

# SUSTAINABILITY STATEMENT



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# CHAIRMAN'S SUSTAINABILITY MESSAGE

“ **AMBANK GROUP IS A LEADING MALAYSIAN FINANCIAL SERVICES GROUP WITH OVER 40 YEARS OF HERITAGE IN SUPPORTING MALAYSIANS IN THEIR ECONOMIC DEVELOPMENT AND WELL-BEING.** ”

We are a major employer and a significant tax payer to the Government of Malaysia (Government) whilst concurrently supporting our communities.

Throughout our 42 years in business, we have been mindful of environmental, economic and social (EES) risks and opportunities in our business conduct.

This year, we are adopting a formal materiality assessment and governance process with regard to sustainability matters such that we clearly identify our material EES risks and opportunities. In presenting our first Sustainability Statement (Statement), we have identified several material sustainability matters and grouped them into three themes as follows:



***We are committed to being a responsible financial services group***



***We recognise the need to maintain an engaging and inclusive workplace that lets people achieve their aspirations***



***We contribute to a more sustainable future by considering carefully our business decisions, the environmental impacts of our activities and how we interact with our wider communities***

Our Sustainability Statement is determined after conducting assessments to identify the material sustainability matters which are of significance to both our stakeholders and AmBank Group.



The second part of this review goes into depth on the material sustainability matters identified and explains what we are currently doing in these areas in terms of policy, process and action.

I am pleased to report that the material sustainability matters assessed as being of significance this year underpin our strategy to be a top 4 Malaysian bank by the year 2020.

Going forward, we will conduct this sustainability assessment on an annual basis. It is an important tool for identifying and evaluating concerns raised by our stakeholders and formulating our plans for sustainable business growth.

A comprehensive and sustained integration of material sustainability matters will inevitably take time. Nonetheless, we have started to formally recognise the oversight by the board of directors (Board) over AmBank Group's sustainability framework. This will bring a greater focus on, and accountability for, sustainability.

By identifying the existing processes and actions in our material sustainability matters and improving in these areas, AmBank Group can focus on what we do best, helping individuals and businesses in Malaysia grow and win together.



**TAN SRI AZMAN HASHIM**  
Chairman, Non-Independent Non-Executive Director

Kuala Lumpur  
30 June 2017

# ABOUT THE SUSTAINABILITY STATEMENT



**THE OBJECTIVE OF OUR SUSTAINABILITY STATEMENT IS TO INFORM OUR STAKEHOLDERS ABOUT AMBANK GROUP'S MANAGEMENT AND ANTICIPATION OF CURRENT AND FUTURE EES RISKS AND OPPORTUNITIES.**

The Statement outlines our achievements and the way in which we identify and manage the issues considered most material to our businesses, both by us and our stakeholders. It has been prepared in accordance with the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

## **Sustainability Statement Structure**

The Statement comprises two sections. The first outlines how AmBank Group embeds sustainability in our business conduct via governance and risk management framework, our approach to the identification and prioritisation of material sustainability matters, and our engagement with stakeholders. The second details our management approach and our performance relevant to the material sustainability matters identified.

In addition to this Statement, our website, [ambankgroup.com](http://ambankgroup.com), also contains information about our corporate social responsibility and governance structures.

## **Sustainability Statement Scope**

The Statement covers AmBank Group's operations pertaining to its three main subsidiaries: AmBank (M) Berhad, AmBank Islamic Berhad and AmInvestment Bank Berhad, hereinafter AmBank or the Group for the purposes of the Sustainability Statement, for the financial year ended 31 March 2017 (FY17).

