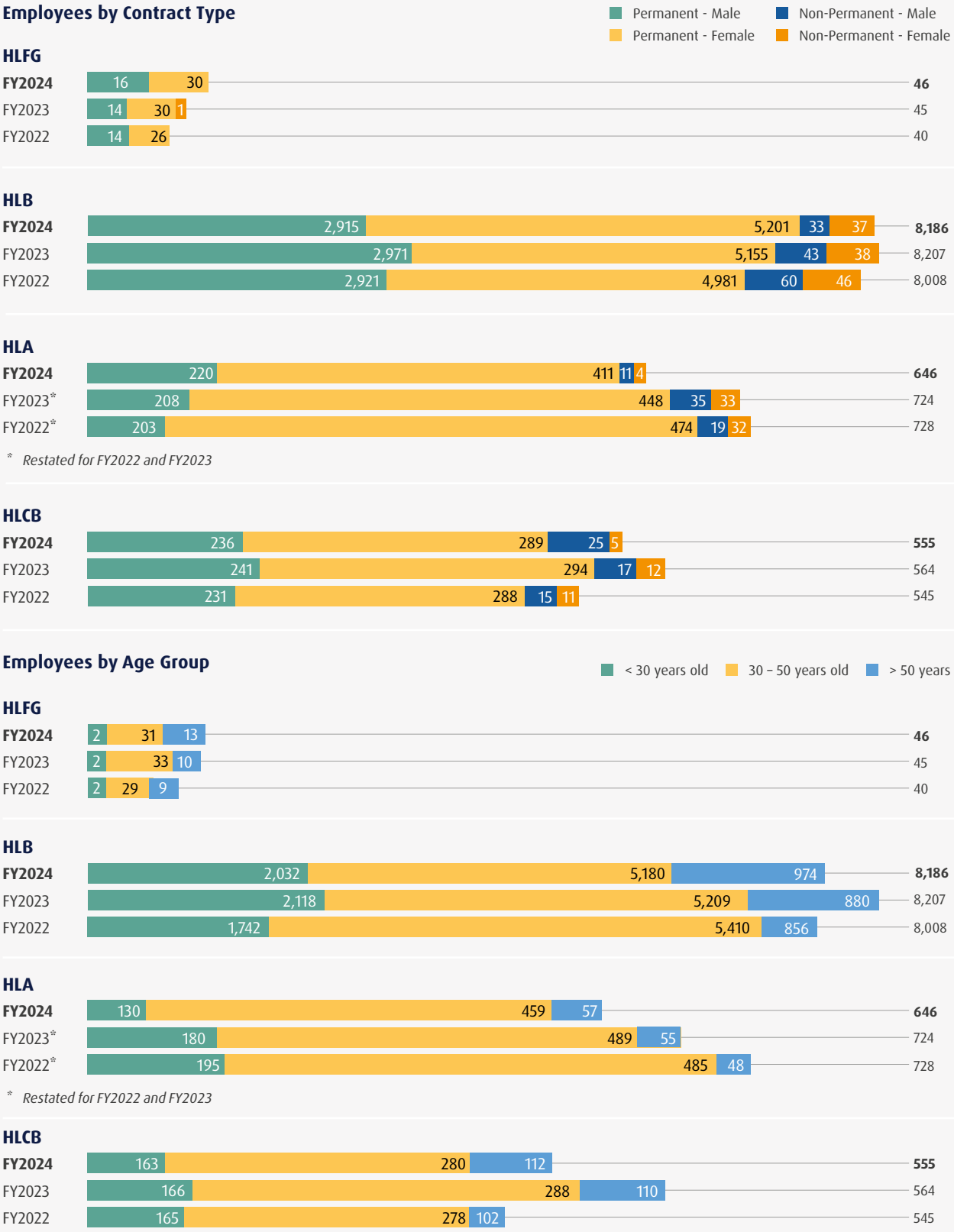


* *Restated for FY2022 and FY2023*

Sustainability Statement

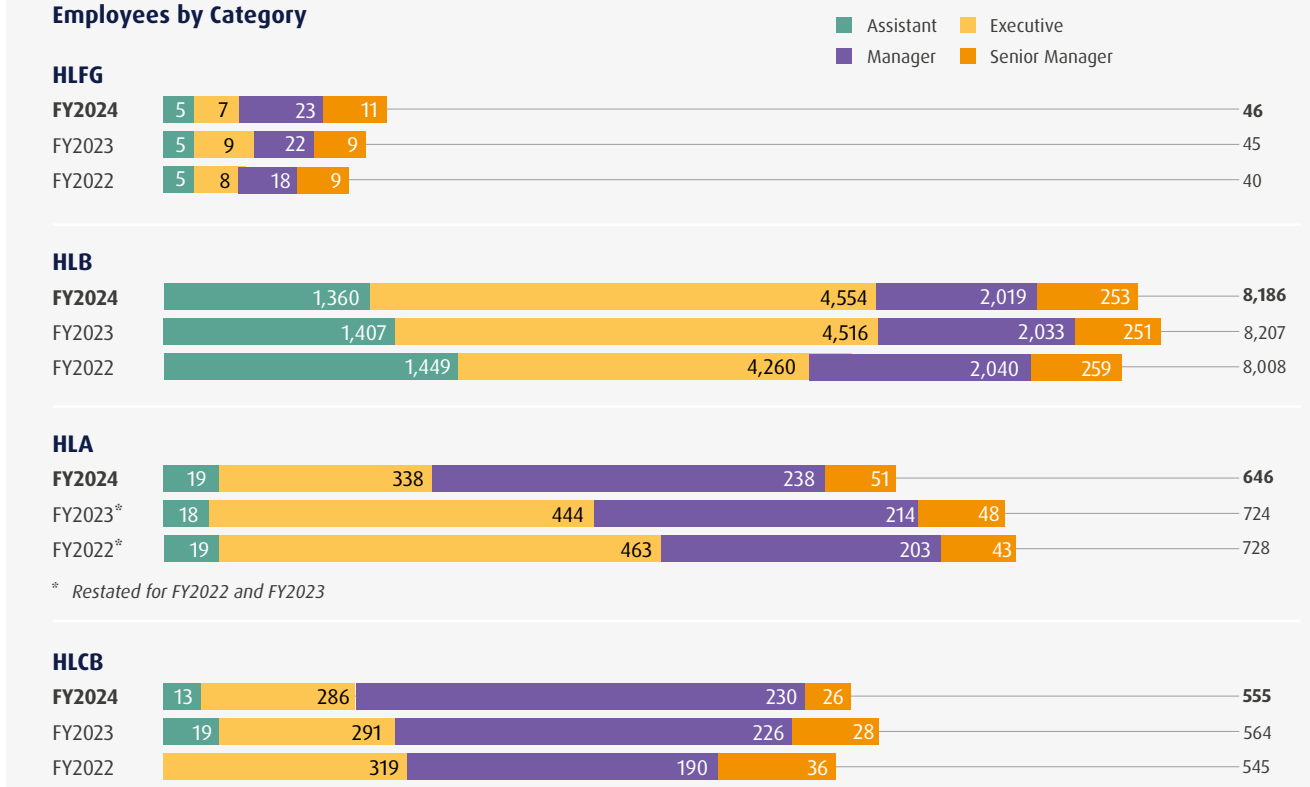
DIVERSE & INCLUSIVE WORKFORCE

Employees by Contract Type



Employees by Age Group

Employees by Category



* *Restated for FY2022 and FY2023*

* *Prior to FY2023, the Executive category included Senior Executives and Assistants*



CREATING A FAIR AND NURTURING WORKPLACE

WHY IT MATTERS

Employees form the foundation of our success, and looking after their well-being, health and safety is not just our duty as a responsible employer but also a key driver of productivity, satisfaction and value creation. Across the Group, we develop initiatives to holistically safeguard and support their physical, mental and social well-being, ensuring regulatory compliance while empowering our employees to contribute their best towards achieving the Group's objectives.

