



SUSTAINABILITY
REPORT
2023



Stronger **Together,**
For You

INSIDE THIS REPORT



Cover Rationale

'Stronger Together, For You' - Our theme this year is a testament to MBSB's strategic merger with MIDF. This union enhances our product range and customer propositions across our Consumer, Commercial and Wholesale Banking businesses covering a broad range of opportunities from individual financing to capital markets. The remarkable Chevron Flight Strategy adopted by migratory birds inspired MBSB Group to gather our combined resources, elevate our products and services and accelerate towards new frontiers to serve our customers exceptionally and sustainably.

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We are minimising the environmental impact of our reports by encouraging the use of digital copies. However, we understand that some stakeholders may prefer a physical copy, and we are ready to accommodate such requests.

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



Access it

Get access to MBSB Group's website.



Please scan the QR code to get a direct link to MBSB Group's corporate website.

ABOUT US

Malaysia Building Society Berhad (MBSB) has been a key player in the nation's financial services industry and economic development for more than 70 years. Since then, our journey has been one of steady growth, culminating in the enlarged MBSB Group we are today.



MBSB is a financial holding company, which wholly owns two main subsidiaries: **MBSB Bank Berhad (MBSB Bank)** and **Malaysian Industrial Development Finance Berhad (MIDF)**.



MBSB Bank is a progressive Islamic Bank that offers Shariah compliant banking facilities to retail, commercial and corporate customers.



MIDF is involved in development finance, investment banking and asset management for high net worth individuals, SME and corporate customers.

With the inclusion of MIDF as part of MBSB Group, we aim to capitalise on the combined strengths and resources of both entities to achieve greater efficiency and a competitive advantage. This strategic move enables us to offer an expanded scope of services and facilities, delivering added value to our customers.

WHOLESALE BANKING

COMMERCIAL BANKING

CONSUMER BANKING

DIGITAL BANKING

OUR DIFFERENTIATING FACTORS

At MBSB, we pride ourselves on our distinct set of key strengths that not only differentiate us from our competitors but also serve as the cornerstone of our identity as a financial service provider. These strengths underscore our commitment to delivering exceptional value to our customers.

Dynamic and Strong Leadership

With a wealth of experience in various sectors, our Board of Directors and senior management offer insights and guidance to enable the team to deliver towards meeting the organisational objectives.

Innovative Product Offering and Services

We are committed to offering our customers cutting-edge products and services, staying ahead of competition with innovation and creativity.

Diversified Team of Skilled Professionals

Our workforce is the backbone of our success, driving our progress forward. We consistently invest in our people to ensure we maintain a competitive edge.

Strong Exposure in Growth Sectors

The acquisition of MIDF has further diversified our portfolio, reducing risk and enhancing financial resilience against economic challenges, positioning us for growth in targeted sectors.

Agile and Nimble Emerging Organisation

Agility is key to our operations, enabling us to adapt swiftly to market changes and meet customer demands with forward-thinking solutions.

Strong Customer Relations

Our commitment to personalised and top-tier services underscores our dedication to enhancing customer satisfaction and fostering loyalty.

ABOUT US

SUSTAINABILITY PERFORMANCE HIGHLIGHTS FOR 2023

INNOVATING AND CREATING VALUE

Total projects financed
by Sustainability Sukuk
Wakalah worth
RM667 million

Issued reNIKOLA II ASEAN
Green SRI Sukuk to refinance
two 30MW
solar plants

Achieved
51%
reduction of
customer complaints

Invested
RM15 million
in cybersecurity
enhancement

Zero
substantiated complaints
concerning breaches of customer
privacy and losses of customer
data

OPERATING SUSTAINABLY

Established
**Net Zero
Strategy**

Initiated reporting of
Scope 3
(business travel and employee
commuting category) for MBSB
Bank

Engaged
98%
local suppliers and
vendors

Received
295
responses from Supplier
Sustainability Survey

Contributed
RM4.2 million
for community development
programmes

more than
55,534
beneficiaries benefitted from
community development
programmes

EMPOWERING A SUSTAINABLE CULTURE

Invested
RM7 million
towards employee
training and education

Total
118,346
hours of training
accounting all employees

Achieved
8.4%
employee
turnover rate

Employed
100%
Malaysian
workforce

Recorded
Zero
fatality, with
0.15
**Lost Time Incident
Rate (LTIR)**

ABOUT THIS REPORT

Introduction

MBSB Group is pleased to share our 2023 Sustainability Report (SR), which reflects our commitment to environmental, social, and governance (ESG) matters. This Report offers insights into our performance over the past year, serving as an update on our ongoing sustainability initiatives and our plans to integrate sustainability into our business operations.

REPORTING SUITE

This Report should be read in conjunction with the 2023 Integrated Annual Report to provide a more in-depth view of how sustainability is integrated and embedded in MBSB Group's operations and strategies. All our reports are accessible at www.mbsb.com.my.

SCOPE AND BOUNDARY

We have expanded the reporting scope of this Report to include MIDF and its subsidiaries following our acquisition, which was completed on 2 October 2023. Hence, this Report covers MBSB Group's business operations in Malaysia, encompassing MBSB Bank and MIDF, along with its subsidiaries.

This Report covers the performance of MBSB Bank from 1 January 2023 to 31 December 2023, and the performance of MIDF and its subsidiaries from 2 October 2023 to 31 December 2023, unless otherwise stated. Comparative information on quantitative data for the past three years can also be found in this Report.

REPORTING FRAMEWORKS

This Report has been prepared in reference to the following sustainability reporting frameworks and standards:

- Bursa Malaysia Securities Berhad (Bursa Malaysia) Sustainability Reporting Guide 3rd Edition
- Global Reporting Initiative (GRI) Standards
- Task Force on Climate-related Financial Disclosures (TCFD)
- United Nations Sustainable Development Goals (UN SDGs)

STATEMENT OF ASSURANCE

We are consistently improving the quality of our report to ensure we provide balanced, relevant, and accurate data to our stakeholders.

To strengthen the credibility and reliability of this report, our internal audit team has reviewed all non-financial data required under the Listing Requirements of Bursa Malaysia Securities Berhad. The boundary of the internal review is limited to data and information for MBSB Bank.

Additionally, we have obtained limited assurance from an independent third party on three selected indicators for MBSB Bank, listed below:

1. Total number of grievances/complaints filed through the mechanism during the reporting period.
2. Average hours of training that employees have undertaken during the reporting period, by gender and employee category.
3. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent during the reporting period.

Our limited assurance statement can be read on pages 67 to 70 of this Report.

FORWARD-LOOKING STATEMENT

Statements about MBSB Group's financial position, business strategy, market growth, and future plans, except for historical facts, are considered forward-looking statements. These statements are based on assumptions and may be influenced by factors beyond management's control, including future trends, economic conditions, policy rates, pandemics, and regulatory changes. Despite our efforts, these statements are subject to risks and uncertainties, and undue reliance should not be placed on them.

RESPONSIBILITY OF THE BOARD

The Board recognises the responsibility entrusted to its role in ensuring the integrity of this Report. Key reporting updates are presented, discussed, and approved in line with our sustainability governance framework.

FEEDBACK

We are always looking for ways to improve our sustainability disclosures and practices. We welcome feedback, questions or suggestions, which can be directed to sustainability@mbsb.com.

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By integrating sustainable practices into our operations, we not only mitigate risks but also unlock new opportunities for growth and innovation. Our commitment to sustainability ensures the long-term viability of our business and the wellbeing of the communities we serve.

Encik Rafe Haneef
Group Chief Executive Officer

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MESSAGE FROM THE GROUP CHIEF EXECUTIVE OFFICER

Dear Shareholders,

We are pleased to present our sustainability performance for 2023. We remain steadfast in embedding sustainability practices throughout our organisation through diverse initiatives and strategies. This year, our report is themed “Stronger Together, For You,” symbolising our aspiration to leverage synergies and collective expertise between MBSB Bank and MIDF to deliver sustainable values.

2023 IN REVIEW

Following the latest Conference of the Parties to the Convention (COP) 28, there is heightened expectation for financial institutions to accelerate their decarbonisation efforts and empower clients on their journey toward achieving Net Zero. In line with this expectation, we are intensifying our decarbonisation efforts, including the establishment of our Net Zero Strategy in 2023. This strategy outlines our short- and long-term targets, with a goal of reducing our overall emissions by 27% by 2030 and 96% by 2050. These targets demonstrate our commitment to transitioning towards a low-carbon economy.

Amidst heightened interest from various stakeholders on how financial institutions strengthen their data privacy and cybersecurity while pursuing digital advancements, we have remained steadfast in safeguarding our customers’ data privacy and preventing data breaches. This commitment is evidenced by a significant increase in cybersecurity expenditure, reaching RM15 million in 2023, marking a 50% rise from the previous year. In addition, we recorded zero substantiated complaints regarding breaches of customer privacy or losses of customer data in 2023.

ADVOCATING FOR SUSTAINABLE FINANCING

We took a proactive stance to continuously innovate our products and services by incorporating sustainable financing. Since MBSB Banks' issuance of Sustainability Sukuk Wakalah in the previous year, we have financed various projects, guided by our Sustainability Sukuk Framework. In 2023, we have financed solar, biomass and public infrastructure projects totalling RM667 million. Additionally, we continued our partnership with the reNIKOLA Group for the second issuance of ASEAN Green SRI Sukuk, amounting up to RM390 million to refinance the development costs of solar plants in Kedah and Kelantan. The Sukuk has garnered significant interest from investors, resulting in an oversubscription of nearly three times the issue size. This stands as a testament to our capability and efforts to offer a sustainable and environmentally responsible Sukuk offering.

In our endeavor to foster financial inclusion and ensure community participation in the growing economy, we offered diverse financing solutions under our sustainable financing banner. Initiatives included Skim Jaminan Kredit Perumahan (SJKP) for gig workers seeking homeownership and financing solutions through MIDF's Second Chance Financing (2CF) to strengthen SME's business performance.

OUR KEY HIGHLIGHTS

Throughout 2023, we conducted a Climate Risk Management and Scenario Analysis (CRMSA) exercise to effectively identify and manage our climate related risks. The outcome of the exercise include an enhanced sustainability governance structure the development of our Net Zero Strategy alongside Net Zero Sector Models, Relationship Manager sector playbooks, and the development of a climate risk management framework, amongst many others.

In 2023, MIDF purchased carbon credits from the Bursa Carbon Exchange and successfully offset its Scope 1 and Scope 2 emissions from the previous year. Looking ahead, we seek to prioritise emission reduction through internal initiatives and investments.

Additionally, we are committed to uphold the highest standards of ethics and integrity throughout our business operations. In 2023, 88% of our employees received training on anti-corruption measures. Furthermore, all our operations underwent assessments for corruption-related risks, with 100% coverage achieved.

In 2023, our efforts in delivering unparalleled customer service proved effective, with notable achievements in customer satisfaction and experience. We continued to leverage our established systems and customer engagement methods to enhance our operations and services and ensure effective

communication with customers. Specifically, we achieved a remarkable 51% reduction in customer complaints compared to the previous year. We conducted two surveys last year to gauge customer feedback on our services, allowing us to identify areas for improvement in the future. Our Customer Satisfaction Index attained 89%, compared to 75% in 2022. Additionally, our Net Promoter Score increased to 64, surpassing the industry benchmark of 61.

We strengthened our digitalisation efforts by leveraging on technology and innovation. In 2023, we introduced M JOURNEY Corporate for integrated banking services tailored to corporate customers, as well as the M JOURNEY Virtual Branch to facilitate online transactions. MIDF Invest, an online stockbroking platform developed by MIDF, has been utilised by customers since its launch in 2021 to enhance accessibility and simplify share trading for customers.

In our efforts to enhance competencies and build capacity pertaining to sustainability, we have conducted various upskilling programmes and workshops for our board members and employees throughout the year. Our investment in employee training and education totaled RM7 million, resulting in more than 118,000 hours of upskilling and training in 2023.

We continue to engage in various community development and outreach programmes. In 2023, we invested RM4.2 million benefitting more than 40,000 people, 4,000 families, and 5,000 students. Approximately 4,500 volunteer hours were achieved for all community-related programmes, a significant increase from the 580 volunteer hours recorded in 2022.

WAY FORWARD

Moving forward, our commitment to support Malaysians remains unwavering, as we strive to offer sustainable, Shariah-compliant, and financially inclusive products and services. Tailoring financing solutions to meet the diverse needs of our clients remains a key focus for us.

To assist customers in navigating the challenges of decarbonisation and transition towards a socially responsible and low-carbon economy, we plan to establish a Sustainable and Transition Finance Framework. Additionally, we are enhancing the capabilities of our Relationship Managers, enabling them to effectively engage customers on climate-related risks. Recognising that our employees are our greatest asset, we are focused on upskilling them with relevant and on-demand skills to ensure they are well-equipped to serve customers.

As we continue our journey, we remain steadfast in our pursuit of a sustainable and resilient future. Our goal is to leave a legacy of environmental stewardship and social responsibility through our collective efforts.

OUR SUSTAINABILITY STRATEGY

As the national and global agenda for sustainability progresses, we understand the significant role we play as a financial service provider to drive positive change for a more sustainable society and economy. Our enhanced Sustainability Framework acts as a blueprint to embed sustainability within our operations and create positive impact for our environment and community.

Sustainability Vision

To provide sustainable and innovative solutions benefitting our communities

Sustainability Mission Statement

MBSB Group aims to foster values by:

- Delivering innovative financing solutions in a fair, inclusive and transparent system
- Prioritising environmental stewardship and social responsibility whilst delivering value sustainably
- Contributing and investing in our customers and community to improve quality of life

Sustainability Pillars

Innovating and Creating Value

Propelling MBSB Group forward as a leading sustainable organisation by providing innovative and sustainable solutions to our customers and communities

Operating Sustainably

Upholding environmental stewardship and social responsibility in MBSB Group's business operations

Empowering a Sustainable Culture

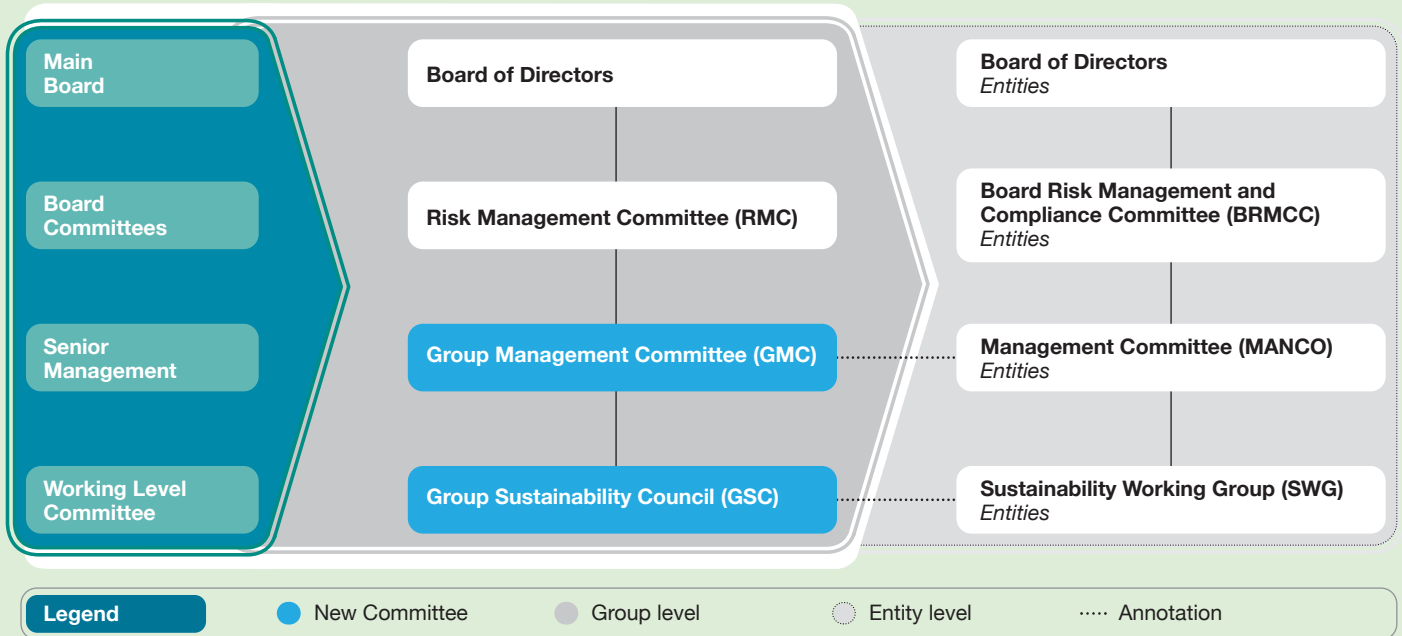
Empowering a culture of sustainability among internal stakeholders while continuing to invest in our communities

Our Goals

- Innovating sustainable Islamic finance
- Expanding our green portfolio
- Prioritising customer engagement and satisfaction
- Strengthening our brand
- Advancing SMEs and local communities
- Combating climate change
- Enhancing our digital processes
- Embedding sustainable practices across the value chain
- Upholding integrity through compliance
- Developing workforce capabilities
- Workforce diversity and equality

OUR SUSTAINABILITY GOVERNANCE

In order to effectively drive MBSB Group’s sustainability agenda, we enhanced our sustainability governance structure in 2023. This enhancement ensures clarity regarding roles and responsibilities at all levels, accommodating the expanded group, which now includes MBSB Bank and MIDF.



Our enhanced sustainability governance structure ensures a targeted focus on the deliberation of sustainability and climate-related risk matters, thereby enhancing our ability to execute our business strategy while minimising risks. Furthermore, we have taken clear steps to integrate climate risk management within our group sustainability governance structure and initiatives. Our governance structure incorporates the three lines of defence. The first line of defence assumes responsibility for identifying and managing day-to-day risks inherent in our operations. The second line of defence is tasked with establishing frameworks and policies to provide comprehensive risk governance and oversight. Lastly, the third line of defence offers assurance through independent assessment, review, and validation of processes. This comprehensive approach ensures a thorough and resilient risk management system throughout our organisation.