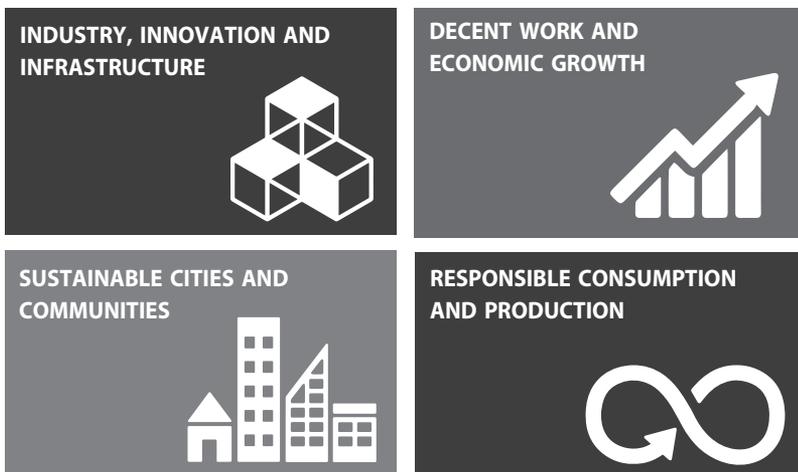
The three subsidiaries account for more than 80% of the Group's revenue, as well as most of the EES impacts.

# EMBEDDING SUSTAINABILITY

**FOR MANY YEARS, THE FINANCIAL SERVICES INDUSTRY HAS CONTRIBUTED TO SOCIETY THROUGH THE PROVISION OF CREDIT TO BOTH INDIVIDUALS AND CORPORATES, AS WELL AS THROUGH PARTICIPATING IN PRIVATE AND GOVERNMENT INITIATIVES.**

In line with the United Nations Sustainable Development Goals that were formally adopted in September 2015 and came into effect in January 2016, AmBank Group is striving to create a sustainable future for its employees, customers, and shareholders as well contributing towards a sustainable future for Malaysians.

Four of the sustainable development goals



are directly related to the ability of the Group to support improved economic well-being, which consequently increases the ability of families and the government to improve social outcomes.

As a responsible business, we take EES factors into account in offering sustainable products and services, and we integrate EES factors into our business decisions.

We aspire to be an employer of choice and we focus on developing our employees and supporting their well-being so that we continue to attract, retain and reward appropriately.

We uphold our commitment to creating a positive societal impact by conducting our business activities with reduced environmental impact and by fulfilling our social responsibilities towards local communities.

## Sustainability Governance

The establishment of the Sustainability Working Group (SWG) in 2017 marked a milestone in the implementation of a governance structure for AmBank Group's sustainability considerations and initiatives.

The Board works alongside the SWG in providing formal oversight of our corporate sustainability strategy and in ensuring that sustainability considerations are integrated into our decisions.

To ensure a broad representation of AmBank matters, the members of SWG are represented by Group Chief Executive Officer's Office, Group Finance, Group Human Resource, Group Corporate Communications and Marketing, Group Risk Management Department, Group Retail Banking, Group Business Banking, Group Wholesale Banking and Islamic Banking.

The Board is ultimately accountable for overseeing the management of material sustainability matters and is responsible for setting and embedding sustainability-related strategies into our business operations.

The SWG has the responsibility of developing AmBank Group's Sustainability Statement in line with the Amendments to the Listing Requirements of Bursa Malaysia.

The Board's Risk Management Committee of Directors assists in oversight by reviewing the Sustainability Statement prior to submission to the Board for approval. The Audit and Examination Committee of Directors and the Governance Committee also provide support in driving sustainability initiatives at Board level.



## Stakeholder Engagement

We have actively engaged a wide range of stakeholders via various channels throughout the year, to gauge their feedback and address their expectations.

In addition, we conducted an exercise to identify and prioritise a wide range of stakeholder groups. The SWG mapped AmBank Group's stakeholders by identifying the stakeholders with the highest level of influence and dependence on AmBank Group.

Customers, investors and shareholders, employees, government and regulators, community and the media were identified as the key stakeholders for AmBank.