OUR APPROACH

PROVIDING SAFE AND SUSTAINABLE WORKPLACES

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, have established Occupational Safety and Health Standard Operating Procedures ("OSHA SOP") to guide them in managing their OSH risks.

The OSH Committees of HLB and HLCB, comprising management and employee-representatives, oversee the implementation of OSH-related practices across our operations. In accordance with their OSHA SOP, the designated inspection team also conducts periodic risk assessments to identify, assess, and control safety risks and hazards at the workplace.

In FY2024, there were

ZERO INCIDENTS

reported related to workplace safety violations.

EMPLOYEE WELL-BEING, HEALTH & SAFETY

HONG LEONG BANK BERHAD

In FY2024, we recorded

ZERO FINES or **NON-MONETARY SANCTIONS** for workplace safety violations

- In September 2022, HLB expanded its OSH training program to include a mandatory e-learning module for all employees. In FY2024, 9,274 employees successfully completed their mandatory e-learning OSH module.

HONG LEONG ASSURANCE BERHAD

- In FY2024, HLA conducted HI – Hazard Identification, RA – Risk Assessment and RC – Risk Control ("HIRARC") training for its branches in Northern Malaysia to support the identification, assessment and implementation of controls for potential safety and health hazards or risks stemming from the workplace or its operations. A total of 8 hours of training was provided to 11 employees.

EMPLOYEE WELL-BEING, HEALTH & SAFETY

HONG LEONG CAPITAL BERHAD

- HLCB is continuously evolving its policies and practices to address emerging health, safety and wellbeing concerns, while taking a proactive approach in identifying and addressing health and safety risks.
- Regular fire drills are conducted to ensure employees' safety in the event of an evacuation. Two such drills were conducted in FY2024, at Menara HLX and Menara Hong Leong, with a total of 170 employees participating.

FY2024 PERFORMANCE DATA

Health and Safety C5(a), (b), (c)

	HLFG	HLB	HLA	HLCB	Group Consolidated
Number of work-related fatalities	0	0	0	0	0
Lost time incident rate ("LTIR")	0	0.025	0	0	0.025
Substantiated incidents of workplace safety violations*	0	0	0	0	0

* *Substantiated incidents refer to written statements by regulatory or similar official bodies addressed to the company that identifies violations of workplace safety violations, or a complaint lodged with the company that has been recognised as legitimate by the company*

FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

WHY IT MATTERS

The Group recognises the significance of fostering ESG knowledge and capabilities in our employees to drive our sustainability agenda and amplify value for stakeholders. By inculcating a sustainability mindset and encouraging employee involvement in community-driven activities, we empower them to be champions of our ESG mission, amplifying positive change for the natural environment and the communities we serve while equipping our workforce with the agility to navigate future challenges.

OUR APPROACH

ENHANCING INTERNAL ESG COMPETENCIES

To highlight the growing importance of sustainability in today's business environment, our operating companies have embedded ESG considerations into their policies and SOPs. In addition, they are actively developing structured ESG training programmes to enhance competencies and enable employees to effectively incorporate sustainability principles into their respective roles.

To encourage collective action towards our sustainability commitments and Net Zero ambition, we are increasingly incorporating ESG performance and the development of sustainability initiatives into the scorecards of employees and senior management, ensuring everyone across the Group shares responsibility for advancing progress.

Sustainability Statement

FOSTERING A SUSTAINABILITY-DRIVEN CULTURE

HONG LEONG BANK BERHAD

- **Mandatory Sustainability Training**
  All HLB employees, including new hires, are required to complete an annual mandatory e-Learning course titled "Introduction to Sustainability". In FY2024, the Sustainability Department facilitated 1,691 employees in finishing this course. Additionally, HLB has maintained its partnership with WWF's Asia Sustainable Finance Initiative ("ASFI") Academy to build specific competencies that connect sustainability and finance.

MORE THAN 5,000
employees completed the WWF's ASFI module during FY2024.