KEY ENHANCEMENTS

| Establishment of Group Sustainability Council | Establishment of Group Management Committee | Expansion of Board of Directors’ role at Group and Entity level |
|---|--|---|
| <ul style="list-style-type: none"> Enables an integrated approach to develop sustainability and climate risk management strategies across the Group. | <ul style="list-style-type: none"> Provides direction and input related to sustainability and climate risk management initiatives and plans across the Group. | <ul style="list-style-type: none"> The Group Board holds ultimate responsibility for managing sustainability and climate risk management matters, with similar responsibilities reflected at the entity level. |

OUR SUSTAINABILITY GOVERNANCE

| Governance Body | Roles and Responsibilities |
|---------------------------|--|
| Board of Directors | <ul style="list-style-type: none"> i. Review and approve the strategies on promotion of sustainability and climate risk management through appropriate ESG consideration in the Group's business. ii. Oversee and provide guidance on the development and expansion of the Group's sustainable financing. iii. Ensure incorporation of sustainability and climate risk management within the Group's corporate strategy. iv. Approve the Group's sustainability and climate risk management metrics, key performance indicators, frameworks and policies. v. Assume ultimate responsibility for managing the Group's sustainability and climate risk management matters. |
| RMC | <ul style="list-style-type: none"> i. Assist the Board in fulfilling its fiduciary responsibilities particularly in establishing controls to manage sustainability and climate risk. ii. Review and recommend the Group's sustainability and climate risk management strategies, frameworks, and policies to the Board for approval. iii. Review and recommend the Group's sustainability and climate risk management metrics, targets and key performance indicators to the Board for approval. iv. Oversee the Group's sustainability and climate risk management and ensure the risk management process is in place and functioning. v. Have oversight of the sustainability and climate risk management initiatives of the Group. |
| GMC | <ul style="list-style-type: none"> i. Review and recommend the Group's sustainability and climate risk management strategies, frameworks, and policies to the RMC and Board for approval. ii. Review and recommend the Group's sustainability and climate risk metrics, targets and key performance indicators to the RMC and Board for approval. iii. Ensure that the Group has established the necessary policies and procedures in place to support the implementation of sustainability and climate risk management initiatives. iv. Support the Group Sustainability Council in providing direction to the Sustainability Working Group for matters relating to the implementation of sustainability and climate risk management strategy. v. Deliberate and review the Group's sustainability and climate-related risks reports and have oversight of the Group's sustainability and climate risk management initiatives. |
| GSC | <ul style="list-style-type: none"> i. Ensure that a sustainability and climate risk management strategy has been embedded within the Group's overall business strategy. ii. Endorse the Group's sustainability and climate risk management strategy, prior to escalation to Management. iii. Provide oversight and direction to the Sustainability Working Group on the implementation of the sustainability and climate risk management strategy. |

The above governance structure applies to MBSB Group. We uphold robust sustainability governance not only at the group level but also within our entities. To ensure consistency, we align the roles and responsibilities observed at the group level with those at the entity level.

At the entity level, each entity's Board oversees sustainability and climate risk management matters. Each entity's Board is then supported by BRMCC, which mirrors the responsibilities of the RMC at the group level. Additionally, the senior management forms the MANCO of each entity to inform the Board of the sustainability and climate risk management strategies and provide direction to the SWG in implementing sustainability and climate risk management. Each entity's MANCO also recommends climate metrics, targets, and key performance indicators. To further support these efforts, SWG is involved in the implementation of sustainability efforts and initiatives, driving the growth of sustainable financing, among other responsibilities. In 2023, we are still in the process of implementing our enhanced governance structure, with progress geared towards full deployment in 2024. This ensures that sustainability governance is effectively implemented throughout our entire organisational structure.

ENGAGING OUR STAKEHOLDERS

We prioritise clear and responsive communication with our stakeholders. To foster strong relationships and better understanding, we engage with them through various formal and informal channels and respond effectively to their needs and feedback. In 2023, our key stakeholder groups include the board of directors, Shariah Advisory Committee, employees, shareholders, partners and alliances, government and regulators, customers, media, analysts, and society and NGOs.

Engagement Frequency

- A** Annually
- Q** Quarterly
- R** As and when required
- B** Bi-Annually
- M** Monthly
- D** Throughout the year

Sustainability Pillars

- Innovating and Creating Value
- Operating Sustainably
- Empowering a Sustainable Culture

BOARD OF DIRECTORS

- A** Annual General Meeting
- M** Board meetings
- D** Board training and forums

Topics Raised

- Business strategy and performance
- Growth opportunities
- Good governance
- Risk management
- Employee wellbeing and remuneration
- Sustainability considerations in financing and investment practices

Our Response

- Effective implementation of strategies and initiatives
- Provide transparent and accurate disclosure of financial performance
- Uphold good governance practices across the Group
- Enhance our sustainable finance products and services

Material Matters

- Economic Performance
- Innovation and Technology
- Data Privacy and Cybersecurity
- Sustainable Financing
- Ethics and Integrity
- Competent Workforce

SHARIAH ADVISORY COMMITTEE

- A** Annual General Meeting
- M** Board meetings
- D** Board training and forums

Topics Raised

- Business strategy and performance
- Shariah-compliant products and services
- Business affairs, operations and activities
- Good governance

Our Response

- Pursue sustainable earnings through profitable growth
- Integrate VBI considerations into SAC's decision-making process
- Uphold good governance practices across the Group

Material Matters

- Economic Performance
- Sustainable Financing
- Ethics and Integrity

EMPLOYEES

- Q** Feedback platform: Employee Engagement Survey, M-IDEA
- Q** Engagement: Kelab Sukan activities, M-RISE, Townhalls
- R** Regular meetings and discussions

Topics Raised

- Career development
- Diversity and equal opportunities
- Health, safety and wellbeing
- Benefits and remuneration

Our Response

- Support employees' growth through capability-building efforts and training
- Provide clear guidance on career development paths
- Provide a safe, conducive and discrimination-free workplace
- Offer attractive benefits and performance-based remuneration

Material Matters

- Economic Performance
- Innovation and Technology
- Data Privacy and Cybersecurity
- Sustainable Financing
- Ethics and Integrity
- Competent Workforce

ENGAGING OUR STAKEHOLDERS

SHAREHOLDERS

- A** Annual General Meeting **Q** Quarterly financial reports **R** Extraordinary General Meetings **R** Regular announcements via our website **A** Integrated Annual Report and Sustainability Report

Topics Raised

- Business strategy and performance
- Good governance practices
- Risk management
- Sustainability considerations in financing and investment practices

Our Response

- Pursue sustainable earnings, maintain a stable dividend stream, and achieve profitable growth
- Uphold good governance practices across the Group
- Effective management of risk and opportunities
- Preserve ethical financial practices
- Integrate sustainability considerations into financing and investment practices

Material Matters

- Economic Performance
- Sustainable Financing
- Environmental Stewardship
- Ethics and Integrity

MEDIA

- R** Media releases **R** Press conferences **R** Interviews **R** Events and engagements

Topics Raised

- Accurate, factual and transparent information
- Sustainable financing
- Community investments

Our Response

- Transparent disclosure of MBSB Group performance in publicly available reports
- Maintain regular engagement with media for updates relevant to MBSB Group

Material Matters

- Sustainable Financing
- Environmental Stewardship
- Serving the Communities

ANALYSTS

- Q** Analyst briefing **Q** Quarterly financial reports **R** One-on-one meeting **R** Regular announcements via our website **A** Integrated Annual Report and Sustainability Report

Topics Raised

- Economic performance
- Market presence
- Good governance
- Risk management
- Sustainable financing
- Good governance

Our Response

- Stable business performance through sustainable growth
- Effective implementation of strategies and initiatives
- Uphold good governance practices across the Group
- Integrate sustainability considerations into financing and investment practices

Material Matters

- Economic Performance
- Sustainable Financing
- Ethics and Integrity

PARTNERS AND ALLIANCES

- R** Meetings **R** Associations **A** Vendor assessment/ Performance evaluations **R** Supplier training and engagement session

Topics Raised

- Seamless procurement system
- Supplier code of conduct (SCOC)
- Sustainable procurement
- Partnership for growth

Our Response

- Launch e-procurement system
- In progress for ISO 20400:2017 certification
- Develop sustainable procurement policy and require suppliers to comply with our SCOC
- Conduct supplier training and engagement sessions
- Capacity building for internal sustainable procurement team

Material Matters

- Sustainable Procurement

GOVERNMENT AND REGULATORS

- R Dialogues
 R Conferences and webinars
 R Online briefing
 R Internet Banking Task Force (IBTF)
 Q Industry engagement
 R Meetings

Topics Raised

- Compliance to local regulations and requirements
- Affordable housing financing
- Supporting national agenda on green initiatives, schemes and funds
- Sustainable financing

Our Response

- Ensure full compliance to local regulations and requirements
- Active engagement in government-related financing initiatives, schemes and funds to support sustainability-driven economy
- Expand and enhance sustainable finance offering

Material Matters

- Sustainable Financing
- Serving the Communities
- Ethics and Integrity

CUSTOMERS

- A Surveys (e.g.: Customer Satisfaction Survey, Post-Transaction Survey)
 D Call centre, email, WhatsApp for Business, and social media channels
 D Physical and virtual branches, transaction banking centres and self service terminals (e.g.: ATM)
- A Relationship Managers
 R Digital touchpoints and platforms (e.g.: M JOURNEY, MIDF Invest)
 R Marketing campaigns and events

Topics Raised

- Superior customer experience
- Performance reliability of digital platforms
- Customers' data privacy and security
- Products and services offered by MBSB Group
- Sustainable financing

Our Response

- Enhance the stability of digital platforms
- Introduce new hotline and subscribe to Whatsapp broadcasting for better customer experience
- Address customers' complaints in a timely manner
- Vigilantly safeguard customers' data and privacy
- Broaden accessibility of current financial literacy programmes
- Expand and enhance sustainable finance offerings

Material Matters

- Customer Experience and Satisfaction
- Data Privacy and Cybersecurity
- Sustainable Financing

SOCIETY AND NGOS

- R Meetings
 R Graduate programmes
 R Community development initiatives

Topics Raised

- Financial literacy
- Community investments
- Sustainable financing

Our Response

- Zakat contribution
- Financial literacy programmes
- Community partnerships and outreach programmes
- Donations and sponsorships
- Employee volunteerism activities

Material Matters

- Sustainable Financing
- Environmental Stewardship
- Serving the Communities

OUR APPROACH TO MATERIALITY

Materiality Assessment Process

With the acquisition of MIDF, we undertook a full materiality assessment to evaluate and refine our key sustainability priorities as an enlarged MBSB Group. The refreshed materiality assessment in 2023 is meant to ensure that we capture the diverse views of our key stakeholders. As part of this assessment, a stakeholder engagement survey was launched, seeking insights from both internal and external stakeholders of MBSB Bank and MIDF to better understand their key concerns.

OVERVIEW OF THE MATERIALITY ASSESSMENT PROCESS

PHASE 1

Identification of Material Topics

- Key stakeholders and material topics were identified through a comprehensive analysis of global trends, GRI Standards, and the Bursa Malaysia Sustainability Reporting Guide 3rd edition.
- A survey was conducted to gather evaluations and ratings from stakeholders on the most impactful material matters for MBSB Group.

PHASE 2

Stakeholders' Engagement

- More than 2,000 internal and external stakeholders' views were captured via online surveys.
- Subsequently, a materiality assessment workshop with MBSB Bank and MIDF senior management was conducted to prioritise the material matters.
- This led to the development of a preliminary materiality matrix.

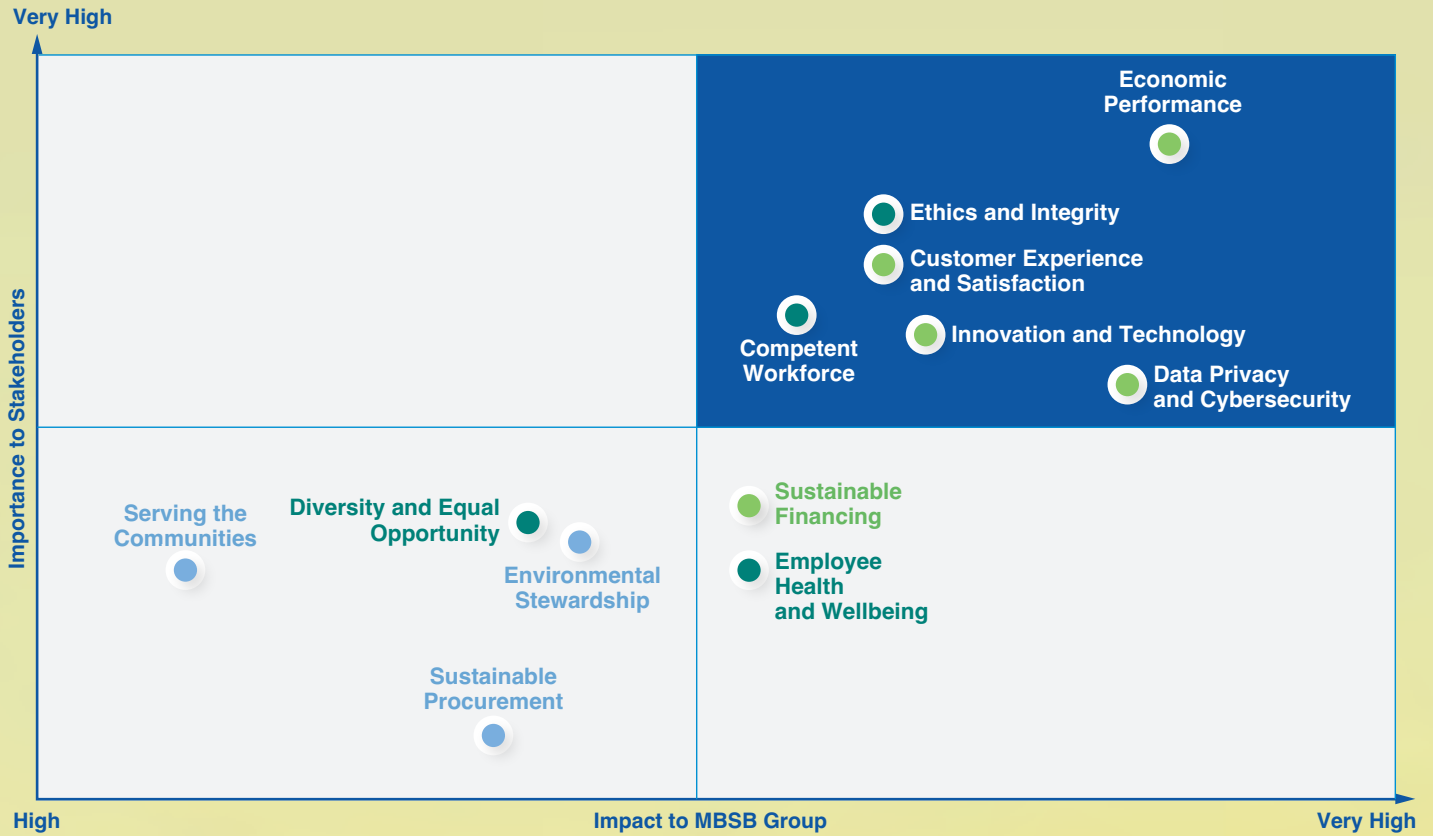
PHASE 3

Validation of Materiality Results

- The preliminary materiality matrix was reviewed and validated by our Management Committee, the respective Board Committees, including the SAC and subsequently approved by our Board of Directors.

Our Materiality Matrix

Based on the materiality assessment exercise, we have identified 12 material matters as our priorities in 2023.



Our 2023 Materiality Matrix reveals six (6) material matters as our top priority, namely:

- Economic Performance
- Ethics and Integrity
- Customer Experience and Satisfaction
- Competent Workforce
- Innovation and Technology
- Data Privacy and Cybersecurity

Sustainability Pillars

- Innovating and Creating Value
- Operating Sustainably
- Empowering a Sustainable Culture

The materiality assessment exercise consolidated some of last year’s standalone material matters to provide better focus: Financial Inclusion, Responsible Financing, and Sustainable Financing were combined into a single material matter named “Sustainable Financing”. Besides that, to better reflect our commitment in managing our environmental footprint, we renamed Climate Change to “Environmental Stewardship”.

Economic Performance is our top material matter, reflecting the Group’s focus on improving our financial performance, and enhancing value for shareholders.

OUR APPROACH TO MATERIALITY

To enhance clarity, we have refined the definitions of our material matters as follows:

| Material Matter | Definition | Detailed Discussion |
|---|--|---------------------|
| Innovating and Creating Value | | |
| Economic Performance | MBSB Group's economic impact involves generating and distributing value through revenue and dividends. This also extends to our contribution to local economic development in areas or communities where we operate. | Page 15 to 16 |
| Customer Experience and Satisfaction | Delivery of superior customer satisfaction services throughout all products and services offered by MBSB Group. | Page 17 to 19 |
| Innovation and Technology | The pivotal role of innovation and technology in elevating MBSB Group's business, products, and services through digitalisation. | Page 20 |
| Data Privacy and Cybersecurity | Securely managing sensitive customer data and privacy rights from leaks and cyberattacks. | Page 21 to 23 |
| Sustainable Financing | MBSB Group's investments, and financing toward environmentally and socially responsible projects, prioritising long-term benefits over short-term gains. This includes efforts in championing financial inclusion, responsible and transition financing. | Page 24 to 25 |
| Operating Sustainably | | |
| Environmental Stewardship | Efforts to proactively manage our environmental footprint, addressing pertinent issues and adopting best practices related to climate change, energy, water management, and waste management. | Page 27 to 33 |
| Sustainable Procurement | Efforts to support local suppliers while ensuring responsible sourcing through adherence to social and environmental criteria and best practices in supply chain. | Page 34 to 36 |
| Serving the Communities | Foster meaningful interactions and relationships with the people and communities surrounding our operations through local community development initiatives and outreach programmes. | Page 36 to 39 |
| Empowering a Sustainable Culture | | |
| Ethics and Integrity | Ensure the highest levels of transparency, ethical behavior, and integrity across MBSB Group's activities and behavior. This encompasses adherence to applicable laws, regulations, and guidelines wherever we operate. | Page 40 to 43 |
| Competent Workforce | Support the growth of our employees through upskilling, career support, good recruitment and retention practices, and comprehensive human capital management at MBSB Group. | Page 44 to 48 |
| Employee Health and Wellbeing | Managing the health, and wellbeing of our workforce while promoting a safe workplace that enhances work-life balance. | Page 49 to 53 |
| Diversity and Equal Opportunity | Ensuring a diverse and inclusive workplace that values and practices non-discrimination, and provides equal opportunities for all, irrespective of background, gender, ethnicity, religion, etc. | Page 54 to 55 |

INNOVATING AND CREATING VALUE

Economic Performance

Why does it matter to us?

Our economic performance hinges on our stability and capacity to deliver services in the financial sector. Our ability to deliver these services enables us to create value and returns for our stakeholders.

What is our approach?

We are transforming our branch model to become more sales-centric and customer-focused while enhancing our market presence through social media and public campaigns. These initiatives highlight our commitment to evolving our operations and solidifying our position as a leading financial services provider.



Detailed information on our economic performance can be found in our Integrated Annual Report 2023.

Branch Transformation Programme

Our branch transformation programme has been identified as a key enabler for MBSB Bank to continuously grow our consumer banking segment, and complement our digital banking initiatives to reposition for growth. Through this programme, we aim to transform our brick-and-mortar channel from a regular traditional service and transactional-based branch to a more sales-driven, approachable and customer-friendly environment. The Programme tackles these aims through a three-pronged approach: People, Process, and Platform. Our Branch Transformation Programme will remain a key initiative under our strategic plan for 2024-2026.