Stakeholder Groups	Engagement Channels
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Online platforms (e.g. corporate website, social media, smartphone applications &amp; mobile messaging)</li> <li>• Customer satisfaction surveys</li> </ul>
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Analyst briefings</li> <li>• Investor presentations and meetings</li> <li>• Financial statements</li> <li>• Press releases</li> <li>• Conferences and roadshows</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Employee surveys</li> <li>• Employee induction training</li> <li>• Employee engagement expo</li> <li>• Town hall meetings</li> <li>• AmBank Group internal publications (e.g. Scoop!, Berita)</li> <li>• Connected 2.0 Intranet portal</li> <li>• Learning and development programmes</li> <li>• Corporate volunteering programmes</li> <li>• Employee performance appraisals</li> <li>• Direct employee and electronic feedback (e.g. SpeakUp!)</li> <li>• Senior management visits to touch points (e.g. branches)</li> </ul>
<b>Government and Regulators</b>	<ul style="list-style-type: none"> <li>• Public partnerships (e.g. Credit Guarantee Corporation Malaysia Berhad (CGC), Zoo Negara)</li> <li>• One-on-one meetings</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Online platforms (e.g. social media &amp; smartphone applications)</li> <li>• Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives &amp; partnerships with non-governmental organisations)</li> <li>• Zakat contributions</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Press conferences and events</li> <li>• Media releases</li> <li>• Media interviews</li> </ul>

# EMBEDDING SUSTAINABILITY

## Materiality Assessment

Materiality assessment has become a strategic business tool to identify, review and prioritise our current material EES risks and opportunities as well as the emerging risks that affect business and stakeholders.

For FY17, AmBank Group has adopted a materiality assessment approach guided by the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia. In identifying relevant sustainability matters, we have considered the operating environment and emerging risks associated with the financial services industry.

We have based our approach on internationally-recognised sustainability frameworks and industry-specific references such as the SDG Industry Matrix for Financial Services, the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) and the Dow Jones Sustainability Index (DJSI). Engagements with the Group Chief Risk Officer also substantiated the internally-identified risks and opportunities faced by AmBank.

The material sustainability matters identified are presented in the table below:

Responsible Banking	Employer of Choice	Positive Societal Impact
<p><b><i>We are committed to being a responsible financial services group</i></b></p>	<p><b><i>We recognise the need to maintain an engaging and inclusive workplace that lets people achieve their aspirations</i></b></p>	<p><b><i>We contribute to a more sustainable future by considering carefully our business decisions, the environmental impacts of our activities and how we interact with our wider communities</i></b></p>
<ul style="list-style-type: none"> <li>• Customer Satisfaction               <ul style="list-style-type: none"> <li>Customer Feedback Survey</li> <li>Project APEX</li> <li>Enhancing Customer Experience</li> <li>Data Science</li> <li>Awards</li> <li>Training</li> </ul> </li> <li>• Ethics, Governance and Compliance               <ul style="list-style-type: none"> <li>Code of Ethics</li> <li>Whistle-blower Protection Policy</li> <li>Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Framework</li> <li>Trading in AmBank Shares Policy</li> <li>Group Compliance Policy and Framework</li> <li>Group Risk Appetite Framework</li> <li>Guidance and Training</li> <li>Shariah Compliance</li> </ul> </li> <li>• Data Security, IT Infrastructure and Digital Transformation               <ul style="list-style-type: none"> <li>Digital Transformation</li> <li>Data Security and IT Infrastructure</li> </ul> </li> <li>• Financial Inclusion and Responsible Lending               <ul style="list-style-type: none"> <li>Small and Medium-Sized Enterprises (SMEs)</li> <li>Affordable Home Financing</li> <li>Islamic Finance</li> </ul> </li> <li>• Responsible Sourcing and Procurement               <ul style="list-style-type: none"> <li>Sourcing Policy</li> <li>Strategic Sourcing</li> </ul> </li> <li>• Responsible Marketing, Product and Service Design               <ul style="list-style-type: none"> <li>Product and Service Governance</li> <li>Islamic Products &amp; Services</li> <li>Social Media</li> <li>Corporate Website Management</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Conducive and Inclusive Workplace               <ul style="list-style-type: none"> <li>Workplace Diversity</li> <li>Rewards and Recognition</li> <li>Employee Engagement</li> <li>Group Culture and Transformation</li> <li>Safety and Health</li> <li>Safety and Health Training</li> <li>Wellness Programme</li> </ul> </li> <li>• Human Capital Development               <ul style="list-style-type: none"> <li>Talent Attraction</li> <li>Talent Retention and Leadership Development</li> <li>Learning and Development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Environmentally and Socially Responsible Investment               <ul style="list-style-type: none"> <li>Islamic Finance</li> </ul> </li> <li>• Community Investment and Development               <ul style="list-style-type: none"> <li>AmKasih</li> <li>Kelab AmBank Group</li> <li>Yayasan Arab-Malaysian</li> <li>Zakat Contributions</li> </ul> </li> <li>• Energy, Water and Waste Management               <ul style="list-style-type: none"> <li>Energy Management and Greenhouse Gas Emissions</li> <li>Energy Management</li> <li>Green Building</li> <li>Paper Usage</li> <li>Customer Statements</li> </ul> </li> </ul>

