



SUSTAINABILITY REPORT **2024**

BE BOLD. BANK SMART.



Be Bold. Bank Smart. Building a Sustainable Future Together

At MBSB, sustainability is more than a strategic priority — it is a shared commitment. Through our sustainability vision to provide sustainable and innovative solutions benefiting our communities, we deliver innovative financing solutions in a fair, inclusive, and transparent system while prioritising environmental stewardship and social responsibility.

Our comprehensive approach is built on three foundational pillars:

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

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ACCESS IT

Get access to MBSB's website



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

HOW TO READ THIS REPORT

This report is designed to provide clear, relevant, and structured sustainability disclosures that support transparency and ease of navigation for analysts, investors, and stakeholders.

The structure follows MBSB's five key stakeholder groups — Shareholders, Customers, Employees, Communities, and Regulators — with each chapter addressing the most material sustainability topics and strategic commitments relevant to that group. Where a material matter or commitment is relevant to multiple stakeholders, it is covered in full in the section of highest relevance and cross-referenced in other relevant sections.

To aid navigation:

- ▶ Each section is colour-coded or visually marked according to the stakeholder group it represents.
- ▶ Icons and page references are used throughout to indicate material matters and sustainability commitments.
- ▶ Where applicable, readers will find progress updates, case studies, and quantitative disclosures aligned with frameworks such as TCFD, GRI, and IFRS.

About This Report

SCOPE AND BOUNDARY

This report covers MBSB's ("MBSB" or "the Group") business operations in Malaysia, encompassing MBSB Bank Berhad and Malaysian Industrial Development Finance Bhd ("MIDF"), along with their subsidiaries. This report covers the performance of MBSB from 1 January 2024 to 31 December 2024, unless otherwise stated. Comparative information on quantitative data for the past three years can also be found in this report.

OUR REPORTING APPROACH

This report is disclosed with reference to GRI Sustainability Reporting Standards and where applicable, addresses significant issues related to economic, social, and governance aspects. Aligned with global sustainability agendas, it offers an overview of our contributions to the United Nations Sustainable Development Goals ("UN SDGs"). It is also guided by:

- Sustainability Accounting Standards Board ("SASB") Sector Specific Disclosures
- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Sustainability Reporting Guide
- Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations
- International Financial Reporting Standards ("IFRS"): IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)

STATEMENT OF ASSURANCE

In strengthening the credibility of the Sustainability Report, this Sustainability Report has been subjected to an internal review by our internal auditors for all non-financial data required under the Listing Requirements of Bursa Malaysia Berhad.

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

1. **Subject Matter 1:** Scope 1 GHG Emissions
2. **Subject Matter 2:** Scope 2 GHG Emissions
3. **Subject Matter 3:** Total Energy Consumption
4. **Subject Matter 4:** Occupational, Safety and Health
 - a. Number of work-related fatalities
 - b. Lost time incident rate
 - c. Number of employees trained on health and safety standards
5. **Subject Matter 5:** Average training hours by gender and employee category
6. **Subject Matter 6:** Total number of grievance/ complaints filed through grievance mechanisms

Our limited assurance statement can be read on pages 88 to 93 of this report.



FORWARD-LOOKING STATEMENT

Statements about MBSB's financial position, business strategy, market growth, and future plans, except for historical facts, are considered forward-looking statements. These statements are based on certain assumptions and may be impacted by factors beyond management's control, such as evolving market trends, economic conditions, policy rate fluctuations, pandemics, and regulatory shifts. While we make every effort to ensure accuracy, these statements inherently carry risks and uncertainties, and they should not be solely relied upon.

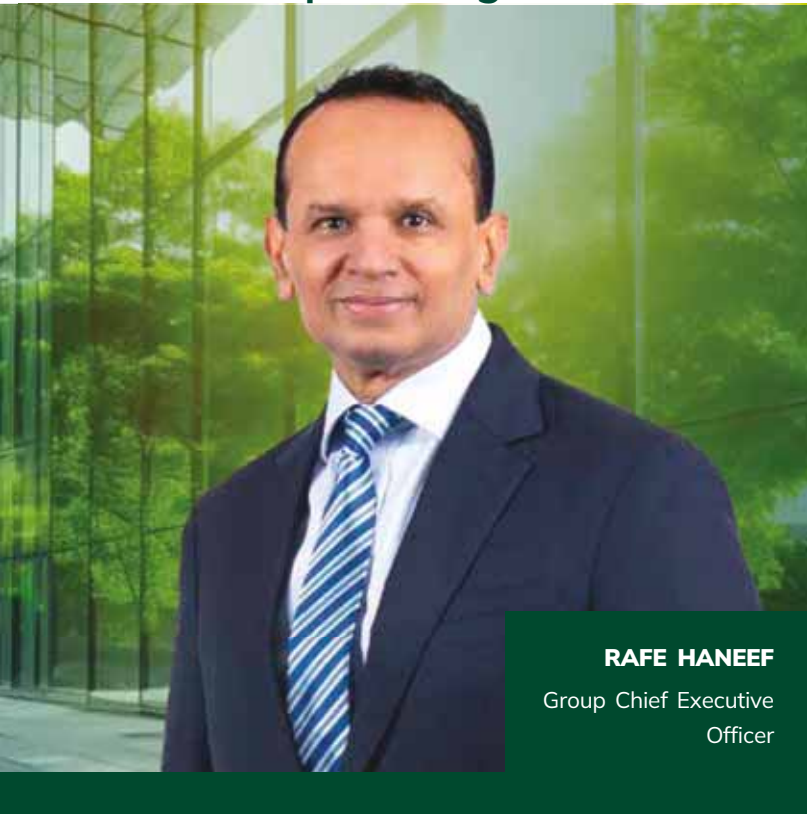
RESPONSIBILITY OF THE BOARD

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@mbsbbank.com.

Leadership Messages



RAFE HANEEF

Group Chief Executive
Officer

“At MBSB, impact is not measured by intent alone, but by the tangible outcomes we deliver across our stakeholder ecosystem.”

As the Group CEO of MBSB, I am honoured to share our journey and vision for sustainability – a cornerstone of our values as a responsible financial institution.

At MBSB, sustainability is not merely a trend; it is a reflection of our belief in *Amanah*, representing the responsibility entrusted to individuals and organisations to be stewards of the community and environment, to act justly in our dealings, and to ensure that we leave a positive and lasting impact on society.

The world is at a critical juncture. Climate change, social inequities, and economic uncertainties demand not just action, but a paradigm shift in how businesses operate. For us, sustainability is not a standalone agenda – it is fully integrated into our business strategy. Every decision we make is measured against its ability to create long-term value for our five key stakeholders: shareholders, customers, employees, communities, and regulators, without compromising the interests of others. By aligning our actions with these stakeholder needs, we aim to achieve a harmonious balance between profitability, social equity, and environmental responsibility.

A Commitment to Sustainability Guided by *Amanah*

TRANSLATING PURPOSE INTO STRATEGY

To deliver on our responsibility to stakeholders, MBSB has embedded sustainability into the core of our corporate strategy. In 2024, we made significant progress under FLIGHT26, our three-year strategic plan designed to build a future-ready, sustainable organisation.

A key achievement was the roll out of 30 out of 38 initiatives under our Transformation Programme (TP30), with the remaining initiatives advancing on schedule. These milestones reflect our commitment to build a resilient and competitive organisation capable of delivering an 8% Return on Equity by 2026.

The strength of our approach lies in our ability to balance transformation with purpose. Our myPledge framework acts as the foundation for these efforts, ensuring our initiatives not only align with ESG principles but also deliver meaningful benefits — from financial inclusion for customers to capacity building for employees and transparency for regulators.

Building on this, we achieved full operationalisation of our Future-Ready HR Strategy, which aligns workforce capabilities with our strategic ambition. Notably, we increased female representation in leadership roles to 35% in 2024, marking a 10% improvement year-on-year, and invested over RM9 million — a 28% increase from 2023 — in employee development, accumulating over 90,000 hours of training.

MOBILISING CAPITAL WITH PURPOSE

This same sense of responsibility extends to how we deploy capital — with ethical finance and climate resilience forming the foundation of our sustainable finance strategy.

Climate change is a lived reality, with Malaysia's late 2024 floods displacing over 150,000 people and causing close to RM1 billion in infrastructure damage. These events underscore the urgent need for climate-resilient development — an area where the financial sector plays a critical role.

At MBSB, we are committed to catalysing capital that aligns with global sustainability goals and the ethical principles of Islamic finance. As global climate finance reached US\$42.6 billion in 2024, we recognise the urgency of funding investments that enhance resilience and inclusive growth, while adhering to Shariah-compliant financing structures.

To translate this commitment into action, our Sustainable and Transition Finance Framework plays a central role in aligning capital deployment with our sustainability ambitions. Since its launch, we have catalysed over RM4.7 billion in sustainable and transition financing — nearly halfway to our RM10 billion target. The framework enables us to apply robust screening criteria and impact classifications, ensuring capital flows to projects that deliver measurable environmental and social outcomes.

Complementing this, we fortified our Net Zero Roadmap, which sets out a phased approach to achieving Carbon Neutrality for Scope 1 and 2 emissions by 2030, and Net Zero by 2050. This roadmap is underpinned by a stronger understanding of our emissions baseline — including the disclosure of our Scope 3 Financed Emissions, recorded at an intensity of 24.13 tCO₂e per RM million in 2024.

MBSB has catalysed over

RM4.7
BILLION

in sustainable and transition financing



MBSB empowering over 200 youth with Adab Youth Garage (AYG) at PPR Kampung Baru Hicom, Shah Alam on February 2025

STRENGTHENING COMMUNITIES AND PARTNERSHIPS

The impact we seek goes beyond capital mobilisation — it is equally rooted in the partnerships we build and the communities we serve.

Empowering communities through financial inclusion remains a core focus. Our microfinance initiatives, blended financing schemes, and advisory support uplift small businesses and underserved groups, enabling sustainable practices and contributing to local economic development. These efforts are supported by broader programmes in education, environmental stewardship, and volunteerism.

We recognise that meaningful progress requires collaboration. By engaging with regulators, industry peers, and strategic partners, we amplify our impact, address climate-related risks, and co-create solutions that drive systemic change.

LOOKING AHEAD: A VISION FOR SUSTAINABLE GROWTH

While we have made meaningful progress, achieving sustainability goals comes with challenges — requiring innovation, agility, and focus. Yet within these challenges lie our greatest opportunities: to lead with purpose, reimagine the role of Islamic finance, and deliver solutions that benefit both people and the planet.

We envision MBSB as a leader in sustainable Islamic finance — one that delivers long-term value while leaving a lasting, positive impact on society and the environment. This vision is grounded in our principles and powered by the collective commitment of our people, partners, and stakeholders.

As we look to the future, we invite our stakeholders to walk this journey with us. Sustainability is a shared responsibility — one that depends on collaboration, trust, and a common purpose. Together, we can advance a future where growth, equity, and environmental stewardship go hand in hand.

Leadership Messages



ASHRAF GOMMA ALI

Group Chief Shariah and
Sustainability Officer

“Capital at MBSB is no longer blind to carbon and climate risk, it is calibrated in the direction to manage and mitigate it. That is *Adab* in action: acting responsibly before we are compelled to do so.”

As Group Chief Shariah and Sustainability Officer, I centre our agenda on *Adab*, the Islamic ethics that call us to act with humility, respect, and balanced judgment.

Adab reminds us that every financing decision, every stakeholder conversation, and every operational choice is a moral encounter. It insists that we weigh benefit against harm, honour the dignity of people and planet, and pursue progress without excess or neglect. Through the lens of our work, sustainability is no longer an external goal, it becomes the manner in which we conduct ourselves day by day.

Guided by this value, we weave courtesy into disclosure, restraint into resource use, and empathy into community engagement. It shapes how we assess climate risk, listening first to the vulnerabilities of those most affected, and how we design sustainable and transition finance solutions that leave no sector behind. By letting *Adab* steer both our strategy and our interactions, we aim to show that true leadership in Islamic finance is measured not only by capital deployed or emissions reduced, but by the respectful, balanced way we achieve those outcomes.

Advancing Sustainability Through *Adab*

SUSTAINABILITY: A HOLISTIC APPROACH

At its core, sustainability is about creating harmony between economic growth, social equity, and environmental stewardship. It demands a holistic mindset — one that meets today's needs without compromising those of future generations. That perspective shapes our entire strategy, compelling us to confront climate change, resource depletion, and social inequality in an interconnected way.

The global Islamic finance industry, projected to reach US\$6.67 trillion by 2027, is moving decisively toward ethical, sustainable solutions — principles already embedded in Shariah-compliant finance. For us, this means shrinking our environmental footprint, empowering underserved communities, and upholding the highest standards of governance, all while keeping every action firmly rooted in Islamic values.

CAPITAL WITH A CONSCIENCE

At MBSB, capital is never neutral; every ringgit we deploy declares the kind of future we intend to build. Through our Sustainable and Transition Finance Framework, we steered financing towards renewable energy assets, green buildings, and supporting local agenda, placing us firmly on the road to reach our RM10 billion target by 2026.

But moving capital is not enough; we must also foresee and tame the risks of a warming world. That is why we weaved climate intelligence into every financing decision. Our Climate Risk Dashboard, launched in August, continuously maps both physical and transition climate risks across our portfolio. Building on those insights, we undertook our first 2.5°C scenario analysis, aligned with BNM's Climate Risk Management and Scenario Analysis Policy Document, stress-testing high-emitting sectors and sharpening exposure limits.

Capital at MBSB is no longer blind to carbon and climate risk, it is calibrated in the direction to manage and mitigate it. That is *Adab* in action: acting responsibly before we are compelled to do so.

HEARTS AND HANDS IN ACTION

Numbers matter, yet they come alive only through people who believe in the mission. Last year we sharpened that belief by weaving more than 6,000 dedicated sustainability hours into leadership and training programmes, equipping everyone with the skills to turn Islamic ethics into measurable impact.

Those lessons did not stay in the classroom. They flowed into the field, where colleagues logged over 6,000 volunteer hours, a 33 percent leap that speaks to a workforce inspired rather than instructed. The same spirit powered our RM6.7 million in CSR and zakat disbursements, funding 63 programmes and impacting more than 70,000 Malaysians. Seen together — training, volunteering, and outreach form a virtuous loop: knowledge ignites purpose, purpose spurs action, and action reinforces the learning that started it all.

Our operational footprint tells a parallel story of intentional stewardship. In 2024, we broadened our emissions inventory to capture the Group's Scope 3 impacts from business travel, daily commuting, and financed emissions. Data in hand, we tackled efficiency on multiple fronts, including LED retrofits now illuminating every floor of Menara MBSB Bank and inverter HVAC systems modulating cooling load in real time, together cutting electricity use by 12%. On the materials side, digitalisation of systems and processes slashed paper drawdown by 41%.


RM6.7
MILLION

investment in community and zakat-related initiatives



In action: MBSB's Mangrove Replanting Initiative

These initiatives are more than compliance checkboxes; they are fingerprints of a culture in which *Adab* shapes everything from capital budgeting to how many sheets we print before a meeting. With each kilowatt saved and every kilogram of CO₂e avoided, we move closer to our carbon-neutral 2030 goal, proving that operational rigour and moral responsibility can share the same ledger line.

 For a comprehensive overview of these achievements, please refer to the 2024 Highlights page.

TURNING THE PAGE, TOGETHER

Looking ahead, I am energised by what is still to come. In 2025, our Shariah & Sustainability Centre of Excellence will unite scholars, data scientists, and product designers to craft the next generation of sustainable and transition finance solutions. By 2026, we aim to have catalysed the full RM10 billion; by 2030, our own operations will be carbon-neutral; and by 2050, Net Zero will span our entire value chain, *insyaAllah* (God willing).

Amanah and *Adab* remain our north stars, reminding us that the truest measure of success is the trust we deepen and the justice we advance. Together, with our shareholders, employees, customers, regulators, and communities, we are scripting a future in which Islamic finance lights Malaysia's path to a just, resilient, low-carbon society. I invite every reader to walk that path with us.

In the words of the Quran, Surah An-Nahl 90: "Indeed, Allah commands justice, grace, as well as generosity to close relatives. He forbids indecency, wickedness, and aggression. He instructs you so perhaps you will be mindful." This timeless reminder encapsulates the essence of our mission, urging us to act with justice, compassion, and mindfulness in everything we do.

2024 Highlights

Innovating and Creating Value



Over
RM4.7 Billion catalysed
in Sustainable & Transition Finance of our
RM43 billion portfolio



Rolled out
**Online Business Current
Account**
a digital onboarding experience for business
accounts



Operationalised the
**Sustainable and Transition
Finance Framework**
to guide eligibility and impact classification



Enhanced our
MJOURNEY platforms to
enhance accessibility and simplify fund
management



Adopted
VBI Sectoral Guides
in our financing to enable a
structured evaluation of climate risks



Facilitated
SME Growth and ESG Integration
through **Blended and
Targeted Financing
Schemes**

Operating Sustainably



Fortified our
Net Zero Roadmap outlining
phased decarbonisation across our value
chain



Developed and rolled out the
**Climate Risk
Dashboard**



Calculated
Scope 3 Financed Emissions,
recording an emissions intensity of
24.13 tCO₂e/RM million



Conducted a
2.5°C scenario analysis
analysis for high-emitting sectors based
on BNM's CRMSA



Expanded **Operational
Emissions tracking**
across Scope 1, 2, and 3



Achieved a
**12% reduction in Energy
Usage** at Menara MBSB Bank
compared to 2023

Empowering A Sustainable Culture



Logged over
6,000 volunteer hours
across employee-driven and
community-led initiatives, a **33%
increase** from 2023



Women now hold
35% of leadership roles,
marking a **10% improvement**
compared to the previous year



Invested over
RM6.7 million in CSR and zakat
initiatives, marking a **59% increase**
from 2023



Invested over **RM9 million**, a **28%
increase** from 2023, in employee
training and development, achieving over
90,000 hours of training



Impacted over
70,000 individuals nationwide
through 63 focused community
development initiatives







Fully operationalised
and integrated our **Future
Ready HR Strategy**

OUR SUSTAINABILITY COMMITMENTS

MBSB's sustainability journey is driven by our long-term ambition to embed ethical, responsible, and inclusive practices across our operations. In alignment with our strategic priorities and guided by the principles of *Amanah* and *Adab*, we have articulated four core sustainability commitments that serve as the foundation for our actions and performance. These commitments are more than just targets—they represent our organisational resolve to drive tangible progress in sustainable finance, climate action, and purpose-driven culture, while reinforcing our role as a catalyst for positive change in the financial ecosystem.

Since their launch, each of these commitments has been supported by clear implementation plans and consistent progress tracking to uphold accountability and transparency. As of 2024, we have catalysed RM4.75 billion in Sustainable and Transition Finance, achieved a 12% energy reduction at our headquarters, recorded our financed emissions at over 800,000 tCO₂e, and surpassed 6,000 employee volunteer hours — each reflecting meaningful progress toward our 2026 and 2030 goals. These milestones illustrate our ability to translate ambition into action, and mark a strong foundation as we accelerate our path toward becoming a value-based, sustainable and responsible financial institution.

MBSB's Progress Against Key Sustainability Commitments

Commitment 1	Short Description of Commitment	2024 Achievements
 Catalysing RM10 billion in Sustainable and Transition Finance by 2026	Catalyse capital towards sustainable-aligned finance and investments, and support clients in their journey to a low-carbon economy.	RM4.75 billion catalysed (47% of 2026 target)
Commitment 2	Short Description of Commitment	2024 Achievements
 Achieving Carbon Neutrality for Scope 1 and 2 by 2030	Reduce direct and indirect emissions from the Group's operations through energy management and operational improvement.	12% reduction in energy use at Menara MBSB Bank (target: 10% by 2024)
Commitment 3	Short Description of Commitment	2024 Achievements
 Achieving Net Zero by 2050	Gradually reduce our operational and financed emissions across the Group by 2050 through climate risk integration and sustainable finance.	Recorded Financed Emissions at over 800,000 tCO₂e with an emissions intensity of 24.13 tCO ₂ e/ RM million.
Commitment 4	Short Description of Commitment	2024 Achievements
 Achieving 50,000 Volunteer Hours by 2030	Cultivate a purpose-driven culture through employee volunteerism and community programmes.	Over 10,500 cumulative hours recorded (21% of 2030 target) 2023: 4,505 2024: 6,023



SUSTAINABILITY AT MBSB

“

Sustainability at MBSB means delivering ethical, inclusive, and innovative financial solutions that create lasting value for people, planet, and purpose.

”

OUR SUSTAINABILITY STRATEGY

MBSB acknowledges its critical role in fostering a sustainable society and economy as a prominent financial services provider. Aligning closely with the national and global agenda for sustainability, our enhanced Sustainability Framework serves as a strategic blueprint, aiming to embed sustainability across its operations while creating meaningful environmental and social impacts.

Sustainability Vision

To provide sustainable and innovative solutions benefiting our communities

Sustainability Mission Statement

MBSB 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

Operating
Sustainably

Empowering a Sustainable
Culture

Description

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

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

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

Goals

1 Catalysing RM10 billion for sustainable and transition finance by 2026

2 Include ESG best practices in Risk Management

3 Provide value-added services to empower stakeholders

4 Achieving Net Zero by 2050

5 Achieving Carbon Neutrality for Scope 1 and Scope 2 emissions by 2030

6 Embedding sustainable practices in our operations

7 Achieving 50,000 volunteer hours by 2030

8 Enhancing workforce capabilities

9 Enhancing sustainable culture

10 Enhancing sustainable disclosures

EMBEDDING SUSTAINABILITY THROUGH myPledge: ALIGNING CULTURE WITH PURPOSE

At MBSB, sustainability is more than a strategic priority — it is a shared commitment. myPledge embodies this belief by serving as a guiding framework that brings together our employees, customers, and communities in pursuit of meaningful, long-term impact. Rooted in our values of *Amanah* and *Adab*, myPledge represents our promise to integrate responsible practices across our business and stakeholder engagements.

Through this initiative, we encourage collective action towards sustainability, focusing on three key pillars: empowering individuals, promoting responsible business practices, and supporting community development. Each pledge made by our stakeholders strengthens the foundation for a resilient and inclusive future, where growth is achieved without compromising the needs of future generations.

Sustainability at MBSB

DRIVING IMPACT ACROSS STAKEHOLDERS

myPledge delivers tangible benefits across stakeholder groups:



Bringing myPledge to Life

myPledge comes to life through targeted initiatives and everyday actions that reflect our dedication to sustainability. From adopting sustainable workplace practices to championing financial literacy and community empowerment, each step under myPledge contributes to our broader sustainability goals. This collective commitment drives measurable outcomes, fostering a culture where sustainability becomes second nature.

MYPLEDGE — A DYNAMIC JOURNEY WHERE CULTURE FUELS SUSTAINABILITY AND PURPOSE DRIVES PROGRESS.



2024: THE BEGINNING – SETTING THE FOUNDATION

Launched with purpose. Driven by values.

- Official launch of myPledge during MBSB Games Community Day — bringing together employees, customers, and communities.
- Introduction of the M-RISE Recognition Programme, celebrating employees who embody our core values.
- Focus on aligning behaviours across the organisation with our vision for sustainable growth.



2025: IGNITING MOMENTUM – CREATING IMPACT

Turning commitment into action.

- Over 14 divisions engaged in TeamRISE initiatives, strengthening collaboration.
- Introduction of MBSB Accelerated Change Champion Program (MACCP) to empower leaders driving cultural change.
- Culture Pulse Survey shows early positive shifts in employee engagement.



2026-2028: DRIVING CHANGE – EMBEDDING SUSTAINABILITY

Where culture meets performance.

- myPledge becomes the backbone of how we work, with sustainability at the heart of decision-making.
- Expansion of M-RISE to recognise achievements in sustainability-linked projects.
- Achieving key milestones, including our targeted 8% ROE by 2026 — proving that sustainability drives performance.



2029 & BEYOND: LEADING THE FUTURE – SUSTAINING IMPACT

From actions to purpose.