Market Presence

We are making strides in growing our market presence. We continue to use various digital marketing channels to broaden our customer reach and boost market visibility. This includes leveraging on digital and social media sites to update our followers and customers on our campaigns, products, and service offerings. Following up from our 'Sembang Santai Syariah' video series on Youtube published in 2022, last year we uploaded a series of "How-to" videos to provide our customers with a step-by-step guide to our online banking app M JOURNEY. This series also enables us to promote our seamless digital banking experience on a platform that can reach a wider customer base.

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**MBSB Bank's
Branches
Nationwide**

5

**MIDF
Regional
Offices**



INNOVATING AND CREATING VALUE

How have we performed?

Branch Transformation Programme

PEOPLE

1. Deployment and recruitment of sales staff to promote and drive a more business-driven culture in branches.
2. Improvement of our sales to operations staff ratio from 24:76 in 2021 to 41:59 in 2023.
3. Branch Manager Behavioral Profiling via Online Harrison Assessment to gauge their business leadership, sales, marketing accountability and customer service.
4. Provide tools and guidance via our Branch Performance Recovery Programme for underperforming branches to reach their targets.

PLATFORM

1. Reclassification of branches into three groups (Platinum, Gold and Silver) based on business performance and market potential.
2. Physical Branch Transformation
 - Completed relocation of 15 branches and upgrading of 5 branches.
3. Commercial Banking Centre
 - Set up two new Commercial Banking Centres at Seberang Jaya and Putrajaya.

PROCESS

1. Branch Monthly Dashboard
 - Enforcement of monthly reports to enable Branch Managers to effectively monitor and visualise key performance indicators related to business and operational activities.
2. Branch Helpdesk
 - A single online portal developed to track and resolve branch issues.
3. Queue Management System
 - Commenced tracking of branch waiting and serving time.
4. Review on Home Branch Limitation
 - Introduced 'Anywhere Banking' concept by removing restrictions of Home Branch.

Economic Development

We actively contribute to the local economy through our business activities. This includes distributing value to our employees, supporting the nation through tax payments, contributing to local communities, and providing returns on investments to our shareholders. Our goal is to further strengthen our economic performance to drive value, foster growth, and achieve further financial stability.

Our Value Generated

RM2.8 billion

Operating Costs

RM208 million

Employee Wages and Benefits

RM396 million

Payments to Government

RM115 million

Payments to Providers of Capital

RM2.1 billion

Community Investments

RM0.5 million



Detailed information of our economic performance can be found in our Annual Integrated Report 2023.

Customer Experience and Satisfaction

Why does it matter to us?

Exceptional customer experience and satisfaction are instrumental in strengthening brand loyalty and are therefore critical to our success. We proactively respond to changing customer behaviour by offering a seamless positive experience, prioritising convenience, and maintaining a customer-centric approach.

What is our approach?

Our commitment to delivering unparalleled customer service is supported by our Customer Service Charter and Complaints Handling Management Policy and Procedures. These documents establish a standardised approach to handling and monitoring customer feedback and complaints received through all communication channels. Our goal is to ensure that all feedback and customer complaints are promptly addressed, responded to, resolved, and closed.

We have a dedicated function responsible for addressing customer concerns and grievances, known as the Customer Experience Management Department (CEMD). This department comprises our Customer Experience Unit, Complaint Handling Unit, and Customer Service Centre.

We continue to utilise established systems and customer engagement methods that have proven effective for our operations and provided optimal avenues for interacting with customers. These include the Case Management System, Customer Satisfaction Survey, and Post-Transaction Survey.

MBSB Group remains committed to addressing any pain points identified and implementing necessary action plans. These include providing regular and adequate training on product knowledge and process efficiency for all bank staff, simplifying systems, and considering the provision of an updated handbook for its products.

In 2023, we sustained our momentum in providing positive customer experience through an array of initiatives, including the following:

Establishment of new hotline call centre dedicated to Ihsan-i FSA2's EPF members

- Ihsan-i FSA2 is a part of the EPF's Account 2 Support Facility Programme (FSA2), designed to assist EPF members aged 40 to 55 in obtaining Shariah-compliant financing.
- In April 2023, MBSB Bank launched a dedicated Ihsan-i hotline call centre and subscribed to WhatsApp for Business (WABA) for FSA2 inquiries.
- To manage the high volume of calls and WhatsApp messages, a specialised task force team of 29 staff members was established, operating from 8 am to 9 pm daily, excluding public holidays.

Uplift in-branch experience

- In July 2023, MBSB Bank launched the Combo Merdeka Campaign to attract new-to-bank customers, which has generated more than RM500 million in deposits since its inception.
- In December 2023, MBSB Bank introduced the Simpan Berganda Menang Bergaya 3.0 Campaign with a one-year target of more than RM500 million in CASA growth.
- MBSB Bank plans to initiate a Deposit Challenge sprinter campaign at branches and regions in January 2024.

Participation in Minggu Amanah Saham (MSAM) 2023

- MIDF Invest, an online stockbroking product was showcased at MIDF's booth during MSAM 2023 to increase awareness of its presence among potential new investors.
- Looking ahead, MIDF Invest is gearing up its Digital Business team with enhanced product awareness, capabilities, and future strategies to effectively engage and promote MIDF Invest to the public.

INNOVATING AND CREATING VALUE

In addition to these initiatives, we remain committed to enhancing customer experience through continuous improvement of our digital platforms and mobile apps:

M JOURNEY Mobile Application

- Customers can reach us via various channels, including visiting our branches, completing an online feedback form, emailing us at complaint@mbsbbank.com or enquiry@mbsbbank.com, or contacting us via phone at 03-2096 3000 or fax at 03-2096 3292.
- The M JOURNEY app has received a favorable rating of **4.4** on the Google Play Store.

MIDF Invest

- Customers can submit inquiries through our in-app chat, email (hello.midfinvest@midf.com.my or enquiry@midf.com.my), social media channels including Facebook, Instagram, LinkedIn, Twitter and YouTube.
- In-app chat support is available on Monday to Friday, from 9 am to 5 pm and 9 pm to 5 am.
- The app received positive ratings of **4.3** on Google Play store and **4.7** on Apple App Store, out of the maximum 5-star rating.

Anticipating the need for system enhancements, MBSB Group will focus on internal improvements to elevate overall customer experience, and establish a Customer Experience Unit within its Digital Financing Platform under MIDF.

How have we performed?

51%

reduction in cases of customer complaint from various channels in 2023

89%

Customer Satisfaction Index



MBSB Bank experienced a notable enhancement in its customer experience and satisfaction in 2023. Over the course of the year, the bank received 530 customer complaints through various communication channels, a **51%** reduction compared to the previous year. This decline reflects the bank’s efforts to improve services and effectively addressing customer concerns.

Customer Satisfaction Index

In 2023, MBSB Bank reached another milestone in overall customer satisfaction, achieving a Customer Satisfaction Index of **89%**. This improvement is attributed to several factors, including enhanced product offerings, streamlined processes, and improved customer service.

Net Promoter Score

Net Promoter Score are one of the areas gauged by the Malaysian Retail Banking Industry Customer Satisfaction Survey conducted by Ipsos Malaysia. It measures the likelihood of customers recommending MBSB Bank to family and friends.

In 2023, MBSB Bank witnessed a notable increase in its Net Promoter Score, reaching **64**, surpassing the industry benchmark of 61. This notable improvement was driven by several factors, including the ease of product application process, competitive profit rates especially for financing products, and the bank’s efficient service delivery.



* This data has been independently assured. Please refer to the Independent Limited Assurance Statement on pages 67 to 70.

Post Transaction Survey (PTS)

In 2023, our PTS focused on capturing customers’ feedback on the entire opening process for CASA accounts. During the 4-month survey period, MBSB Bank distributed a total of 6,692 SMS surveys, receiving 579 responses, which is equivalent to a 9% response rate, a typical rate for such surveys. The response rate indicates 98% of customers were satisfied with their CASA opening process.

Ihsan-i FSA2 hotline call centre and WhatsApp

Since the hotline call centre was established, the team has answered a total of 71,600 calls and resolved 25,061 WhatsApp tickets.

Looking ahead, MBSB Bank plans to improve its systems for better customer experience by the first quarter of 2024. In the same period, MIDF aims to establish a Customer Experience Unit.

INNOVATING AND CREATING VALUE

Innovation and Technology

Why does it matter to us?

Aligned with Bank Negara's Financial Sector Blueprint 2022-2026, MBSB Group perceives innovation, technology, and digitalisation as key strategic enablers for the organisation. We recognise the importance of staying abreast with technological advancements to future-proof our business and meet stakeholders' needs. These elements enable us to serve our customers efficiently, manage risk effectively, explore new business opportunities, and remain competitive.

What is our approach?

MBSB Group has made significant strides in enhancing our efficiency, expanding our reach and streamlining our services by offering innovative financial products and services through the usage of digital platforms. Over time, MBSB Group plans to establish Internet of Things (IoT) solutions as part of our business financing, and to leverage on cloud technology to advance our digital capabilities.

The Group actively seeks out partnerships and collaborations with entities that will further enable our growth towards digitalisation and technological advancement.

How have we performed?

Innovative Products and Services

M JOURNEY Corporate

- Launched in September 2023, M JOURNEY Corporate is a Digital Transaction Banking (DTB) platform for integrated banking services for corporate customers.
- The online platform provides customers with a full suite of Cash Management Solutions which simplifies corporate banking for enhanced efficiency and security. Businesses can perform transactions on-the-go, execute single and bulk payments, integrate with corporate Enterprise Resource Planning (ERP) systems, as well as monitor payments, collections, and bank statement reconciliations in real-time.

M JOURNEY – Virtual Branch

- MBSB Bank introduced a Virtual Branch for customer convenience and expanded access, enabling users to conduct transactions without visiting a physical branch.
- Services include DuitNow, financing payments, Foreign Funds Transfer (FFT), Intrabank Transfer, Interbank GIRO (IBG) instant transfer, JomPay, term deposit management, online account access, ATM PIN changes, and cheque management.

M JOURNEY Mobile Application

- In 2023, active users surged by 186% with more than 77,000 new users registered, indicating substantial growth.
- Digitally driven transaction throughput increased by 212% with a total transaction value of RM1.95 billion.

Electronic Know Your Customer (e-KYC)

- e-KYC is integrated into our CASA-i products, serving as an online process to digitally identify and authenticate individual customers through facial recognition, bureau file verification, and knowledge-based verification methods.

MIDF Invest

MIDF strives in digital and technological advancements through MIDF Invest, which focuses on digital stockbroking and the digitalisation of SME platforms.

Collaborations and Partnerships

- MBSB Bank signed a Memorandum of Understanding with CelcomDigi in 2023 to boost its digital banking efforts and to explore innovative opportunities such as smart banking solutions, smart retail financing, and cloud infrastructure technology.

Data Privacy and Cybersecurity

Why does it matter to us?

We prioritise protecting our customers' sensitive information with robust cybersecurity measures. Given the significant volume of confidential data we handle, we acknowledge potential risks like data loss or operational interruptions. Therefore, we remain dedicated to implementing necessary measures to prevent such issues.

What is our approach?

We are committed to adhering to data privacy requirements mandated by regulatory bodies such as BNM, Securities Commission, and Bursa Malaysia. We also adhere to a comprehensive set of internal policies and procedures that guide our business operations, ensuring effective management of data privacy and cybersecurity. These policies and procedures include the following:

MBSB Bank

- Personal Data Protection (PDP) Policies and Procedures
- Record Management Procedures
- IT Risk Management Framework
- Information Technology Security Policies (ITSP)
- Outsourcing Policies and Procedures
- Management of Customer Information and Permitted Disclosures (MCIPD) Policy and Procedures
- Data Management and Information System Framework
- Cyber Risk Policy

MIDF

- Technology Risk Management and Cyber Resilience Policy
- Cloud Security Policy
- Cyber Incident Response and Recovery Plan Procedure
- Vulnerability Assessment and Penetration Testing (VAPT) Guideline
- Risk Assessment for Cloud Security Procedure.
- Management of Customer Information and Permitted Disclosures (MCIPD) Policy and Procedures
- Data Management and Information System Framework

In terms of governance, both MBSB Bank and MIDF have established robust governance structures and delineated clear reporting lines concerning data privacy and cybersecurity matters. At MBSB Bank, the Board Information Technology Oversight Committee (BITC) oversees comprehensive IT frameworks and policies, regularly updating them to enhance the efficacy of our cybersecurity measures. Supported by the Cyber Security Working Group (CSWG), they ensure a robust approach to cybersecurity throughout the organisation.

At MIDF, cybersecurity is a regular topic on the agenda of the Group IT Steering Committee (GITSC), Board Technology Committee (BTC), and Board meetings. GITSC receives monthly updates, while BTC and the Board of Directors receive quarterly updates on cybersecurity matters. The Chief Information Security Officer (CISO) is responsible for managing the overall Technology Risk Management and Business Security Management for MIDF, ensuring compliance with established security policies within the organisation in accordance with cybersecurity regulatory requirements. Additionally, the Cyber Emergency Response Team (CERT) provides direct reporting to senior management about cybersecurity incidents for swift and effective responses when needed.

Furthermore, MBSB Group ensures that an annual budgeting review and process are conducted to guarantee sufficient financial resources for supporting technology systems and cybersecurity initiatives. This encompasses budget allocations for personnel training, hardware, software, cybersecurity tools, and ongoing maintenance of systems. In 2023, we allocated RM15 million for cybersecurity enhancements.

INNOVATING AND CREATING VALUE

Enhancing Data Privacy and Cybersecurity Measures

By leveraging existing systems, initiatives, and proven procedures, we ensure the safeguarding of data privacy and the prevention of cyber-attacks through various measures, such as the following:

- Deployment of an automated fraud management system.
- Adoption of multi-factor authentication for all internet banking systems.
- Adequate control measures to protect customer privacy.
- Monitoring mechanisms to surveil employee access to customer information.
- Operating a Security Operation Centre (SOC) round-the-clock for real-time threat response.
- Equipping users' endpoints with technology such as Extended Detection and Response (XDR), Audio Video, and Data Loss protection.
- Enhancing security system infrastructure hardware.
- Conducting regular employee awareness sessions through e-learning modules and self-assessment tests.
- Issuing weekly reminders on industry practices and common scams to keep employees stay informed and vigilant.

In 2023, we initiated several systems to enhance our data privacy and cybersecurity measures. These include:

- **Enterprise Mobile Management (EMM):**
EMM allows organisations to manage and control mobile devices used for corporate purposes. It provides robust management capabilities to control how mobile users interact with the bank's network and applications.
- **File Integrity Management (FIM):**
The FIM system is a Security Configuration Management (SCM) suite that offers centralised file and configuration integrity monitoring management.
- **Security Information and Event Management (SIEM) Enhancements:**
SIEM software provides organisations with a comprehensive view of activity across their entire network. It helps detect and block security threats in real-time, enabling faster responses to potential disruptions.
- **Security Posture Assessment (SPA):**
The SPA project involves conducting a thorough independent penetration test and security assessment services to ensure the confidentiality, integrity, and availability of the bank's critical information. The results of the SPA provide insights into the bank's security posture and help identify existing or potential security threats.
- **Data Leakage Prevention (DLP) System:**
DLP is a solution designed to detect and prevent data breaches by blocking the extraction of sensitive data. Organisations use DLP for internal security and regulatory compliance purposes.

Navigating Towards a Cyber-Resilient Culture

We are dedicated to ensuring that our employees remain vigilant and aware of the importance of data privacy and cybersecurity. This is reflected in our structured training programmes, which utilise various methods including physical sessions, online modules, and platforms such as Risk Digest and Microsoft Viva. In 2023, we conducted and participated in a total of 20 internal and external training and awareness sessions, including the following:

Cybersecurity Awareness Programme

- Attended by the Board and senior management.
- The session aimed to provide participants with a comprehensive understanding of cybersecurity, enabling them to identify key risk issues and mitigate them effectively.

Information and Cybersecurity e-learning Module

- Attended by all MBSB Bank employees.
- The module aims to enhance employees’ awareness and understanding of data privacy and cybersecurity which include the following topics:
 - Data Classification in Banking
 - Cybersecurity Threats and Protection
 - IT Security Policy
 - Phishing Awareness
 - Password Security
 - Banking Secrecy

Regular training on cybersecurity best practices

- Refresher sessions for employees held three times a year.
- Introduction to cybersecurity to new joiners during induction sessions.

Various public training

- Among the public training attended by employees in 2023 include:
- Cybersecurity, IT Assurance and Governance Conference 2023
 - Experiential Cybersecurity Conference
 - Embedding Business Continuity with Cybersecurity - How They Are Related?

How have we performed?

Zero

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

RM15 million

invested in cybersecurity enhancement

Looking ahead to 2024, we will leverage our existing resources to foster enhanced collaboration and prioritise continuous improvement in several key areas. This includes enhancing relevant systems for managing customer information, revising internal policies and procedures, upskilling our employees through certifications, and conducting thorough investigations into any data privacy breach incidents, with action plans for improvement.

INNOVATING AND CREATING VALUE

Sustainable Financing

Why does it matter to us?

Sustainable Financing is a pivotal tool for MBSB Group as we work towards our sustainability commitments and alignment to the national agenda. Through effective utilisation of our sustainable financing channels, we provide funds for business activities that contribute to the long-term benefit of our stakeholders, and society.

What is our approach?

Building a Green Economy

We aim to create solutions and opportunities through our business and financing that can reduce or eliminate adverse impacts on the environment and society. Our financial portfolio is guided by relevant policies and frameworks aligned with regulatory developments and industry best practices. We avoid industries and activities that may cause harm to the environment and society by focusing on projects with significant positive environmental and social impacts, including renewable energy, infrastructure, social welfare, and waste-to-energy ventures.

In our efforts to embed ESG considerations into our financing and portfolio, all of our corporate financing projects are assessed using our ESG Risk Framework. Looking ahead to 2024, MBSB Group will be developing additional risk acceptance criteria for new financing and investment ventures aimed at expanding our green portfolio.



Issuance of reNIKOLA Solar II, world's first climate Sukuk

Through MIDF Amanah Investment Bank Berhad (MAIB), we continued our partnership with reNIKOLA Group for the second issuance of ASEAN Green SRI Sukuk, amounting to RM390 million via reNIKOLA Solar II Sdn. Bhd. This new Sukuk, known as reNIKOLA II ASEAN Green SRI Sukuk, is rated AA2 and is independently verified by RAM Sustainability Sdn. Bhd. to have complied with the Climate Bonds Standard and Certification Scheme, making it the world's first climate Sukuk certified by Climate Bonds Initiative (CBI). The proceeds from this issuance were utilised to refinance the development costs of two 30MW solar plants in Kedah and Kelantan. The Sukuk has garnered significant interest from investors, resulting in an oversubscription of nearly three times the issue size. This demonstrates the increasing demand for green financing and investment within the financial sector.

Investing in MIDF Amanah ESG Mustadamah Fund

MIDF Amanah Asset Management's new ESG Mustadamah Fund (MAMF) is a long-term investment solution for investors seeking to generate sustainable capital appreciation by investing in a portfolio of Shariah-compliant equities that adhere to sustainable investing principles. The fund is a domestic fund.