- **Sustainability Month**
  HLB organised its annual HLB Sustainability Month in November 2023, raising awareness and training employees on ESG issues through a variety of channels, including webinars, workshops, posters and social media. A total of 371 employees participated in four webinars and a presentation on social enterprises, while infographics were released periodically throughout the month on topics such as our sustainability initiatives and climate action.

- **Expert Engagement Series**
  HLB conducts annual expert engagement sessions for senior management, featuring discussions on current topics in the evolving sustainability landscape. Two sessions were held during FY2024, with the first on green buildings and the second on the challenges and opportunities of developing a credible Net Zero strategy.

HONG LEONG ASSURANCE BERHAD

- **HLA's ESG and Climate Risk Induction Training (Jan-June 2024)**
  HLA trained 69 new hires on ESG and climate risks, including climate-related regulatory requirements, the transmission of climate risks to existing risks, and HLA's approach to sustainability.

- **Quarterly ESG and Climate Risk Briefings by The Risk Management and Compliance Committee ("RMCC")**
  RMCC provided ongoing support in managing ESG and climate risks through virtual briefings and quarterly dissemination of reading materials. In FY2024, a virtual briefing was held on 25 October 2023, followed by the distribution of key materials on climate risk drivers, opportunities, and ESG risks.

As of FY2024, **15** employees have participated in ESG capacity training.

- **HLA e-Waste Collection Drive**
  HLA has helmed a year-long e-Waste Collection Drive for FY2024, diverting 716 kg of electronic waste from landfills. Staff donated desktops, laptops, smartphones, printers, and household electrical items, diverting precious metals and toxic metals from landfills. HLA also partnered with e-waste recycle organizations ERTH and Karun Hijau to support underprivileged children by providing them with restored e-waste for educational purposes. Employees concurrently received education on proper e-waste disposal to create greater awareness.



HONG LEONG ASSURANCE BERHAD

- **Fabric Recycling Talk & Collection Drive**
  HLA partnered with Kloth Cares for a fabric recycling initiative, starting with a talk by Ms. Luv'en-ya David that engaged 30 HLA staff on sustainable fashion and the importance of keeping fabric out of landfills. Following the talk, HLA launched a fabric collection drive, gathering 230 kg of clothing from staff. The collected fabric supports Kloth Cares' Woman Up Programme, which empowers women from marginalised communities to create merchandise from the donations.

- **Sustainability Month**
  HLA organised a sustainability month in June 2024 in conjunction with World Environment Day. To raise awareness on sustainability, HLA launched the Saving Our Planet Saves Us and Live Greener with HLA campaigns.

HONG LEONG CAPITAL BERHAD

- **ESG Awareness and Development**
  HLCB has collaborated with Asian Banking School to introduce a comprehensive ESG awareness-training programme titled 'Sustainability Transformation: Driving Positive Change Through Personal Actions and Commitment to ESG'.

  During FY2024, 12 ESG-related awareness and development programmes were conducted with **353** employees.

- **ESG Certification**
  As of June 2024, HLIB has successfully certified two ESG analysts, one of whom has also achieved the CFA UK Certificate in Climate and Investing.

- **Capacity Building**
  HLIB and HLAM have actively moved to strengthen the ESG advisory and financing capabilities of staff by encouraging their attendance to ESG related seminars, conferences and workshops. As at the end of FY2024, HLIB staff members had attended 20 events, while HLAM employees had participated in a total of 16 events.