- A fully integrated myPledge culture across all business lines.
- Recognised leadership in Islamic sustainable banking, with sustained stakeholder trust and industry recognition.
- Long-term contribution to Malaysia's sustainability ambitions, with MBSB at the forefront of responsible growth.

CHAPTER 3

Engaging Our Stakeholders

We recognise that as an organisation with a significant influence on society and the economy, understanding and addressing stakeholder concerns is essential to our sustainability journey. While we engage with a broader network of stakeholders across various sectors, this report focuses on our five key stakeholder groups: shareholders, customers, employees, communities, and regulators. These groups have been identified as central to our operations and sustainability objectives due to their significant influence on, and impact from, our business activities.

This report reflects our commitment to transparency as we look to delve deeper into the concerns identified through these engagements and highlight the actions we took in 2024 to address them effectively. Through regular consultations, feedback sessions, and collaborative initiatives, MBSB ensures stakeholder insights are continuously integrated into our decision-making. This approach underscores our dedication to fostering strong relationships and contributing positively to the markets and communities we serve.

Engagement Frequency

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



SHAREHOLDERS

Topics Raised

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

Our Responses

- 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

- Economic Performance
- Environmental Stewardship
- Sustainable Financing
- Ethics and Integrity
- Data Privacy and Cybersecurity
- Innovation and Technology

How we engaged them

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



CUSTOMERS

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 Responses

- 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

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

How we engaged them

- 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)
- R** Marketing campaigns and events



EMPLOYEES

Topics Raised

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

Our Responses

- 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

- Competent Workforce
- Employee Health and Wellbeing
- Diversity and Equal Opportunity
- Economic Performance
- Innovation and Technology
- Ethics and Integrity

How we engaged them:

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



COMMUNITIES

Topics Raised

- Financial literacy
- Community investments
- Sustainable financing

Our Responses

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

- Serving the Communities
- Environmental Stewardship
- Sustainable Financing
- Diversity and Equal Opportunity

How we engaged them:

- R** Meetings
- R** Graduate programmes
- R** Community development initiatives
- R** Events and engagements
- R** Regular announcements via our website
- A** Vendor assessment/performance evaluations



REGULATORS

Topics Raised

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

Our Responses

- 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 offerings

- Ethics And Integrity
- Data Privacy And Cybersecurity
- Sustainable Procurement
- Sustainable Financing
- Serving the Communities
- Environmental Stewardship

How we engaged them:

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

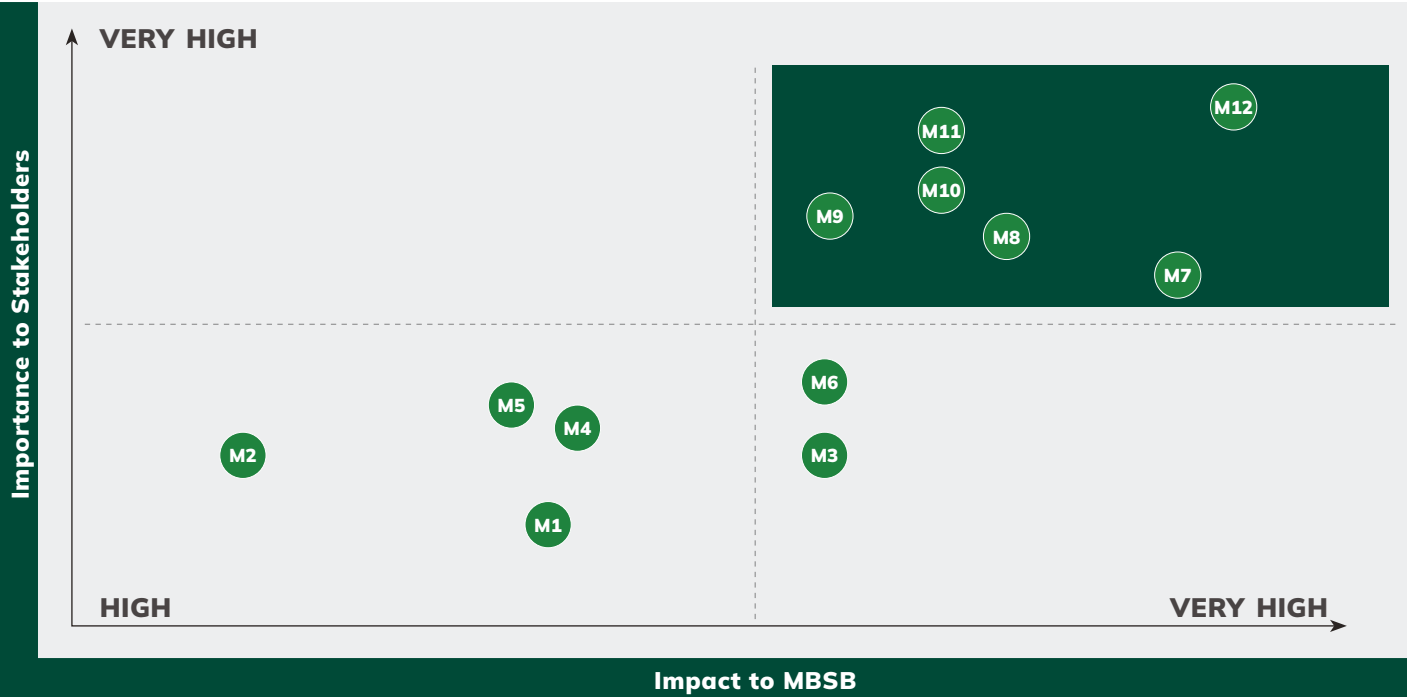
CHAPTER 3

Our Approach to Materiality

The materiality assessment process is central to MBSB’s commitment to aligning our sustainability efforts with the expectations of our stakeholders and the strategic priorities of our organisation. By identifying and prioritising the issues that matter most, we ensure our resources are focused on creating the greatest impact for both our stakeholders and the environment.

In 2023, we conducted a comprehensive materiality assessment to establish a baseline for identifying key ESG priorities. This was followed by a review in 2024 to refine our focus areas and ensure alignment with evolving stakeholder expectations, regulatory developments, and market trends. These efforts reflect our dedication to remaining responsive and adaptive in our sustainability journey, enabling us to deliver meaningful and lasting value.

MATERIALITY MATRIX



SUSTAINABILITY PILLARS

Innovating and Creating Value	Operating Sustainably	Empowering a Sustainable Culture
<div><div></div>Sustainable Financing</div> <div>M6</div>	<div><div></div>Serving the Communities</div> <div>M2</div>	<div><div></div>Diversity and Equal Opportunity</div> <div>M5</div>
<div><div></div>Data Privacy and Cybersecurity</div> <div>M7</div>	<div><div></div>Environmental Stewardship</div> <div>M4</div>	<div><div></div>Employee Health and Wellbeing</div> <div>M3</div>
<div><div></div>Innovation and Technology</div> <div>M8</div>	<div><div></div>Sustainable Procurement</div> <div>M1</div>	<div><div></div>Competent Workforce</div> <div>M9</div>
<div><div></div>Customer Experience and Satisfaction</div> <div>M10</div>		<div><div></div>Ethics and Integrity</div> <div>M11</div>
<div><div></div>Economic Performance</div> <div>M12</div>		

OUR MATERIAL MATTERS

This table outlines MBSB's material matters, providing definitions, key focus areas, and references to detailed discussions in the report.

MATERIAL MATTERS	DEFINITION	PAGE REFERENCES
► Innovating and Creating Value		
Economic Performance	MBSB's economic impact involves generating and distributing value through revenue and dividends. This extends to our contribution to local economic development in areas or communities where we operate.	Pg 20
Customer Experience and Satisfaction	Delivery of superior customer satisfaction services throughout all products and services offered by MBSB.	Pg 45
Innovation and Technology	The pivotal role of innovation and technology in elevating MBSB's business, products, and services through digitalisation.	Pg 43
Data Privacy and Cybersecurity	Securely managing sensitive customer data and privacy rights from leaks and cyberattacks.	Pg 78
Sustainable Financing	MBSB'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.	Pg 33
► 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.	Pg 70
Sustainable Procurement	Efforts to support local suppliers while ensuring responsible sourcing through adherence to social and environmental criteria and best practices in supply chain.	Pg 81
Serving the Communities	Foster meaningful interactions and relationships with the people and communities surrounding our operations through local community development initiatives and outreach programmes.	Pg 65
► Empowering a Sustainable Culture		
Ethics and Integrity	Ensure the highest levels of transparency, ethical behaviour, and integrity across MBSB's activities and behaviour. This encompasses adherence to applicable laws, regulations, and guidelines wherever we operate.	Pg 75
Competent Workforce	Support the growth of our employees through upskilling, career support, good recruitment and retention practices, and comprehensive human capital management at MBSB.	Pg 46
Employee Health and Safety	Managing the health and wellbeing of our workforce while promoting a safe workplace that enhances work-life balance.	Pg 58
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.	Pg 62

OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

At MBSB, our commitment to sustainability is aligned with the UN SDGs, which guide our efforts to promote inclusive growth and responsible business practices. Anchored in our core values, we contribute to up to 13 SDGs through initiatives that reduce emissions, improve energy efficiency, promote responsible consumption, and empower underserved communities. By focusing on areas of greatest impact and working closely with our stakeholders, we reinforce our role as a responsible financial institution dedicated to building a sustainable and inclusive future.



A photograph of three business professionals in an office setting. Two men and one woman are gathered around a table, looking at documents. The man on the left is wearing a dark suit and glasses. The man in the center is wearing a light blue shirt and a dark tie. The woman on the right is wearing a light-colored top and glasses. They are all looking down at the documents on the table.

DRIVING VALUE FOR OUR SHAREHOLDERS

“

Creating long-term shareholder value means delivering resilient, transformative, and responsible growth that drives performance, builds trust, and secures future prosperity.

”



Members of MBSB Group



Stronger Together,
For You

MALAYSIA BUILDING SOCIETY BERHAD 54TH ANNUAL GENERAL MEETING

MENARA MBSB BANK, PJ SENTRAL | THURSDAY, 6 JUNE 2024

MALAYSIA BUILDING SOCIETY BERHAD

54TH ANNUAL GENERAL MEETING



MBSB

Members of MBSB Group



MBSB
BANK



UPHOLDING OUR COMMITMENTS TO OUR SHAREHOLDERS

At MBSB, shareholders and investors are more than just providers of capital; they are key partners who help shape the strategic vision and long-term success of our organisation. Their contributions enable us to innovate, develop sustainable financial solutions, and strengthen our position in an evolving market.

By recognising their expectations for accountability, transparency, and continuous improvement, we create a foundation of trust that supports our sustainability goals. This commitment is further reinforced through myPledge, aligning organisational behaviours with the principles of *Amanah* and *Adab*. myPledge ensures that our pursuit of growth is underpinned by responsible business practices, ethical governance, and a shared sense of accountability — all of which are central to sustaining shareholder confidence.

Shareholder confidence is built on consistent performance, sound governance, and a clear commitment to addressing both risks and opportunities.

Through regular engagement, strategic alignment, and a culture strengthened by myPledge, we ensure that shareholders remain integral to our sustainability journey. This collaboration not only helps secure financial stability but also enhances our reputation as a responsible financial institution committed to long-term value creation.

NAVIGATING RISKS, OPPORTUNITIES, AND BUILDING TRUST

MBSB faces a dynamic business environment characterised by evolving risks and opportunities. These include regulatory

changes, technological disruptions, and climate-related impacts, all of which have the potential to affect shareholder value. Our integrated risk management approach, which incorporates climate-related scenario analysis and stress testing, ensures that we remain prepared to mitigate these risks while pursuing strategic opportunities.

The global shift towards sustainability presents significant growth prospects, particularly in areas such as sustainable and transition finance and digital innovation. By capitalising on these opportunities, we reinforce our ability to generate stable returns and enhance long-term resilience.

To further build trust and confidence, we engage shareholders through multiple channels, including annual general meetings, investor briefings, and performance reports. These interactions allow us to address concerns, share strategic developments, and gather valuable feedback that informs our decision-making.

Driving Value for Our Shareholders



Investor Relations team taking lead during AGM 'war-room' sessions.

DELIVERING STRONG ECONOMIC PERFORMANCE

Why Does It Matter To Us?

Our economic performance underpins our capacity to support key stakeholders, drive national development, and achieve sustainability goals. Strong financial results enable us to deliver value through dividends, reinvestment in growth initiatives, and financing solutions that empower businesses and communities. Maintaining robust performance is crucial for building resilience in a competitive and evolving market landscape.

What Is Our Approach?

We adopt a holistic approach that combines operational excellence, innovation, and sustainability. Our strategy focuses on balancing short-term returns with long-term growth by investing in areas such as digital transformation, sustainable financing, and process optimisation. This approach enables us to stay agile in identifying new opportunities while mitigating financial and non-financial risks.

FLIGHT26: Steering Sustainable Growth

To further strengthen our position in the financial industry, we introduced FLIGHT26, a three-year strategic roadmap (2024–2026) designed to achieve sustainable growth while delivering consistent shareholder value. Inspired by the formation patterns of migratory birds, FLIGHT26 symbolises unity, resilience, and the power of collaborative progress. It focuses on aligning the strengths of the enlarged MBSB Group, following the integration of MIDF, to unlock synergies and expand our reach across consumer, commercial, and wholesale banking segments.

At its core, FLIGHT26 revolves around four key missions:

Improving the Current Accounts and Savings Accounts ("CASA") Ratio and Reducing the Cost of Funds

Expanding the Financing Portfolio

Increasing Non-Funded Income

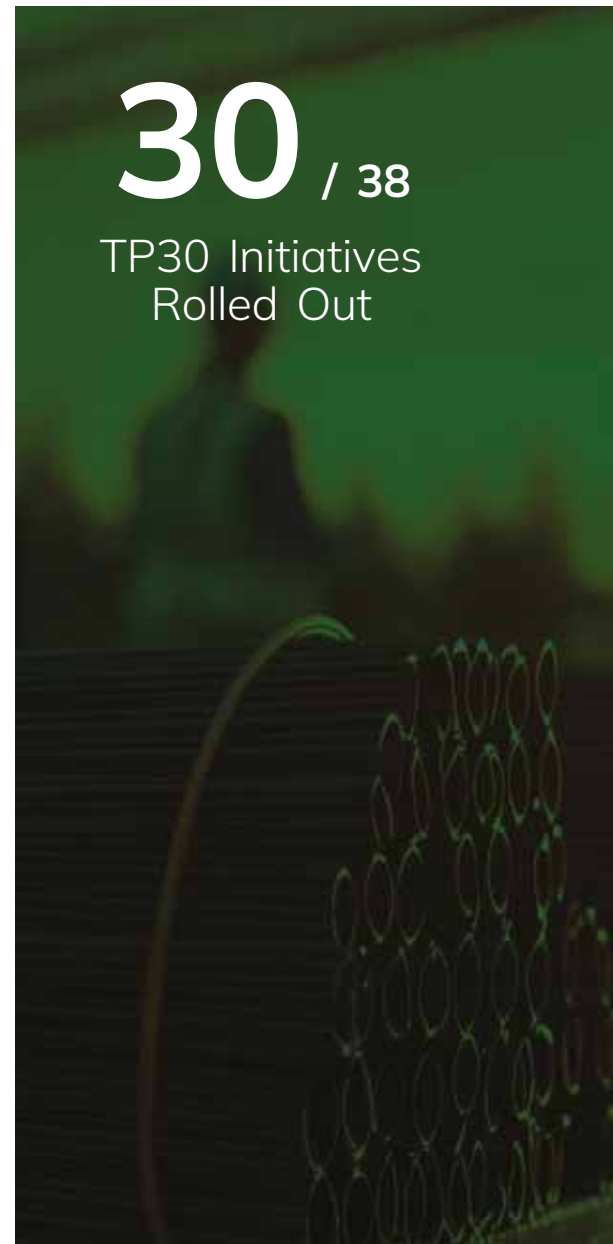
Optimising Operational Efficiency

Strengthening Our Foundations through 30 Transformation Programme ("TP30")

Supporting FLIGHT26 is the TP30, which plays a critical role in achieving our profitability targets by 2026. Key areas of focus include growing the customer base and reducing funding costs, empowering Small and Medium Enterprises ("SMEs") as growth drivers, expanding our capabilities to focus on ESG-aligned financing, and accelerating digital adoption for operational efficiency.

30 / 38

TP30 Initiatives
Rolled Out



FLIGHT26 has been instrumental in expanding digital banking solutions that improve operational efficiency while promoting sustainable financing. The continued enhancements to M JOURNEY, the launch of the Online Business Current Account ("OBICA"), and the adoption of electronic-know-your-business ("eKYB") solutions have streamlined onboarding processes, reducing the Group's environmental footprint and promoting greater efficiency. These efforts demonstrate our commitment to delivering long-term shareholder value while embedding sustainability into our business model.

Looking ahead, FLIGHT26 will remain central to our growth strategy, focusing on expanding our product offerings, digital transformation, sustainable financing, SME empowerment, and process improvements. The continued execution of TP30 will ensure operational excellence and cost optimisation, aligning our profitability goals with ESG priorities. As we integrate these efforts, we reaffirm our commitment to sustainable financial growth, positioning MBSB to drive long-term value creation while supporting Malaysia's socio-economic development agenda.

In 2024, we successfully rolled out 30 out of 38 initiatives under our TP30, with the remaining initiatives advancing on schedule, as we looked to bolster operational resilience and market presence. To maintain growth momentum, 12 new transformation initiatives were identified for execution in FY2025, reinforcing our long-term resilience. Key Achievements include:



Business Model & Focused Growth Sectors Expanded

- 1 Expanded Corporate Banking Portfolio via value chain ecosystem financing
- 2 Increased exposure in agrofood industry by more than 50% within one year
- 3 3 IPO Listings, 1 Main Board, and 2 ACE market



New Products & Campaigns Launched

- 1 Launched Term Investment Account ("TIA-i")
- 2 Launched Term Deposit-i ("TD-i") campaigns
- 3 Launched multi-tiered rate CASA across all customer segments
- 4 Introduced preferential pricing for home financing to SME owners
- 5 Introduced M-Property Financing Program
- 6 Introduced PrimeGold, an affordable digital gold investment
- 7 Introduced MShield, a takaful product with guaranteed acceptance



New infrastructure and Digital Offerings Introduced

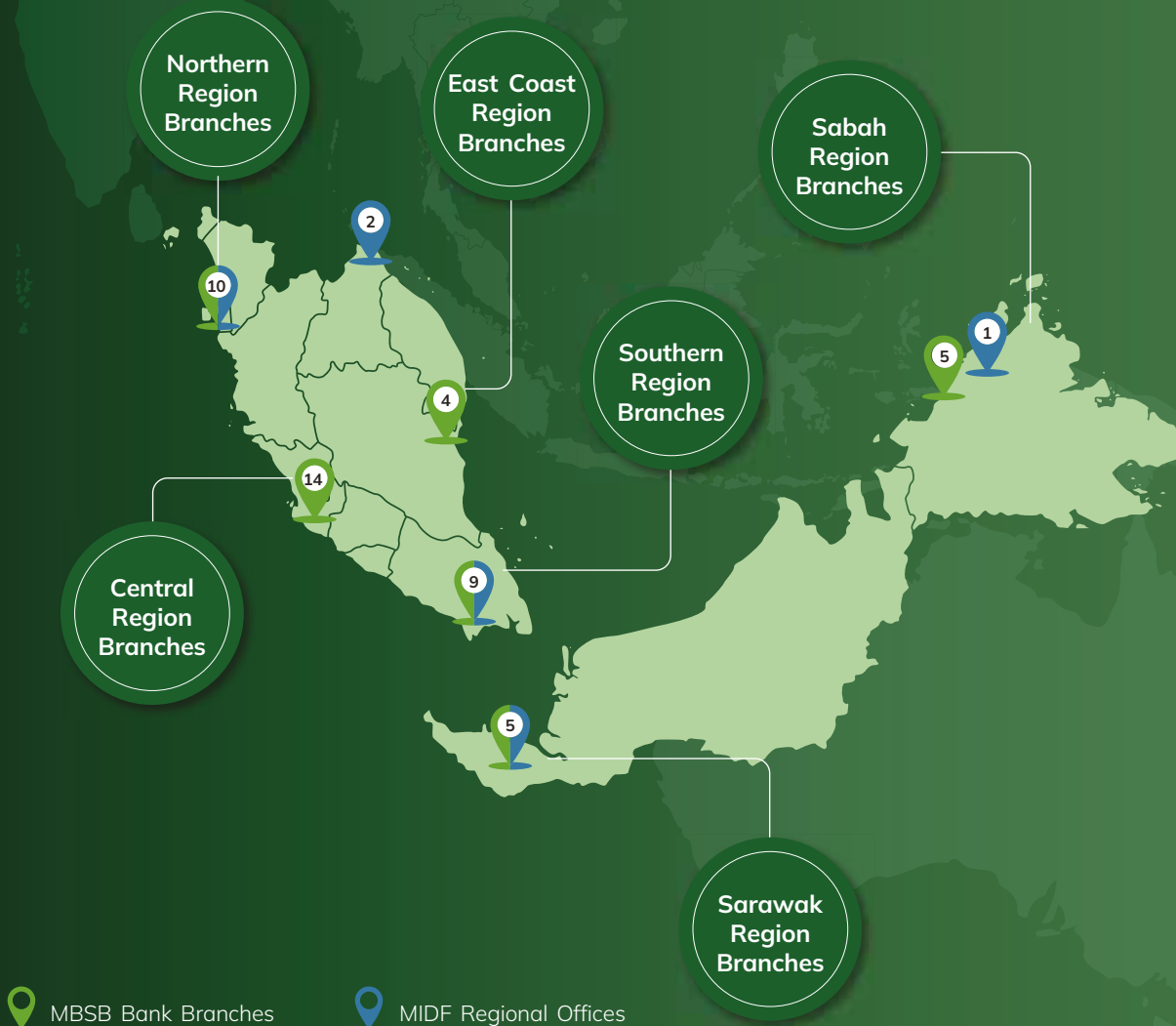
- 1 Launched Online Business Current Account
- 2 Launched Retailer Dashboard
- 3 Established seven (7) new Commercial Business Centres ("CBCs")

Driving Value for Our Shareholders

OUR MARKET PRESENCE

MBSB continues to strengthen its market presence by expanding product offerings and improving customer reach. Through strategic partnerships and targeted marketing, we are broadening our footprint in both urban centres and underserved areas, reinforcing our aspiration to be a leading provider of Islamic financial services. This approach enhances brand visibility and competitiveness in key growth markets while ensuring financial inclusion.

A key milestone in this journey was the successful integration of MBSB Bank and MIDF, culminating in the relocation of MIDF's operations to Menara MBSB Bank. This merger has not only bolstered our financial position and operational synergies but has also aligned our business framework with sustainability-driven banking.

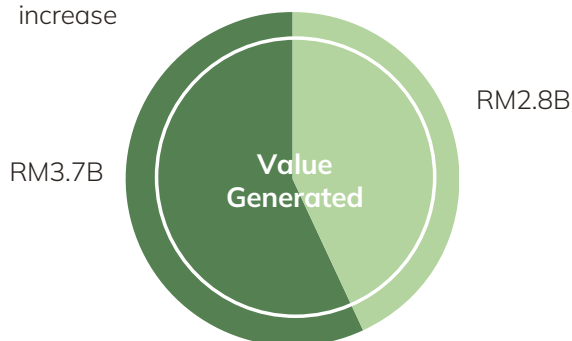


ECONOMIC DEVELOPMENT

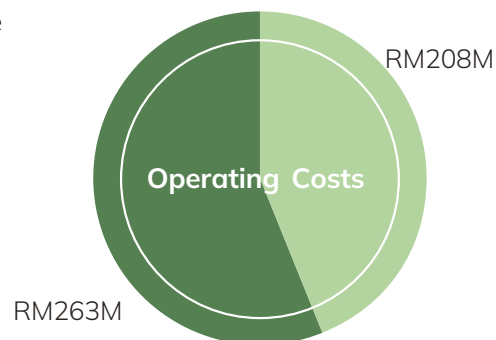
Our economic contributions extend beyond financial returns to shareholders. MBSB plays a pivotal role in national development by creating jobs, supporting local enterprises, and contributing to public revenues through taxes. Our financing initiatives, particularly in infrastructure and SME development, promote inclusive economic growth and resilience. These efforts align with our commitment to advancing Malaysia's broader socio-economic goals.