What is ESG Mustadamah Fund?

'Mustadamah' literally translates to mean the ability to sustain and this new fund aims to achieve medium to long-term sustainable capital appreciation by investing in a portfolio of Shariah-compliant equities that adhere to sustainable investing principles.

Why Invest in MIDF Amanah ESG Mustadamah Fund?

| | |
|---|--|
| <p>ABSOLUTE RETURN PORTFOLIO Targeted annual return of 8%</p> <p>DOMESTIC The fund supports the local ESG initiatives as it is a domestic fund.</p> | <p>SHARIAH COMPLIANT Enable retail investors to participate in a Shariah ESG fund.</p> <p>RESILIENT Fundamentally strong ESG and Shariah based funds were resilient from a downside risk factor.</p> |
|---|--|

MIDF Amanah ESG Mustadamah Fund

Launched by MIDF Amanah Asset Management Berhad (MIDF Asset Management) in 2021, the ESG Mustadamah Fund continues to seek medium to long-term sustainable capital appreciation by investing in a portfolio of Shariah-compliant equities that adhere to sustainable investing principles. This investment solution integrates ESG considerations into the screening, selection, and monitoring process of the Fund's investments. Reflecting the growing client interest in sustainable investments, the ESG Mustadamah Fund empowers clients to make impactful, relevant, and sustainable choices through this new investment avenue.

We have also introduced several other initiatives to facilitate the journey of SMEs towards ESG, which include the following:

- **MIDF's Sustainable and Green Biz Financing**
 - Promotes green technology and energy efficiency among local industries.
 - Focuses on energy conservation, power generation and distribution, renewable energy, and carbon emissions reduction.
- **Capacity building programme for SMEs**
 - The programme called “ESG Catalyst: Empowering Malaysian SMEs Towards Responsible Business Practices” is a collaboration with the UN Global Compact Network Malaysia and Brunei.
- **Partnership with Malaysian Green Technology and Climate Change Corporation (MGTC)**
 - MIDF and MGTC signed a Memorandum of Collaboration outlining joint capacity building and intervention programmes, providing consultancy, guidance, and support to accelerate ESG adoption among MIDF's clients.

Financial Literacy and Financial Inclusion

We continue to assist our customers from middle to low-income backgrounds, promote financial inclusion and assist our communities in improving financial literacy. As the SME industry continues to progress, we have enabled countless SMEs to expand their operations, grow their business and contribute to the economy by granting them access to financial products that they would not typically have the resources to obtain. Similar to the previous year, we continue to offer BNM funds to SMEs which include the SME Automation and Digitalisation Facility (ADF), Agrofood Facility (AF), High Tech and Green Facility (HTG), and All Economic Sectors (AES).



In 2023, we were able to bring forward the following affordable and financial inclusion products:

- | | |
|---|---------------------------------------|
| Skim Jaminan Kredit Perumahan (SJKP) Mortgage | RUMAH SELANGORKU |
| Residensi Wilayah (RUMAWIP) Mortgage | Perumahan Rakyat 1Malaysia (PR1MA) |
| MIDF Second Chance Financing (2CF) | MIDF SME Revitalisation Financing |
| Skim Jaminan Pembiayaan Perniagaan (SJPP) | M-Government Guarantee Scheme (M-GGS) |

Responsible Financing

Committed to ethics and integrity, we responsibly provide financing that adheres to our social and environmental policies, fostering societal equity and sustainable growth in the Group through strategic funding allocation.

INNOVATING AND CREATING VALUE

We refrain from financing the following:

| | | |
|--|---|--|
| <p>1</p> <p>Companies with strong evidence of employing child labour, trafficked or forced labour or have been party to human right abuses.</p> | <p>2</p> <p>Projects involving resettlement of indigenous and/or vulnerable groups without obtaining their free and informed consent.</p> | <p>3</p> <p>Projects that generate a negative impact on UNESCO World Heritage areas, wetlands registered by the Ramsar Convention or tropical rainforests, as well as key biodiversity areas and areas as per IUCN categories I to IV.</p> |
| <p>4</p> <p>Companies that apply the extraction or mining method of Mountain Top Removal.</p> | <p>5</p> <p>Companies located in areas actively embroiled in armed conflict.</p> | <p>6</p> <p>Companies that discharge waste into coastal or other shallow waters.</p> |
| <p>7</p> <p>Companies that clear land by burning, causing significant environmental impact.</p> | <p>8</p> <p>Companies that use or produce goods using wood sourced from or located at illegal operations.</p> | <p>9</p> <p>Companies involved in construction, development or expansion of nuclear power plants or uranium enrichment facilities.</p> |
| <p>10</p> <p>Companies that endanger local water security.</p> | <p>11</p> <p>Activities that cause pollution e.g., release of untreated wastewater, pollution of soil and waterways with untreated organic content.</p> | <p>12</p> <p>Activities involved in mining of coal or the construction, development or expansion of coal-fired power plants.</p> |
| <p>13</p> <p>Activities that generate a negative impact on endangered species of wild flora and fauna as per Convention on International Trade in Endangered Species (CITES), and the Convention on the Conservation of Migratory Species of Wild Animals (CMS or Bonn Convention) and IUCN Red List of Threatened Species.</p> | <p>14</p> <p>Activities that contravene environmental laws, including, but not limited to:</p> <ol style="list-style-type: none"> The National Forestry Act 1984 Wildlife Conservation Act 2010 National Parks Act 1980 The Fisheries Act 1985 The Environmental Quality Act 1974 | <p>15</p> <p>Activities that contravene national human rights and labour laws, including, but not limited to:</p> <ol style="list-style-type: none"> Employment Act 1955 Children and Young Persons (Employment Act 1966) Minimum Wages Order 2018 |
| <p>16</p> <p>Logging of or trade in illegally harvested or uncertified timber as well logging in uncertified primary forest.</p> | <p>17</p> <p>Activities that involve commercial animal testing and non-healthcare related activities.</p> | <p>18</p> <p>Activities that involve planting on peatland.</p> |
| <p>19</p> <p>Projects involving high carbon stock (not applicable to high forest cover countries) and high conservation value forests.</p> | | |

In addition, MBSB Bank abstains from providing financing to businesses or activities that do not adhere to Shariah principles, including those engaged in gambling, alcohol, or the production and sale of tobacco.

OPERATING SUSTAINABLY

How have we performed?

MBSB Bank Sustainability Sukuk Wakalah

MBSB Bank upholds the pillars of Islamic banking, providing full-fledged Shariah-compliance banking and financial services. Since the establishment of MBSB Bank’s Sustainability Sukuk Wakalah Programme in 2022, we are proud to have financed sustainable projects amounting to RM667 million, as follows:

Solar
RM161 million

Biogas
RM10 million

Public Infrastructure
RM496 million

In the future, we will explore innovative sustainable and transition finance products and services to our retail and non-retail customers. This initiative is aimed at effectively supporting our customers in their sustainability endeavours, aligning with our commitment to environmental and social responsibility.

Environmental Stewardship

Why does it matter to us?

We are committed to enhancing efficiency across our operations by actively pursuing strategies and initiatives aimed at reducing our environmental footprint. This involves tracking and monitoring our carbon emissions, energy consumption, water usage, paper consumption, and waste generation.

Emissions

We closely monitor Scope 1 and Scope 2 emissions across all our offices and branches. In 2023, we initiated the measurement of Scope 3 for MBSB Bank, specifically focusing on business travel and employee commuting. In our first year of tracking, we acknowledge the potential for imperfect data quality. Therefore, we remain committed to an ongoing process of refining and enhancing our methodologies to ensure the capture of more accurate data in the future. In another effort to reduce GHG emissions, MIDF successfully purchased carbon credits in the inaugural Bursa Carbon Exchange. Parts of the carbon credits were used to offset its Scope 1 and 2 GHG emissions.

In our ongoing effort to reduce our environmental footprint, we are actively implementing various emission reduction measures, including implementing energy-saving initiatives which include the installation of inverter air-conditioners and LED lighting at 30 of our renovated branches. In 2024, we will be implementing LED lighting installation at Menara MBSB.

What is our approach?

As a responsible organisation, we align our decarbonisation efforts and the management of our operational emissions with the national agenda aimed at achieving Net Zero greenhouse gas (GHG) emissions by 2050.

Water

In 2023, we expanded our existing water-saving initiatives, specifically on the instalment of dual-flush systems at 13 branches and self-closing taps at 19 branches. Additionally, we have been consistent in implementing preventive maintenance and inspection plans for pipes and water fixtures at Menara MBSB Bank and Wisma MBSB Bank. Our goal is to extend these efforts to include all branches by 2025.

Paper usage

Recognising our significant paper consumption in banking operations, we are focused on digitising our banking processes. We are delighted to report that in 2023, we achieved **100%** e-statement adoption among our financing customers in December 2023 and have successfully implemented electronic signatures for internal processes such as claims and meeting papers.

Waste Management

The Group initiated the tracking and monitoring of our general waste disposal in 2023. We have engaged licensed contractors to ensure responsible collection and disposal of waste. We also launched Fabric Upcycling and Plastic Upcycling Workshops to further promote environmental-conscious practices within our premises.

OPERATING SUSTAINABLY

Fostering an Environmentally Aware Culture

MBSB Group actively participates in external ESG and climate related programmes, organises various internal initiatives, and engages in strategic partnerships and collaborations. These include the following:

Facilitated Roundtable Dialogue Discussions with key stakeholders and ministries.

Discussed key ESG topics during a series of engagement sessions with industry experts and leaders.



Hosted the MIDF Green Conference on June 15th, 2023, themed 'Shaking Things Up'.

This conference attracted 400 participants from corporates, SMEs, government agencies, NGOs, and media outlets.



MIDF Research contribute to a series of articles focused on ESG-centric business and investment topics.

These articles were published in the Capital Markets section of The Star Biz7.



Active participations as speakers in various ESG thought leadership events.

This includes participation in the Climate Governance Malaysia's inaugural National Climate Governance Summit, Joint Committee on Climate Change (JC3), Innovation for Transition: Bank and clean energy investments discussions.



How have we performed?

Total GHG emissions of 9,526 tCO₂-e in 2023

Scope 1

41 tCO₂-e

(direct emissions, namely petrol and diesel consumption from company-owned vehicles, and diesel consumption from diesel generators)

Scope 2

5,480 tCO₂-e

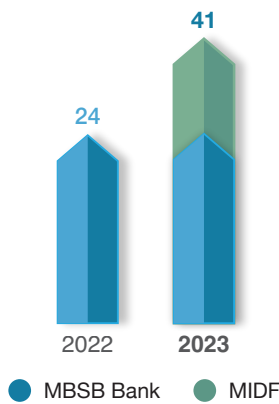
(indirect emissions, mainly from electricity consumption)

Scope 3

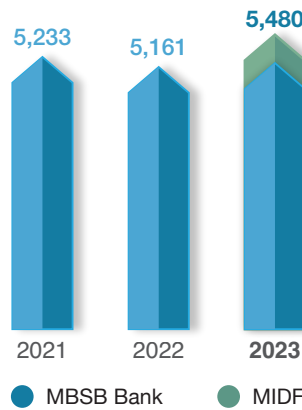
4,005 tCO₂-e

(indirect emissions, specifically from business travel and employee commuting)

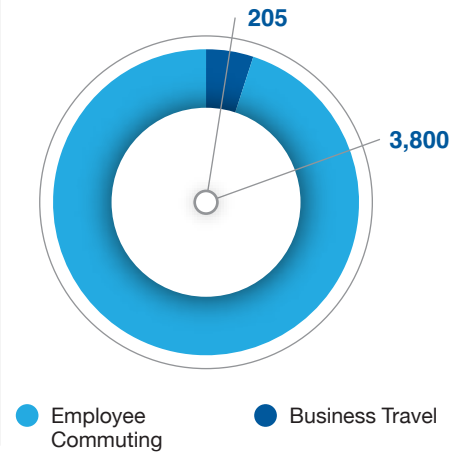
Total Scope 1 emissions (tCO₂-e)



Total Scope 2 emissions (tCO₂-e)



Total Scope 3 emissions (tCO₂-e)



| GHG Emissions | 2023 | |
|---|--------------------|------|
| | MBSB Bank | MIDF |
| Scope 1 emissions (tCO ₂ -e) | 24 | 17 |
| Scope 2 emissions (tCO ₂ -e) | 5,233 ⁵ | 247 |
| Scope 3 emissions (tCO ₂ -e) | 4005 | 0 |

In near future, we will be disclosing our Scope 3 Financed emissions.

Note:

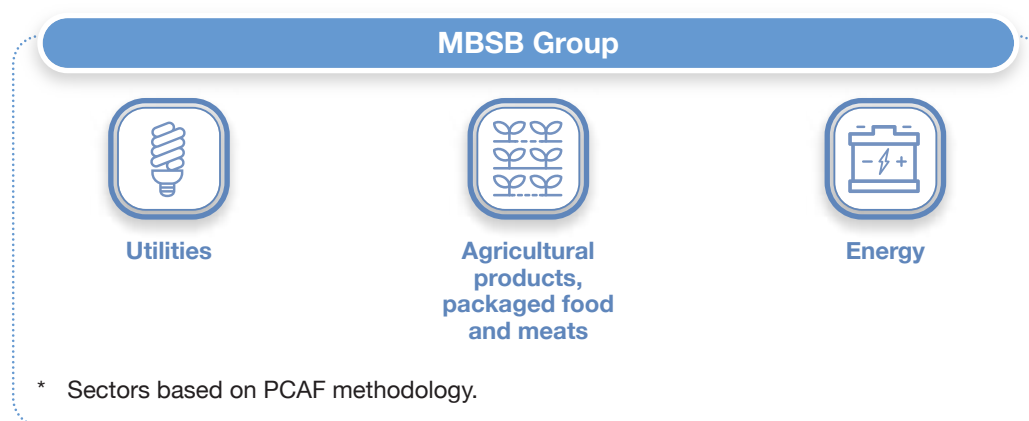
- Our emissions calculation is based on the GHG Protocol Corporate Accounting and Reporting Standard and global warming potential values from the IPCC's Sixth Assessment Report.
- The historical data for Scope 2 emissions has been restated, incorporating the latest emission factor from Malaysia's Energy Commission for 2021.
- Our Scope 3 emissions for business travel and employee commuting cover MBSB Bank only. MIDF data will be reported in the next reporting cycle.
- GHG emissions data from MIDF covers the period from October to December 2023 only.
- This data has been independently assured. Please refer to the Independent Limited Assurance Statement on pages 67 to 70.

OPERATING SUSTAINABLY

Embarking on Scope 3 Financed Emissions

As a financial service group, the majority of our GHG emissions stems from Scope 3 emissions, particularly in financed emissions category. Recognising the impact of financed emissions, we have started measuring our financed emissions for MBSB Bank and MIDF using the Partnership for Carbon Accounting Financials (PCAF) methodology, which form as the basis of our decarbonisation strategies.

The major three emitting sectors for MBSB Group are as follows:



Environmental Performance Data

| | 2021 | 2022 | 2023 |
|--------------------------------|------------|------------|---------------------|
| Electricity consumption (MWh) | 7,126 | 7,044 | 7,525 |
| Energy Consumption (MJ) | 25,655,389 | 25,693,276 | 28,341,967 |
| Water Consumption (Megalitres) | 52.477 | 58.414 | 72.870 ¹ |
| Paper Consumption (Reams) | 12,753 | 17,966 | 18,462 |
| Paper Recycled (Metric tonnes) | Nil | 1.17 | 21.36 ¹ |
| Waste Disposed (Metric tonnes) | Nil | Nil | 39.99 ¹ |

Note:

1. Water consumption, paper recycled, and waste disposed cover MBSB Bank data only.
2. Historical data for energy consumption for 2021 and 2022 has been restated due to the application of the latest grid emission factors 2021 from Malaysia's Energy Commission.
3. Energy consumption for 2021 comprises solely of electricity purchased, as fuel consumption data were not yet tracked and monitored during that period.
4. The significant increase in paper recycled in 2023 is attributed to initiation of tracking of bulk paper recycling.

TCFD

Our climate change management and disclosures have been significantly enhanced through the Climate Risk Management and Scenario Analysis (CRMSA) exercise executed throughout 2023. The outcomes of the CRMSA exercise are reflected and summarised through our TCFD disclosures below:

GOVERNANCE

The Board, as the highest governing body, bears ultimate responsibility for overseeing sustainability and climate-related risk matters across the Group. Supporting the Board in its functions are the Board committees at the group and entity level, namely, the Risk Management Committee (RMC) and the Board Risk Management and Compliance Committee (BRMCC). These committees receive further support from the Group Management Committee at the Group level and the Management Committee at the entity level. At the Group level, the Group Sustainability Council and the Sustainability Working Group at the entity level oversees the implementation of sustainability and climate-related efforts and initiatives. The Board and the relevant Board committees receive reports at least quarterly to support their discussion on sustainability and climate-related matters.

Our Board members and senior management continue to undergo relevant training sessions focusing on sustainability and climate-related topics. In July 2023, the Board and senior management participated in the Scope 3 Financed Emissions Capacity Building programme. Moreover, we prioritise equipping our employees with essential knowledge on sustainability and climate-related issues through relevant trainings.



For further information on sustainability and climate-related trainings, please refer to “Competent Workforce” section in this Report on page 46.

We have included sustainability matters as part of our senior management scorecard, which is linked to remuneration. Moving forward, we are planning to further enhance this aspect for increased accountability.



Details regarding our sustainability governance structure, roles and responsibilities and board trainings can be found in the “Our Sustainability Governance” section of this report on pages 7 to 8 as well as in the Corporate Governance Overview Statement and SORMIC sections within our Integrated Annual Report on pages 120 to 136 and pages 138 to 153 respectively.

STRATEGY

In 2023, we developed our inaugural Net Zero Strategy to strengthen our resilience against climate-related risks and facilitate a structured transition to a low-carbon economy. This strategy was formulated in accordance with key regulators and government policies, including BNM’s CRMSA policy document and supplemental guidance, Climate Change and Principle-based Taxonomy (CCPT), Green Technology Master Plan 2017-2030, National Energy Transition Roadmap, National Industry ESG framework, and other relevant frameworks.

Our Net Zero Strategy outlines short- and long-term (2030 and 2050) targets for our high-emitting sectors. Within this strategy, we have developed Net Zero Sector Models, which discuss sector-specific targets, challenges, drivers, and potential opportunities in detail.