Appendix I: Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	210.00	264.00	221.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	34,345.00	33,614.00	32,096.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	10,472.00	14,167.00	15,869.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	48,284.84	46,778.57	44,915.97
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	234.398000	271.552000	317.467000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	37.90
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	18.99	19.38	22.11
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	-	18.80
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	93.80	94.30
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Managerial Under 30	Percentage	0.00	0.30	0.00
Senior Managerial Between 30-50	Percentage	61.10	60.30	59.80
Senior Managerial Above 50	Percentage	38.90	39.40	40.20
Managerial Under 30	Percentage	2.40	3.10	2.40
Managerial Between 30-50	Percentage	81.90	80.50	80.40
Managerial Above 50	Percentage	15.70	16.40	17.20
Supervisory Under 30	Percentage	40.50	45.30	43.70
Supervisory Between 30-50	Percentage	54.80	50.10	51.20
Supervisory Above 50	Percentage	4.70	4.60	5.10
Non-supervisory Under 30	Percentage	0.50	0.30	0.10
Non-supervisory Between 30-50	Percentage	82.20	81.00	77.00
Non-supervisory Above 50	Percentage	17.30	18.60	22.90
Gender Group by Employee Category				
Senior Managerial Male	Percentage	57.90	59.10	58.40
Senior Managerial Female	Percentage	42.10	40.90	41.60
Managerial Male	Percentage	42.30	41.30	40.90
Managerial Female	Percentage	57.70	58.70	59.10
Supervisory Male	Percentage	34.10	34.30	33.80
Supervisory Female	Percentage	65.90	65.70	66.20
Non-supervisory Male	Percentage	34.20	34.20	34.10
Non-supervisory Female	Percentage	65.80	65.80	65.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	43.00	43.00	43.00
Female	Percentage	57.00	57.00	57.00
Under 30	Percentage	43.00	14.00	14.00
Between 30-50	Percentage	43.00	71.00	71.00
Above 50	Percentage	14.00	14.00	14.00
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Supervisory	Hours	530,624	496,381	572,421
Non-Supervisory	Hours	81,011	166,484	73,833
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	1.80	1.70	1.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Managerial	Number	40	49	57
Managerial	Number	454	461	430
Supervisory	Number	1,274	1,572	1,342
Non-Supervisory	Number	68	47	50
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Appendix I: Performance Data Table from Bursa ESG Reporting Platform

Indicator	Measurement Unit	2022	2023	2024
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	-	-	502,695.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	9,420
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.03	0.06	0.03
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	8,498	9,488
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Supervisory	Percentage	-	85.30	99.20
Non-supervisory	Percentage	-	97.10	97.60
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Internal assurance | External assurance | No assurance | (*)Restated

Notes:

[1] *HLB only commenced the tracking of wet waste in March 2024, total waste generated is only available for FY2024, with this figure encompassing data collected for waste directed to disposal during the time period of March 2024 to June 2024 only.*

[2] *HLB tracking plastic and can waste in FY2024 with an improved methodology that they can plan to continue moving forward. Hence, the data presented for FY2024 includes paper, plastic and can waste, whereas the data presented for FY2022 and FY2023 includes only paper waste.*

[3] *Across the Group, HR Department received zero reports on fatalities and LTIR from FY2022-FY2024. We are in the midst of developing trackers for internal record keeping purposes.*

[4] *HLCB anti-corruption training is scheduled based on calendar year which may result in lower than actual % of employees trained in the financial year.*

[5] *HLCB and HLA full corruption risk assessments are conducted biennially based on company policy. For financial years without a full corruption risk assessment, we conduct a Risk & Control Self-Assessment ("RCSA").*