Financial Metrics

32.1%
increase



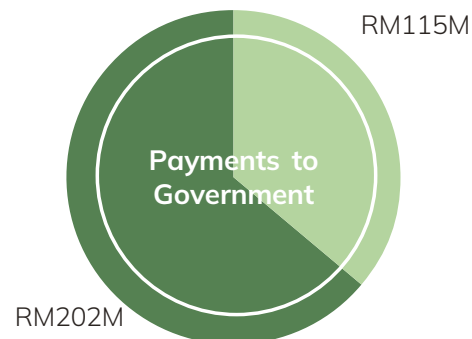
26.4%
increase



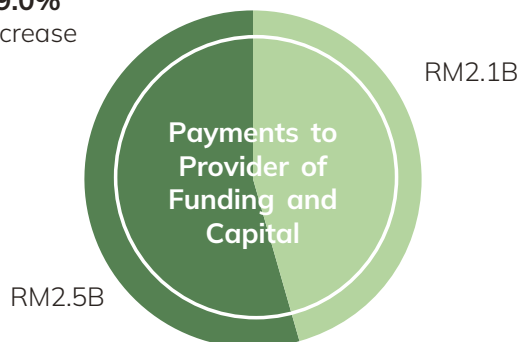
37.6%
increase



75.7%
increase




19.0%
increase



59.0%
Increase



2023 2024

 Detailed information of our economic performance can be found in our Annual Integrated Report 2024.

Driving Value for Our Shareholders

STRENGTHENING CLIMATE RESILIENCE



Achieving Net Zero by 2050

Recorded Financed Emissions at more than 800,000 tCO₂e, with an emissions intensity of 24.13 tCO₂e/RM million.

Why Does It Matter to Us?

Climate change presents both immediate and long-term risks that can significantly impact our business operations, financial stability, and stakeholder relationships. At MBSB, addressing these risks is essential to safeguarding the interests of our stakeholders while maintaining resilience in a rapidly evolving economic and regulatory landscape. From extreme weather events to stricter climate policies, these challenges influence our portfolio performance and capital allocation. By embedding climate resilience into our risk management strategy, we reduce vulnerabilities across the business while upholding our responsibility to shareholders who increasingly expect transparency and proactive measures in addressing climate-related risks.

What is Our Approach?

Building on our integrated risk management approach, MBSB adopts the recommendations of the TCFD to enhance climate resilience and align with shareholder expectations. Our approach involves identifying and managing both physical risks, such as extreme weather events, and transitional risks related to regulatory and market shifts. In 2024, we conducted our first scenario analysis exercise, enabling us to assess potential impacts on operations, financing, and long-term value. By embedding climate considerations into our risk governance and risk management processes, we enhance decision-making processes that directly support business continuity and shareholder interests.

OUR NET ZERO ROADMAP

OUR PATH TO A SUSTAINABLE FUTURE

At MBSB, our journey to net zero is rooted in our commitment to ethical finance and progressive Islamic values. We understand that achieving net zero emissions is not only essential for environmental preservation but also critical for building a resilient financial institution. Guided by the principles of *Amanah* and with the refinement of *Adab*, our roadmap reflects a strategic, phased approach aligned with national policies and global best practices. Our path to net zero will leverage innovative sustainable and transition financing, continuous stakeholder engagement, and operational transformation.

PHASE 1 | BUILDING A SUSTAINABLE FOUNDATION (2024-2026)

Key Actions

- 1 **Operationalise the Shariah & Sustainability Centre of Excellence** to embed ESG skills and Shariah guidance across all business lines.
- 2 **Publish a complete, third-party-verified baseline** of operational emissions to anchor future targets.
- 3 **Catalyse RM10 billion** into sustainable and transition financing.
- 4 **Launch a Client Transition-Support Programme**—sector toolkits, advisory services and preferential terms—to begin lowering financed emissions in priority sectors.
- 5 **Log 50,000 volunteer hours** in community and environmental initiatives, linking staff engagement to local communities.

PHASE 2 | SCALING SUSTAINABLE IMPACT (2027-2030)

Key Actions

- 1 **Reach the headline goal** by pairing energy-efficiency upgrades with on-site renewables and by fostering a sustainable workplace culture.
- 2 **Roll out bank-wide circularity initiatives** by advancing waste segregation and end-to-end digitalised workflows.
- 3 **Issue the MBSB Net-Zero White Paper**, detailing interim financed-emission targets and specific decarbonisation pathways.
- 4 **Advancing positive impacts towards communities** by leveraging active employee volunteerism and communities services.
- 5 **Publish a standalone Net-Zero Progress Report each year**, providing transparent, verified updates on emissions, and target progress.

PHASE 3: ACHIEVING NET ZERO PORTFOLIO (2031-2050)

Key Actions

- 1 **Set rolling five-year sector sector-specific targets** and realign the portfolio annually to stay on a 2.0 °C pathway.
- 2 **Scale the Client Transition-Support Programme** to cover the full SME base, offering sustainability linked-financing incentives, sustainability advisory, and carbon-footprint tools.
- 3 **Introduce carbon pricing** into all credit, market, and reputational-risk models.
- 4 **Social-return measurement and disclosure** through impact based tracking of social outcomes—financial inclusion, job creation, community resilience—alongside climate metrics to demonstrate holistic impact.

DELIVERING OUR NET ZERO PROMISE

By 2050, MBSB aspires to become Net Zero financial institution, delivering sustainable value for stakeholders while supporting Malaysia's climate ambitions. Our roadmap reflects our commitment to embedding sustainability in every aspect of our operations and partnerships, ensuring long-term resilience and positive impact for generations to come.

Driving Value for Our Shareholders

OUR TCFD DISCLOSURES ARE SUMMARISED BELOW:

GOVERNANCE

ROBUST GOVERNANCE FRAMEWORK FOR CLIMATE RESILIENCE

At MBSB, effective governance is central to managing climate-related risks and opportunities. The Group Board of Directors assumes ultimate responsibility for overseeing sustainability and climate-related strategies, ensuring they are fully integrated into our corporate strategy. The Group Board Risk and Compliance Committee ("GBRCC") plays a pivotal role in reviewing climate-related risks, aligning governance practices with regulatory standards, and industry best practices. Sustainability discussions are incorporated into regular Board meetings, providing consistent oversight and strategic direction on climate-related matters.

To strengthen Board capabilities, MBSB has prioritised building sustainability-related expertise. In 2024, the Board and senior management participated in focused training sessions covering critical topics such as the sustainability landscape, climate-related risks, and regulatory developments. These training initiatives ensure that leadership remains well-equipped to oversee complex climate-related risks and capitalise on emerging sustainability opportunities. The diversity of experience among Board members further supports informed decision-making, with several members bringing expertise in risk management and sustainable finance.

OPERATIONAL LEADERSHIP AND MANAGEMENT ACCOUNTABILITY

Climate-related risk management is operationally driven by the Group Management Risk and Compliance Committee ("GMRCC"), chaired by the Group CEO, and the Group Sustainability Council ("GSC"), led by the Group Chief Shariah and Sustainability Officer ("GCSO"). The GMRCC provides strategic direction, while the GSC focuses on the execution of sustainability initiatives across the organisation. Senior management's accountability is reinforced through role-specific sustainability-related KPIs. This structured approach ensures that climate-related responsibilities are cascaded throughout the organisation.

SUSTAINABILITY-LINKED REMUNERATION FOR



Sustainability Team with diverse expertise on sustainable finance.

LONG-TERM IMPACT

To further embed sustainability into organisational culture, MBSB has linked sustainability performance to executive remuneration. In 2024, a balanced scorecard approach was adopted, with 10% of senior management's performance evaluation tied to sustainability and climate-related objectives, including progress on emissions reduction and sustainable financing targets. This alignment ensures that climate-related responsibilities are incentivised at the leadership level, promoting accountability and driving the organisation's long-term climate resilience goals.

 For more information on our Sustainability Governance Structure, please refer to the 'Our Sustainability Governance' section on page 73 of this report.

STRATEGY

EMBEDDING CLIMATE CONSIDERATIONS INTO STRATEGIC PLANNING

MBSB recognises the material impact of climate-related risks and opportunities on long-term business sustainability. Climate considerations are fully embedded into our strategic and financial planning processes, aligning with BNM's Climate Risk Management and Scenario Analysis ("CRMSA") Policy Document ("PD") and broader national and international climate frameworks.

We have identified key transition and physical risks that could impact our business, including:

Transition Risks

Stricter climate regulations, evolving customer expectations for sustainable financing, and potential increases in carbon pricing.

Physical Risks

Extreme weather events that may affect collateral values and disrupt business continuity.

To mitigate these risks, MBSB has integrated stress testing to assess the potential financial impact of climate-related exposures. In 2024, we began our 2.5°C pathway scenario analysis, evaluating potential risks across high-emitting sectors and adjusting our sustainable financing strategy accordingly.

On the opportunity front, we are capitalising on sustainability-driven markets by expanding our sustainable and transition finance portfolio, supporting clients in their decarbonisation journeys, and continuing to engage our clients to assist their sustainability journey.

STRENGTHENING CLIMATE RESILIENCE THROUGH RISK INTEGRATION

MBSB continues to enhance its risk integration framework by embedding climate-related risks into our Group Enterprise Risk Management ("ERM") Framework and aligning with BNM's CRMSA PD expectations. Our approach includes:

Climate Risk Scenario Analysis & Stress Testing

Climate risk is factored into our stress testing exercises to assess potential financial vulnerabilities.

Heat Mapping Assessment

A Climate Risk Heatmap has been developed to assign exposures with a risk rating derived from the heatmap matrix to enable monitoring of sector's sensitivity to transition and physical risks.

Enhancement of Climate Risk Appetite Statements ("RAS")

The risk appetite statements relating to climate risk were enhanced to promote business to onboard clients that are supporting and/or transitioning towards climate initiatives and environmental objectives, and to ensure exposures under climate watchlist are limited.

The Climate Risk Dashboard, launched in August 2024, provides insights into our climate-related exposures, allowing the identification of emerging trends to exposures that are of higher climate risk and enabling proactive risk management.

Through these efforts, we ensure that MBSB remains resilient and adaptive to evolving regulatory expectations, market shifts, and investor scrutiny.

DRIVING NET ZERO THROUGH SECTOR-SPECIFIC STRATEGIES

MBSB's Net Zero Strategy outlines clear short- and long-term targets, including achieving Carbon Neutrality by 2030 and Net Zero by 2050. To support this transition, we continue to engage our Relationship Managers ("RM") with sector-specific RM Playbooks that provide tailored guidance, tools, and best practices for client engagement. These playbooks equip RMs to better understand each customer's sustainability goals, transition plans, and industry-specific challenges, while aligning their advisory approach with evolving regulatory expectations and market trends.

Driving Value for Our Shareholders

Our STFF serves as a key enabler of our Net Zero commitments, guiding financing decisions for businesses across key decarbonisation sectors. The framework prioritises:

Green	Social	Transition
Contributes to environmental objectives such as climate change mitigation, climate change adaptation, natural resource conservation, biodiversity conservation, and pollution prevention and control.	Aims to help address or mitigate a specific social issue and/or seek to achieve positive social outcomes especially, but not exclusively, for a target population(s).	Initiative taken to transition to a low carbon economy and sustainable practices.

To further support this transition, we participated in industry symposiums such as IGEM and the Low Carbon Operating System (LCOS) Symposium, providing businesses with tools to measure and mitigate their carbon footprint.

ENSURING LONG-TERM RESILIENCE AND COMPETITIVE ADVANTAGE

As climate risks continue to evolve, MBSB remains committed to enhancing climate resilience and sustainable value creation. Our long-term strategy includes:



Our ongoing alignment with the Net Zero transition, combined with our risk-informed approach to climate finance, ensures that MBSB is well-positioned to navigate the sustainability landscape while delivering long-term value for our stakeholders, customers, and investors.

RISK MANAGEMENT

STRENGTHENING CLIMATE RISK GOVERNANCE AND INTEGRATION

MBSB has taken significant steps to enhance climate risk management by embedding it within our ERM Group Framework and aligning with BNM's CRMSA PD guidelines. The Group Climate Risk Management Framework and Policy outlines our approach to identifying, assessing, and mitigating climate-related risks across our financing portfolio.

In 2024, we enhanced our Credit Assessment Templates to incorporate climate-related due diligence, requiring customers to disclose carbon reduction strategies, transition plans, and climate resilience efforts before financing approval. These measures allow us to focus on financing businesses with strong ESG integration while mitigating exposure to high-emission industries.

Additionally, we have adopted VBI Sectoral Guides, developed by the VBI Community of Practitioners, to assess ESG risks across key industries. These guides provide sector-specific sustainability indicators and risk assessment frameworks, enabling a structured evaluation of climate risks in manufacturing, energy, construction, transportation, agriculture, and waste management.

IDENTIFICATION AND ASSESSMENT OF CLIMATE-RELATED RISKS

MBSB systematically identifies and evaluates both physical and transition risks that could impact our financing portfolio:

Physical Risks

- *Acute Risks* – Extreme weather events (e.g., floods, storms, landslides) that could damage physical assets and collateral.
- *Chronic Risks* – Long-term changes (e.g., rising temperatures, sea-level rise) affecting asset valuation and operational resilience.
- *Indirect Risks* – Ecosystem service disruptions that could impact industries such as agriculture and real estate.

Transition Risks

- *Regulatory and Policy Risks* – Compliance with evolving regulatory frameworks such as BNM's CRMSA PD and CCPT Taxonomy.
- *Technology Risks* – Disruptions from emerging low-carbon technologies impacting high-carbon industries.
- *Market & Consumer Risks* – Shifts in demand for sustainable financing, impacting market competitiveness

Liability Risks

- *Litigation and Legal Risks* – Increased scrutiny over climate-related disclosures and compliance gaps.
- *Insurance Risks* – Higher environmental liability claims affecting credit risk exposure.

Driving Value for Our Shareholders

MANAGEMENT OF CLIMATE-RELATED RISKS

To proactively manage climate risks, MBSB has implemented a multi-layered risk management framework:

Climate Risk Appetite & Exposure Management



- MBSB has in place several Climate RAS, including exposure limits for high-risk sectors such as oil & gas, upstream mining, and carbon-intensive manufacturing; controls on exposures classified as watchlist; and targets for onboarding customers that support climate change and environmental objectives.
- Our Risk Posture classifies certain sectors as "refrain" but allows financing where a credible transition plan is in place, the product is sourced sustainably, or the Bank finances the clients in their decarbonisation journey.

Climate Risk Stress Testing & Scenario Analysis



- As part of our stress testing framework, we evaluate climate risks across different scenarios, including high-physical risk locations where financing exposure may be vulnerable.
- In 2024, we developed our Climate Risk Scenario Analysis Models, with internal audit validation planned for 2025, ensuring alignment with international best practices.

Real-Time Climate Risk Monitoring



- The Climate Risk Dashboard, launched in August 2024, provides data on MBSB's climate risk exposures, supporting data-driven decision-making.
- The dashboard tracks sector-specific vulnerabilities, exposure concentration, and the effectiveness of risk mitigation actions.

SME ESG Due Diligence & Transition Support



- To support SMEs in managing climate risks, MBSB has adopted the CCPT Implementation Group ("IG")'s Guidance Notes, enabling customers to respond to due diligence questions on ESG risks.
- These guidance notes focus on six high-impact industries, helping SMEs navigate sustainability compliance while accessing financing.

ENSURING LONG-TERM RISK RESILIENCE & REGULATORY ALIGNMENT

MBSB is committed to aligning with BNM's roadmap, which projects that 50% of new bank financings will be classified as C1 - C3 by 2026. To maintain progress, we have:

- Established clear milestones to gradually shift financing exposure towards sustainable sectors.
- Continued engagement with regulators, industry bodies, and ESG rating agencies to refine climate risk assessment methodologies.
- Strengthened regulatory compliance processes, ensuring our risk management framework meets evolving sustainability disclosure requirements.

These proactive steps reinforce MBSB's position as a resilient, forward-thinking financial institution, prepared to navigate the complexities of climate-related risks while unlocking new growth opportunities in the transition economy.

METRICS AND TARGETS

Monitoring our Impact

At MBSB, robust climate-related metrics and ambitious targets are central to tracking our progress toward net zero and ensuring our strategy remains aligned with evolving stakeholder expectations. Our approach includes comprehensive emissions tracking, sector-specific performance monitoring, and clear alignment with national sustainability goals. We disclose key climate-related metrics that reflect our operational and financing impacts. As of 2024, we have measured and disclosed:

Scope 1 and Scope 2 Emissions:

Baseline emissions were established in 2023, with a target of achieving a 10% reduction by 2024 and carbon neutrality by 2030.

Scope 3 Emissions (Selected Categories):

Reporting includes emissions from business travel, employee commuting, and financed emissions related to key sectors.

Financed Emissions:

MBSB has developed a methodology aligned with the Partnership for Carbon Accounting Financials ("PCAF") standards to improve disclosure accuracy for financed emissions.

Progress against these metrics is tracked through MBSB's Quarterly Sustainability Updates and Climate Risk Dashboard, which consolidates emissions data, climate-related risk exposures, and mitigation progress.

OUR GOALS AND TARGETS

Our climate-related targets are designed to support Malaysia's national decarbonisation pathway and are fully embedded within MBSB's broader sustainability strategy. Key targets include:

Near-Term Goals (2024–2026)

- Catalyse **RM10 billion** in sustainable and transition financing by 2026
- Attain **50,000** cumulative volunteer hours for community and environmental projects


Mid-Term Goals (2027–2030)

- Achieve **Carbon Neutrality** for Scope 1 and Scope 2 emissions by 2030
- Reduce financed emissions in priority sectors by **27%** compared to 2022 baseline

Long-Term Goals (2031–2050)

- Reduced financed emissions in priority sectors by **96%** compared to 2022 baseline

Progress toward these targets is reviewed quarterly, ensuring alignment with MBSB's risk appetite and strategic objectives.

 For more information on our emissions reduction strategies, please refer to the 'Monitoring Our Carbon Emissions' section on page 69 of this report.

DELIVERING SUSTAINABLE SOLUTIONS FOR OUR CUSTOMERS

"MBSB's trust in us wasn't just financial, it was a partnership built on a shared belief in progress and resilience. Their support has been fundamental to our recovery and growth."

- Datuk Wira (Dr) Haji Ameer Ali bin Mydin, Managing Director, Mydin

OUR RESPONSIBILITY TO OUR CUSTOMERS

At MBSB, our customers are valued as key partners in driving sustainable and inclusive growth. Their evolving needs and aspirations shape our strategy, motivating us to deliver innovative, Shariah-compliant solutions and uphold the highest standards of ethical service and transparency. By meeting these expectations, we build trust that supports both business success and our broader sustainability objectives.

Our customer relationships are guided by myPledge, which embeds responsible business practices across the organisation and reinforces our commitment to delivering meaningful, customer-centric outcomes. From expanding access to finance and promoting financial literacy to offering tailored sustainable products, we ensure every interaction is driven by integrity, purpose, and long-term value creation—placing customers at the centre of our sustainability journey.

BUILDING TRUST THROUGH INNOVATION AND RESILIENCE

In a rapidly changing environment, MBSB remains proactive in navigating evolving customer needs, technological advancements, and market challenges. Our approach is centred on innovation, trust, and sustainable growth, by fostering respectful and transparent relationships with our customers.

By integrating digital solutions, enhancing service platforms, and maintaining strong engagement, we continuously improve the customer experience. These efforts ensure that MBSB delivers enduring value, reinforcing our role as a trusted financial partner in their success and wellbeing.

ACCELERATING GROWTH THROUGH SUSTAINABLE FINANCING



Catalysing RM10 Billion in Sustainable and Transition Finance by 2026

RM4.75 billion catalysed
(47.8% of 2026 target)

Why Does It Matter to Us?

Sustainable financing is a core pillar of MBSB's long-term strategy, enabling businesses to access Shariah-compliant, forward-looking financial solutions that align with climate action, social equity, and responsible resource use. By integrating ESG considerations into our financing portfolio, we help build economic resilience and long-term business sustainability. Through the mobilisation of financing for renewable energy, sustainable infrastructure, and socially inclusive projects, we support our customers' transition to more sustainable business models while contributing to Malaysia's economic growth and unlocking new opportunities in sustainability-driven markets.

What Is Our Approach?

BUILDING A SUSTAINABLE ECONOMY

MBSB is committed to building a sustainable economy by embedding sustainability into its financing activities and directing capital toward low-carbon, inclusive, and environmentally responsible initiatives. Recognising the risks of climate change and resource depletion, our strategy focuses on accelerating green industry growth through support for renewable energy, sustainable infrastructure, and clean technologies. Through instruments like green and social Sukuk, we fund projects that reduce emissions, improve energy efficiency, and strengthen climate resilience—aligning our efforts with national development priorities and global sustainability commitments such as the UN SDGs.

Through its rigorous ESG screening process, the fund enables investors to contribute to a more sustainable and inclusive financial ecosystem, fostering positive environmental and social impact. This strategic approach not only supports MBSB's net-zero ambitions but also reinforces its leadership in Islamic sustainable finance.

DRIVING SUSTAINABLE FINANCE THROUGH STRATEGIC ADVISORY

MIDF Amanah Investment Bank Berhad ("MAIB"), a subsidiary of MBSB, played a pivotal role in sustainable finance through its appointment as the Joint Principal Adviser, Joint Lead Arranger, and Joint Lead Manager in the RM185 million ASEAN Sustainability SRI Sukuk Wakalah issuance by SEP Resources (M) Sdn Bhd. This landmark transaction underscores MAIB's unwavering commitment to advancing Malaysia's sustainability agenda through innovative Shariah-compliant financial solutions.

The proceeds from this Sukuk issuance were strategically allocated to support key initiatives, including the early redemption of the existing Sukuk Wakalah where the proceeds were originally used to early redeem a financing facility granted to part-finance the construction costs of the Universiti Malaysia Perlis (UniMAP) Hostel Project, and financing/ part financing the construction of eligible projects which meet green and social eligibility criteria. The Sukuk's AA1 rating with a stable outlook further reflects MAIB's role in facilitating credible and impactful financial instruments that drive positive social and environmental outcomes while contributing to national sustainability goals.

Delivering Sustainable Solutions for Our Customers

MIDF ESG FUND: ADVANCING SUSTAINABLE INVESTMENTS

The MIDF ESG Fund, formerly known as the MIDF Amanah ESG Mustadamah Fund, aligns with MBSB's sustainability agenda by offering an investment approach that integrates Shariah principles with ESG considerations. Designed for medium to long-term capital appreciation, the fund prioritises responsible and sustainable investments in equities that meet Shariah and ESG compliance.

As an SRI-qualified fund, the MIDF ESG Fund maintains at least 70% of its portfolio in ESG-compliant Shariah equities, ensuring that capital is channelled towards businesses that demonstrate strong sustainability credentials. Companies selected for investment must meet minimum ESG ratings, ensuring alignment with responsible investment principles. The fund's sectoral exposure includes consumer products, technology, industrial services, and renewable energy, reinforcing its role in supporting the green economy.

Strengthening Impact Through Sustainable Growth

In 2024, the MIDF ESG Fund achieved several milestones, earning two Silver awards at the ESG Awards 2024 for excellence in governance and social impact. The fund also delivered strong sector diversification, with key investments in renewable energy, sustainable infrastructure, and ESG-driven industries.

Ethical Financing

Guided by Shariah principles, the Group ensures that its financial support promotes positive societal impact while avoiding harm. To uphold these values, MBSB has implemented a strict exclusion policy, refraining from financing activities and sectors that conflict with sustainability and ethical standards, such as those with adverse environmental or social consequences. Through this approach, the Group aligns its financing strategies with its broader commitment to fostering sustainable economic growth, financial inclusion, and long-term value creation for all stakeholders.

These include restrictions on financing:

- 1 Activities with strong evidence of employing child labour, trafficked or forced labour, or have been party to human right abuses.