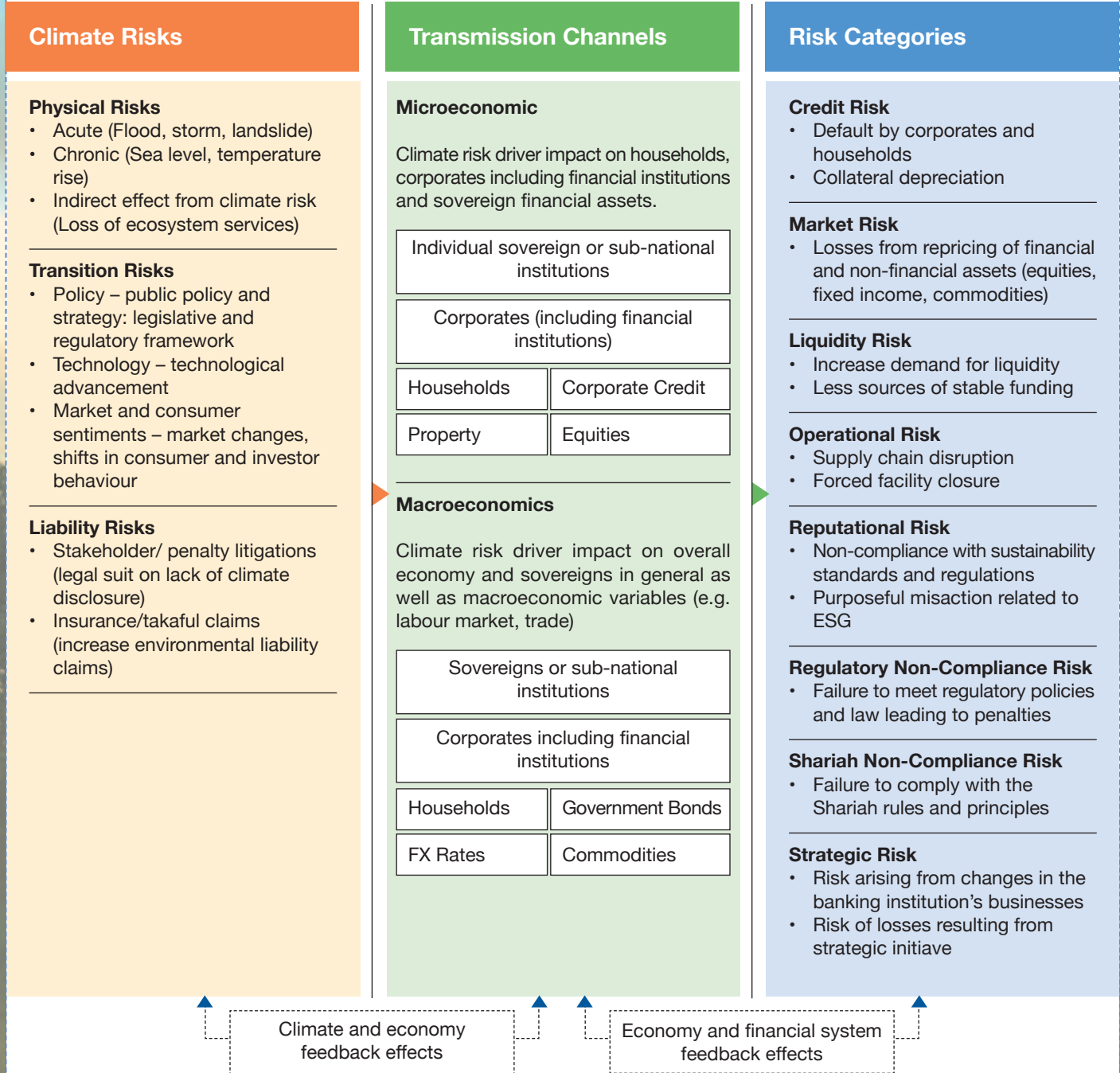
Supporting our Net Zero Strategy is our recently developed Relationship Manager (RMs) Sector Playbook, designed to help RMs understand the unique characteristics, challenges, and opportunities of the sectors chosen for decarbonisation. In 2024, we plan to establish a Sustainable and Transition Finance Framework to further assist our RMs in this endeavour.

Climate Risks and Opportunities

In terms of identifying climate-related risks and opportunities and managing their impact, we utilised our Risk Appetite Statements (RAS) along with our Group Climate Risk Management Policy. In 2023, as part of the development of the Group Climate Risk Management Policy, we identified, defined, and integrated climate-related RAS into our overall RAS.

OPERATING SUSTAINABLY

The figure below illustrates the impact of climate-related risks on existing risk categories, through transmission channels.



Looking ahead, the Group is in the process of conducting Climate Risk Stress Testing (CRST) to assess the resilience of the Group's business strategies to material climate-related risks. We will also establish additional risk metrics to manage climate-related risks, including defining the risk limits and thresholds for management action, as we enhance our quantification and monitoring capabilities.



For more information related to our Climate Risk Management, please refer to SORMIC section in the Annual Integrated Report on pages 138 to 153.

RISK MANAGEMENT

The Group has integrated material climate-related risk considerations into our Enterprise Risk Management (ERM) Framework, aligning them with our risk appetite, frameworks, policies, and procedures. This holistic approach ensures comprehensive management of climate risks across MBSB Group's operations.

In response to the increasing environmental degradation, the Group developed the Group Climate Risk Management Policy in 2023. This policy facilitates the identification, measurement, monitoring and control of potential climate-related risks. It plays a vital role in integrating climate-related risk considerations into our business strategy.

The Group Climate Risk Management Policy includes the following:

- Core requirements for effective climate risk management within the Group.
- Clear definitions of climate-related risks and descriptions of climate risk transmission channels.
- A robust governance structure, ensuring oversight across three lines of defense and accountability for managing climate risk.
- Processes and tools for identifying, managing, monitoring and reporting climate-related risks.

Our Climate Risk Management Policy is further supported by general and sectoral Risk Acceptance Criteria (RACs) which will be enhanced in 2024.

METRICS AND TARGETS

We track and monitor our climate-related performance through our Scope 1, Scope 2 and selected Scope 3 (business travel, employee commuting and financed emissions) tCO₂-e emissions.

We have also established short- and long-term targets through our Net Zero Strategy and Net Zero Sector Models. We have targeted a Scope 3 financed emission reduction of 28% for 2030 and reduction of 96% for 2050 from baseline in 2022.

OPERATING SUSTAINABLY

Sustainable Procurement

Why does it matter to us?

Our goal is to foster a sustainable supply chain that supports the local economy and uphold ethical, environmental, and socially responsible practices. We strive to enhance our supply chain resilience, mitigate supply chain risks, and increase the overall ESG performance of our suppliers and vendors.

What is our approach?

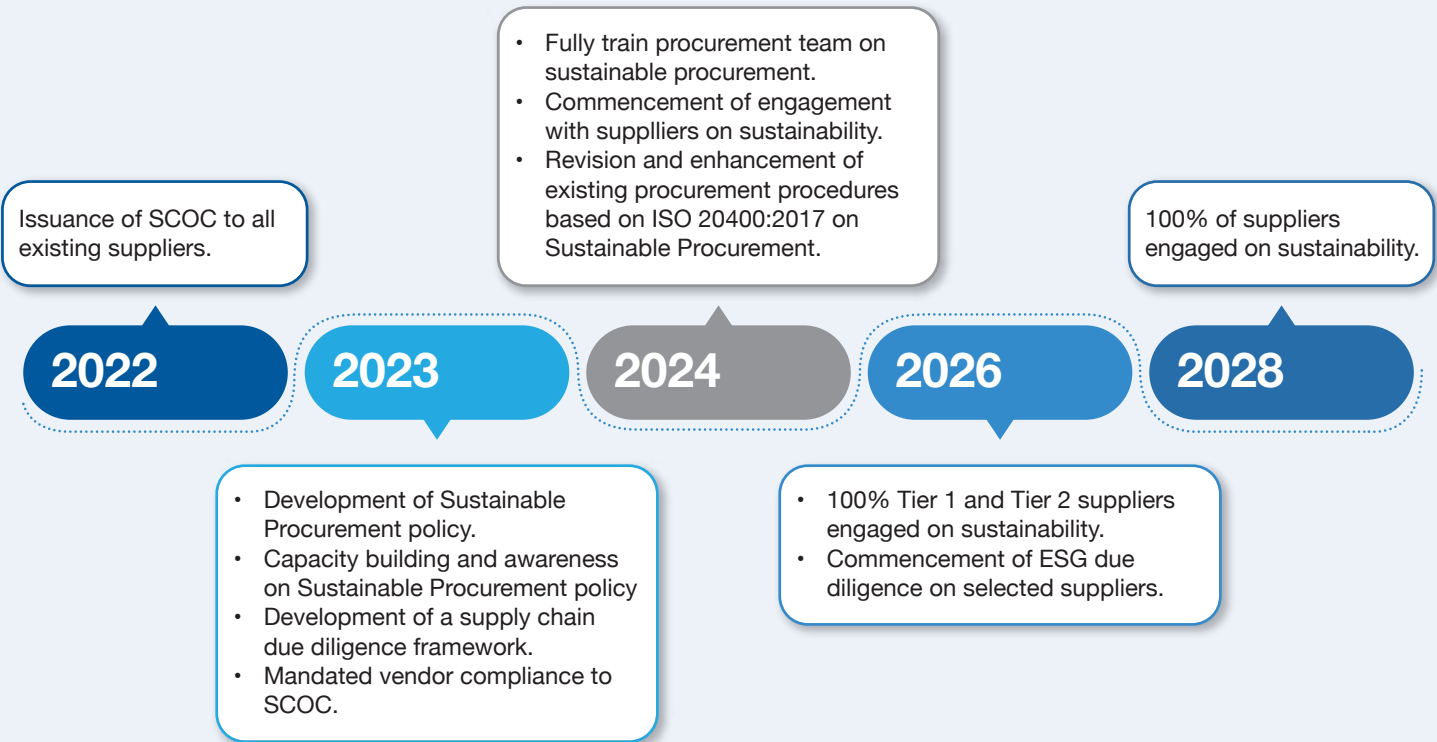
Our procurement practices are guided by our Supplier Code of Conduct (SCOC), which communicates our expectations, requirements as well as responsibilities that suppliers must adhere to when conducting business with us.

At present, we are enhancing our supply chain criteria, policies, and procedures to ensure an ethical and sustainable supply chain is integrated into our operations. Our approach is systematic, with clear targets set to progressively enhance our supply chain's maturity in terms of ESG considerations.

We are committed in providing our employees and suppliers with the necessary awareness and training to understand how sustainable changes in our supply chain can positively impact our organisation, the environment, and society.



For further information on our SCOC, please refer to our corporate website.



In 2023, we took significant steps in transforming our sustainability practices into actions and policies for sustainable procurement. To support our sustainability procurement goals, we partnered with an external sustainability service provider to review our procurement practices against ISO 20400:2017 — Sustainable Procurement Guidance standard, provide relevant training, conduct policy reviews, and develop a framework aligned with sustainable supply chains. Our approach to sustainable procurement lies on these three pillars: Framework and Policy, Training and Awareness Sessions, as well as Supplier Engagement.

Framework and Policy

- We have established a Sustainable Supply Chain Framework to steer our efforts in fostering a sustainable supply chain. This involves setting up an appropriate governance structure, integrating sustainability into our procurement processes, assessing supply chain sustainability performance, establishing improvement targets, as well as measuring and reporting our progress.
- We have conducted a thorough review and update of our Procurement Policy and Procedures to incorporate measures addressing sustainability risks inherent in our procurement activities and throughout the supply chain. These revisions align closely with the twelve sustainable procurement principles outlined in ISO 20400:2017 as well as our SCOC.

Training and Awareness Sessions

In 2023, we have conducted the following trainings and awareness sessions:

- Sustainability Awareness Training
 - Aimed at equipping the procurement and sustainability teams with a comprehensive understanding of sustainability concepts and their relevance to procurement activities and supply chain.
- Sustainable Supply Chain Training
 - Designed to ensure that the procurement team possesses the necessary knowledge and understanding of the essential elements of a sustainable supply chain tailored to MBSB Group's specific requirements. This encompasses governance structure, procurement functions, supply chain assessments, and performance metrics.
- Sustainable Procurement Training
 - Guided by the principles and approach outlined in ISO 20400:2017 and relevant best practices, this training enable us to assess actual and potential impacts on the economy, environment, and society across our four main supplier categories.

Supplier Engagement

- In 2023, we distributed a Supplier Sustainability Assessment questionnaire to our existing Tier 1 suppliers, assessing various aspects of their sustainability practices and performance, including their approaches to managing GHG emissions, human rights and labour risks as well as occupational health and safety.
- We received 295 responses from our suppliers, allowing us to conduct a thorough analysis. This analysis enables us to identify areas for future collaboration with our suppliers to ensure full compliance with all our sustainability criteria. These responses also play a crucial role in deepening our understanding of the risks and opportunities inherent in our procurement activities and supply chain.
- Further verification of responses will be conducted through supplier audits when deemed necessary. The evaluation process will be led by our trained procurement team, with support from other relevant departments, following an internally developed guideline and supplier rating methodology.

For 2024 and beyond, we aim to take a closer look at our supply chain through potential on-site assessments, collaborate on sustainability awareness engagement programmes as well as enhance internal expertise to ultimately work towards cultivating a sustainable supply chain. We have aligned our goals to relevant milestones and targets.

OPERATING SUSTAINABLY

How did we perform?

In 2023, we have also embarked on:

Phasing out the use of paper in selected procurement processes and internal documents through the introduction of MBSB Bank e-signature.

Introduced MBSB Bank e-procurement system, a digital platform for all procurement processes.

In addition, we continue to prioritise meaningful engagements with suppliers to build a sustainable and ethical supply chain. Collaborating with local vendors whenever feasible helps boost the local economy. In 2023, RM928 million of procurement spend was awarded to local business, making up 98% of our suppliers and vendors.

Spending on Suppliers in 2023 (%)

98%
local

2%
international

Serving the Communities

Why does it matter to us?

At MBSB Group, we are dedicated to driving positive change in line with our core values and UN SDGs. Financial literacy and equitable economic opportunities have always been central to our identity and beliefs. We are steadfast in advancing initiatives that promote financial literacy, utilising our knowledge, experience, and resources for societal improvement.

What is our approach?

Our commitment lies in uplifting and empowering members of society through impactful initiatives and programmes geared towards fostering long-term social and economic improvement. We focus our efforts on three core pillars: Environment, Community and Education. Over the years, we have developed programmes and initiatives aimed at creating lasting impact within our areas of expertise and capabilities.

Environment

- We organised environmental initiatives that encourage our employees to volunteer, fostering a culture of environmental stewardship and leveraging our capacity for significant impact.
- We heightened the education and awareness of our employees on sustainability principles, promoting a more environmentally conscious workforce.

Community

- Our community outreach programmes are tailored to support underserved communities, including B40 communities, micro-entrepreneurs and SMEs.
- This year, we continue our Growth Entrepreneurship Assistance programme, in addition to other community initiatives.

Education

- MBSB Group views education as a crucial catalyst to dismantle barriers and ultimately break the cycle of poverty.
- We offer a range of programmes aimed at supporting individuals in primary and tertiary education, ensuring equitable opportunities for those in need.

How have we performed?

RM4.2 million

total community investments (including *zakat* contribution for community development projects)

4,504

total volunteer hours

more than

55,534

beneficiaries benefitted from community development programmes

The significant increase in the number of beneficiaries can be attributed to several factors, including the expanded reporting boundaries following the acquisition of MIDF, and a substantial increase in beneficiaries resulting from various programmes conducted in 2023.

Environment

MBSB Bank Mangrove Tree Planting in Kedah



- We sponsored the planting of 1,000 tree saplings in Kilim Mangrove Sanctuary, Langkawi, which was led by the MBSB Bank Langkawi Branch in collaboration with Langkawi Development Authority (LADA) and Pejabat Pendidikan Daerah Langkawi, involving various schools and students as volunteers.

Recycling Day



- In conjunction with World Recycling Day, MBSB Bank organised a session where 20 employees participated in an upcycling workshop learning how to turn T-shirts into tote bags.

Regional Employees Volunteer Programme



- MBSB Bank has taken the initiative to plant mangrove trees, aiming to enhance the mangrove ecosystem across the Central, Southern, East Coast, Sabah, and Sarawak regions. This endeavor involves volunteers from various offices nationwide, demonstrating our commitment to environmental stewardship and community engagement.

Fabric Recycling



- MBSB Bank continues a Fabric Recycling initiative, aimed at both employees and the community, to promote the responsible disposal of unwanted fabrics and materials through repurposing and recycling. In partnership with Kloth Malaysia through Kloth Cares, fabric recycling facilities have been established at two MBSB Bank premises and 11 universities. In 2023, a total of 74,821 kg of fabrics were collected.

OPERATING SUSTAINABLY

Community

Growth Entrepreneurship Assistance Programme (GRAP) 2.0



- We are extending our GRAP 2.0 initiative aimed at promoting sustainable income. The programme provides business capital, equipment and business management training to 50 targeted micro entrepreneurs from Bangi, Kajang and Semenyih in Selangor.

MBSB Bank Box of Care initiative through branches



- The Box of Care initiative was designed to extend a helping hand to those in need within a 10 km radius of MBSB Bank branches, focusing particularly on B40 families. Through this initiative, basic foods were provided to support these communities, reflecting our commitment to social responsibility.

MBSB Bank Ramadan Programme 2023



- We facilitated a Ramadan Programme by distributing groceries, electrical goods, and furniture to charitable organisations, homes, and 14 selected non-governmental organisations (NGOs). This initiative aimed to provide essential support to those in need and underscored our commitment to community welfare and social responsibility.

MBSB Bank Box of Care initiative for Projek Perumahan Rakyat (PPR)



- We distributed Box of Care containing basic food items to 720 residents of PPR across Klang Valley. The initiative, which is part of the Bank's annual CSR programme is in line with United Nations Sustainable Development Goals (UNSDG) #2-Zero Hunger.

MBSB Bank Iftar with Anak Yatim

- We hosted an Iftar for two local orphanages: Pertubuhan Kebajikan Anak-Anak Yatim Teratak Ummi, accommodating 59 orphans, and Pertubuhan Kebajikan Asnaf Al-Barakah Malaysia, accommodating 41 orphans. This initiative aimed at bringing joy and a sense of community during the Ramadan season, underscoring our commitment to fostering social cohesion.

MIDF financial support to Palestine Relief Fund

- We made a financial contribution through Mercy Malaysia to aid in providing essential support to the community in Gaza, Palestine.

Education

My School Our Future Generation (MyGEN) Programme

- MBSB Bank Adopted School Programme has six adopted schools located across the country. In enhancing the academic performance of students, the Bank partnered with Universiti Teknologi MARA (UiTM) to organise MyGEN programme comprising financial literacy, academic planning and examination preparation methods benefiting more than 500 students.

Programme Anak Celik Kewangan KWSP

- MBSB Bank was invited by the EPF to organise a financial literacy program benefiting school children during the school holidays. The programme aims to inculcate long-term savings plans and investment knowledge.

Financial Literacy Workshop with Financial Industry Collective Outreach (FINCO)

- In collaboration with FINCO, MIDF provided financial literacy training and education to 150 underprivileged students from SMK Dato' Kailan and SMK Kampong Selamat in Pulau Pinang.