Appendix II: TCFD-Aligned Index

TCFD Recommendations	TCFD Requirement	Page Number	References
Governance			
G1(Basic)	Board Oversight of Sustainability and Climate-related Matters	pg. 43-45	Our Sustainability Governance
G2 (Basic)	Sustainability Governance Structure including Climate-related Matters at the Management Level	pg. 43-45	Our Sustainability Governance
G3 (Basic)	Sustainability and Climate-related Board Credentials	pg. 45	Board Skills Matrix
G4 (Basic)	Sustainability and Climate-related Training	pg. 45	ESG Capacity Building
G5 (Basic)	Sustainability and Climate-related Discussions in Board Meetings	pg. 45	Our Sustainability Governance
G6 (Basic)	Sustainability/Climate-linked Remuneration	pg. 68	Building Climate Resilience
G7 (Stretch)	Separate Committee on Sustainability and Climate-related Matters	pg. 43-44	Our Sustainability Governance
Strategy			
S1 (Basic)	Identification of Climate-related Risks and Opportunities	pg. 42 pg. 51-52 pg. 60 pg. 72-75	Our Net Zero Ambition Climate Risk Management Managing Our Operational Environmental Footprint ESG Integration into Financial Products
S2 (Basic)	Impact of Climate-related Risks and Opportunities	pg. 51-54 pg. 66-67 pg. 73-75	Climate Risk Management Scenario Analysis ESG Integration into Financial Products
S3 (Basic)	Strategy and Risk Appetite on Climate-related Risks and Sustainability Measures	pg. 51-53 pg. 66-69	Climate Risk Management Building Climate Resilience
S4 (Stretch)	Scenario Analysis as an Opportunity to Improve Strategic Resilience and Explore Climate Vulnerabilities	pg. 66-69	Building Climate Resilience, Climate Scenario Analysis
Risk Management			
R1 (Basic)	Process for Identifying and Assessing Climate-related Risks	pg. 51-53	Climate Risk Management
R2 (Basic)	Process for Managing Climate-related Risks	pg. 43-45 pg. 47-50	Our Sustainability Governance Sound Risk Management
R3 (Basic)	Process for Integrating I. Process for Identifying and Assessing Climate-related Risks and II. Process for Managing Climate-related Risks into Overall Risk Management	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R4 (Stretch)	Process for Identifying and Assessing Climate-related Risks	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R5 (Stretch)	Process for Managing Climate-related Risks	pg. 47-50 pg. 51-53 pg. 66-69	Sound Risk Management Climate Risk Management Building Climate Resilience
R6 (Stretch)	Process for Integrating I Process for Identifying and Assessing Climate-related Risks and II. Process for Managing Climate-related Risks into Overall Risk Management	pg. 66-69 pg. 73-75	Building Climate Resilience ESG Integration into Financial Products
Metrics & Targets			
M1 (Basic)	Key Climate-Related Metrics	pg. 60-65 pg. 73-75	Managing Our Operational Environmental Footprint ESG Integration into Financial Products
M2 (Basic)	Key Climate-Related Targets	pg. 42 pg. 60	Our Net Zero Ambition Managing Our Operational Environmental Footprint
M3 (Stretch)	Key Climate-Related Metrics	pg. 60-65	Managing Our Operational Environmental Footprint

Appendix III: 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 2023 to 30 June 2024 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosures	Page Number
GRI 2: General Disclosures 2021		
GRI 2-1	Organisational details	2
GRI 2-2	Entities included in the organisation's sustainability reporting	38
GRI 2-3	Reporting period, frequency and contact point	38
GRI 2-4	Restatements of information	Restatements of previous years' data are noted accordingly
GRI 2-5	External assurance	111-113
GRI 2-6	Activities, value chain and other business relationships	2
GRI 2-7	Employees	99-101
GRI 2-8	Workers who are not employees	100
GRI 2-9	Governance structure and composition	43-44, 46
GRI 2-10	Nomination and selection of the highest governance body	45-46
GRI 2-11	Chair of the highest governance body	43
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	43-44
GRI 2-13	Delegation of responsibility for managing impacts	43-44
GRI 2-14	Role of the highest governance body in sustainability reporting	44
GRI 2-15	Conflicts of interest	122-123
GRI 2-16	Communication of critical concerns	70-71
GRI 2-17	Collective knowledge of the highest governance body	45
GRI 2-18	Evaluation of the performance of the highest governance body	44
GRI 2-19	Remuneration policies	130-135
GRI 2-20	Process to determine remuneration	130-135
GRI 2-22	Statement on sustainable development strategy	16-21
GRI 2-23	Policy commitments	Policy references are stated accordingly
GRI 2-24	Embedding policy commitments	Policy references are stated accordingly
GRI 2-25	Processes to remediate negative impacts	70-71, 79
GRI 2-26	Mechanisms for seeking advice and raising concerns	70-71, 79
GRI 2-27	Compliance with laws and regulations	No significant instance of non-compliance during the period
GRI 2-28	Membership associations	59
GRI 2-29	Approach to stakeholder engagement	54-55
GRI 3: Material Topics 2021		
GRI 3-1	Process to determine material topics	55
GRI 3-2	List of material topics	56
GRI 3-3	Management of material topics	57-58
GRI 201: Economic Performance 2016		
GRI 201-1	Direct economic value generated and distributed	3-7
GRI 201-2	Financial implications and other risks and opportunities due to climate change	51-53, 60-69, 73-75
GRI 203: Indirect Economic Impacts 2016		
GRI 203-1	Infrastructure investments and services supported	73-75, 80-90
GRI 203-2	Significant indirect economic impacts	80-90