- 2 Projects involving resettlement of indigenous and/or vulnerable groups without obtaining their free and informed consent.

- 3 Projects that generate a negative impact on UNESCO World Heritage areas, wetlands registered by the Ramsar Convention, tropical rainforests, as well as key biodiversity areas and areas as per IUCN categories I to IV.

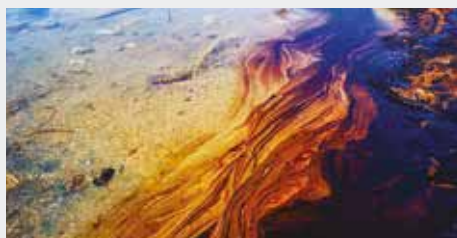


- 4 Companies that apply the extraction or mining method of Mountain Top Removal.



- 5 Companies located in areas actively embroiled in armed conflict.

- 6 Companies that discharge waste into coastal or other shallow waters.



- 7 Companies that clear land by burning, causing significant environmental impact.

- 8 Companies that use or produce goods using wood sourced from or located at illegal operations.



- 9 Companies involved in construction, development, or expansion of nuclear power plants or uranium enrichment facilities.

- 10 Companies that endanger local water security.



- 11 Activities that cause pollution (e.g. release of untreated wastewater, pollution of soil and waterways with untreated organic content)

- 12 Activities involved in mining of coal or the construction, development or expansion of coal-fired power plants.



- 13 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.



- 14 Activities that contravene environmental laws, including, but not limited to: The National Forestry Act 1984, Wildlife Conservation Act 2010, National Parks Act 1980, The Fisheries Act 1985, and The Environmental Quality Act 1974



- 15 Activities that contravene national human rights and labour laws, including, but not limited to: Employment Act 1955, Children and Young Persons (Employment Act 1966), and Minimum Wages Order 2018

- 16 Logging of or trade in illegally harvested or uncertified timber as well logging in uncertified primary forest.

- 17 Activities that involve commercial animal testing and non-healthcare related activities.

- 18 Activities that involve planting on peatland.



- 19 Activities that generate a negative impact on areas including involving high carbon stock (not applicable to high forest cover countries) and high conservation value forests.

CHAPTER 5

Delivering Sustainable Solutions for Our Customers

SUSTAINABLE & TRANSITION FINANCING

Embedding ESG in Financing Decisions

Building on our broader sustainability agenda, MBSB applies a structured and principled approach to sustainable and transition finance through our STFF. This framework guides the evaluation and classification of financing applications across green, social, and transition categories.

Our Classification Decision Tree supports consistent assessments in line with local and international frameworks, which include BNM’s CCPT, the ASEAN Green Bond Standards, and the Climate Bonds Taxonomy. By aligning capital deployment with ESG considerations, we enable customers to contribute to a low-carbon, inclusive economy while ensuring our financing activities generate meaningful environmental and social outcomes.

Key Sustainability Criteria for Financing Organisations

Our financing framework prioritises businesses and projects that contribute to sustainable development goals, with eligibility under three main categories:

Category	Green Finance	Social Finance	Transition Finance
Eligibility	Supports projects that contribute to environmental objectives such as climate change mitigation, biodiversity conservation, and pollution control.	Aims to address social issues and promote inclusive economic growth, particularly for underserved communities.	Facilitates the decarbonisation of high-emitting sectors, guiding companies in their journey towards a sustainable business model.
Eligible Sectors	<ul style="list-style-type: none">Renewable EnergyGreen BuildingsClean TransportationWaste Management	<ul style="list-style-type: none">Access to HousingAccess to EducationHealthcareEmployment Generation InitiativesFood SecuritySocioeconomic Advancement and Empowerment	<ul style="list-style-type: none">Energy efficiency upgrades,Operational improvements in carbon-intensive industriesVoluntary carbon credit markets

To uphold credibility and ESG integrity, MBSB applies stringent due diligence and risk assessment criteria, ensuring that financed projects meet internationally recognised ESG standards. Additionally, our Exclusion List prohibits financing for sectors that pose significant environmental or social risks, such as coal-fired power plants and deforestation-linked activities.

MBSB’S FINANCING PORTFOLIO BREAKDOWN

MBSB has made significant progress in integrating ESG considerations across its financing portfolio. In 2024, we have catalysed RM4.75 billion in sustainable and transition finance, reinforcing our role as a key driver of Malaysia’s sustainability agenda. Our portfolio spans multiple business divisions, including corporate banking, commercial banking, investment banking, development finance, and consumer banking, ensuring a broad impact across sectors.

To support ESG-aligned growth across its diverse financing portfolio, MBSB leverages a range of Shariah-compliant financial instruments. These include Green Sukuk and other Islamic financial products that reflect the Group’s commitment to ethical and sustainable finance. Additionally, sustainable and Islamic project financing plays a key role in directing capital toward renewable energy, sustainable infrastructure, and socially impactful initiatives.

Catalysing Sustainable and Transition Finance

Non-Retail Banking

Corporate Banking

RM1.85 billion

Investment Banking

RM989 million

Commercial Banking

RM960 million

Development Finance Business

RM169 million

KEY INDUSTRIES & TRANSITION PLAN

Moving forward, MBSB is prioritising high-impact industries that align with national sustainability goals and global ESG standards. These include:

Renewable Energy & Clean Technology

Expansion of solar and hydro power to support Malaysia's transition to clean energy.



Waste & Pollution Control

Investments in circular economy projects, sustainable waste management, and water conservation.



Sustainable Property & Infrastructure

Encouraging the adoption of green-certified buildings and climate-resilient urban planning through sustainability-linked financing.



Food Security

Financing for agriculture and food security initiatives.



Essential Services (Healthcare & Education)

Ensuring financial access to sectors that drive long-term socio-economic stability.



To support this transition, MBSB is taking proactive steps, including:

1

Enhancing client engagement through Transition Finance Questionnaires, helping businesses develop decarbonisation plans.

2

Strengthening RMs capabilities via sector-specific training to identify sustainable financing opportunities.

3

Targeting 50% of new financing to fall under BNM's CCPT classifications C1, C2, and C3 by 2026.

Delivering Sustainable Solutions for Our Customers

MBSB BANK SUSTAINABILITY SUKUK WAKALAH

The MBSB Bank Sustainability Sukuk Wakalah further reflects the Group's commitment to sustainable finance by combining Shariah-compliant principles with ESG objectives. This Sukuk framework ensures that funds are directed towards projects that generate positive environmental and social impact, including renewable energy, affordable housing, and infrastructure development. By adhering to exclusion criteria that prevent financing activities harmful to sustainability, the Sukuk aligns with both global sustainability standards and national development goals – positioning MBSB as an aspiring leader in Islamic sustainable finance.

To date, we have proudly financed over RM300 million in sustainable projects, driving positive environmental and social impact.

Business Division

Retail Banking

Consumer Banking

RM780 million

In 2024, MBSB mobilised over RM750 million in sustainable financing, enabling first-time homebuyers to overcome traditional barriers to homeownership. Schemes such as 1stHome SJKP and 1stHome SJKP MADANI, we offer up to 100% financing, ensuring that individuals with non-traditional or irregular income sources can access home financing. These tailored financing schemes provide a bridge to homeownership, supporting customers who may not meet conventional banking criteria.

ADVANCING FINANCIAL EMPOWERMENT AND INCLUSION

Why Does It Matter to Us?

At MBSB, we believe that both financial literacy and access to finance are crucial to empowering our customers in achieving financial wellbeing, long-term security, and economic resilience. By promoting financial literacy, we enable our customers to make informed decisions, reduce financial vulnerability, and create opportunities for greater economic empowerment. Equally important is ensuring that financial access is inclusive, particularly for underserved communities and SMEs.

What Is Our Approach?

We integrate financial literacy and access through a range of initiatives that cater to both individual customers and businesses. Our strategy includes community outreach programmes, workshops, digital tools, and a portfolio of inclusive financial solutions designed to simplify financial products and services, empowering customers with practical knowledge and skills. These initiatives focus on long-term capability-building, helping individuals and SMEs make responsible financial decisions.

How Have We Performed?

SUPPORTING INDIVIDUAL CUSTOMERS

For individual customers, access to finance is more than just a transaction — it is a pathway to achieving life milestones such as homeownership, financial security, and education. As a customer-first responsible financial institution, MBSB is committed to providing inclusive, Shariah-compliant financial solutions that empower Malaysians across different income segments, particularly first-time homebuyers, self-employed individuals, and gig economy workers.

Beyond home financing, sustainability remains at the core of our property financing initiatives. MBSB actively supports green financing, offering dedicated funding for residential projects with certified environmental credentials. In line with this commitment, we have partnered with Avaland Berhad to provide exclusive financing packages for Green Re-certified home projects, ensuring that sustainability is embedded in homeownership.

MBSB also plays a key role in financial inclusion for education, having approved close to RM1 million in educational financing. These funds cover coursework fees, hostel accommodations, living allowances, digital learning tools, and on-the-job training expenses, ensuring that students — particularly those from underserved backgrounds — have access to the resources they need to pursue higher education and professional development.

To enhance financial accessibility and digital banking convenience, we have upgraded M JOURNEY, our next-generation digital banking platform. With a more intuitive user experience, enhanced security, and seamless online transactions, M JOURNEY empowers customers to manage their finances anytime, anywhere. From instant account opening and seamless transactions to smart savings and investment tools, we are continuously innovating to meet the evolving needs of our retail customers.

 For more information on our M Journey platform, please refer to the **Driving Innovation and Digital Transformation** section on page 43 of this report.

FACILITATING SME GROWTH AND ESG INTEGRATION

We also recognise the pivotal role SMEs play in economic growth and sustainable development. As an essential segment of the economy, SMEs require tailored financial solutions that not only enable business expansion but also drive technological innovation and ESG integration.

Through a comprehensive dual-financing model, MBSB Bank and MIDF offer a structured pathway for SMEs — from early-stage financing and grant-based support to scalable commercial banking solutions. This approach ensures that SMEs at all growth levels, including those with limited financial histories, have access to the capital, expertise, and tools required to thrive in an evolving economic landscape.

Tailored Financing Solutions for SME Digitalisation & Green Growth

To support SMEs on their sustainability and digital transformation journey, we continue to offer BNM-funded financing facilities, including:

SME Automation and Digitalisation Facility (ADF)

Enabling SMEs to adopt Industry 4.0 technologies, automate processes, and boost operational efficiency.

Agrofood Facility (AF)

Supporting food security by funding sustainable farming, modernised poultry farming, and closed-house agriculture systems.

High Tech and Green Facility (HTG)

Providing capital for green-certified technologies, clean energy solutions, and energy-efficient machinery.

All Economic Sectors (AES) Funds

Ensuring that SMEs across various industries have access to unrestricted financing for business expansion.

These funds provide SMEs with the necessary capital to invest in digitalisation, green technologies, and sector-specific advancements, ensuring long-term competitiveness and sustainability.

Blended Financing & Targeted SME Financing Schemes

The Group's structured financing model is designed to support SMEs across different growth stages, ensuring that businesses — from early-stage startups to expanding enterprises — have access to appropriate financial instruments that foster sustainable business growth and ESG adoption.

By combining MIDF's developmental financing and grants with MBSB Bank's Islamic commercial financing, SMEs receive tailored capital solutions, enabling them to scale operations, integrate sustainable business practices, and remain resilient in evolving economic landscapes.

CHAPTER 5

Delivering Sustainable Solutions for Our Customers

Halal Accreditation & Technology Improvement (HATI)

Enabling SMEs to Scale in the Global Halal Market

The Halal industry is a key pillar of Malaysia's economy, with the country positioning itself as a global Halal hub. However, many SMEs struggle to obtain Halal certification, limiting their export potential and market access. The initiative was launched to bridge this gap by helping SMEs obtain certification, implement automation, and adopt technology-driven compliance solutions.

How HATI Supports SMEs:

Financial Support for Certification & Compliance

- Provides financing to cover Jakim Halal Certification consultation costs, ensuring SMEs can meet local and international standards.
- Helps SMEs streamline documentation and auditing processes required for certification.

Technology & Automation Funding

- Supports the modernisation of Halal food production, helping SMEs adopt automated processes that improve efficiency and quality control.

- Encourages investment in smart Halal tracking systems, ensuring traceability and supply chain integrity.

Expanding SME Access to Halal Markets

- Enables Halal-certified SMEs to export to key markets, including the Middle East, Indonesia, and Europe.
- Strengthens SME integration into large-scale Halal supply chains, positioning businesses for long-term sustainability.

Through HATI, SMEs gain faster market entry, increased production capacity, and improved operational efficiency, ensuring they remain competitive in the growing global Halal economy.



Impact in 2024

RM62.7 million disbursed to SMEs in the Halal industry.

50+ SMEs funded, supporting their certification, automation, and export market readiness.

30% increase in Halal-certified SME exports after receiving funding.

Sustainable Green Business Financing

Helping SMEs Transition to a Low-Carbon Economy

As businesses face increasing pressure to adopt sustainable practices, many SMEs lack the capital to invest in green technology. The Sustainable Green Business Financing initiative was developed to help SMEs integrate renewable energy, improve energy efficiency, and implement low-carbon solutions while remaining financially sustainable.

How Sustainable Green Business Financing Supports SMEs

Funding for Renewable Energy & Efficiency Upgrades

- Supports SMEs in adopting solar PV systems to reduce electricity costs and carbon emissions.
- Finances the replacement of outdated machinery with energy-efficient alternatives to improve operational sustainability.

Circular Economy & Waste Management Solutions

- Provides financing for wastewater treatment systems, ensuring SMEs comply with environmental regulations.

- Helps businesses reduce waste and optimise resource use, supporting circular economy initiatives.

ESG Compliance & Future-Proofing SMEs

- Ensures SMEs meet green financing eligibility criteria, increasing their ability to secure future investments.
- Prepares businesses for upcoming ESG reporting requirements, making them more attractive to supply chain partners and investors.

By funding sustainable transformations, this initiative empowers SMEs to remain competitive, reduce operating costs, and align with Malaysia's net-zero ambitions.



Impact in 2024

RM57 million approved for **59 green projects**.

Reduction of more than 2,500 tCO₂e through SME-led energy efficiency initiatives.

40% of financed SMEs have integrated solar PV systems, leading to 25-30% savings in energy costs.

Women (independent) SME Entrepreneurs (M-WiSE)

Empowering Women Entrepreneurs in High-Growth Sectors

Women-led businesses are a driving force in economic growth, yet they often face financing barriers that hinder their ability to scale and compete. M-WiSE was introduced to close this gap, offering tailored financial solutions to support female entrepreneurs in expanding their businesses and integrating sustainability practices.

How M-WiSE Supports Women Entrepreneurs

Access to Capital with Flexible Terms

- Provides low-cost, Shariah-compliant financing to women-owned businesses.
- Offers longer repayment periods to ease financial pressure and encourage sustainable growth.

Supporting Women in High-Growth & Green Sectors

- Prioritises businesses in technology, manufacturing, and sustainability-focused industries.

- Helps women-led businesses invest in automation, digitalisation, and green solutions.

Business Capacity Building & Networking Opportunities

- Connects women entrepreneurs to industry networks, ensuring access to mentorship, training, and business advisory services.
- Supports ESG integration in business models, helping women-led SMEs align with global sustainability trends.

M-WiSE removes financial barriers and ensures that women entrepreneurs can scale their businesses, access new markets, and adopt sustainable business models.



Impact in 2024

RM4.9 million disbursed to 7 women-led SMEs.

60% of funded SMEs reported an increase in revenue within 12 months.

Women-led green businesses accounted for **25% of M-WiSE financing**, accelerating their role in the sustainability sector.

Aerospace and Electrical & Electronics Investment Fund (AEEIF)

Boosting Malaysia's Competitiveness in Aerospace & High-Tech Manufacturing

Malaysia's aerospace and high-tech sectors are rapidly expanding, driven by National Investment Aspirations (NIA) and NIMP 2030. However, many SMEs in these industries struggle to secure the capital needed for innovation and production scaling. AEEIF bridges this gap by providing tailored financing for SMEs in aviation, electronics, and precision manufacturing.

How AEEIF Supports SMEs

Funding for High-Tech Manufacturing & Aerospace Expansion

- Helps SMEs scale production in aircraft interior fittings, MRO (Maintenance, Repair & Overhaul), and UAV (Unmanned Aerial Vehicles) development.
- Encourages investment in advanced manufacturing automation, improving efficiency and global competitiveness.

Enhancing Supply Chain Capabilities

- Supports SMEs in integrating into major aerospace and E&E supply chains, reducing dependency on imports.

- Funds high-value talent development, ensuring job creation for local engineers and technicians.

Positioning SMEs for Sustainable Aerospace Innovations

- Enables businesses to invest in lightweight, fuel-efficient aerospace components, aligning with global net-zero aviation goals.
- Provides financing for hybrid propulsion systems and AI-driven aerospace manufacturing.

By investing in Malaysia's aerospace and high-tech SMEs, AEEIF ensures that local businesses remain globally competitive, contribute to high-value job creation, and drive technological advancements.



MBSB Bank is now a member of Malaysia Aerospace Industry Association

Impact in 2024

Up to RM40 million allocated for aerospace and E&E SMEs.

20+ SMEs funded, expanding their production capacity and export potential.

100+ high-value jobs created in aerospace and precision manufacturing.

Delivering Sustainable Solutions for Our Customers

REVITALISING SMES & STRENGTHENING FINANCIAL RESILIENCE

Recognising the financial challenges many SMEs face, MBSB offers targeted solutions to ensure business recovery and sustainable growth.

Second Chance Financing (2CF)

- A structured financing programme designed to assist SMEs facing financial distress in restructuring, stabilising, and sustaining their businesses.
- Provides longer repayment terms, flexible restructuring options, and working capital injections to prevent business closures.

Skim Jaminan Pembiayaan Perniagaan (SJPP)

- A government-backed guarantee scheme that facilitates easier SME access to financing, particularly for businesses with limited collateral or financial track records.
- Ensures SMEs can secure loans to invest in growth, automation, and sustainability upgrades.

SME Revitalisation Financing & M-Government Guarantee Scheme (M-GGS)

- Provides structured financial assistance to SMEs recovering from economic downturns.
- Supports expansion, technology adoption, and cash flow management for businesses on the path to recovery.

CAPACITY BUILDING & ESG READINESS FOR SMES

Beyond financing, MBSB empowers SMEs with ESG knowledge, capacity-building programmes, and industry engagements, ensuring that businesses are equipped to integrate sustainability and financial literacy into their operations.

Industry Engagement & Thought Leadership

MBSB continues to actively engage SMEs and industry stakeholders to promote sustainable financing and carbon-conscious business models through:

- *Low Carbon Operating System (LCOS) Symposium* – Providing SMEs with tools to measure and manage carbon emissions from electricity, transportation, and waste management.
- *International Greentech & Eco Products Exhibition (IGEM 2024)* – Showcasing green financing solutions, promoting cross-sector collaborations, and exploring emerging business opportunities in sustainability.

GEFI Thought Leadership

Dato' Wan Kamaruzaman Wan Ahmad, Chairman, and Encik Rafe Haneef, Group CEO, jointly represented MBSB Berhad at the Global Ethical Finance Initiative 2024. On the international stage they highlighted Malaysia's growing leadership in Islamic sustainable finance and showcased MBSB's sustainability journey, and discussed risk and opportunities emerge from sustainability. Their address underlined the Group's commitment to mobilising ethical capital and accelerating the nation's low-carbon transition.



Jumpstarting ESG Journey at FMM 2024

At the Federation of Malaysian Manufacturers Sustainability Conference 2024- Exploring Decarbonisation Strategies & ESG disclosure - MIDF represented JC3, the regulator-industry climate collaborative, and offered key insights on Jumpstarting ESG Journey.

ESG Catalyst Programme for SMEs

In collaboration with UN Global Compact Network Malaysia & Brunei (UNGCMYB), this initiative provides SMEs with:

- ESG compliance training and best practices.
- Sustainable business model development guidance.
- Access to ESG-linked financing for businesses adopting green initiatives.

Partnership with Malaysian Green Technology and Climate Change Corporation (MGTC)

Under a Memorandum of Collaboration, this initiative facilitates:

- Capacity-building programmes for SMEs to integrate ESG principles into operations.
- Consultancy services to guide businesses through green certifications.
- Intervention initiatives that accelerate SMEs' transition to low-carbon operations.

FOSTERING INCLUSIVE ECONOMIC EMPOWERMENT & LONG-TERM FINANCIAL SECURITY

Through strategic partnerships, innovative financing solutions, and targeted support mechanisms, MBSB remains committed to enabling SMEs to become key contributors to Malaysia's sustainable economy. Our approach ensures that ESG integration and capacity-building programmes equip SMEs with tools for sustainable business practices.

By aligning our SME banking strategy with Malaysia's broader economic and ESG priorities, MBSB continues to be a catalyst for SME growth, financial resilience, and sustainable business transformation.

DRIVING INNOVATION AND DIGITAL TRANSFORMATION

Why Does It Matter to Us?

The rapid pace of technological advancement is transforming the financial services landscape. Aligned with BNM's Financial Sector Blueprint 2022-2026, MBSB views innovation, technology, and digitalisation as strategic enablers for future-proofing our business. Embracing these advancements is essential for staying competitive, enhancing customer experience, improving operational efficiency, and managing risks effectively. By integrating technology into our operations, we also strengthen transparency and support sustainable business practices, ensuring we continue to meet evolving stakeholder needs.

What Is Our Approach?

MBSB's innovation strategy leverages digital solutions to enhance customer experiences and streamline internal processes. Key initiatives include the expansion of M JOURNEY, integration of Internet of Things (IoT) in business financing, and adoption of cloud technology to strengthen digital capabilities. Supported by strategic collaborations with technology partners, these efforts enable us to deliver cutting-edge, customer-centric financial solutions while driving sustainable business growth in a rapidly evolving digital landscape.

INNOVATIVE PRODUCTS & SERVICES

Complementing our broader innovation strategy, we continue to accelerate the adoption of digital banking to expand accessibility, improve efficiency, and reduce reliance on physical branches. The increasing use of mobile and online platforms reflects changing customer preferences, while the evolution of M JOURNEY supports seamless transactions and aligns with our sustainability and growth goals. Through secure and tailored digital solutions, we simplify banking for both individuals and businesses, reinforcing our commitment to inclusive and future-ready financial services. Key digital advancements include:

CHAPTER 5

Delivering Sustainable Solutions for Our Customers

MJourney Corporate

Launched in September 2023, our Digital Transaction Banking (“DTB”) platform is transforming corporate banking by delivering an integrated suite of innovative and efficient cash management solutions. Serving a total of 4,169 subscribers — including 2,721 Corporate and Investment Banking (CIB) users and 1,448 DTB users — the platform empowers clients with seamless digital experiences. Key features such as real-time payments, bulk transactions, ERP integration, and automated account reconciliation are all accessible on the go, enabling corporate customers to manage their finances with ease and confidence.

Total Transaction Value

RM16,107
million

Total CASA Balance

RM4,466.9
million

Total Transaction Count

406,645

MJourney Virtual Branch

Introduced to expand financial accessibility, the Virtual Branch enables customers to conduct fund transfers, financing payments, term deposit management, cheque handling, and ATM PIN changes from anywhere, eliminating the need for physical branch visits.

Electronic Know Your Customer (e-KYC)

Integrated into CASA products, e-KYC enables secure digital onboarding using facial recognition, document verification, and real-time authentication, enhancing convenience while maintaining stringent security measures.

Online Business Current Account (OBCA)

A fully digital, cloud-based banking platform that enables businesses to open accounts entirely online, reducing the onboarding process from weeks to just one.



Seamless Online Account Opening

First bank in Malaysia to introduce 100% digital onboarding for business accounts.



Automated Verification & Document Submission –

Businesses can complete account activation securely **without visiting branches**



Instant Access to MJourney Corporate

New business accounts are **seamlessly integrated** with corporate banking services.



Strong Market Adoption

Over 350 businesses onboarded, reflecting the growing demand for fully digital banking solutions.

PRIORITISING CUSTOMER EXPERIENCE AND SATISFACTION

Why Does It Matter to Us?