Minggu Saham Amanah Malaysia (2023)

- MIDF financially supported Pemodalan Nasional Berhad's financial literacy event, MSAM over a period of nine days in October 2023.
- The RM500,000 sponsorship programme aims to educate citizens on financial literacy and investing.

MIDF Scholarship Programme

- In 2023, the MIDF Scholarship Programme disbursed RM85,908.50 scholarships benefitting 32 students.



For further information on all our corporate social responsibility initiatives throughout 2023 and the succeeding years, please refer to our website at the following address: <https://www.mbsbbank.com/corporate/csr/program>.

EMPOWERING A SUSTAINABLE CULTURE

Ethics and Integrity

Why does it matter to us?

MBSB Group upholds the highest standards of integrity, good governance, business ethics, and Shariah compliance as a means to preserve trust and confidence among our stakeholders while maintaining a reliable reputation. Bribery and corruption has no place in our business; thus, the Group unequivocally condemns such acts in all forms and endeavours across all our operations. We strive to ensure that all our employees adhere to the highest ethical standards and compliance in all our business relationships.

What is our approach?

MBSB Group ensures full compliance with relevant laws and regulations issued by the government and regulators such as the Malaysian Anti-Corruption Commission (MACC) Act 2009, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLA) 2001, Companies Act 2016, Bursa Malaysia's Main Market Listing Requirements and Malaysian Code on Corporate Governance (MCCG), among many others.

Internally, we have policies and processes in place to guide our daily operations, which include:

MBSB Bank

- Anti-Money Laundering and Counter Financing on Terrorism (AML/CFT) Policies and Procedures
- Code of Ethics and Conduct for Employees Policy
- Code of Ethics for Directors
- Disciplinary Procedures
- Fraud And Corruption Control Policies and Procedures
- Integrity, Anti-Bribery, Corruption and Abuse of Power (IABCAP) Policy
- Related Party Transaction Policies and Procedures
- Whistleblowing Policy
- Asset And Liability Declaration Policy and Procedures
- Director's Conflict of Interest Policy
- Integrity and Governance Unit (IGU) Procedures

MIDF

- Anti-Bribery and Corruption (ABC) Policy
- Corruption Risk Management (CRM)
- Fraud Prevention Policy
- Group Code of Conduct and Business Ethics Policy
- Guidelines on Gifts and Corporate Hospitality Policy
- Operational Policy for Fraud Prevention
- Operational Policy for Whistleblowing
- Operational Procedures for Anti-Bribery Management System (ABMS) Manual
- Organisational Anti-Corruption Plan (OACP)
- Whistleblowing Policy

Our policies and procedures undergo biennial reviews or as and when the need arises to ensure their relevance and effectiveness in upholding our integrity practices and culture. Any policy changes or revisions are communicated accordingly to all stakeholders.



For further details on our policies and procedures, please refer to our Corporate Governance Overview Statement and SORMIC sections in our Annual Integrated Report on pages 120 to 136 and pages 138 to 153 respectively.

Governance

The governance of compliance, bribery and corruption related matters comes under the purview of our Compliance Division, with the IGU operating under it. Reporting directly to the Chief Compliance Officer, the IGU plays a pivotal role in overseeing anti-bribery, anti-corruption, and anti-abuse of power measures. The Head of the IGU and the Chief Compliance Officer provide advice and updates to the GCEO and the Board. To ensure its independence, the IGU of MBSB Group has direct access to the Risk Management Committee (RMC), while MBSB Bank reports to the Board Risk Management and Compliance Committee (BRMCC). In MIDF, the IGU directly reports to the Audit and Compliance Committee (ACC).

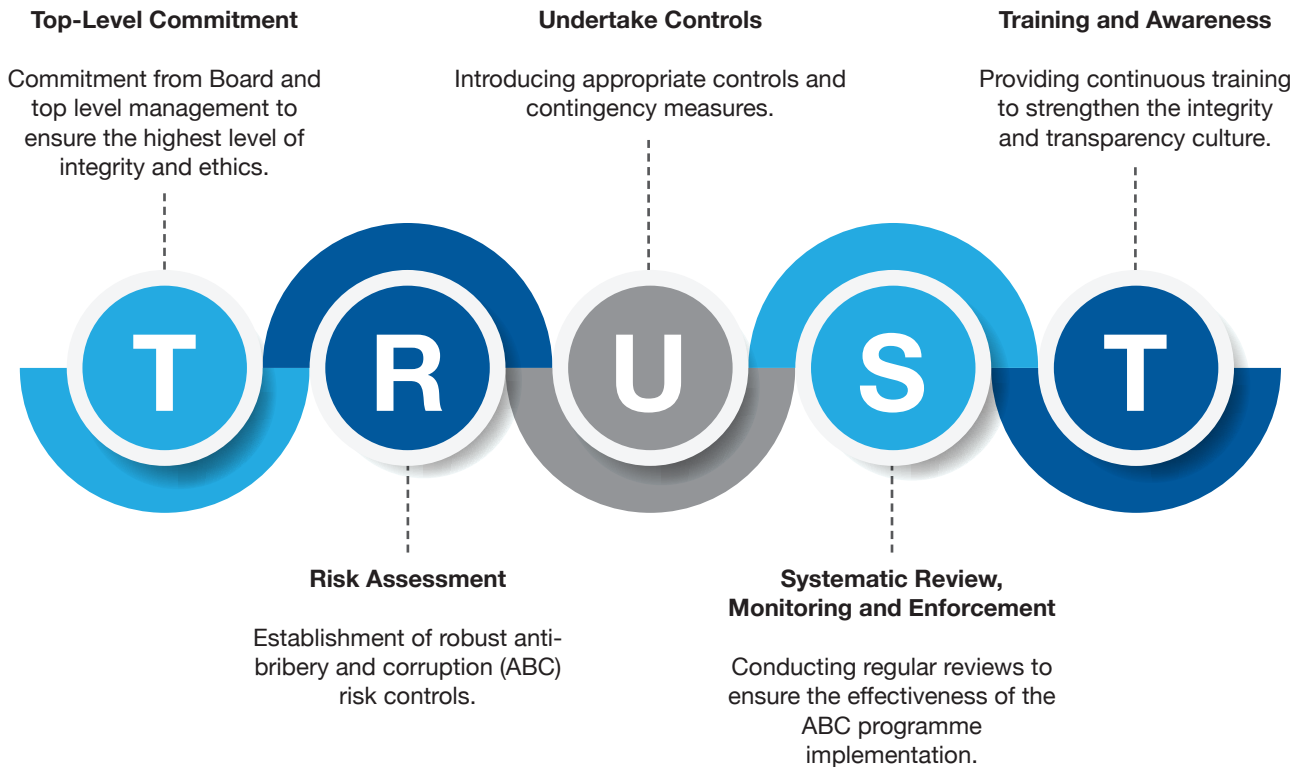
 For detailed information regarding our compliance functions, please refer to our Corporate Governance Overview Statement and SORMIC sections in the Annual Integrated Report on pages 120 to 136 and pages 138 to 153 respectively.

Elevating Our Ethical Standards and Practices

We adopted a comprehensive and structured approach in accordance with the Guideline for the Management of Integrity and Governance Unit issued by MACC which addresses the following areas:



We also aligned our key initiatives completed in 2023 with the TRUST principles to ensure adherence with the requirements of Section 17A MACC Act:



EMPOWERING A SUSTAINABLE CULTURE

Our certified integrity officers help to proactively ensure that the organisation adopts the best practices in ethics and integrity throughout all our operations. To ensure our board and employees remain informed and engaged, we communicate with them through various initiatives which include:



These initiatives underscore our dedication to promoting a culture of integrity and compliance across all levels of our organisation.

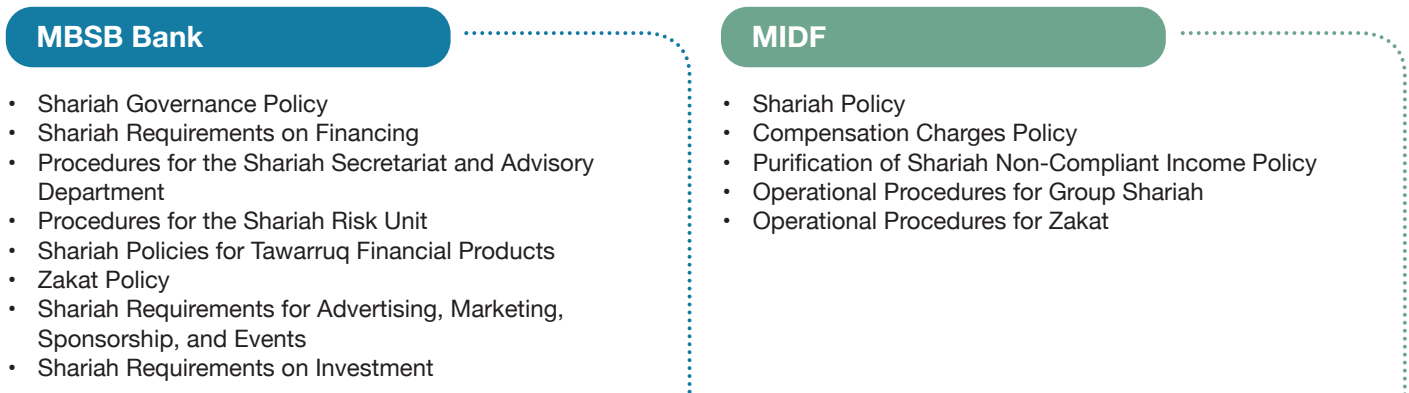
Whistleblowing Channel

Both the board and employees are expected to adhere to local anti-bribery and anti-corruption law and regulations and remain vigilant against any misconduct. Instances of malpractice or irregularities must be reported immediately.

We provide a whistleblowing channel, for individuals to report suspected breaches of laws, regulations, or other improprieties. Our whistleblowing channel guarantees the anonymity of the whistleblower. Both online and manual whistleblowing methods are available via our corporate website.

Shariah Compliance

As a progressive Islamic bank, Shariah compliance is the cornerstone of MBSB Bank's business operations. We are guided by the Islamic Financial Services Act 2013 and BNM's Shariah Policy Documents. Internally, we have set in place a comprehensive set of policies and procedures related to Shariah compliance, including:



The Board holds ultimate responsibility and accountability for Shariah governance and compliance within MBSB Group. Supporting the Board is the Shariah Advisory Committee (SAC), which provides sound advice on Shariah matters.




For more detailed information on the Shariah governance structure and policies, please refer to our Corporate Governance Overview Statement and SORMIC sections in the Annual Integrated Report on pages 120 to 136 and pages 138 to 153 respectively.

Islamic banking and finance require strict adherence to Shariah which prohibits activities such as interest (riba), deceptive uncertainty (gharar), and gambling (maysir). We maintain a list of Shariah non-compliant activities known as the Shariah Negative List (SNL). Together with the Prohibited List and Caution List, these lists serve as our guiding principles before entering into any business relationship with which we consistently ensure full compliance.

 Detail of our Shariah Negative List, Prohibited List and Caution List can be read in our corporate website.

To ensure Shariah compliance throughout our operations, we have implemented various control measures and initiatives aimed at strengthening our processes and spreading awareness among our employees. These initiatives include:

- Utilise Operational Risk Management tools to monitor exposure to Shariah Non-Compliance risks and evaluate the effectiveness of risk controls
- Conduct periodic reviews of potential risks and issues related to Islamic concepts and contracts of Islamic products and services
- Support employees in obtaining Shariah certification to enhance their knowledge and proficiency in Shariah matters
- Provide continuous training and awareness on Shariah principles and potential Shariah Non-Compliance risks provided by the Shariah Division and Shariah Risk Department

 Further details on our efforts can be read in the SORMIC section of the Annual Integrated Report on pages 138 to 153.

How have we performed?

100%

of our operations has been assessed for corruption-related risks

88%

MBSB Group employees have received training on anti-corruption

MIDF received

Gold

for Anugerah Integriti, Governans dan Anti-Rasuah (AIGA) 2023

Employees Who Received Anti-Corruption Training by Employee Category

| Employee Category | 2023 |
|-------------------|------|
| Senior Management | 79% |
| Middle Management | 92% |
| Executive | 96% |
| Non-Executive | 26% |

Moving forward, we will take necessary actions to encourage greater participation from non-executive staff in our anti-corruption training sessions.

In 2023, we recorded one confirmed incident of corruption. The employee was dismissed for solicitation misconduct with external entities, following an internal investigation into allegations reported via our whistleblowing channel. The incident was subsequently reported to the MACC.

This incident reflects MBSB Group’s unwavering commitment to upholding the highest standards of ethics and integrity in all aspects of our business operations.

EMPOWERING A SUSTAINABLE CULTURE

Competent Workforce

Why does it matter to us?

We consider our workforce to be the driving force to further propel our success. As the landscape of the financial industry continues to evolve alongside the needs of our customers, we recognise the importance of skilled employees in navigating complexities, driving innovation, and maintaining high service standards at MBSB Group.

What is our approach?

We recognise our responsibility as an employer to manage the wellbeing of our employees. We adhere strictly to all applicable laws and regulations to ensure we are doing right by our employees:

- Employment Act 1955
- Children and Young Persons Act 1966
- Industrial Relations Act 1967
- Occupational Safety and Health Act 1194
- Human Rights (Article 6 of Federal Constitution) and Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007

Growing Our Talent Pool

We acknowledge that attracting top talents and nurturing young graduates is fundamental to fostering a competent workforce and driving long-term growth. As such, our approach includes a strong focus on welcoming talented new hires who bring about diverse skill sets, new ideas and fresh perspectives. We intend to recruit individuals who embody our values of humility, professionalism, ethics, empathy, and passion. The People and Culture team at MBSB Group are enthusiastic about developing comprehensive onboarding programmes and professional development opportunities. We are proud to offer the following recruitment and graduate programmes:

- MIDF Graduate Apprentice Programme (GAP)
- MIDF Management Associates Programme (MAP)
- Khazanah Youth Development Programme (KYDP) – Graduate Employability
- Young Islamic Banker (YIP) Programme
- Graduate Employability @ MBSB Bank (GEM)

In 2023, we participated in a total of eight career fairs and conducted our MBSB Bank University Career Kick-Start (MBUCK) talks across five universities and educational institutions nationwide. We believe in the impact of engaging with reputable universities and building the right partnerships to attract top talents and build a robust talent pipeline.

Remuneration and Wellbeing

We prioritise fair and suitable compensation for our employees to drive individual and team performance effectively. Our compensation approach includes a structured performance review system. In 2023, 85% of MBSB Bank's workforce (2,018 employees) participated the performance review. We conduct career planning conversations at the beginning of each year, discussing expectations, professional growth, and employee Key Performance Indicators (KPIs). This is essential to ensure clear expectations, regular feedback, career planning as well as ensuring our employees are compensated in a targeted manner.

We incentivise our employees and build a robust performance culture by offering competitive benefits, opportunities for career advancement as well as compensation packages. We closely monitor regulatory changes and the industry landscape to ensure our salary and benefits are on par with industry standards.

Flexible working environment

The MFlex Programme, available to eligible employees, provides flexible work arrangements that reflect our commitment to fostering a supportive workplace environment. These arrangements cater to diverse work responsibilities and personal life goals, contributing to a high-performing culture and retention of top talent.

MBSB Group is proud to provide the following benefits to our employees:

Leave

Annual leave, sick and hospitalisation leave, marriage leave, maternity leave, parental leave, compassionate leave, childcare leave, and unpaid leave.

Medical

Staff group takaful, dental care, optical care, health screenings and maternity care.

Others

Employee education assistance, retirement benefits, mobility benefits, overtime compensation, applicable allowances and training beyond the market average.

Recognising the importance of fostering a supportive workplace environment for employees with growing families, we have provided parental leave for all eligible employees to empower them in navigating the responsibilities of parenthood and achieve a harmonious work-life balance.

Employees Entitled to Parental Leave by Gender

| Gender | 2021 | | 2022 | | 2023 | |
|--------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Female | 788 | 49% | 834 | 47.4% | 1,487 | 52% |
| Male | 830 | 51% | 924 | 52.6% | 1,378 | 48% |
| Total | 1,618 | 100% | 1,758 | 100% | 2,865 | 100% |

Employees Who Took Parental Leave by Gender

| Gender | 2021 | | 2022 | | 2023 | |
|--------------|------------|-------------|------------|-------------|------------|-------------|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| Female | 81 | 55% | 58 | 45% | 85 | 53% |
| Male | 66 | 45% | 72 | 55% | 76 | 47% |
| Total | 147 | 100% | 130 | 100% | 161 | 100% |

Employees That Returned to Work After Parental Leave Ended by Gender

| Gender | 2021 | 2022 | 2023 |
|--------------|-------------|-------------|-------------|
| Female | 55% | 45% | 53% |
| Male | 45% | 55% | 47% |
| Total | 100% | 100% | 100% |

Employees Returned From Parental Leave and Were Still Employed After 12 Months by Gender

| Gender | 2021 | 2022 | 2023 |
|--------------|-------------|-------------|-------------|
| Female | 55% | 45% | 53% |
| Male | 45% | 55% | 47% |
| Total | 100% | 100% | 100% |

EMPOWERING A SUSTAINABLE CULTURE

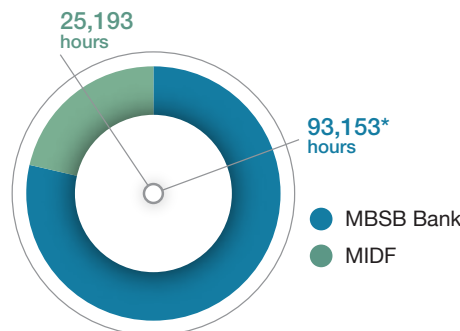
Training, Upskilling and Education

Continuous learning and professional development is vital to developing a competent workforce. We closely monitor industry trends and on-demand skills to ensure that our employees are given ample opportunity to upskill and equip themselves with the right knowledge. The table below represents some of the key employee development programmes held in 2023 by MBSB Group:

| Programme | Description | Stakeholders Involved |
|--|--|--|
| Risk and Compliance Nationwide roadshow | The roadshow continued in 2023 on a nationwide scale to provide a refresher session on risk and compliance related topics. | Branch employees |
| Anti-Bribery and Corruption (ABC), and Corporate Liability Training | The programme which was conducted in collaboration with MACC was developed to equip participants with Anti-Bribery and Corruption knowledge to enhance their responsibilities and integrity in their day-to-day activities. | All employees |
| High Performance Leadership Masterclass | The programme is focused on unlocking true leadership potential through the power of emotional intelligence within the dynamic landscape of modern leadership. | Selected executive level employees |
| E-learning modules on UNGC Academy | The UNGC Academy provides a range of e-learning modules related to ESG. The programme achieved a 94% completion rate, instilling sustainability values among employees. | All employees |
| Lean Six Sigma Green Belt Certification programme | The objective of this in-house certification programme is to institutionalise the “Lean” methodology in banking, with a focus on Lean Business Process Transformation and process improvement initiatives. | Selected employees who run operational functions |
| Certified Anti Money Laundering (AML)/ Counter Financing of Terrorism (CFT) and Regulatory Compliance Officer Certification Programme | This certification is a comprehensive programme, covering a wide range of in-depth modules on AML/CFT and regulatory compliance requirements as well as industry specific knowledge. | Branch and regional employees |
| Sustainable Procurement Workshops | A series of workshops and capacity-building exercises discussing the development of ESG criteria for suppliers with the ultimate goal of forming a team of procurement experts fully trained in sustainable procurement practices. | Procurement team |
| Climate Risk Training For Relationship Managers (RM) | The programme aimed to enhance RMs’ ability to identify sustainable financing and transition financing opportunities, and effectively engage with customers on climate-related risks. | Corporate and Commercial Banking team |

How have we performed?