We conducted surveys with internal stakeholders to determine the level of importance they gave to the identified material sustainability matters. We engaged in particular with selected SWG members, selected members of senior management and selected members of the Board to conduct sustainability assessment exercises. These determined the level of impact of each of the material sustainability matters to the Group.

As this is our first year of reporting, we have only engaged with internal stakeholders. We are planning to engage directly with more stakeholder groups in the future to obtain additional feedback regarding material sustainability matters. AmBank is committed to transparency and disclosure and to dealing responsively with all stakeholders.

The outcome of our materiality assessment, as shown in the matrix below, was presented to and approved by the Board.

Details of our initiatives in managing the Group's material sustainability matters are discussed in the following section.

### Materiality Matrix of AMMB Holdings Berhad



# EMBEDDING SUSTAINABILITY

## Supporting our Top 4 Aspiration

Most of the material sustainability matters we identified directly support our aspiration to be a Top 4 Malaysian bank by the year 2020. The targeted segments to reach the Top 4 or maintain the Top 4 status by the year 2020 are encapsulated as follows:

**1**

Be Top 4 in our four growth segments – mass affluent, affluent, SME and mid corporates



**2**

Be Top 4 in our four key products – cards & merchants, transaction banking & current account, markets & FX and wealth management;



**3**

Sustain Top 4 in our existing engines – corporate loans/financing, debt and capital markets and funds management; and



**4**

Be one of the Top 4 employers in Malaysia



Top 4 Aspirations relating to AmBank Group's material sustainability matters	1	2	3	4
	Top 4 in our growth segments	Top 4 in our key products	Sustain our Top 4 position in our existing engines	Top 4 employer in Malaysia
1. Customer Satisfaction	✓	✓	✓	
2. Ethics, Governance and Compliance	✓	✓	✓	✓
3. Data Security, IT Infrastructure and Digital Transformation	✓	✓	✓	
4. Employer of Choice				✓
5. Community Investment and Development	✓	✓	✓	✓

# MANAGING SUSTAINABILITY

IN OUR MATERIALITY ASSESSMENT APPROACH, WE IDENTIFIED THE MATERIAL SUSTAINABILITY MATTERS FOR AMBANK AND FURTHER CATEGORISED THESE INTO THE FOLLOWING THREE THEMES:



In this second section of the Sustainability Statement, we provide the details on the material sustainability matters that we identified. We lay out what AmBank is currently doing in these material sustainability matters in terms of policy, process and action.



# RESPONSIBLE BANKING

## WE ARE COMMITTED TO BEING A RESPONSIBLE FINANCIAL SERVICES GROUP

Meeting the expectations of our stakeholders in terms of trust, service delivery, accessibility and also adapting to change is essential for the sustainability of our business.

The following are the material sustainability matters grouped under Responsible Banking:

- *Customer Satisfaction*
- *Ethics, Governance and Compliance*
- *Data Security, IT Infrastructure and Digital Transformation*
- *Responsible Sourcing and Procurement*
- *Financial Inclusion and Responsible Lending*
- *Responsible Marketing, Product and Service Design*

### Customer Satisfaction

The trust and confidence of our customers is the key to AmBank Group's long term sustainability.