Customer experience is a cornerstone of trust and loyalty in financial services. A positive experience not only enhances customer retention but also strengthens our reputation in a competitive marketplace. As expectations continue to evolve, MBSB is committed to delivering service excellence that meets the needs of both existing and new customers.

What Is Our Approach?

We aim to deliver exceptional customer service through a combination of digital innovation, service enhancement, and structured feedback mechanisms. Through our Customer Service Charter and Complaints Handling Management Policy and Procedures, we provide a standardised approach for managing customer interactions, ensuring that feedback and complaints received through various communication channels are promptly addressed, resolved, and closed.

We have strengthened our digital engagement by enhancing the M JOURNEY platform, simplifying everyday transactions, and expanding service accessibility. In parallel, we have modernised branch infrastructure and upskilled frontline staff to improve in-person service delivery. These improvements are further supported by our Customer Experience Management Department (CEMD), which comprises the Customer Experience Unit, Complaint Handling Unit, and Customer Service Centre, and plays a crucial role in ensuring that customer concerns are addressed efficiently and consistently.

Our ongoing commitment to customer satisfaction is underpinned by established systems such as the Case Management System, Customer Satisfaction Survey, and Post-Transaction Survey that enable us to gather real-time feedback and identify key pain points. In response, we implement targeted action plans, including regular training on product knowledge and process efficiency, simplifying systems, and exploring the development of updated product handbooks to enhance service delivery.

How Have We Performed?

In 2024, MBSB Bank conducted its annual Net Promoter Score (NPS) survey to assess customer satisfaction and the likelihood of recommending the bank to family and friends. Despite a challenging year, MBSB Bank's NPS results showed a slight decrease compared to 2023.

However, it's important to note that MBSB Bank continues to outperform the industry benchmark of 61%, showcasing the bank's strong customer loyalty and satisfaction levels. This indicates that while there may be room for improvement, MBSB Bank's overall customer experience still surpasses many competitors in the market.



11.1% reduction in cases of customer complaint from various channels



98.5% of all complaints were addressed within the turnaround time



92% Customer Satisfaction Index



63% Net Promoter Score (industry benchmark: 61%)



EMPOWERING OUR EMPLOYEES

“Engaging our employees in decision-making and fostering open, inclusive communication builds trust, boosts productivity, and secures our aspiration to be a forward-thinking responsible financial institution.”

COMMITMENT TO OUR PEOPLE AND SUSTAINABILITY

At MBSB, we recognise that our employees are the cornerstone of our success and the primary drivers of our sustainability agenda. Through the myPledge framework, we foster a culture where shared values and sustainability principles guide our workforce, empowering employees to take ownership of their roles in advancing sustainable growth. We offer targeted training programmes to enhance their skills and future readiness, while promoting ethical practices and a sustainability mindset. Complementing this, we provide competitive benefits focused on health, financial security, and work-life balance—ensuring our people feel valued, supported, and inspired to contribute meaningfully to both organisational goals and societal progress.

A FUTURE-READY HR STRATEGY

MBSB's HR strategy is a key pillar of our transformative journey under FLIGHT26, where we invest in developing a resilient, high-performing, and future-ready workforce. By aligning our talent management initiatives with FLIGHT26, we are committed to nurturing leadership capabilities, fostering diversity, and promoting continuous learning. This strategic focus not only equips our employees with the skills needed to thrive in a rapidly evolving digital and sustainable landscape but also reinforces our broader commitment to ethical practices and stakeholder value, echoing the same principles that underpin the Group's sustainability agenda as detailed throughout this report. Our long-term HR strategy focuses on:

Talent Development & Leadership Growth

Strengthening career pathways through structured upskilling and leadership programmes.

Cultural Transformation

Embedding myPledge values to foster a performance-driven and inclusive workplace.

Workforce Agility & Digital Readiness

Enhancing digital skills and promoting flexible work arrangements to adapt to evolving business needs.

Equitable & Competitive Rewards

Implementing a total rewards framework that aligns with industry benchmarks while driving performance.

Sustainability & Employee Wellbeing

Prioritising holistic wellness, mental health support, and financial literacy to ensure employee resilience.

To ensure a seamless employee experience from "Hire to Retire", MBSB has also crafted an employee journey that is carefully structured to create a meaningful and enriching experience at every stage of an individual's career. From the moment a candidate first interacts with us, through ongoing development and eventual alumni engagement, each step is designed to cultivate a sense of belonging, support professional growth, and align employees' aspirations with the Group's strategic goals.

1. Recruitment & Hiring

A data-driven selection process emphasises both technical skills and cultural fit. Targeted employer branding initiatives attract talent aligned with MBSB's values.

2. Onboarding & Integration

A structured onboarding programme, INSPRO, immerses new hires in MBSB's culture, policies, and objectives, ensuring smooth integration and team cohesion.

3. Development & Growth

Competency-based pathways and Individual Development Plans ("IDPs") drive continuous learning, guided by a 70:20:10 framework combining formal, informal, and on-the-job training.

4. Performance & Engagement

Through MPerform, employees set SMART² objectives and receive regular feedback. Recognition programmes like M-RISE reinforce a culture of continuous improvement.

5. Retention & Career Progression

High-potential talent is identified for succession planning, while competitive rewards, benchmarked against the market, support career advancement and long-term retention.

6. Exit & Alumni Network

Exit interviews capture insights for improvement, and alumni stay connected through industry networks and knowledge-sharing platforms, fostering ongoing collaboration.

Empowering Our Employees

Key milestones including 90-day onboarding success rates, retention metrics, training participation, internal mobility, and attrition trends are monitored to refine and enhance each stage of the employee journey. This data-driven approach ensures that MBSB continues to offer a dynamic, inclusive, and growth-oriented environment.

Engagement and Inclusion: Keys to Success

We believe that a truly successful business is built on the foundation of engaged and inclusive practices. By actively involving our employees in decision-making processes and maintaining open lines of communication, we ensure that everyone feels valued and heard. This inclusive culture not only boosts morale but also enhances productivity and helps us to better navigate the risks and opportunities in our industry, ultimately securing our position as a forward-thinking responsible financial institution.

NURTURING A SUSTAINABLE WORKFORCE



Achieving 50,000 Volunteer Hours by 2030

Over 10,500 cumulative hours
recorded (21% of 2030 target)
2023: 4,505 | 2024: 6,023

Why Does It Matter to Us?

At MBSB, our employees are our greatest asset and the driving force behind our sustainability agenda, inspired by *Amanah* and *Adab*. We foster a supportive, inclusive environment that nurtures personal and professional growth, instills trust, and empowers our team to act ethically and effectively towards our sustainability goals.

What Is Our Approach?

As a responsible employer, MBSB is committed to the wellbeing of our employees, ensuring compliance with all relevant legislation that governs employment and workplace safety, including:

- The Employment Act 1955
- The Children and Young Persons Act 1966
- The Industrial Relations Act 1967
- The Occupational Safety and Health Act 1994
- Human Rights protections under Article 6 of the Federal Constitution and the Anti-Trafficking in Persons and Anti-Smuggling of Migrants Act 2007

In addition to these legislative commitments, we align with the International Labor Organization ("ILO") 11 principles, which guide our efforts in fostering decent work conditions, eliminating discrimination, and promoting equal opportunity. These principles reinforce our dedication to providing a safe and healthy work environment that supports the personal and professional development of our employees.

Moreover, as proud signatories to the United Nations Global Compact ("UNGC"), we embrace its 10 principles. These principles require us to uphold human rights, promote fair labour practices, safeguard the environment, and combat corruption. By integrating these principles into our operations, we nurture a sustainable workforce that is both ethically and socially responsible. This approach not only strengthens our organisational culture but also drives long-term value creation, ensuring that our practices contribute to a more equitable, transparent, and sustainable society.

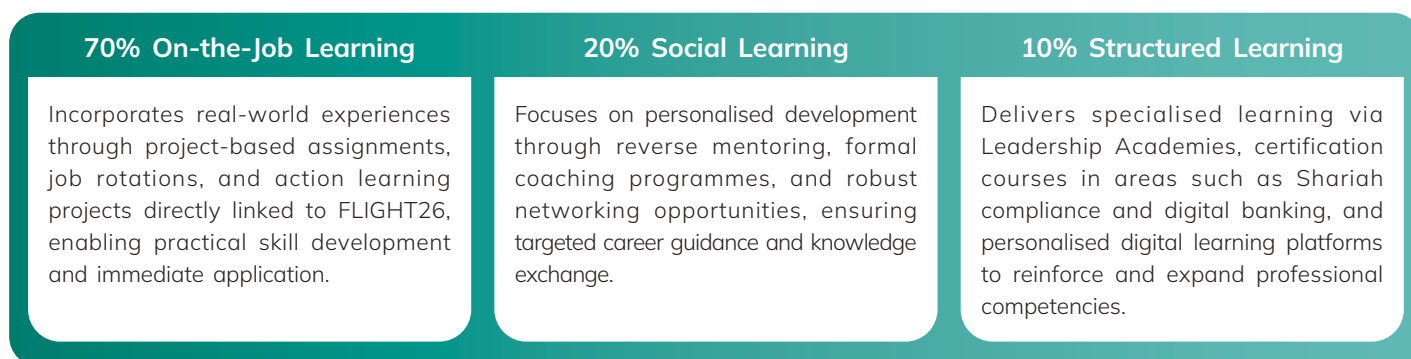
GROWING OUR TALENT POOL

At MBSB, we are committed to cultivating a strong talent pool that propels our organisation forward. Our People and Culture team is passionate about fostering talent through comprehensive onboarding programmes and ongoing professional development opportunities. These initiatives are designed to attract, develop, and retain top talent, ensuring that our employees have the skills and support needed to excel in their roles and adapt to future challenges within the industry.

Among MBSB's efforts in growing our talent pool is the Young Islamic Banker Programme, a forward-thinking initiative that cultivates the next generation of Islamic banking leaders by merging rigorous technical training with ethical financial practices. Designed for emerging professionals passionate about Shariah-compliant finance, the programme offers comprehensive classroom learning, hands-on departmental rotations, and access to industry mentors. This initiative not only supports career progression in Islamic finance but also reinforces MBSB's commitment to sustainable, value-driven banking practices.

Training, Upskilling, and Education

MBSB's Learning & Development approach is underpinned by the 70-20-10 model, a balanced framework that fosters continuous growth and aligns with our strategic objectives under FLIGHT26. This model ensures that learning is embedded within everyday work while also benefiting from structured guidance and formal training.



The Group's fundamental guiding virtues further drive the culture of continuous learning, ensuring our workforce is resilient and responsive to current market needs. Our training programmes are carefully designed to enhance skills and knowledge, supporting our employees' professional growth and enabling them to uphold the highest standards of integrity and respect in their roles. Our training and development programmes include:



Empowering Our Employees

The Year in Review

Invested RM9.1 million in employee training and education across the Group



6,590

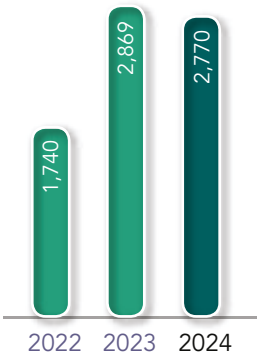
Total Sustainability Training Hours in 2024

2.13

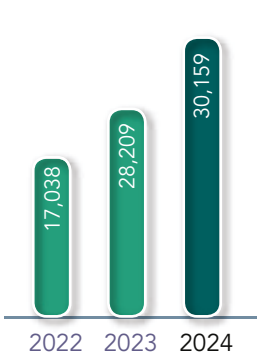
Average Sustainability Training Hours in 2024

Total Training Hours

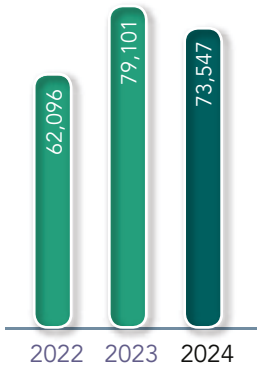
Senior Management



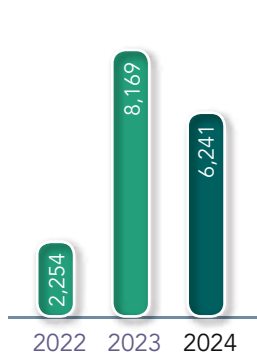
Middle Management



Executive

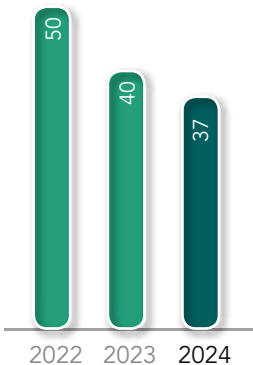


Non-Executive



Average Training Hours

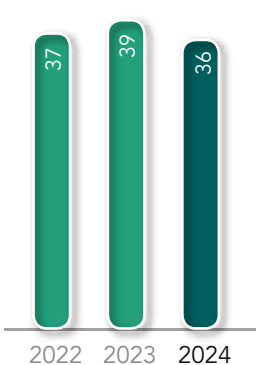
Senior Management



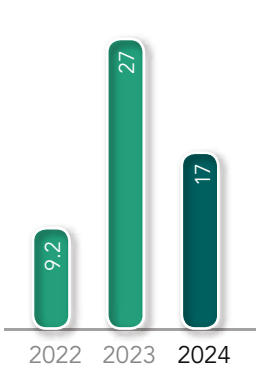
Middle Management



Executive



Non-Executive



Total Training Hours
Employee Category

2024

MBSB Bank

1,506

Senior Management

20,023

Middle Management

64,487

Executive

4,012

Non-Executive

MIDF

1,264

Senior Management

10,136

Middle Management

9,060

Executive

2,229

Non-Executive

Average Training Hours
Employee Category

2024

MBSB Bank

38

Senior Management

39

Middle Management

29

Executive

13

Non-Executive

MIDF

44

Senior Management

44

Middle Management

36

Executive

17

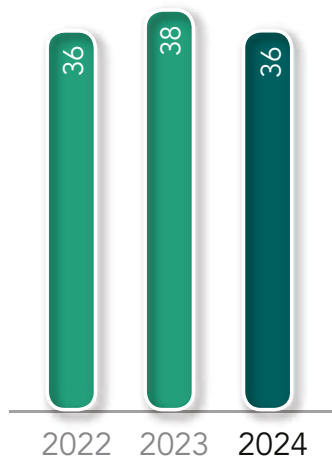
Non-Executive

Average Training Hours by Gender

Male



Female



Empowering Our Employees

REMUNERATION AND WELLBEING

MBSB ensures the wellbeing of our employees through the Wellbeing 360 programme, a holistic approach that addresses eight (8) key domains: physical, mental, financial, emotional, career, social, intellectual, and environmental wellbeing. By embedding wellness policies into HR frameworks and offering a variety of onsite and offsite initiatives, the programme fosters a culture where employees feel valued, supported, and equipped to thrive both professionally and personally.

Physical Wellbeing

Health screenings, fitness programs, ergonomic workplace.



Mental Wellbeing

Psychological safety index, stress management, access to counseling services.



Emotional Wellbeing

Employee assistance programs (EAP) and work-life integration support.



Financial Wellbeing

Financial literacy workshops, salary advance options, and retirement planning.



Occupational Wellbeing

Career development, work flexibility, and job satisfaction.



Social Wellbeing

Employee engagement activities, diversity & inclusion programs.



Intellectual Wellbeing

Continuous learning, innovation challenges, hackathons.



Environmental Wellbeing

Green office initiatives, ESG volunteering activities.



Sustainability Awareness Day

In October 2024, the Group hosted a Sustainability Awareness Day at Menara MBSB Bank,, underscoring its commitment to building a sustainable corporate culture. With a 'green' dress code setting the tone, the event aimed to educate staff on sustainability practices, encourage participation in green initiatives, and demonstrate MBSB's efforts to embed ESG principles into its operations.

Objectives:

- **Raise Awareness:** Educate employees on sustainability practices and highlight the significance of ESG integration in Islamic finance.
- **Employee Engagement:** Deliver interactive sessions and workshops that stimulate employee involvement in green initiatives.
- **Strengthen Partnerships:** Form strategic alliances to advance responsible waste management and innovative sustainability projects.

Key Initiatives & Impact:

Used-Cooking-Oil Drive

Ahead of the official launch we invited employees to bring used cooking oil from home. The response was strong: **180kg was collected**—material that will be up-cycled into biodiesel and is expected to avoid roughly **570kg of CO₂e emissions**. Participants received small sustainability-themed tokens in appreciation of their effort and to reinforce waste-to-value behaviour at home.

Launch & MoU

The event formally commenced with the signing of a **Memorandum of Understanding between MBSB and ArusOil**, establishing a collaboration to improve internal waste-oil management and circular-economy initiatives. A subsequent **fireside chat, Our Shared Responsibility**, featured Group CEO Encik Rafe Haneef and Group Shariah & Sustainability Officer Ustaz Ashraf Gomma Ali, who underscored the alignment between Shariah principles and contemporary sustainability ethics.

Sustainability Masterclass

Energy specialist and member of MBSB Bank's Board **Encik Kamarulzaman Ahmad** delivered a masterclass on the **role of banking in supporting the energy sector**, outlining how financial institutions can accelerate the national energy transition.

Sustainable Buffet & Upcycling Workshop

Lunch was prepared by a **social-enterprise caterer**, as part of our commitment to ethical consumption. An interactive workshop led by ArusOil showed employees how collected cooking oil can be transformed into scented candles, highlighting **practical applications of the circular-economy model**.



Empowering Our Employees

FLEXIBLE WORKING ENVIRONMENT

The MFlex Programme underscores our dedication to a supportive and adaptable workplace, allowing eligible employees to tailor their work schedules to better align with their professional and personal aspirations. This flexibility not only boosts productivity but also plays a crucial role in attracting and retaining skilled talent.

We further enhanced our supportive workplace culture by offering a comprehensive range of employee benefits designed to meet the diverse needs of our team.

Leave Policies

- Annual, sick, and hospitalisation leave
- Marriage, maternity, and parental leave
- Compassionate, childcare, and unpaid leave

Health and Wellness

- Staff group takaful (Islamic insurance)
- Dental and optical care
- Regular health screenings and maternity care

Additional Benefits

- Employee education assistance
- Retirement benefits
- Mobility benefits for commuting and relocation
- Overtime compensation and competitive allowances
- Training opportunities beyond the market average

MBSB offers parental leave to support employees during key family milestones, fostering work-life balance and ensuring our team members can focus on their growing families without worry.

Employees Entitled to Parental Leave by Gender

Gender 2022

Total
1,758
Number



924
Male



834
Female

47%
Female



53%
Male

Gender 2023

Total
2,865
Number



1,378
Male



1,487
Female

52%
Female



48%
Male

Gender 2024

Total
2,262
Number

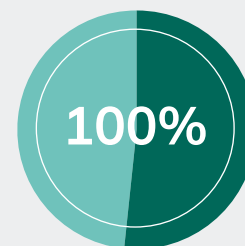


1,170
Male



1,092
Female

48%
Female



52%
Male

Employees Who Took Parental Leave by Gender

Gender 2022

Total
130
Number

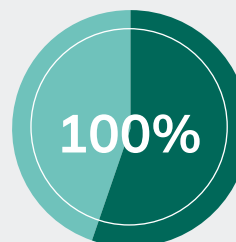


72
Male



58
Female

45%
Female



55%
Male

Gender 2023

Total
161
Number

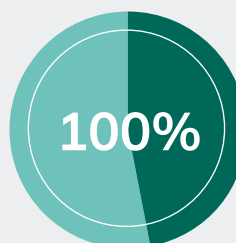


76
Male



85
Female

53%
Female



47%
Male

Gender 2024

Total
157
Number

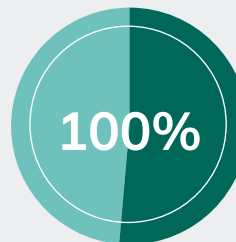


81
Male



76
Female

48%
Female



52%
Male

Employees that returned to work after
parental leave ended by gender

Female / Male

100%

For
three
conservative years
(2022-2024)

Employees returned from parental
leave and were still employed after 12
months by gender

Female / Male

100%

For
three
conservative years
(2022-2024)

We conduct annual career planning conversations to set clear expectations and discuss professional growth alongside employee Key Performance Indicators ("KPIs"). This structured approach ensures that our remuneration strategies are targeted and aligned with individual performance, fostering a culture of recognition and feedback. To further motivate our team, we offer competitive benefits, career advancement opportunities, and compensation packages that are regularly reviewed to stay competitive with industry standards.

Empowering Our Employees

WORKFORCE STABILITY AND GROWTH

MBSB maintains a low employee turnover rate, highlighting our strong retention strategies, alongside a significant new hire rate that demonstrates our commitment to growth and fresh talent.