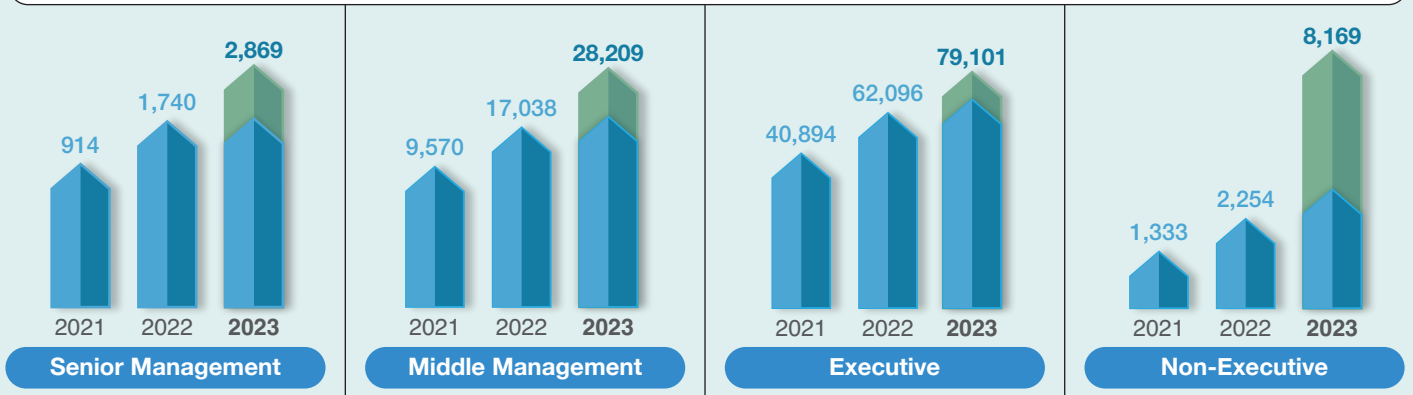
Invested **RM7 million** for employee training and education



118,346 hours of training for all MBSB Group employees

Employee Training Hours

Total Training Hours



Average Training Hours



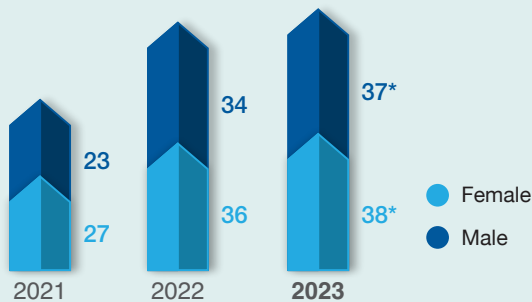
● MBSB Bank

● MIDF

| Total Training Hours | 2023 | |
|----------------------|-----------|-------|
| Employee Category | MBSB Bank | MIDF |
| Senior Management | 1,762* | 1,107 |
| Middle Management | 18,925* | 9,284 |
| Executive | 69,309* | 9,792 |
| Non-Executive | 3,158* | 5,011 |

| Average Training Hours | 2023 | |
|------------------------|-----------|------|
| Employee Category | MBSB Bank | MIDF |
| Senior Management | 42* | 38 |
| Middle Management | 46* | 40 |
| Executive | 39* | 41 |
| Non-Executive | 13* | 91 |

Average Hours of Training by Gender**



Employee Retention and Attrition

We are proud to have employees who are highly engaged and dedicated to the Group and its growth. This is reflected in our performance in terms of employee retention and attrition.

8.4% overall turnover rate

12% overall new hire rate

Note:

* This data has been independently assured. Please refer to the Independent Limited Assurance Statement on pages 67 to 70.

** Data covers MBSB Bank only.

EMPOWERING A SUSTAINABLE CULTURE

Total Number of New Hires by Employee Category

| Employee Category | 2021 | 2022 | 2023 |
|------------------------|------------|------------|------------|
| Senior Management | 7 | 6 | 7 |
| Middle Management | 57 | 90 | 62 |
| Executive | 216 | 380 | 294 |
| Non-executive | 5 | 13 | 7 |
| Total New Hires | 285 | 489 | 370 |

Total Number of New Hires by Age Group

| Age Group | 2021 | 2022 | 2023 |
|------------------------|------------|------------|------------|
| Below 30 | 81 | 162 | 136 |
| 30-50 | 187 | 309 | 219 |
| 50 and above | 17 | 18 | 15 |
| Total New Hires | 285 | 489 | 370 |

Total Number of New Hires by Gender

| Gender | 2021 | 2022 | 2023 |
|------------------------|------------|------------|------------|
| Female | 132 | 215 | 186 |
| Male | 153 | 274 | 184 |
| Total New Hires | 285 | 489 | 370 |

Total Number of Turnover by Employee Category

| Employee Category | 2021 | 2022 | 2023 |
|-----------------------|------------|------------|------------|
| Senior Management | 8 | 5 | 5 |
| Middle Management | 34 | 52 | 52 |
| Executive | 91 | 168 | 189 |
| Non-executive | 7 | 8 | 9 |
| Total Turnover | 140 | 233 | 255 |

Total Number of Turnover by Age Group

| Age Group | 2021 | 2022 | 2023 |
|-----------------------|------------|------------|------------|
| Below 30 | 34 | 50 | 48 |
| 30-50 | 79 | 153 | 179 |
| 50 and above | 27 | 30 | 28 |
| Total Turnover | 140 | 233 | 255 |

Total Number of Turnover by Gender

| Gender | 2021 | 2022 | 2023 |
|-----------------------|------------|------------|------------|
| Female | 63 | 114 | 93 |
| Male | 77 | 119 | 162 |
| Total Turnover | 140 | 233 | 255 |

Employee Health and Wellbeing

Why does it matter to us?

We prioritise the safety, health and wellbeing of our workforce because we believe that a safe and healthy workforce is more productive, resilient, and serves our customers and communities better. Hence, we are dedicated to fostering a safe and supportive work environment that encourages a healthy lifestyle and access to wellness resources.

What is our approach?

In MBSB Bank and MIDF, we have established respective Occupational Safety and Health (OSH) Policies and Procedures to guide both entities in forming a safe and conducive workplace.

We adhere to our OSH Statement, which outlines our commitment to providing a safe workplace for our employees and stakeholders, as well as taking reasonable measures to prevent injuries and illnesses at our premises.

In addition, we have set in place an OSH Committee that is made up of representatives from various departments.

Roles of the OSH Committee

- Oversees the implementation of OSH policies and procedures.
- Provides oversight of OSH management, including updates to the OSH Management system, conducting regular safety assessments, audits and providing awareness to employees.

MBSB Bank utilises a Hazard Identification, Risk Assessment and Risk Control (HIRARC) register to manage workplace related hazards and risks. Monthly workplace inspections are conducted to identify and mitigate potential hazards and risks, with findings tracked and reported to the OSH committee. Employees can report any OSH-related incidents and hazards using an online form via the JotForm application or directly to our OSH committee members.

At MIDF, the OSH Committee convenes quarterly to address health and safety concerns pertaining to MIDF employees. We utilise an online OSHA Inspection Checklist Form to report and identify workplace hazards, adhering to the MIDF OSH Policy and Procedure. Regular OSH training sessions are conducted for all employees, with a mandatory requirement for each employee to attend two days of OSH training annually. Additionally, an OSH floor warden is designated to facilitate the reporting of hazards by employees within their vicinity. These reports are later sent to the Occupational Safety and Health Department (DOSHS) for further action.

In 2023, we began an integration process to update all OSH policies and procedures to include MIDF. On top of this, MBSB Bank embarked on an Annual OSH Plan to ensure annual targets for health and safety were met on a regular basis.



For more information regarding our OSH statement, kindly refer to our Corporate Website.

EMPOWERING A SUSTAINABLE CULTURE

As part of our 2023 Occupational Safety and Health Plan, we outlined the following strategic priority action items:

01

Compliance and Document Review

- **OSH Policy and Procedure, and Legal Compliance**
Establish a governance process to ensure compliance with local laws and regulations, while also identifying and effectively communicating new requirements.
- **Gap Analysis and Action Plan**
Based on the outcomes from a Gap Analysis of OSH Policy and Procedures compliance review, action plans are carried out to address any gaps and are continuously tracked until the matter is closed.
- **OSH Monthly Reporting**
Monthly reporting of OSH updates via monthly reports.

02

Engagement with Employees

- **OSH Campaigns and Awareness Sessions**
Increasing staff awareness through targeted campaigns and monthly newsletter called OSH Newsflash and email circulars. This includes the sharing on OSH Golden Rules for all employees vendors, and contractors under MBSB Bank.
- **Governance Meetings**
Engagement with Property Management Department (PMD) for discussion on OSH and Property Management issues.
- **Set-up of OSH Committees and teams at MBSB Bank and MIDF branches**
Appointment of OSH committee members at branches, and ensuring all branch representatives attend OSH Coordinator training.
- **OSH Committee Training**
Covering 28 branches in Peninsular Malaysia and Sabah.
- **OSH Day**
The event included talks on OSH and an exhibition booth, with a total of 254 participants in attendance.

03

Emergency Arrangements

- Held OSH talks and trainings for MBSB Group employees.
- Set up of first aid room at Menara MBSB.
- Purchase of Automatic External Defibrillator (AED), first aid kit and equipment for Emergency Response Team (ERT).
- First aid refresher training for Menara MBSB's Simple Triage and Rapid Team (First Aiders).
- Two-days of competency on basic occupational first aid (BOFA) training for Wisma MBSB's ERT.
- One-day training with Bomba Sri Hartamas for ERT.
- Preparation of emergency response plan manual for Menara MBSB and Wisma MBSB.
- Held fire drill exercise at Menara MBSB and Wisma MBSB for MBSB Group employees.

04

OSH and Security Inspection

- Conducted first aid training for security personnel at Menara MBSB and Wisma MBSB.
- Preparation of checklist and documentation for Safety, Security and Inspection for both MBSB Bank and MIDF.
- Joint OSH inspections with security team (including visual inspection and document review for MBSB Bank).
- Monitor the status of closure of identified issues during visual site inspections carried out by MBSB Bank.
- Document review assessments completed by inspection executive under MBSB Bank.
- Inspection on designated MIDF floor warden to ensure adherence to OSH Policy and Procedure.

05

Risk Management

- Review and re-assessment of HIRARC as and when required.
- Ensure implementation of chemical health risk requirements.
- Ensure implementation of noise risk requirements.

06

Contractor Safety Management Programme

- Implement and manage health and safety requirements for suppliers engaged by MBSB Bank.
- This includes ensuring evidence of competency before appointment, applying suitable controls during building work, promptly reporting and investigating incidents, reviewing work permits as well as preparing an OSH Manual and procedures for contractors.
- MBSB Bank, together with 10 other banks in Malaysia participated in the roll out of National Institute of Occupational Safety and Health (NIOSH)'s Financial Institution Safety Passport Programme (NFISP) to ensure all contractors are trained on safety matters.

Moving forward, we are committed to engaging with employees on OSH related matters and integrating OSH policies, procedures and activities to cover both MBSB Bank and MIDF employees.



EMPOWERING A SUSTAINABLE CULTURE



Participants after the completion of an OSH Coordinator training event in September 2023.



Participants listening attentively during the Briefing for Floor Marshal On Earthquake Safety in November 2023.



Participants after the Fire Drill training session at Wisma MBSB in February 2023.



Participants listening to talks during one of the two OSH Day sessions held at Menara MBSB in March 2023.

Managing Employee Grievance

All employees have access to a mechanism for raising grievances, which includes any violations of laws and regulations or any forms of formal or informal mistreatment regarding the employee's terms and conditions of employment. Over the course of the reporting year, we are happy to share that there were no substantiated concerns related to breaches in employment rights or human rights. We strive to maintain this record in the future, as responsible employers.

Freedom of Association and Collective Bargaining

MBSB Group recognises and upholds the right to form associations as enshrined under Article 10 of the Federal Constitution. To this end and in line with the Freedom of Association, we do not impose any restraints on employees forming in-house unions and to subsequently commence collective bargaining to negotiate terms and conditions of employment in the organisation.

How have we performed?

1,017 employees and contractors received training on safety and health matters

4,533* training hours for OSH-related programmes and awareness sessions

* Data covers MBSB Bank only.

Work-related injuries

We prioritise the safety and productivity of our employees by closely monitoring work-related injuries and their causes. Our goal is to maintain a safe environment with minimal injuries and zero work-related fatalities. We report and track incidents to monitor our performance and develop plans for improvement in workplace safety where required.

In 2023, we recorded zero work-related fatality.

| Employee | 2023 |
|---|-----------|
| Total Manhours Worked | 5,213,296 |
| Number of Fatalities | 0 |
| LTIR (per 200,000 manhours) | 0.15 |
| Rate of Recordable Work-Related Injuries | 0.96 |

EMPOWERING A SUSTAINABLE CULTURE

Diversity and Equal Opportunity

Why does it matter to us?

MBSB Group places great importance on diversity and inclusivity as fundamental pillars for our long-term success and stability. We strive to empower every employee by cultivating a workplace culture that embraces differences in background, experiences, and perspectives. Our goal is to foster an environment of appreciation and support, where every individual feels valued and respected.

What is our approach?

We uphold our Code of Ethics and Conduct that explicitly articulates our zero-tolerance policy towards any form of discrimination, bullying, intimidation, or harassment, to which all MBSB Group employees must adhere.

In our ongoing efforts to enhance diversity practices, we are currently reviewing a Diversity Policy aimed at creating a workplace that promotes equity, fairness, and eliminates all forms of discrimination. Additionally, we are looking to develop a Diversity, Equity, and Inclusion (DEI) guideline to standardise hiring and recruitment practices across the MBSB Group, ensuring fairness and competency-based recruitment moving forward.

Looking ahead, MBSB Group is focusing on empowering people with disabilities (PWD) in line with the government's initiative for 1% PWD representation in the workforce. We are integrating our PWD initiatives, including partnerships with private higher education institutions (IPTS) to expand our outreach. Recognising the importance of raising awareness among employees, particularly for line managers to champion and advocate for DEI in the workplace, we launched DEI-related awareness session, covering topics such as unconscious bias as well as completing relevant United Nations Global Compact (UNGC) learning modules.

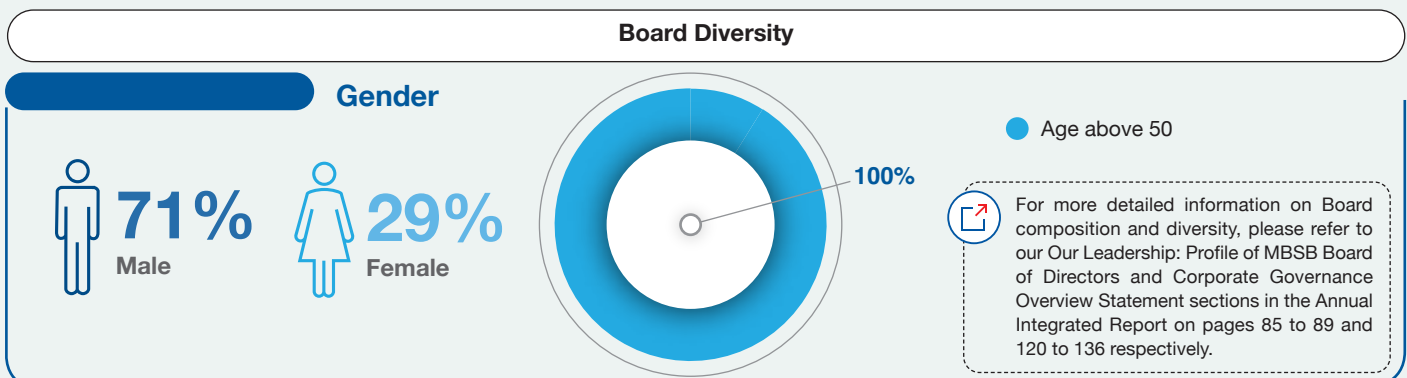
Empowering Women

We are committed to enhancing women's representation and achieving gender balance in our workforce. Our Board consists of 29% female members, only 1% short to reflect the Malaysian Code on Corporate Governance (MCCG)'s recommendation of having 30% female board members. The empowerment of women has trickled down, with our senior management and middle management teams having 30% and 42% female representation, respectively.

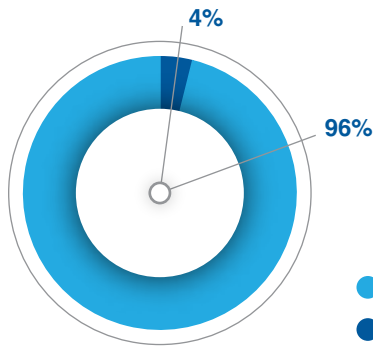
How have we performed?

MBSB Group supports local talent and prioritises local employment because we believe such a move contributes to economic development and community development. In 2023, we continued to achieve a 100% Malaysian workforce, including at the senior management and board levels.

Our diversity data reflects our ongoing commitment towards fostering a diverse and inclusive workplace.