Appendix III: GRI Content Index

GRI Standards	Disclosures	Page Number
GRI 204: Procurement Practices		
GRI 204-1	Proportion of spending on local suppliers	77-78
GRI 205: Anti-corruption 2016		
GRI 205-1	Operations assessed for risks related to corruption	70-72
GRI 205-2	Communication and training about anti-corruption policies and procedures	70-72
GRI 205-3	Confirmed incidents of corruption and actions taken	70-72
GRI 302: Energy 2016		
GRI 302-1	Energy consumption within the organisation	63
GRI 302-4	Reduction in energy consumption	63
GRI 303: Water and Effluents 2018		
GRI 303-1	Interactions with water as a shared resource	64
GRI 303-5	Water consumption	64
GRI 305: Emissions 2016		
GRI 305-1	Direct (Scope 1) GHG emissions	62
GRI 305-2	Energy indirect (Scope 2) GHG emissions	62
GRI 305-3	Other indirect (Scope 3) GHG emissions	62
GRI 305-5	Reduction of GHG emission	62
GRI 306: Waste 2020		
GRI 306-1	Waste generation and significant waste-related impacts	65
GRI 306-2	Management of significant waste-related impacts	65
GRI 306-3	Waste generated	65
GRI 306-4	Waste diverted from disposal	65
GRI 306-5	Waste diverted to disposal	65
GRI 308: Supplier Environmental Assessment 2016		
GRI 308-1	New suppliers that were screened using environmental criteria	78
GRI 403: Occupational Health and Safety 2018		
GRI 403-1	Occupational health and safety management system	102-103
GRI 403-5	Worker training on occupational health and safety	102-103
GRI 403-9	Work-related injuries	102-103
GRI 404: Training and Education 2016		
GRI 404-1	Average hours of training per year per employee	96-98
GRI 404-2	Programmes for upgrading employee skills and transition assistance programmes	95-98, 103-105
GRI 405: Diversity and Equal Opportunity 2016		
GRI 405-1	Diversity of governance bodies and employees	46, 99-100
GRI 406: Non-discrimination 2016		
GRI 406-1	Incidents of discrimination and corrective actions taken	74
GRI 413: Local Communities 2016		
GRI 413-1	Operations with local community engagement, impact assessments, and development programmes	80-84
GRI 414: Supplier Social Assessment 2016		
GRI 414-1	New suppliers that were screened using social criteria	78
GRI 417: Marketing and Labelling 2016		
GRI 417-1	Requirements for product and service information and labeling	76
GRI 418: Customer Privacy 2016		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	91-94

Appendix IV:
SIRIM Independent Assurance Statement

SIRIM QAS INTERNATIONAL SDN BHD
INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Hong Leong Financial Group Berhad (hereafter referred to as HLFG) to perform an independent verification and provide assurance of HLFG Sustainability Statement FY2024. The main objective of the verification process is to provide assurance to HLFG and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to all sustainability performance information (subject matter) as listed below, within the assurance scope which is included in HLFG Sustainability Statement FY2024. The content disclosed in this Sustainability Statement includes key operating companies within HLFG's entities: Hong Leong Bank Berhad, HLA Holdings Sdn. Bhd., and Hong Leong Capital Berhad. However, it is to note that this assurance statement excludes all information reported for Hong Leong Bank Berhad.

The management of HLFG was responsible for the preparation of the Sustainability Statement FY2024. The objectivity and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the HLFG Sustainability Statement and the Annual Report 2024.