12.6%

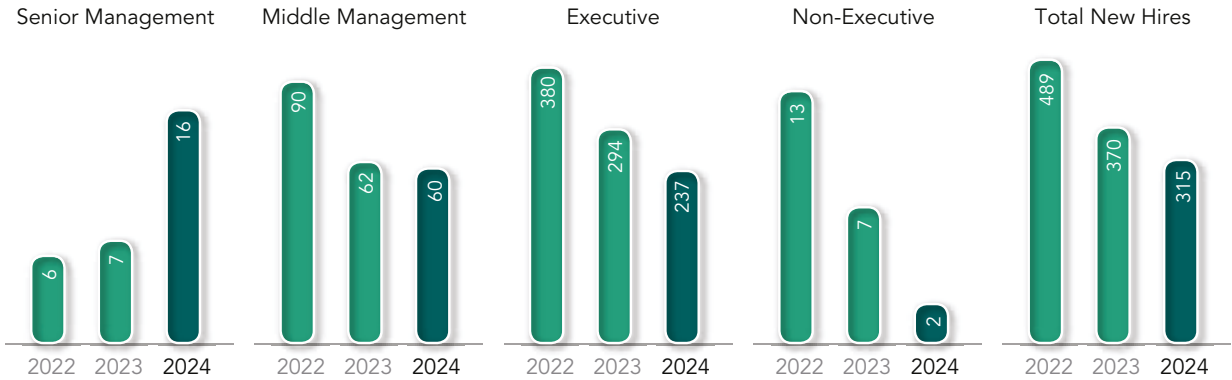
overall turnover rate



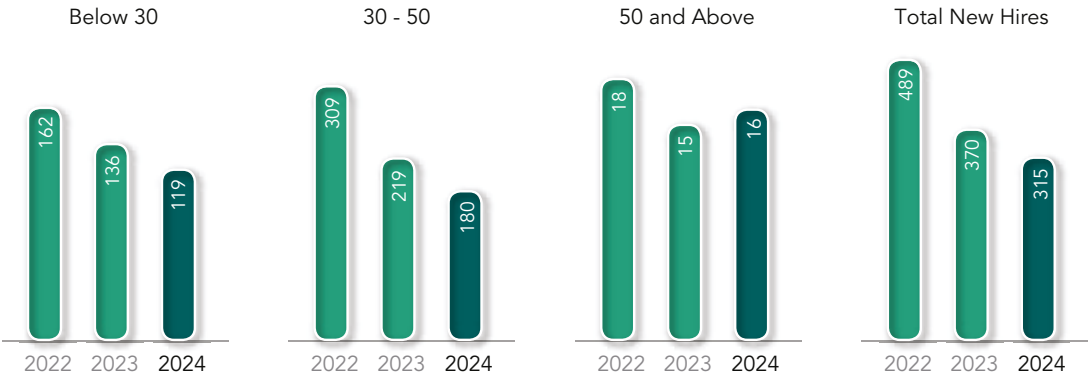
12.9%

overall new hire rate

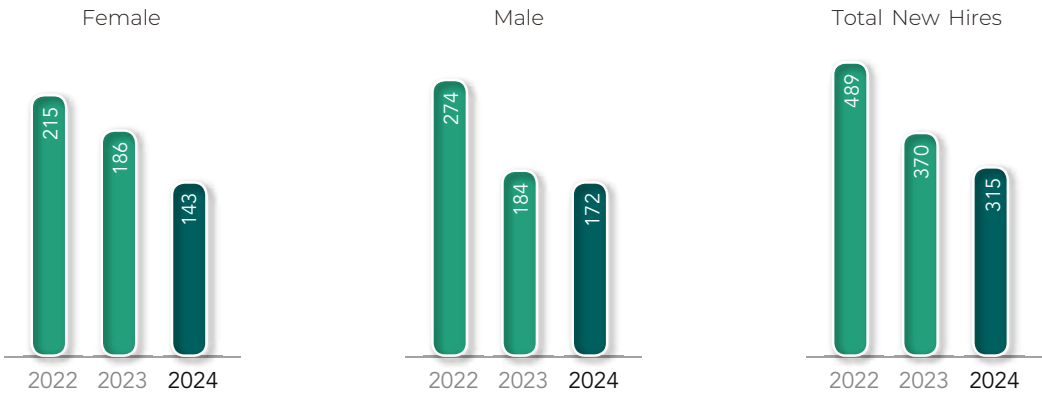
Total Number of New Hires by Employee Category



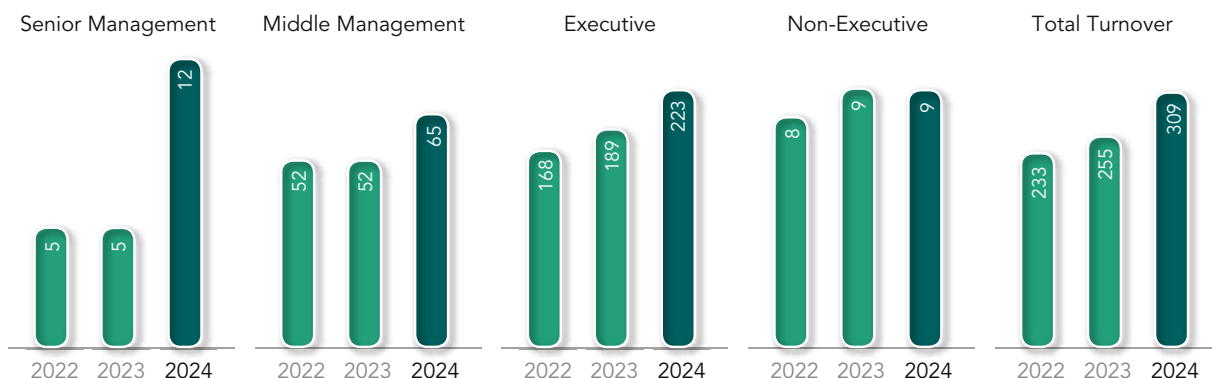
Total Number of New Hires by Age Group



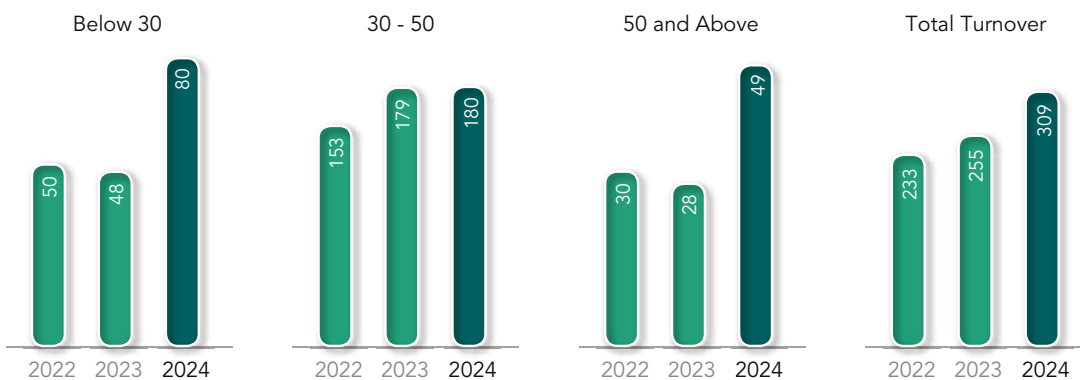
Total Number of New Hires by Gender



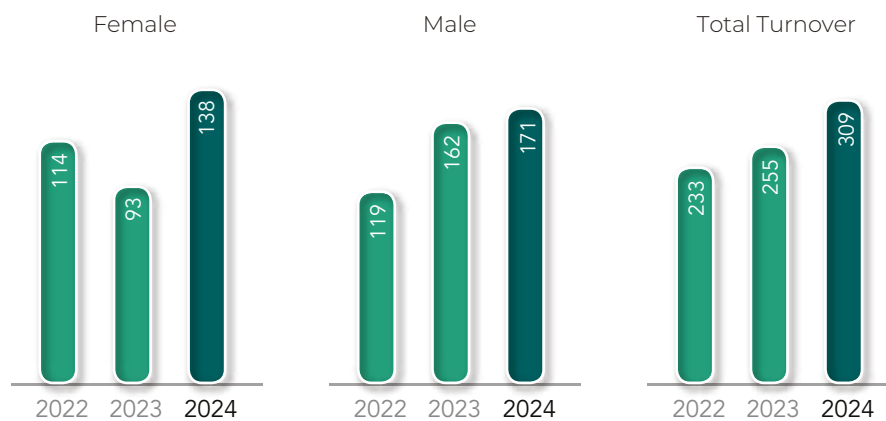
Total Number of Turnover by Employee Category



Total Number of Turnover by Age Group



Total Number of Turnover by Gender



Empowering Our Employees

EMPLOYEE HEALTH AND SAFETY

Why Does It Matter to Us?

At MBSB, employee health and safety are foundational to our success, enhancing productivity and satisfaction to better serve our stakeholders. Our commitment to a supportive work environment underpins our operational excellence and reputation as a responsible employer.

What Is Our Approach?

Our Occupational Safety and Health (“OSH”) Policies commit us to preventing injuries and ensuring a safe, healthy workplace. A cross-departmental OSH Committee oversees policy implementation and updates, conducts regular assessments and audits, and promotes safety awareness among all employees.

OSH at MBSB



- **Hazard Management:** Utilises a HIRARC register for managing workplace hazards, supported by monthly inspections and systematic tracking of findings to the OSH Committee.



- **Quarterly Meetings:** The OSH Committee convenes quarterly to address employee health and safety concerns.



- **Floor Warden System:** Designates floor wardens to enhance hazard reporting, with issues escalated to OSH Unit for action.



- **Incident Reporting:** Employees can report OSH incidents via an online JotForm or directly to committee members.



- **Training and Education:** Requires mandatory two-day OSH training for all employees annually.



- **Policy Integration:** Began updating and integrating Group OSH policies in 2024 to ensure current standards are met.



- **Annual OSH Plan:** Implements an annual plan to consistently achieve health and safety targets.

Supplementing our initiatives and measures, we have outlined our Occupational Safety and Health Plan with key action items.

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 to GCOO

- Monthly reporting of OSH updates via monthly reports.

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 of OSH Golden Rules for all employees, vendors, and contractors under MBSB.

Governance Meetings

- Engagement with the Property Management Department for discussion on OSH and Property Management issues.
- Set-up of OSH Committees and teams at MBSB 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.

Emergency Arrangements



- Held OSH talks and training for MBSB employees.
- Set up a first aid room at Menara MBSB. Purchase of 14 units of Automatic External Defibrillator, 38 units of 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 training for Wisma MBSB's ERT.
- 3 sessions of 2 hours online Emergency Response Plan ("ERP") briefing for branches Floor Marshals.
- One-day training with Bomba Sri Hartamas for ERT.
- Preparation of emergency response plan manual for Menara MBSB Bank and Wisma MBSB. Coordinated preparation of ERP for branches.
- Held fire drill exercise at Menara MBSB Bank and Wisma MBSB for MBSB employees. Coordinated drill for Region Office Northern, Southern, and Sarawak.

Empowering Our Employees

OSH and Security Inspection



- Conducted first aid training for security personnel at Menara MBSB Bank and Wisma MBSB.
- Preparation of checklist and documentation for Safety, Security and Inspection for MBSB.
- Monitor the status of closure of identified issues during visual site inspections carried out by MBSB.
- Document review assessments completed by inspection executives under MBSB.

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.

Contractor Safety Management Programme



- Implement and manage health and safety requirements for suppliers engaged by MBSB.
- 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, together with 9 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 actively involving employees in OSH matters and standardising OSH policies and practices across the Group.

We also prioritise the comprehensive safety and wellbeing of our employees, which encompasses both their physical health and their rights within the workplace.

Managing Employee Grievances

We provide a clear mechanism for employees to report grievances, ensuring all concerns related to employment terms and mistreatment are addressed promptly. This past year, we are proud to report no substantiated grievances, reflecting our effective management and commitment to uphold employee rights.

Freedom of Association and Collective Bargaining:

In accordance with the Federal Constitution, we support our employees' right to form associations and engage in collective bargaining. There are no restrictions on the formation of in-house unions, promoting an open dialogue, and negotiation of employment terms.

THE YEAR IN REVIEW



1,360



Employees and contractors received training on safety and health matters



3,094



Training hours for OSH-related programmes and awareness sessions

MBSB ensures employee safety by rigorously monitoring work-related injuries and striving for zero fatalities, a mark we have achieved in 2024. Our effective incident reporting system enables continuous improvements in safety measures.

2024

Total Manhours
Worked

5,969,840



Number of Loss
Time Injuries ("LTI")

4



LTI Frequency rate
(per million manhours)

0.67



Rate of Recordable Work-
Related Injuries

1.31



CHAPTER 6

Empowering Our Employees

DIVERSITY AND EQUAL OPPORTUNITY

Why Does It Matter to Us?

We recognise diversity and inclusivity as key drivers of our long-term stability and success. By nurturing a culture of trust and respect, we empower our employees to bring their unique backgrounds, experiences, and perspectives to the forefront. Our commitment is to cultivate a supportive atmosphere where everyone is valued, promoting unity and integrity across the Group.

What Is Our Approach?

At MBSB, we enforce a strict Code of Ethics and Conduct that articulates our zero-tolerance policy for discrimination, bullying, and harassment.

Internal Practices	<p>Group Human Resource Policy Review: Actively updating our Group Human Resources Policy to enhance equity and fairness</p> <p>Guideline Development: Adopting no discrimination guidelines to ensure fair, competency-based recruitment across the organisation</p>
Outreach	<p>Support for PWD: Aiming for 1% PWD workforce representation, expanding outreach through partnerships with educational institutions</p>
Women Empowerment	<p>Board Representation: Comprises of 28.5% female representation</p> <p>Leadership Roles: Achieving significant female representation in leadership, with 36% in senior management and 40% in middle management</p>

The Year in Review

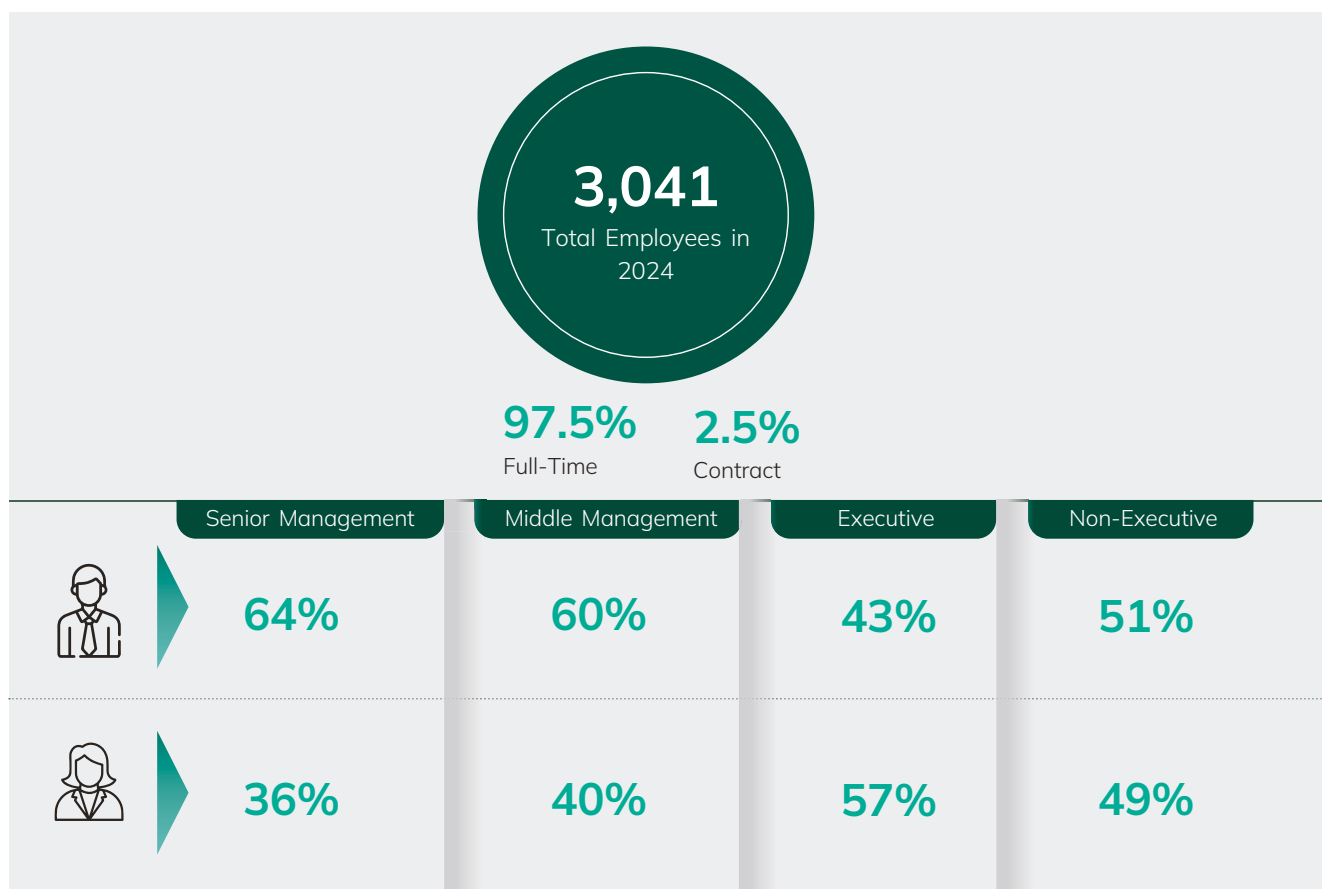
We are cognisant that fostering local employment is integral to our strategy for driving economic and community growth. In 2024, we proudly maintained a predominantly Malaysian workforce across all levels, including senior management and the board. To further enrich our team, a small percentage of highly skilled expatriates were also welcomed in 2024, contributing to our diverse talent pool.

Board Diversity
Gender

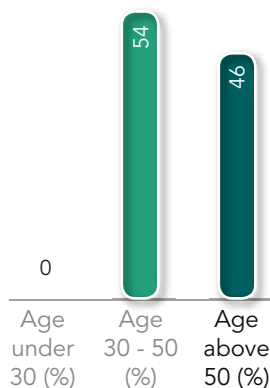


For more detailed information on Board composition and diversity, please refer to our Our Leadership: Profile of MBSB Board of Directors and Corporate Governance Overview Statement sections in the Annual Integrated Report.

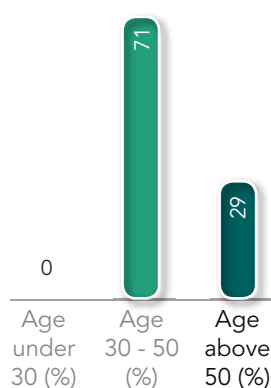
Workforce Diversity



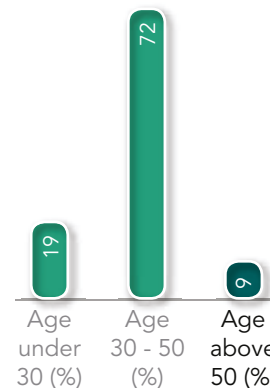
Senior Management



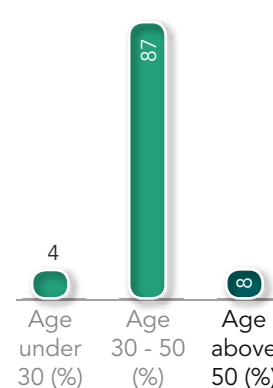
Middle Management



Executive



Non-Executive



We remain steadfast in our commitment to diversity and inclusivity, continually striving to enhance these values within our corporate culture to ensure a vibrant and equitable workplace for all.

CHAPTER 7

SERVING OUR COMMUNITIES

“Through active collaboration with our communities, MBSB nurtures environmental stewardship and supports sustainable development initiatives that benefit both people and the planet.”

EMPOWERING COMMUNITIES FOR SUSTAINABLE PROGRESS

At MBSB, communities are not just a backdrop for our operations; they are central participants and beneficiaries of our sustainable development initiatives. Our engagement with the communities go beyond corporate responsibility—it is a strategic partnership that drives our mission to foster economic and environmental resilience. By integrating community insights and needs into our projects, we enhance our societal impact and ensure that our actions promote inclusive progress.

COMMUNITY DEVELOPMENT AND ENGAGEMENT

Why Does It Matter to Us?

At MBSB, community empowerment is central to our mission. We use our financial expertise to foster economic growth while adhering to principles of integrity and respect. This commitment enriches our community interactions and strengthens customer trust, embodying the values that drive our business.

What Is Our Approach?

We channel our resources into three principal areas: Environment, Community, and Education, developing programmes that leverage our strengths and expertise to generate significant, lasting benefits.

 Environment	 Community	 Education
We are dedicated to advancing environmental sustainability through various projects that enhance energy efficiency, promote renewable energy use, and advocate for sustainable agricultural practices.	Through a series of targeted programmes, the MBSB supports community development by providing essential resources, promoting health and wellness, and fostering economic empowerment among underprivileged groups.	We invest in educational initiatives that increase accessibility and quality of education for underprivileged communities, focusing on scholarships, infrastructural enhancements, and vocational training to nurture a skilled workforce.

THE YEAR IN REVIEW



RM6.7 million

total community investments (including zakat-related contributions)

More than

6,000

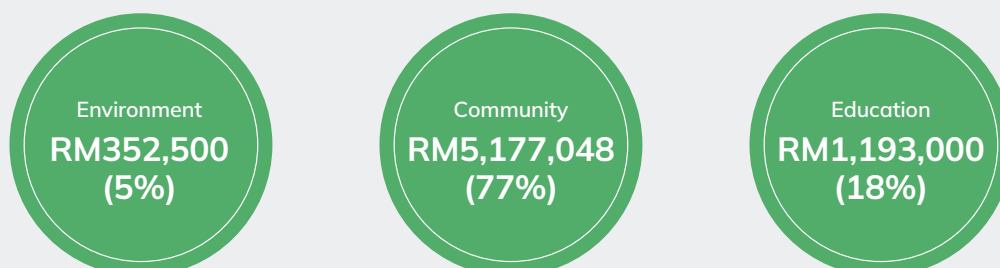
total volunteer hours recorded

More than

71,000

beneficiaries impacted

Breakdown of Community Investment by Pillar



Serving Our Communities

In 2024, we reaffirmed our commitment to social responsibility by investing RM6.7 million, across 63 community initiatives, encompassing both community investment and zakat-related contributions. These initiatives addressed pressing social and environmental challenges, from advancing renewable energy solutions and enhancing community wellbeing to fostering economic opportunities for underserved groups. Through strategic partnerships and targeted programmes, we have strengthened our role as a responsible corporate citizen, driving positive change in the communities we serve.



Environment

Program Menyinari Bersama Solar Barokah

Overview

Program Menyinari Bersama Solar Barokah is a community-driven initiative focused on installing solar-powered streetlights in mosques and suraus across Hulu Langat and Gombak. This effort not only enhances safety and visibility but also promotes green energy adoption in line with the Malaysian government's vision of reducing carbon emissions. Funded at RM132,500, the programme is estimated to benefit approximately 10,000 individuals, including mosque-goers and nearby residents.

Programme Objectives

- Promote Renewable Energy** – Foster solar power adoption as a cost-effective, eco-friendly alternative to conventional electricity.
- Improve Community Safety** – Enhance nighttime visibility around mosques and suraus, reducing accidents and providing a secure environment for residents.
- Long-Term Cost Savings** – Lower electricity bills and maintenance expenses by utilising self-sustaining solar-powered solutions.
- Build Sustainability Awareness** – Encourage local communities to embrace and maintain green energy systems.

Implementation

- Phased Installation**
 - Phase 1 (Hulu Langat): 34 solar-powered streetlights in 10 mosques and suraus.*
 - Phase 2 (Gombak): 18 solar-powered streetlights in 7 suraus.*
- Key Stakeholders**
 - Pertubuhan Malaysia Madani (MYMADANI), in collaboration with local councils and mosque committees, oversaw project implementation.
- Project Funding**
 - Total expenditure of RM132,500 covered equipment, installation, and minor community training sessions on system upkeep.



Results & Impact

- Safety Enhancement**

Improved lighting reduced nighttime accidents, creating a safer environment for residents.
- Cost Savings**

Lower electricity and maintenance costs eased financial burdens on local mosque management.
- Environmental Benefits**

Adoption of solar technology contributes to reducing carbon emissions and addressing climate change.
- Community Empowerment**

Through hands-on training, communities better understand green energy solutions, fostering local ownership.

Projek Hassan (Smart SBBA)

Through the Smart Sawah Berskala Besar Asnaf initiative, we enhanced the productivity and sustainability of rice farming for Asnaf and B40 farmers in Kedah. This project empowered these communities with modern farming practices, ultimately aiming to uplift their economic status and ensure long-term food security.

Regional Tree Planting & Mangrove Rehabilitation

MBSB actively contributed to environmental conservation by planting 6,000 mangrove saplings in collaboration with Malaysian Nature Society, restoring coastal resilience and supporting biodiversity.



Community

MBSB Bank BEST (Be Entrepreneurs with Sustainability)

Overview

MBSB Bank BEST was introduced to empower 100 Asnaf community members with entrepreneurial skills and resources, aiming to foster self-reliance and long-term economic independence. Through a total investment of RM463,000, the programme focused on providing comprehensive support — including training, mentorship, and business development guidance — to some of the most economically vulnerable groups in Malaysia.

Programme Objectives

- **Entrepreneurship & Skills Development:** Equip participants with core competencies needed to start or enhance small businesses.
- **Financial Independence:** Encourage savings habits and financial literacy to build resilience.
- **Social Impact:** Elevate socio-economic conditions within the Asnaf community, ultimately reducing reliance on external aid.

Participant Demographics

- **Origins:** Spanning multiple districts (e.g., Batu Pahat, Pontian, Kluang, Mersing, Johor Bahru), reflecting diverse community needs.
- **Gender & Age:** Mixed representation of men and women; a notable proportion are under 50, while others are over 50, emphasising inclusivity across age groups.

Approach & Implementation

Skills Training & Workshops

- Conducted sessions on financial literacy, marketing, and product development.
- Provided hands-on experience through guided action plans tailored to each participant's business idea.

Mentorship & Coaching

- Matched participants with experienced mentors to support ongoing development and address real-world challenges.
- Created networking opportunities, allowing participants to learn from one another and form collaborative ventures.

Business Support

- Offered seed funding and tools to facilitate small-scale entrepreneurship, from basic equipment to business registration assistance.
- Encouraged regular savings through structured guidance, helping participants build a financial safety net.

Results & Impact

High Savings Rate

- 97.5% of participants achieved their targeted savings, collectively accumulating RM54,607 (averaging RM1,352 per person).

Enhanced Self-Reliance

- Newly acquired skills and improved financial practices contributed to greater economic stability and independence.

Positive Community Outcomes

- By nurturing local entrepreneurs, the programme stimulated small-scale economic activity, reinforcing the social fabric within Asnaf communities.

Lessons Learned & Future Outlook

- **Holistic Support Matters:** Combining financial aid with training, mentorship, and structured savings goals significantly boosts success rates.
- **Data Tracking & Transparency:** Ongoing monitoring of participants' progress — covering income growth, savings accumulation, and business viability — ensures continuous improvement.
- **Scalability & Replicability:** The programme's success demonstrates potential for expansion, targeting more communities and tailoring interventions to diverse demographic needs.

By focusing on entrepreneurship, financial literacy, and sustainable growth, MBSB Bank BEST showcases how targeted initiatives can transform lives, catalyse local economies, and create enduring positive change for vulnerable communities.