Workforce Diversity



Total employees of
3,032
in 2023



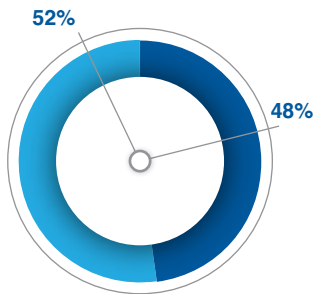
Male



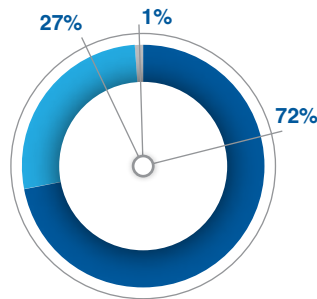
Female

| Employee Category | Male | Female |
|-------------------|------|--------|
| Senior Management | 70% | 30% |
| Middle Management | 58% | 42% |
| Executive | 43% | 57% |
| Non-Executive | 51% | 49% |

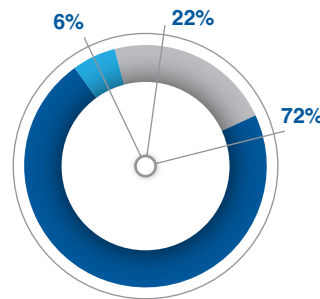
Age



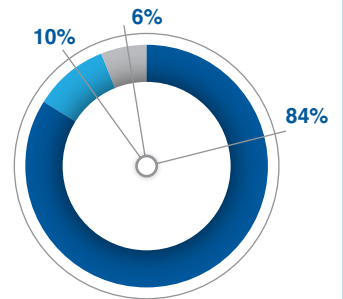
Senior Management



Middle Management



Executive



Non-Executive

● Age under 30 ● Age 30 - 50 ● Age above 50

We remain committed to championing diversity and equality within our organisation, as evident in the balanced representation of male and female employees across age groups and employee categories.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

| SDGS | Our Contribution and Achievement | Related Material Matters | Pages |
|---|--|--|----------------------|
| <p>Goal 4: Quality Education</p>  | <ul style="list-style-type: none"> Organised the My School Our Future Generation (MyGEN) programme and Programme Anak Celik Kewangan KWSP on financial literacy, benefitting 3,443 students. Conducted Financial Literacy workshops in collaboration with Financial Industry Collective Outreach (FINCO), providing training to 150 underprivileged students. Invested RM7 million towards employee training and education, totaling 118,346 hours of training. | <ul style="list-style-type: none"> Serving the Communities Competent Workforce Sustainable Financing | Pages 39 and 46 |
| <p>Goal 7: Affordable and Clean Energy</p>  | <ul style="list-style-type: none"> Financed solar projects worth RM161 million. | <ul style="list-style-type: none"> Sustainable Financing | Page 27 |
| <p>Goal 8: Decent Work and Economic Growth</p>  | <ul style="list-style-type: none"> 66 youths participated in MBSB Group's graduate programmes. 370 new hires and turnover rate of 8.4%, which is lower than the financial industry average of 11%. Provided grievance mechanism and whistleblowing channel as method to protect labour rights and promote a safe and secure working environment. | <ul style="list-style-type: none"> Ethics and Integrity Competent Workforce Diversity and Equal Opportunity | Pages 44, 47 and 42 |
| <p>Goal 9: Industry, Innovation and Infrastructure</p>  | <ul style="list-style-type: none"> RM15 million was invested to upgrade and enhance cybersecurity systems and infrastructure. | <ul style="list-style-type: none"> Data Privacy and Cybersecurity | Page 23 |
| <p>Goal 10: Reduced Inequality</p>  | <ul style="list-style-type: none"> Ensured a workplace free from discrimination, where everyone is given equal opportunities regardless of age, gender, disability, ethnicity, religion, economic status, etc. RM4.2 million total contribution in the form of charitable donations and community initiatives. Continued our flagship GRAP programme for to 50 participants. | <ul style="list-style-type: none"> Diversity and Equal Opportunity Serving the Communities | Pages 37, 38, and 55 |

| SDGS | Our Contribution and Achievement | Related Material Matters | Pages |
|---|--|--|---------------------|
| <p>Goal 11: Sustainable Cities and Communities</p>  | <ul style="list-style-type: none"> Enabled funding of RM496 million into the public infrastructure sector. | <ul style="list-style-type: none"> Sustainable Financing | Page 27 |
| <p>Goal 12: Responsible Consumption and Production</p>  | <ul style="list-style-type: none"> Launched a fabric recycling campaign. Implemented water-saving features such as dual flush systems and self-closing taps. Recycled 1,065* kg of paper. <p><i>Note: * Data covers MBSB Bank only.</i></p> | <ul style="list-style-type: none"> Environmental Stewardship Serving the Communities | Pages 27 and 37 |
| <p>Goal 13: Climate Action</p>  | <ul style="list-style-type: none"> Disclosed Scope 1, Scope 2 and selected Scope 3 emissions Introduced and Climate Risk Policy. | <ul style="list-style-type: none"> Environmental Stewardship | Pages 29 and 31 |
| <p>Goal 16: Peace, Justice and Strong Institutions</p>  | <ul style="list-style-type: none"> Adhered strictly to all established policies and procedures. Strengthened our sustainability governance structure to improve accountability and decision-making. Maintained transparency and provided public viewing to information by updating the corporate website. | <ul style="list-style-type: none"> Ethics and Integrity | Pages 7,8 and 40 |
| <p>Goal 17: Partnerships for The Goals</p>  | <ul style="list-style-type: none"> Member of the Malaysian Chapter of the United Nations Global Compact (UNGC). Signatory to Partnership for Carbon Accounting Financials (PCAF). Member of the Joint Committee on Climate Change (JC3) Malaysia. | <ul style="list-style-type: none"> Environmental Stewardship Competent Workforce | Pages 28, 30 and 46 |

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| GRI Standards | Brief Description of the Disclosures | Page or Reference |
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| General Disclosures GRI 2: General Disclosures 2021 | | |
| 2-1 | Organisational Details | Integrated Annual Report Our Corporate Information Page 19 Our Corporate Structure Page 18 Sustainability Report About this Report Page 3 |
| 2-2 | Entities included in the organisation's sustainability reporting | About This Report - Scope and Boundary Page 3 |
| 2-3 | Reporting period, frequency and contact point | About This Report - Scope and Boundary Page 3 |
| 2-4 | Restatements of information | Environmental Stewardship Pages 29 and 30 |
| 2-5 | External assurance | Limited Assurance Statement Pages 67 to 70 |
| 2-6 | Activities, value chain and other business relationships | Integrated Annual Report Our Products and Services Pages 14 and 15 Our Corporate Structure Page 18 |
| 2-7 | Employees | Diversity and Equal Opportunity Page 55 |
| 2-8 | Workers who are not employees | Diversity and Equal Opportunity Page 55 |
| 2-9 | Governance structure and composition | Our Sustainability Governance Pages 7 and 8 |
| 2-10 | Nomination and selection of highest governance body | Integrated Annual Report Our Leadership Sustainability Report Our Sustainability Governance Pages 7 and 8 |
| 2-11 | Chair of the highest governance body | Integrated Annual Report Our Leadership |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Our Sustainability Governance Pages 7 and 8 |
| 2-13 | Delegation of responsibility for managing impacts | Our Sustainability Governance Pages 7 and 8 |
| 2-14 | Role of the highest governance body in sustainability reporting | Our Sustainability Governance Pages 7 and 8 |
| 2-15 | Conflicts of interest | Integrated Annual Report Our Leadership |
| 2-16 | Communication of critical concerns | Ethics and Integrity Pages 40 to 42 |

| GRI Standards | Brief Description of the Disclosures | Page or Reference |
|--|--|--|
| General Disclosures GRI 2: General Disclosures 2021 | | |
| 2-17 | Collective knowledge of the highest governance body | Integrated Annual Report Corporate Governance Overview Statement Pages 120 to 136 |
| 2-18 | Evaluation of the performance of the highest governance body | Integrated Annual Report Corporate Governance Overview Statement Pages 120 to 136 |
| 2-19 | Remuneration policies | Integrated Annual Report Corporate Governance Page 129 Sustainability Report Environmental Stewardship - TCFD Page 31 |
| 2-20 | Process to determine remuneration | Integrated Annual Report Corporate Governance Overview Statement Page 129 |
| 2-21 | Annual total compensation ratio | Corporate Governance Report |
| 2-22 | Statement on sustainable development strategy | Our Approach to Value Creation Pages 26 and 27 |
| 2-23 | Policy commitments | Ethics and Integrity Page 40 |
| 2-24 | Embedding policy commitments | Ethics and Integrity Pages 40 and 41 |
| 2-25 | Process to remediate negative impacts | Ethics and Integrity Pages 40 and 41 |
| 2-26 | Mechanisms for seeking advice and raising concerns | Ethics and Integrity Page 42 |
| 2-27 | Compliance with laws and regulations | Ethics and Integrity Page 40 |
| 2-28 | Membership associations | Page 57 |
| 2-29 | Approach to stakeholder engagement | Engaging Our Stakeholders Page 9 |
| 2-30 | Collective bargaining agreements | Employee Health and Wellbeing Page 53 |

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| GRI 3: Material Topics 2021 | | |
| 3-1 | Process to determine material topics | Our Approach to Materiality Pages 12 and 13 |
| 3-2 | List of material topics | Our Approach to Materiality Page 14 |
| Economic Performance | | |
| GRI 3: Material Topics 2021 | Management of material topics | Innovating and Creating Value Page 15 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Economic Performance Page 16 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Environmental Stewardship Pages 31 to 33 |
| Anti-corruption | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Ethics and Integrity Page 40 |
| GRI 205: Anti-Corruption 2016 | 205-1 Operations assessed for risk related to corruption | Ethics and Integrity Page 43 |
| | 205-2 Communication and training about anti-corruption policies and procedures | Ethics and Integrity Page 43 |
| | 205-3 Confirmed incidents of corruption and actions taken | Ethics and Integrity Page 43 |
| Health and Safety | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Employee Health and Wellbeing Page 49 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | Employee Health and Wellbeing Page 49 |
| | 403-2 Hazard identification, risk assessment and incident investigation | Employee Health and Wellbeing Page 49 |
| | 403-3 Occupational health services | Employee Health and Wellbeing Page 50 |
| | 403-4 Worker participation, consultation and communication on occupational health and safety | Employee Health and Wellbeing Pages 50 to 52 |
| | 403-5 Worker training on occupational health and safety | Employee Health and Wellbeing Page 53 |
| | 403-6 Promotion of worker health | Employee Health and Wellbeing Pages 50 to 52 |

| GRI Standards | Brief Description of the Disclosures | Page or Reference |
|--|--|--|
| Material topics GRI 3: Material Topics 2021 | | |
| | 403-9 Work-related injuries | Employee Health and Wellbeing Page 53 |
| | 403-10 Work-related ill health | Employee Health and Wellbeing Page 53 |
| Cyber Security and Data Protection | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Data Privacy and Cybersecurity Page 21 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Data Privacy and Cybersecurity Page 23 |
| Climate Change | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Environmental Stewardship Page 27 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organisation | Environmental Stewardship Page 30 |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Environmental Stewardship Page 29 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Environmental Stewardship Page 29 |
| | 305-3 Other indirect (Scope 3) GHG emissions | Environmental Stewardship Page 29 |
| Employee Management | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Competent Workforce Page 44 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Competent Workforce Page 47 |
| | 404-2 Programmes for upgrading employee skills and transition assistance programmes | Competent Workforce Page 46 |

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| GRI Standards | Brief Description of the Disclosures | Page or Reference |
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| Diversity, Equity and Inclusion | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Diversity and Equal Opportunity Page 54 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Diversity and Equal Opportunity Pages 54 and 55 |
| Non-Discrimination | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material Topics | Ethics and Integrity Page 54 |
| Freedom of Association and Collective Bargaining | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material Topics | Employee Health and Wellbeing Page 53 |
| Human Rights | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Procurement Page 34 |
| GRI 409: Forced or Compulsory Labour 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour | Sustainable Procurement Page 35 |
| Supply Chain Management | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Sustainable Procurement Page 34 |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Sustainable Procurement Page 36 |

| GRI Standards | Brief Description of the Disclosures | Page or Reference |
|---|---|---|
| Material topics GRI 3: Material Topics 2021 | | |
| Waste Management | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Environmental Stewardship Page 27 |
| GRI 306: Waste 2020 | 306-4 Waste diverted from disposal | Environmental Stewardship Page 30 |
| | 306-5 Waste directed to disposal | Environmental Stewardship Page 30 |
| Community Investment | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Serving the Communities Page 36 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Serving the Communities Pages 16, 37, 38 and 39 |
| Water Management | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Environmental Stewardship Page 30 |
| GRI 303: Water and Effluents 2018 | 303-5 Water consumption | Environmental Stewardship Page 30 |
| Local Communities | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | Serving the Communities Page 36 |
| GRI 413: Local Communities | 413-1 Operations with local community engagement, impact assessments and development programmes | Serving the Communities Pages 37 to 39 |

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CONTENT INDEX

| TCFD Pillar | Recommended Disclosures | Page |
|--|---|----------|
| Governance | | |
| Disclose the organisation's governance around climate-related issues and opportunities. | (a) Describe the board's oversight of climate-related risks and opportunities. | 7, 8, 31 |
| | (b) Describe management's role in assessing and managing climate-related risks and opportunities. | 7, 8, 31 |
| Strategy | | |
| Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material. | (a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | 31, 32 |
| | (b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | 31, 32 |
| | (c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 31, 32 |
| Risk Management | | |
| Disclose how the organisation identifies, assesses and manages climate-related risks. | (a) Describe the organisation's processes for identifying and assessing climate-related risks. | 33 |
| | (b) Describe the organisation's processes for managing climate-related risks. | 33 |
| | (c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | 33 |
| Metrics and Target | | |
| Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. | (a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | 33 |
| | (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks. | 29, 32 |
| | (c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | 32 |

BURSA MALAYSIA'S PERFORMANCE DATA TABLE

| Indicator | Measurement Unit | 2021 | 2022 | 2023 |
|---|------------------|---------------|---------------|---------------|
| Bursa (Anti-corruption) | | | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | | | |
| Senior Management | Percentage | - | - | 79.00 |
| Middle Management | Percentage | - | - | 92.00 |
| Executive | Percentage | - | - | 96.00 |
| Non-Executive | Percentage | - | - | 26.00 |
| Bursa C1(b) Percentage of operations assessed for corruption-related risks | Percentage | - | 100.00 | 100.00 |
| Bursa C1(c) Confirmed incidents of corruption and action taken | Number | 0 | 0 | 1 |
| Bursa (Community/Society) | | | | |
| Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer | MYR | 9,400,000.00 | 3,000,000.00 | 4,200,000.00 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | - | 12,438 | 55,534 |
| Bursa (Diversity) | | | | |
| Bursa C3(a) Percentage of employees by gender and age group, for each employee category | | | | |
| Age Group by Employee Category | | | | |
| Senior Management Under 30 | Percentage | 0.00 | 0.00 | 0.00 |
| Senior Management Between 30-50 | Percentage | 45.00 | 51.00 | 48.00 |
| Senior Management Above 50 | Percentage | 55.00 | 49.00 | 52.00 |
| Middle Management Under 30 | Percentage | 0.00 | 0.00 | 1.00 |
| Middle Management Between 30-50 | Percentage | 81.00 | 78.00 | 72.00 |
| Middle Management Above 50 | Percentage | 19.00 | 22.00 | 27.00 |
| Executive Under 30 | Percentage | 22.00 | 21.00 | 22.00 |
| Executive Between 30-50 | Percentage | 74.00 | 75.00 | 72.00 |
| Executive Above 50 | Percentage | 4.00 | 4.00 | 6.00 |
| Non-Executive Under 30 | Percentage | 17.00 | 9.00 | 6.00 |
| Non-Executive Between 30-50 | Percentage | 79.00 | 89.00 | 84.00 |
| Non-Executive Above 50 | Percentage | 4.00 | 2.00 | 10.00 |
| Gender Group by Employee Category | | | | |
| Senior Management Male | Percentage | 67.00 | 71.00 | 70.00 |
| Senior Management Female | Percentage | 33.00 | 29.00 | 30.00 |
| Middle Management Male | Percentage | 64.00 | 64.00 | 58.00 |
| Middle Management Female | Percentage | 36.00 | 36.00 | 42.00 |
| Executive Male | Percentage | 43.00 | 45.00 | 43.00 |
| Executive Female | Percentage | 57.00 | 55.00 | 57.00 |
| Non-Executive Male | Percentage | 50.00 | 49.00 | 51.00 |
| Non-Executive Female | Percentage | 50.00 | 51.00 | 49.00 |
| Bursa C3(b) Percentage of directors by gender and age group | | | | |
| Male | Percentage | 86.00 | 71.00 | 71.00 |
| Female | Percentage | 14.00 | 29.00 | 29.00 |
| Under 30 | Percentage | 0.00 | 0.00 | 0.00 |
| Between 30-50 | Percentage | 14.00 | 14.00 | 0.00 |
| Above 50 | Percentage | 86.00 | 86.00 | 100.00 |
| Bursa (Energy management) | | | | |
| Bursa C4(a) Total energy consumption | Megawatt | 25,655,389.00 | 25,693,276.00 | 28,341,967.00 |
| 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 | - | 1.08 | 0.15 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | - | 762 | 1,017 |
| Bursa (Labour practices and standards) | | | | |
| Bursa C6(a) Total hours of training by employee category | | | | |
| Senior Management | Hours | 914 | 1,740 | 2,869 |
| Middle Management | Hours | 9,570 | 17,038 | 28,209 |
| Executive | Hours | 40,894 | 62,096 | 79,101 |
| Non-Executive | Hours | 1,333 | 2,254 | 8,169 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 1.00 | 2.00 | 4.00 |
| Bursa C6(c) Total number of employee turnover by employee category | | | | |
| Senior Management | Number | 8 | 5 | 5 |
| Middle Management | Number | 34 | 52 | 52 |
| Executive | Number | 91 | 168 | 189 |
| Non-Executive | Number | 7 | 8 | 9 |
| Bursa C6(d) Number of substantiated complaints concerning human rights violations | Number | 0 | 0 | 0 |
| Bursa (Supply chain management) | | | | |
| Bursa C7(a) Proportion of spending on local suppliers | Percentage | 99.00 | 97.00 | 98.00 |
| Bursa (Data privacy and security) | | | | |

Internal assurance External assurance No assurance (*)Restated

BURSA MALAYSIA'S PERFORMANCE DATA TABLE

| Indicator | Measurement Unit | 2021 | 2022 | 2023 |
|---|------------------|-----------|-----------|-----------|
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 8 | 0 | 0 |
| Bursa (Water) | | | | |
| Bursa C9(a) Total volume of water used | Megalitres | 52.477000 | 58.414000 | 72.870000 |
| Bursa (Waste management) | | | | |
| Bursa C10(a)(i) Total waste diverted from disposal | Metric tonnes | - | 1.17 | 21.36 |
| Bursa C10(a)(ii) Total waste directed to disposal | Metric tonnes | - | - | 39.99 |
| Bursa (Emissions management) | | | | |
| Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e | Metric tonnes | - | 24.00 | 41.00 |
| Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e | Metric tonnes | 5,233.00 | 5,161.00 | 5,480.00 |
| Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting) | Metric tonnes | - | - | 4,005.00 |

Internal assurance

External assurance

No assurance

(**)Restated

LIMITED ASSURANCE STATEMENT



MBSB's responsibilities

MBSB's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410') (collectively referred to as the "Standards") and the terms of reference for this engagement as agreed with MBSB on 3 February 2023. Those Standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Conducted interviews with personnel to understand the business and reporting process
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- ▶ Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified
- ▶ Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the Subject Matter
- ▶ Tested, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Performed recalculations of Subject Matter using input data
- ▶ Checked that measurements made at the end of the reporting period are timely entered in the records and the SR2023

We also performed such other procedures as we considered necessary in the circumstances.

LIMITED ASSURANCE STATEMENT



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the matters stated above in our report as of 29 April 2024 for the year ended 31 December 2023, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of MBSB and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young Consulting Sdn. Bhd.
29 April 2024
Kuala Lumpur, Malaysia

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