The assurance engagement was designed to provide limited assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance process involves verification of 17 material matters as presented in the Sustainability Statement within HLFG sustainability pillars as follows i.e., Environmental Management, Socially Responsible Business, Community Investment, Digital at the Core, and Workforce Readiness. Details are provided in Appendix 1.

The verification was carried out by SIRIM QAS International in September 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Statement includes a detailed assessment of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the statement in order to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of the work did not involve verification of other information reported in HLFG's Annual Report 2024.
- The head office at Hong Leong Tower, Bukit Damansara was visited as part of this assurance engagement. The verification process did not include physical inspections of any of HLFG's entities, operations and assets; and,
- The verification team did not verify any contractor or third-party data.

Appendix IV: SIRIM Independent Assurance Statement

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO 17021-1:2015 and ISO 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of HLFG relating to the accuracy of some of the information contained in the statement. In response to the raised findings, the Sustainability Statement was subsequently reviewed and revised by HLFG. It is confirmed that changes that have been incorporated into the final version of the statement have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of data accuracy included in HLFG Sustainability Statement FY2024, is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the statement was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the statement;
- The Sustainability Statement FY2024 provides a reasonable and balanced presentation of the sustainability performance of Hong Leong Financial Group Berhad.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
3)	Ms. Suzalina Kamaralarifin	:	Team Member
4)	Ms. Nur Ruzaini Ab Razak	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR

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

Date: 9 September 2024

Statement Approved by:

Ts. MD ADHA BIN RAHMAT

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

Date: 13 September 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (12 September 2024).

Appendix IV: SIRIM Independent Assurance Statement

Appendix 1 The subject matter covered in this assessment are tabulated below.	**CLASSIFICATION OF DATA**			
	HIGH	**MEDIUM**	**LOW**	**UN SUBSTANTIATED**
OUR APPROACH TO SUSTAINABILITY				
Our Sustainability Framework	■			
Our Net Zero Carbon	■			
Our Sustainability Governance	■			
Sound Risk Management & Compliance	■			
Stakeholder Engagement	■			
Materiality	■			
ENVIRONMENTAL MANAGEMENT				
Managing Our Environmental Footprint	■			
└ Our Operational Carbon Footprint	Prepared by third party			
Building Climate Resilience	■			
SOCIALLY RESPONSIBLE BUSINESS				
Good Governance & Ethical Business Conduct	■			
Fair Treatment of Financial Consumers	■			
Sustainable Supply Chain			■	
Human & Labour Rights	■			
└ Grievances or incidents reported related to harassment, bullying or discrimination.		■		
COMMUNITY INVESTMENT				
Supporting Social Enterprises & Communities	■			
Financial Inclusion & Literacy	■			
DIGITAL AT THE CORE				
Digitalisation & Innovation	■			
Customer Experience	■			
Privacy, Data Protection and Cyber Security	■			
WORKFORCE READINESS				
Talent Attraction, Development & Retention		■		
Diverse & Inclusive Workforce	■			
Creating A Fair and Nurturing Workplace	■			
└ Incidents reported related to workplace safety violations.		■		
Employee Well-Being, Health & Safety		■		
Fostering A Sustainability-Driven Culture	■			

Note 1:
This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (12 September 2024).
Note 2:
The assurance involves activity aims to obtain sufficient appropriate evidence to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party, about the subject matter information. It comprises of activities carried out to assess the quality and credibility of the qualitative and quantitative information reported by the organization. This assurance is different from activities used to assess or validate the organization's performance, such as compliance assessments or the issuing of certifications against specific standards.
Note 3:
Definition of HIGH, MEDIUM, LOW and UNSUBSTANTIATED Classification of Data in this Appendix 1.
HIGH: The data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.
MEDIUM: Data and information have been confirmed with the direct owners. However, the source of the data has been based on secondary data, where the data origin is not accessible by the verifiers during the conduct of the assessment.
LOW: Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
UNSUBSTANTIATED: The sources of data and information disclosed were not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.

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