Serving Our Communities



Flood Relief Assistance for Underprivileged Communities in Kelantan

Our initiative provided essential aid to flood-affected communities in Kelantan, helping to rebuild lives with a total investment of RM400,000. We distributed necessities and financially supported the repair of homes and infrastructure, ensuring the quick recovery and enhanced welfare of thousands in need.



MBSB Bank Ramadan Programme 2024

During Ramadan 2024, our outreach program extended support to 12 orphanages and welfare homes across Malaysia. We distributed essential food supplies to underserved communities in Kampung Soeharto and Kampung Sungai Tengi, Selangor. With a total investment of RM378,000 for our Ramadan initiatives, these efforts were designed to strengthen youth development and community welfare, while ensuring improved care for vulnerable children.



Soup Kitchen & Food Assistance

Provided 6,900 cooked meals and 2,000 food essentials (box of care) to homeless to under-served communities and homeless individuals, addressing food security and ensuring continuous aid to vulnerable groups.



Santuni Madani: Youth Interactive Centre

Established a safe and nurturing space for children in PPR Kampung Baru Hicom, Yayasan Chow Kit, and PPR Cheras with a RM400,000 investment, providing underprivileged children access to essential facilities.



Education

Partnership: Malaysia Professional Accountancy Centre (MyPAC) - Empowering Underprivileged Communities through Professional Accountancy Qualifications

We facilitated access to professional accountancy qualifications for underprivileged Bumiputera students, significantly enhancing their employability and economic stability. Our RM350,000 aid supported five Bumiputera students, enhancing their employability and career prospects.

Universiti Sultan Zainal Abidin (UNISZA): Students' Enrollment & Registration Fees Aid

We supported 206 Asnaf students at UNISZA by providing financial assistance to cover living allowances, tuition fees, and food assistance. This aid supported higher education accessibility for students from B40 backgrounds, alleviating their financial burdens and enabling them to focus on their studies to strive for academic excellence.

MIDF Scholarship & University Aid

Invested RM600,000 into scholarships, supporting higher education and fostering academic excellence among students.

MONITORING OUR CARBON EMISSIONS



Achieving Carbon Neutrality for Scope 1 and 2 by 2030

12% reduction in energy use for Menara MBSB Bank (target: 10% by 2024)

Why Does It Matter to Us?

Our commitment to environmental stewardship shapes every aspect of our operations and community engagements. We have outlined our strategic efforts to minimise our ecological footprint, enhance resource efficiency, and protect ecosystems, demonstrating our ongoing dedication to sustainable practices and environmental conservation.

What Is Our Approach?

MBSB is committed to reducing our operational emissions and advancing our decarbonisation strategies in line with the national goal of achieving Net Zero emissions by 2050.

► Emissions Management

We actively monitor and reduce our GHG emissions across all branches, incorporating Scope 1, 2, and selected Scope 3 emissions related to business travel and employee commuting.

Our roadmap to lower operational emissions now spans four mutually reinforcing actions. First, we rolled out a campus-wide energy-efficient retrofitting programme, installing inverter air-conditioners and LED lighting to drive reductions in our electricity use. Second, the relocation of MIDF teams from Menara MIDF to Menara MBSB has consolidated office space and trimmed our overall energy footprint.

Third, we use M-Journal to reinforce everyday sustainable habits, so efficiency gains are matched by staff awareness. Finally, to address residual emissions while our longer-term projects mature, we are looking to purchase carbon credits on the Bursa Carbon Exchange, giving us a credible path to offsetting the balance we cannot yet eliminate.

► Process Efficiency

Our water conservation efforts include installing dual-flush systems and self-closing taps, along with routine maintenance to prevent leaks and reduce waste. Moreover, by converting all financing customer statements to e-statements and implementing electronic signatures, we've significantly cut down on paper usage, emphasising our push towards digital banking solutions.

► Waste Management

We've begun systematic tracking and responsible disposal of general waste, employing licensed contractors for waste management. Initiatives such as recycling used cooking oil encourage recycling and sustainable practices among our employees, further reducing our environmental impact.

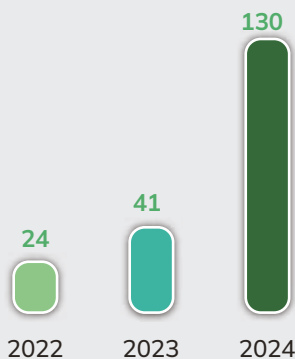
MBSB'S Operational GHG Emissions 2024

Scope 1

130 tCO₂e

Direct Emissions:
Petrol & Diesel Consumption

Total Scope 1 Emission (tCO₂e)

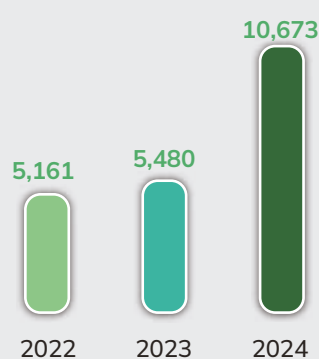


Scope 2

10,673 tCO₂e

Indirect Emissions:
Electricity Consumption

Total Scope 2 Emission (tCO₂e)

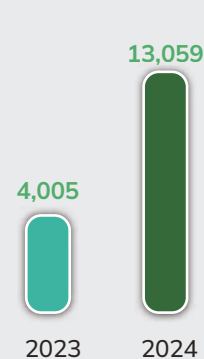


Scope 3

13,059 tCO₂e

Indirect Emissions: Business Travel (191 tCO₂e)
& Employee Commuting (12,868 tCO₂e)

Total Scope 3 Emission (tCO₂e)



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.
- This data has been independently assured. Please refer to the Independent Limited Assurance Statement.

Serving Our Communities

MBSB's reported greenhouse gas emissions increased in 2024 due to an expansion in scope and reporting boundaries. Scope 1 emissions rose to 130 tCO₂e, reflecting a full year of data from MIDF's vehicle fleet, while Scope 2 emissions grew to 10,673 tCO₂e following the inclusion of chilled-water consumption for building cooling, in addition to electricity. Scope 3 emissions reached 13,059 tCO₂e as MIDF employee travel and commuting data were incorporated into the emissions inventory. While the overall figures are higher, they present a more accurate and comprehensive footprint—demonstrating MBSB's commitment to transparent, science-based carbon accounting as the organisation continues to evolve.

TRACKING OUR FINANCED EMISSIONS

MBSB continues to track emissions from our financing portfolio, marking a key step in managing the environmental impacts of our financing activities. This effort supports our commitment to align financial operations with broader environmental objectives and enhance transparency in sustainability practices.

The organisation's approach to financed emissions integrates business, finance and sustainability departments to ensure accurate tracking, assessment, and management of emissions linked to our financing activities. At MBSB, our methodology for calculating financed emissions is rooted in globally recognised standards, particularly the Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard. We measure and disclose the emissions associated with our financing and investment portfolios by applying asset-class-specific methodologies.

This approach involves quantifying emissions for a range of asset classes — including listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, motor vehicle loans, and sovereign debt — by collecting various data points including financial and non-financial data points (e.g., floor area, enterprise value, outstanding amount) and applying emissions factors. This systematic process involves classifying clients based on a tailored scorecard, extracting and verifying data from various systems and manual inputs, and performing detailed emissions calculations using standardised templates and tools. We continue to offer Shariah-compliant Islamic financing products within our portfolio but strive to align with best practices and PCAF methodology, including the naming conventions of the asset classes.

The financed exposure figure is smaller than our total portfolio due to exclusion of individual-clients financing- from the reporting scope due to methodological limitations. For assets that remain in-scope, we refine accuracy by applying a Malaysia-specific emission factor where applicable, as done for the agriculture sector, while retaining PCAF's default factor for asset classes such as mortgages to ensure comparability with global peers.

This standardised methodology not only enhances the transparency and comparability of our climate disclosures but also underpins our internal risk assessments and target-setting processes. By accurately measuring the GHG emissions financed through our portfolios, we can identify climate-related risks, set science-based targets, and develop effective transition strategies aligned with the goals of the Paris Agreement. Our approach reflects the industry's best practices and reinforces our commitment to sustainable finance and proactive climate action.

Absolute Emissions
(tCO₂e)
835,511

Emission Intensity
(tCO₂e/RM million financing)
24.13

Financed Emissions by Asset Classes

Asset Class	Exposure (RM million)	Absolute Financed Emission (tCO ₂ e)	Emission Intensity (tCO ₂ e/RM million financing)
Listed Equity and Corporate Bonds	6,219	296,488	47.7
Business Loans and Unlisted Equity	4,740	298,190	62.9
Project Finance	5,085	77,877	15.3
Commercial Real Estate	669	11,092	16.6
Mortgages	8,569	148,827	17.4
Motor Vehicle Loans	24	949	39.5
Sovereign Debt	9,325	2,091	0.2
Total	34,631	835,511	24.13

MBSB's financed emissions are concentrated within a focused segment of our portfolio, with our top 10 highest-emitting customers representing 42% of total financed emissions. Asset Classes 1, 2, and 3, representing 46% of exposures, contribute 80% of the Group's financed emissions, highlighting the impact of these segments. Within those asset classes, the Materials sector stands out, generating 20% of emissions, while the three highest-emitting sectors together make up more than half of MBSB's total financed emissions. Moving forward, MBSB continues to refine its data quality and monitoring processes to better track and manage financed emissions across all asset classes.

Financed Emissions for Top 3 Sectors

Sectors	Total Exposure (RM million)	Absolute Financed Emission (tCO ₂ e)	Emission Intensity tCO ₂ e/RM million financing	Emission % of MBSB Total Financed Emissions
Materials	635.59	172,042.47	270.68	20.59%
Utilities	755.59	157,207.53	208.06	18.82%
Residential Mortgage	8,569.13	148,826.69	17.37	17.81%

*Note: the financed emissions data is disclosed as at 31 December 2023.



Our Environmental Footprint

Our Environmental Footprint	2022	2023	2024
Energy Consumption (MJ)	25,693,276	28,341,967	50,714,513 ²
Water Consumption (Megalitres)	58.41	72.87	66.40
Paper Consumption (Reams)	17,966	18,462	10,833
Paper Recycled (Metric tonnes)	1.17	21.36 ¹	29.72
Waste Disposed (Metric tonnes)	–	39.99	52.43

Note:

1. The significant increase in paper recycled in 2023 is attributed to initiation of tracking of bulk paper recycling.
2. The increase in Energy Consumption in 2024 is attributed to the broadening of our Scope 2 boundaries to include our cooling systems.

Our proactive engagement in environmental stewardship marks our commitment to a sustainable future. By advancing rigorous environmental practices and reducing our ecological footprint, we strive to exceed our sustainability goals, ensuring a lasting, positive impact on the planet.



OUR COMMITMENT TO REGULATORS

“Through myPledge, we treat regulators as partners, weaving compliance and integrity into our culture to protect clients and the wider financial system.”

COLLABORATIVE COMPLIANCE, ENSURING EXCELLENCE

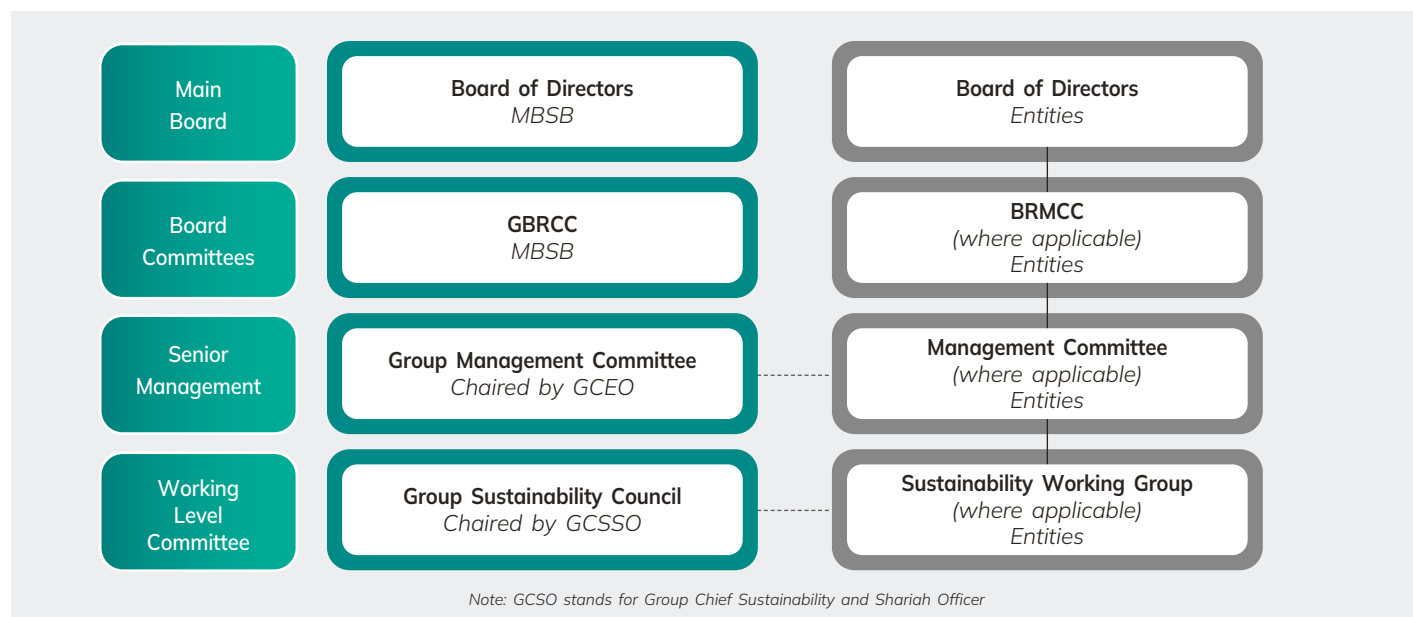
At MBSB, we recognise the critical role regulators play in maintaining the integrity and stability of the financial sector. Guided by the principles of myPledge, we embed a strong culture of responsible business practices and regulatory compliance across all levels of our operations. By fostering collective accountability, we uphold the highest standards of financial conduct and risk management. Our proactive approach includes regular engagement with regulators, ensuring transparency, responsiveness, and alignment with evolving legal frameworks—reinforcing our reputation as a responsible Islamic financial institution committed to long-term stability and sustainable growth.

Beyond compliance, we view regulators as key partners in delivering secure and responsible financial services. We engage in continuous dialogue to understand expectations, integrate regulatory feedback into our strategies, and actively contribute to policy developments across the sector. Through this collaborative approach, we drive operational improvements, strengthen sectoral reliability, and enhance the trust and confidence of our customers and stakeholders.

OUR SUSTAINABILITY GOVERNANCE

Why Does It Matter to Us?

At MBSB, our commitment to sustainability is deeply rooted in the principles of *Amanah* and *Adab*, guiding us to uphold trustworthiness and maintain respectful behavior in all our endeavors. Our governance structure is designed not just to oversee our sustainability strategies but to ensure that these core values are intricately woven into every decision and policy. This framework empowers our leadership to act with integrity and accountability, fostering a culture where ethical practices are paramount.



Legend

● Holding level

● Entity level

----- Annotation

Our refined sustainability governance framework is meticulously structured to prioritise the management of sustainability and climate-related risks, enhancing our capacity to implement our business strategy while minimising risk exposure. This approach is supported by our robust three lines of defense system, ensuring thorough oversight, accountability, and adherence to ethical practices across all levels of our operations.

Our Commitment to Regulators

First Line

Assumes responsibility for identifying and managing day-to-day risks inherent in our operations

Second Line

Establishing frameworks and policies to provide comprehensive risk governance and oversight

Third Line

Assurance through independent assessment, review, and validation of processes

Through our sustainability governance framework, we outline the roles and responsibilities of the governing bodies as below:

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

ETHICS AND INTEGRITY

MBSB steadfastly upholds the highest levels of integrity, good governance, business ethics, and Shariah compliance to foster trust and maintain a reputable standing among our stakeholders. We have a zero-tolerance stance towards bribery and corruption, firmly rejecting these unethical behaviors in every aspect of our activities, reflecting our commitment to ethical conduct and respect. It is our continual aim to ensure that all employees embody these values of trustworthiness and respectful behavior in every business interaction.

What Is Our Approach?

MBSB is committed to strict adherence to all pertinent laws and regulations, including the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act ("AMLA") 2001, the Companies Act 2016, Bursa Malaysia's Main Market Listing Requirements, and the Malaysian Code on Corporate Governance ("MCCG"), among others. We also strive to integrate these compliance measures into our broader sustainability goals by fostering a culture of transparency, accountability, and ethical leadership.

We are also guided by internal policies and processes in place, ensuring ethical business conduct across MBSB. Biennial reviews are conducted on our policies and procedures, or more frequently if necessary, to maintain their effectiveness and relevance in supporting our culture of integrity. Changes or updates to policies are promptly communicated to all stakeholders.




- Group Anti-Bribery and Corruption Policy
- Group Code of Ethics and Conduct for Employees Policy
- Group Code of Ethics for Directors Policy
- Group Fraud Risk Management Policy
- Group Whistleblowing Policy
- Group Asset & Liability Declaration Policy
- Group Conflict of Interest Policy for Directors and Key Senior Management

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

MAINTAINING OVERSIGHT ON ETHICS AND INTEGRITY

The Group's Compliance Division, including the Integrity Governance Unit ("IGU"), oversees compliance, anti-bribery, and anti-corruption efforts. Reporting to the Chief Compliance Officer, the IGU advises the GCEO and the Board, ensuring effective governance. Maintaining its independence, the IGU reports directly to the GBRCC at MBSB, BRMCC at MBSB Bank, and BARMC at MIDF.

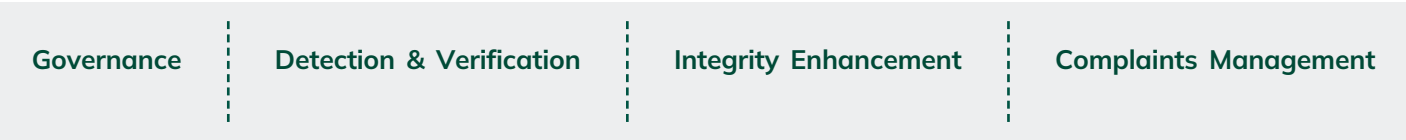
 Note: For further details on our policies and procedures, please refer to our Corporate Governance Overview Statement and SORMIC sections in our Annual Integrated Report respectively.

CHAPTER 8

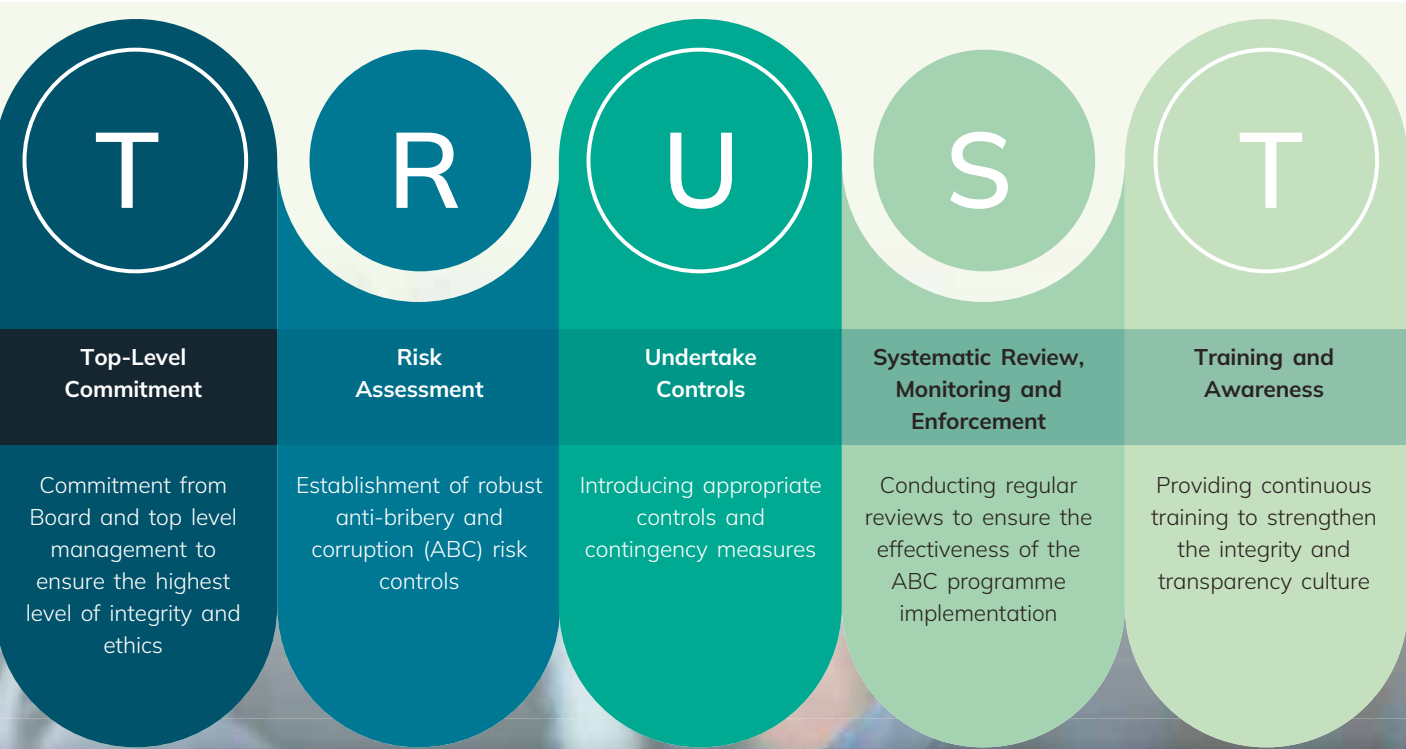
Our Commitment to Regulators

ELEVATING OUR ETHICAL STANDARDS AND PRACTICES

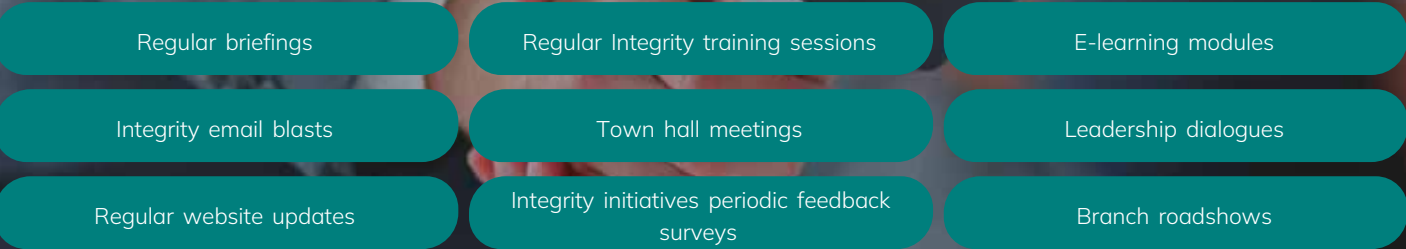
We have implemented a comprehensive and structured approach based on the MACC’s Guideline for the Management of Integrity and Governance Unit, covering these key areas:



We also aligned our key initiatives rolled out in 2024 with the TRUST principles to ensure adherence with the requirements of Section 17A MACC Act:



Certified Integrity Officers are assigned within the Integrity and Governance Unit (IGU) to uphold the highest ethical and integrity standards across our organisation. We assign certified integrity officers across our organisation to maintain the highest ethical and integrity standards. To foster a unified effort, we facilitate ongoing communication with our Board and employees through various engagement initiatives which reflect our commitment to foster a culture of integrity and compliance, including:



WHISTLEBLOWING CHANNEL

In alignment with our fundamental virtue of trust and responsibility, we require our board and employees to comply with the Malaysian Anti-Corruption Commission Act 2009 and to remain vigilant against corrupt practices and misconduct. It is crucial to report any malpractice or irregularities immediately to uphold our ethical standards.

To support this, we established an anonymous whistleblowing channel on our corporate website, available both online and manually, enabling confidential reporting of any legal breaches or misconduct.

SHARIAH COMPLIANCE

As a forward-thinking and progressive Islamic bank, we anchor our its operations in Shariah compliance, adhering to the Islamic Financial Services Act 2013, Resolutions of the Shariah Advisory Council of BNM and Securities Commission, and the Shariah Governance Policy Documents from BNM. To ensure rigorous adherence to Shariah principles, we maintain a robust framework of internal policies and procedures. The Board bears topmost oversight for Shariah governance and compliance across the MBSB, supported by the Shariah Advisory Committee ("SAC"), which offers expert advice on Shariah matters.



- Group Shariah Governance Policy
- Group Compensation Charges Policy
- Group Zakat Policy
- Group Income Purification Policy

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

Fundamentally guided by the virtues of trustworthiness and respectful behavior in all our transactions, we align our operations to Shariah laws, which forbid interest ("riba"), deceptive uncertainty ("gharar"), and gambling ("maysir"). To this end, MBSB upholds the Shariah Negative List ("SNL"), augmented by our Prohibited and Caution Lists.

 Details of our Shariah Negative List, Prohibited List and Caution List can be read on our corporate website.

We supplement our robust governance measures by maintaining various initiatives to ensure seamless integration of Shariah principles into our operations.

Utilise Operational Risk Management tools to monitor exposure to Shariah Non-Compliance risk exposure and evaluate the effectiveness of risk mitigation measures

Conduct regular assessment on the compliance of the operations, business, affairs and activities of potential risks related to Shariah 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 Control Functions

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

Our Commitment to Regulators

The Year in Review

100%

of our operations has been assessed for corruption-related risks

At MBSB, our commitment to ethical conduct and compliance with legal standards is foundational to our operations. Over the past year, we conducted 39 training sessions focused on anti-corruption, attended by 90% of our employees, including the Senior Management.

In 2024, we received a total of 2 ethical complaints through our dedicated channels. These complaints were categorised primarily as whistleblowing incidents.

Our proactive approach to ethics and compliance supports our broader sustainability goals and helps foster a culture of integrity and accountability throughout MBSB.

 For more information on anti-corruption training, please refer to the Employee chapter of this Sustainability Report.

100%

MBSB employees have received training on anti-corruption



Group Chairman, GCEO and MACC Representative with MBSB Corporate Integrity Pledge.

DATA PRIVACY AND CYBERSECURITY

Why Does It Matter to Us?

We adhere to guidelines from BNM, the Securities Commission, and Bursa Malaysia, and our governance framework and internal policies extend beyond compliance to ensure robust data privacy and cybersecurity, cultivating a vigilant culture that safeguards stakeholder data against evolving threats.

What Is Our Approach?

As a financial institution, adhering to data privacy regulations is critical. We strictly follow guidelines from regulatory bodies like BNM, the Securities Commission, and Bursa Malaysia, which inform our operational framework. Our internal policies and procedures go beyond mere compliance, creating a robust governance system that ensures effective data privacy and cybersecurity management. These policies foster a culture of security and vigilance, enhancing our dedication to protecting stakeholder data against evolving cyber threats.

Our controls include:

- Group Personal Data Protection (PDP) Policy
- Group Information Technology Risk Management (ITRM) Framework
- Group Outsourcing Policy
- Group Management of Customer Information and Permitted Disclosures (MCIPD) Policy
- Group Data Management & MIS Framework
- Group Management of Cyber Risk Policy
- Information Technology Security Policy (ITSP)

Across the Group, we have established strong governance structures for overseeing data privacy and cybersecurity. MBSB Bank's Board Information Technology Oversight Committee ("BITC"), supported by Group Technology Division and the Cyber Security Working Group ("CSWG"), ensures that IT frameworks and policies are regularly updated and adhered to strengthen our cybersecurity measures. In principle, the Group Technology Division is responsible for managing the IT environment of MBSB Bank, MIDF Bhd, MIDF Amanah Investment Berhad, MIDF Amanah Asset Management and Development Finance Business.

MIDF's Group IT Steering Committee ("GITSC"), Board Technology Committee ("BTC"), and Board maintain cybersecurity as a priority on their agendas, with the GMITC and GMRCC receiving monthly updates while the BTC and Board receive quarterly updates. Working in tandem, the MAIB Chief Information Security Officer ("CISO") oversees Technology Risk Management and Business Security Management to ensure compliance with security policies, while the Cyber Emergency Response Team ("CERT") provides rapid incident responses by reporting directly to senior management.

This strong governance is supplemented by a strategic and focused approach, having outlined MBSB's technology focus areas as well as strategic themes to ensure the enhancement of our digital infrastructure and cybersecurity.

Focus Areas

Business Process

Streamline workflows through new technologies for efficiency and enhanced customer experience.



Technology Platform

Modernise and secure systems for scalability, integration, and resilience.



People

Develop IT leadership and capabilities to maintain secure, innovative operations.



Strategic Themes

Enhance Performance Monitoring & Code Deployment Strategy

Accelerate and secure software updates using best practices.



Obsolescence Remediation & Monitoring

Proactively replace outdated systems to align with current requirements.



Boost Testing Competency & Project Deployment

Refine testing processes to ensure efficient, disruption-free launches.



Digitalisation & Operational Effectiveness

Automate workflows for seamless operations and risk mitigation.



Bolster Cyber-Security

Protect data through proactive threat detection and incident response.



Cloud Enablement

Adopt scalable, cost-effective cloud solutions to drive innovation.



Keeping the Lights On

Ensure continuous business operations via robust capacity planning.

Our Commitment to Regulators

The Year In Review

6 Substantiated

complaints concerning breaches of customer privacy and losses of customer data

Over RM12 Million

invested in cybersecurity enhancements

Recognising the need for robust cybersecurity measures, we are committed to ensuring minimal disruption to our operations and safeguarding customer data. In 2024, MBSB swiftly identified and contained two cybersecurity breaches within 24 hours, demonstrating our agility and capability in managing risks and responding to crises effectively. Our rapid action reflects the strength of our cybersecurity protocols and reinforces our commitment to continuously enhancing our defences to stay ahead of evolving threats.

Our efforts to further enhance MBSB's cybersecurity framework are as follows:

Enhanced Data Security:

- Recognised by Bank Negara Malaysia as one of the top-tier financial institutions for information technology security posture, ranking among 49 assessed institutions.
- Implemented key IT security enhancements, including Mobile Banking Protection, Advanced Persistent Threat detection, and an Active Directory Security Monitoring Tool to strengthen cybersecurity resilience and threat detection.
- MIDF has migrated to Microsoft OneDrive and SharePoint, leveraging strong encryption protocols and access controls for secure data storage.

Access Control Measures:

- Multi-Factor Authentication has been implemented for all data systems stored in OneDrive/SharePoint, adding an extra layer of security.
- Enterprise Mobility Management restricts access to Microsoft Office 365 email, Teams, and Kaizen from personal mobile devices to selected employees only.

Data Loss Prevention ("DLP") Implementation:

- MBSB Bank is enhancing DLP and Customer Information Management Procedures to prevent personal data breaches and monitor frequent access by employees.
- MIDF is rolling out a DLP system to safeguard sensitive data and mitigate unauthorised leakage.

Training and Awareness:

Policy and Procedure Strengthening:

- MBSB Bank is restructuring its Branch Operations Procedures to improve internal controls, enhance security in high-risk processes, and eliminate outdated practices.

Staff Training on Cybersecurity:

- Employees handling sensitive data are being trained to identify and prevent unauthorised data access and enhance overall cybersecurity vigilance.

Monitoring and Response:

Real-time Threat Detection and Alerts:

- A pop-up alert system has been integrated into MBSB Bank's core banking system to flag high-risk transactions and detect abnormal activities in Internet Banking.

Transaction and Data Monitoring:

- Specific parameters are set in banking systems to continuously track suspicious activity and improve fraud detection mechanisms.

Cybersecurity Audits and Compliance:

- Security measures, including the monitoring of customer data access and processing, are regularly reviewed to ensure compliance with regulatory and internal standards.

In 2024, MBSB conducted extensive cybersecurity awareness initiatives, including 10 hours of training through the Cyber Security Awareness Day event, multiple induction sessions, and targeted awareness programmes for employees, senior management, and the Board of Directors. Additionally, 25 Technology Security employees completed professional cybersecurity certification training, while 568 employees and 20 senior management members participated in refresher and awareness sessions to enhance the organisation's cybersecurity resilience.

MBSB also undertakes an annual budget review dedicated to securing sufficient resources for technology and cybersecurity initiatives. In 2024, this investment was specifically aimed at enhancing our cybersecurity measures.

Moving forward, we will strengthen partnerships, streamline data management and continually upskill our team to safeguard stakeholder data, while vigilantly monitoring for breaches and swiftly implementing corrective actions to mitigate risks and reinforce our security framework.

SUSTAINABLE PROCUREMENT

Why Does It Matter to Us?

We are committed to cultivating a supply chain that enriches the local economy and maintains high standards of ethical, environmental, and social integrity. Our focus is on bolstering the resilience of our supply chain, minimising associated risks, and elevating the ESG credentials of our suppliers and vendors.

What Is Our Approach?

The implementation of our Sustainable Supply Chain Framework has led to the establishment of a robust governance structure, the integration of sustainability into procurement processes, and a thorough evaluation of supply chain sustainability. We set improvement goals, and diligently track and report our progress to guide our initiatives in building a sustainable supply chain. Integral to our approach is the adherence to a Child Labour Act, which strictly prohibits the exploitation of child labour, ensuring that ethical standards are upheld across all our business operations.

Supplementing and aligning with the framework, our Supplier Code of Conduct ("SCOC") clearly outlines the expectations, requirements, and responsibilities that suppliers must fulfil when engaging with us. This multifaceted approach ensures that our strategy is holistic and systematic, setting distinct targets to incrementally advance the ESG maturity of our supply chain.

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

Issuance of SCOC to all existing suppliers.

2022

2023

2024

2026

2028

- Fully train procurement team on sustainable procurement.
- Commencement of engagement with suppliers on sustainability.
- Revision and enhancement of existing procurement procedures based on ISO 20400:2017 on Sustainable Procurement.

100% of suppliers engaged on sustainability.

- Development of Sustainable Procurement policy.
- Capacity building and awareness on Sustainable Procurement policy.
- Development of a supply chain due diligence framework.
- Mandated vendor compliance to SCOC.

- 100% Tier 1 and Tier 2 suppliers engaged on sustainability.
- Commencement of ESG due diligence on selected suppliers.

Our Commitment to Regulators

In ensuring the efficacy of our framework and SCOC, MBSB conducts Training and Awareness sessions as well as Supplier Engagements to fortify the sustainability integration in our supply chain.

Training and Awareness Sessions



Sustainability Awareness Training

- Designed to provide the procurement and sustainability teams with a thorough grasp of sustainability principles and their application to procurement tasks and supply chain operations.

Sustainable Supply Chain Training

- Designed to ensure that the procurement and sustainability teams at MBSB are thoroughly versed in the critical aspects of sustainable supply chain management, including governance structures, procurement processes, supply chain assessments, and relevant performance metrics, all tailored to meet the group's specific requirements.

Sustainable Procurement Training

- Our training, guided by ISO 20400:2017 and industry best practices, prepares us to analyse both actual and potential impacts in economic, environmental, and social aspects within our four key supplier categories.

Practical Application Training

- This hands-on training focuses on practical implementation, including supply chain assessment methodologies, due diligence processes, and scenario-based roleplay sessions to enhance real-world application.

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.
- Our supplier engagement in 2023, totaling 294 responses, has seen 281 responses of the total having been fully assessed in 2024 — with 81 achieving a 3-star rating (fully meeting ESG requirements), 114 a 2-star rating (partially meeting requirements), and 99 a 1-star rating — while 206 vendors remain pending assessment.
- This enables us to conduct an in-depth analysis to determine vendor capabilities and readiness as well as the risks and opportunities tied to our procurement processes and supply chain, leading us towards complete sustainability compliance.
- Supplier responses will be verified as needed through audits led by our trained procurement team, following internal guidelines. In 2024, we audited six vendors to assess their management of key sustainability issues, ensuring alignment with MBSB's expectations.

Sustainable Vendor Transition



- The Group actively supports vendors' ESG transition by offering need-based consultations on specific improvement areas, helping them progress towards a three-star rating.
- Improvements are monitored through periodic re-assessments of ESG submissions, ensuring alignment with the organisation's broader ESG aspirations.

We will implement a spend analytics framework to track ESG-compliant vendor expenditure, enhance transparency in vendor awards, and drive sustainable procurement.

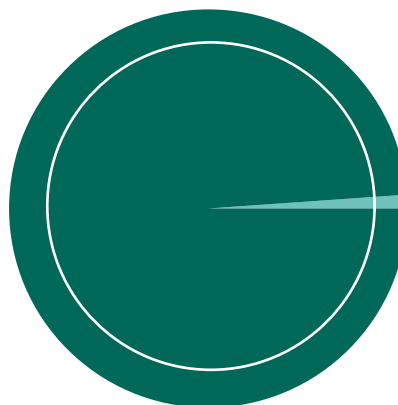
THE YEAR IN REVIEW

With the introduction of our e-procurement system, we are actively transitioning our processes onto the digital platform to significantly enhance efficiency and data management, streamlining operations. To date, 100% of our processes have been onboarded onto the system.

We remain committed to engaging meaningfully with our suppliers, prioritising local vendors when possible to support the local economy. In 2024, local businesses received over RM155 million in procurement spending, representing 99% of our total supplier and vendor base.

Spending on Suppliers in 2024 (%)

Local: 99%



International: 1%

Bursa Malaysia's Performance Data Table

Indicator	Measurement Unit	2022	2023	2024
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	-	79.00	92.00
Middle Management	Percentage	-	92.00	95.00
Executive	Percentage	-	96.00	99.00
Non-Executive	Percentage	-	26.00	24.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	1	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	3,000,000.00	4,200,000.00	6,700,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	12,438	55,534	71,160
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	51.00	48.00	54.10
Senior Management Above 50	Percentage	49.00	52.00	45.90
Middle Management Under 30	Percentage	0.00	1.00	0.34
Middle Management Between 30-50	Percentage	78.00	72.00	71.01
Middle Management Above 50	Percentage	22.00	27.00	28.65
Executive Under 30	Percentage	21.00	22.00	18.76
Executive Between 30-50	Percentage	75.00	72.00	72.58
Executive Above 50	Percentage	4.00	6.00	8.66
Non-Executive Under 30	Percentage	9.00	6.00	4.44
Non-Executive Between 30-50	Percentage	89.00	84.00	87.37
Non-Executive Above 50	Percentage	2.00	10.00	8.19

Internal assurance

External assurance

No assurance

(*)Restated

Indicator	Measurement Unit	2022	2023	2024
Gender Group by Employee Category				
Senior Management Male	Percentage	71.00	70.00	63.93
Senior Management Female	Percentage	29.00	30.00	36.07
Middle Management Male	Percentage	64.00	58.00	59.69
Middle Management Female	Percentage	36.00	42.00	40.31
Executive Male	Percentage	45.00	43.00	43.06
Executive Female	Percentage	55.00	57.00	56.94
Non-Executive Male	Percentage	49.00	51.00	51.19
Non-Executive Female	Percentage	51.00	49.00	48.81
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.00	71.00	71.43
Female	Percentage	29.00	29.00	28.57
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	14.00	0.00	0.00
Above 50	Percentage	86.00	100.00	100.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	25,693,276.00	28,341,967.00	50,714,514.30
Internal assurance External assurance No assurance (*)Restated				

Bursa Malaysia's Performance Data Table

Indicator	Measurement Unit	2022	2023	2024
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	0.67
Bursa C5(c) Number of employees trained on health and safety standards	Number	762	1,017	1,360
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	1,740	2,869	2,770
Middle Management	Hours	17,038	28,209	30,159
Executive	Hours	62,096	79,101	73,547
Non-Executive	Hours	2,254	8,169	6,241
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.00	4.00	2.50
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	5	5	12
Middle Management	Number	52	52	65
Executive	Number	168	189	223
Non-Executive	Number	8	9	9
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<div> <div>Internal assurance</div> <div>External assurance</div> <div>No assurance</div> </div>				
(*)Restated				

Indicator	Measurement Unit	2022	2023	2024
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.00	98.00	99.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	6
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	58.414000	72.870000	66.402000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	-	-	52.43
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	1.17	21.36	0.76
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	39.99	51.67
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	24.00	41.00	130.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	5,161.00	5,480.00	10,673.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	4,005.00	13,059.00

Internal assurance

External assurance

No assurance

(*)Restated

Note:

1. In reference to C3(b), the 2024 director demographic data by gender and age group refers specifically to MBSB's board of directors and does not include the composition of boards within MBSB's subsidiaries.
2. In reference to C4(a), the increase in energy consumption in 2024 is attributed to the broadening of our Scope 2 boundaries to include our cooling systems.
3. In reference to C7(a), the proportion of spending on local suppliers in 2022-2023 was exclusive of contract suppliers, while 2024 reflected both contract and permanent suppliers.



INDEPENDENT ASSURANCE STATEMENT

To: The Stakeholders of MBSB Berhad

Introduction and objectives of work

MBSB Berhad ("MBSB") is dedicated to transparently communicating its environmental, social, and governance (ESG) performance to its stakeholders. To ensure the integrity of this commitment, MBSB has engaged Bureau Veritas Certification (M) Sdn. Bhd. ("Bureau Veritas") to deliver independent assurance on specific sustainability information presented in their 2024 Sustainability Report ("Disclosure"). This assurance engagement aims to enhance the credibility and reliability of the selected disclosed information, providing stakeholders with greater confidence in MBSB's sustainability performance.

This Assurance Statement applies to the related information included within the scope of work described below for the period from 1 January 2024 to 31 December 2024. The overall objective of this process is to provide assurance to MBSB's stakeholders over the accuracy, reliability and objectivity of the selected disclosure presented in the 2024 Sustainability Report.

Responsibilities

The preparation and presentation of the selected sustainability Disclosure is the sole responsibility of the management of MBSB. Bureau Veritas was not involved in the preparation of the Disclosure. Our responsibilities were to:

- Perform limited assurance reviews to determine whether the selected information has been prepared accurately and appropriately;
- Establish an independent conclusion based on the evidence gathered and the assurance procedures that were conducted; and
- Communicate our findings to the management of MBSB.

Limited Assurance Statement



Scope of work

The scope of this assurance engagement covered the following selected sustainability indicators disclosed in MBSB's 2024 Sustainability Report:

- **Occupational Safety and Health:** The total number of work-related fatalities, lost time injury (LTI), and number of employees trained during the reporting period.
- **Total Training Hours:** The total number of training hours provided to MBSB employees across different employee categories (Senior Management, Middle Management, Executives, and non-Executives) during the reporting period.
- **Energy Consumption:** The total amount of energy consumed by MBSB during the reporting period.
- **Greenhouse Gas (GHG) Emissions:** This encompasses Scope 1 and Scope 2 GHG emissions. Scope 1 includes emissions from stationary combustion and mobile combustion. Scope 2 covers emissions from purchased electricity and imported energy. MBSB's energy consumption were also verified in this engagement.

Assessment Standard

This assurance engagement was conducted in accordance with the following standards:

- **ISAE 3000 (Revised):** *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard was applied for the assurance of Occupational Safety and Health, Total Training Hours, and Energy Consumption.
- **ISAE 3410 (Revised):** *Assurance Engagements on Greenhouse Gas Statements*. This standard was applied for the assurance of GHG emissions.
- **GHG Protocol:** A Corporate Accounting and Reporting Standard. This protocol provided the framework for the quantification and reporting of GHG emissions.



Methodology

Bureau Veritas assurance procedures for the selected Disclosure included the following:

- Developed an assurance plan that outlined the scope, objectives, and criteria for the engagement. This included identifying key risks of material misstatement and determining the nature, timing, and boundaries of our procedures.
- Reviewed relevant documentation provided by MBSB, including data collection methodologies, internal policies and procedures, and supporting evidence for the reported data. The data management systems used to capture and compile the reported metrics were also investigated.
- Performed procedures to verify the accuracy and completeness of the reported data. This included:
 - **Occupational Safety and Health:** Examined OSH policies and procedures framework for data collection of number of fatalities, lost time injury, and number of employees trained.
 - **Total Training Hours:** Analysed supporting documentation such as policy framework and employee grading. Tested the aggregation of training hours to ensure accuracy.
 - **Energy Consumption:** Randomly examined the electricity bills, data on cold-water, and genset usage as the sources for the Disclosure. Evaluated the data collection and aggregation methods used.
 - **GHG Emissions:** Reviewed the GHG emissions inventory, emission factors, activity data, and methodologies for collecting, maintaining and calculating data. Emphasis on expanding Scope 1 emission sources and the robustness of the data collection methodologies utilised for categories of stationary and mobile combustion vehicle emissions. Scope 2 reported emissions were purchased electricity and imported energy of cold-water. Verified the accuracy of reported energy consumption and evaluated energy efficiency initiatives undertaken by MBSB.
- Interviews were conducted with management and relevant personnel (data owner) in charge of collecting, processing, and reporting of the selected sustainability disclosure.
- Performed analytical procedures to identify any unusual trends or discrepancies in the reported data. This included comparing the reported data to prior periods and industry benchmarks, where available.

Limited Assurance Statement



Limitations & Exclusions

This assurance engagement is subject to certain limitations:

- The accuracy and completeness of the reported data depend on the quality of the underlying data management systems and internal controls implemented by MBSB. Our assurance does not extend to the design or effectiveness of these systems and controls, though we may offer observations where weaknesses are noted.
- Our assurance is limited to the specific KPIs requested in the scope of this engagement. We have not provided assurance on other sustainability indicators or the overall sustainability performance of MBSB.
- Our assurance is designed to detect material misstatements. A misstatement is considered material if it could reasonably influence the decisions of a user of the Report. The determination of materiality involves professional judgment.
- For GHG, the verification was designed to provide a limited assurance whether the GHG emissions are presented fairly, in all material aspects, and in accordance with the reporting criteria. It was not intended to provide assurance of MBSB's ability to achieve its climate-related targets, expectations or ambitions.

Conclusion

Bureau Veritas Malaysia concludes that MBSB's 2024 sustainability disclosures are **fairly stated** and **materially accurate** within the scope of this engagement. Specifically, with respect to the indicators within the scope of our assurance, the following represents Bureau Veritas's opinion:

- **Occupational Safety and Health:** The reported data across various categories are as follows:
 - Number of work-related fatalities: **0**
 - Lost time incident rate: **0.67**
 - Number of employees trained on health and safety standards: **1,360**



- **Total Training Hours:** The reported total training hours of **112,717** are fairly stated, in all material respects. Its distribution across various employee categories are as follows:
 - Senior Management – **2,770 hours**
 - Middle Management – **30,159 hours**
 - Executives – **73,547 hours**
 - Non-executives – **6,241 hours**
- **Energy Consumption:** The reported total energy consumption of **50,714,512.60 MJ** is fairly stated, in all material respects. Its distribution across various energy categories are as follows:
 - Electricity – **25,153,635.60 MJ**
 - Cold water – **25,539,423.98 MJ**
 - Genset – **21, 453.00 MJ**

Greenhouse gas emissions (tCO ₂ e)	
Scope 1	Scope 2
130	10,673

This limited assurance engagement relies on a risk-based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 200 years history in providing independent assurance services.

Limited Assurance Statement



Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest. No member of the assurance team has a business relationship with MBSB, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over years of combined experience in this field and an excellent understanding of The Bureau Veritas Group standard methodology for the verification/assurance of sustainability report and greenhouse gas emissions data.

For and on behalf of Bureau Veritas Certification (M) Sdn. Bhd, Kuala Lumpur, Malaysia
Issue Date: 14 March 2025

A handwritten signature in black ink, appearing to read 'Ng Sheng Wa'.

Ng Sheng Wa
Regional Certification & Sustainability Manager

www.mbsb.com.my

MBSB BERHAD

(Formerly known as Malaysia Building Society Berhad)

Reg No. 197001000172 (9417-K)

Level 25, Menara MBSB Bank
PJ Sentral, Lot 12, Persiaran Barat Seksyen 52,
46200 Petaling Jaya, Selangor

Tel : 03-2096 3000 Fax : 03-7455 5108