Over the years, our strategy has been centred on building convenience for customers and engaging customers with banking solutions to improve customer experience. As the way our customers interact with us is changing, we are increasingly embracing digital banking.

We have identified customer satisfaction and turnaround time as one of three non-financial metrics to measure our progress in our Top 4 Strategy.

In order to manage and monitor customer trust and confidence towards AmBank Group, we conduct customer feedback surveys to measure, manage and improve customer relationships.

In seeking to understand our customers' behaviours and attitudes better, we are able to customise our products and services to meet the needs and expectations of our customers, thereby adding value to our customers.

## Customer Feedback Survey

In December 2016, an independent survey by Ipsos Malaysia was carried out to measure the levels of customer satisfaction in retail banking in Malaysia. The findings indicated that customer attitudes towards AmBank Group placed us in sixth position amongst the local banks.

Customers chose AmBank as their main bank because of our suite of products and services, and accessibility to branches and self-serving machines (SSMs). AmBank's retention rate for customers indicated a positive trend due to promotions and offers given to customers. The emotional associations of our customers towards AmBank were relatively strong and focused on being trustworthy, caring, safe and secure. However, emotional associations were weak towards being youthful, innovative and progressive.

The Relationship Strength Index (RSI) for AmBank transaction banking was 6.23, with customers expressing general happiness with the services. This level of RSI was marginally behind the industry benchmark of 6.51. RSI a metric derived from six factors comprising overall satisfaction, competitive comparison, responsiveness, trust, value for money and likelihood to shift – price resistance.

We have taken several initiatives to improve our customer experience, predominantly through Project AmBank Process Excellence (APEX) which focuses on Group-wide process re-engineering and resource efficiency.

IN FY17, FIVE BRANCHES PILOTED CASA STRAIGHT THROUGH PROCESSING, REDUCING THE OVERALL ACCOUNT OPENING EXPERIENCE FROM AN AVERAGE OF 45 MINUTES TO LESS THAN 10 MINUTES.

## Project APEX

Largely in response to our customers' feedback, Project APEX was initiated in September 2016 to drive straight through processing and cost savings across four key areas and eleven processes in retail banking. The main objectives of Project APEX are to boost:

- Customer experience
- Enable straight through processes for retail banking
- Improve internal operation processes
- Better manage and control risk

Project APEX focuses on process re-engineering and boosting resource efficiency in order to provide seamless customer experience with the implementation of three key design principles. These are paperless operation processes, straight through processing to achieve faster turnaround time and better risk management and control.

The project is divided into two stages known as Wave 1 and Wave 2. Over the period of Wave 1, the initiatives taken to improve customer experience were self-service migration, the rationalisation of branch reports, call deflection and cheque decentralisation processing. Twelve branches have undertaken the cheque decentralisation process.

In the first quarter of 2017, Project APEX Wave 2 rolled out, involving simplification and improvement across four core areas i.e. Current Account and Savings Account (CASA) opening, branch teller functions, auto finance account opening and collections – paving the way towards paperless branches. CASA on-boarding was rolled out nationwide by May 2017.

### WAVE 1

- Self-service migrations
- Rationalisation of branch reports
- Call deflection
- Cheque decentralisation processing

### WAVE 2

- Current Account and Savings Account (CASA) on-boarding
- Bank teller transactions (on-going)
- Auto finance account opening (on-going)
- Collections

## Enhancing Customer Experience

### Retail Banking

We are refreshing our branch model, wherein our new branches are designed with a holistic customer journey in mind. The first branch to adopt this design was our branch in Plaza Shell Kota Kinabalu which was launched in November 2016. Recently, we launched our latest branch in Nu Sentral which adopted the same design. These are one stop centres which cater to retail customers (including priority banking customers), SME and commercial customers. We will see more of such branch models in the future.

We strive to better serve our customers by:

- Upgrading two of our seven priority banking centres and empowering the centre managers and support teams
- Upgrading older branches to be more customer-friendly
- Upgrading SSMs
- Launching a new mobile banking application to replace AmGenie
- Beta testing a new merchant portal in collaboration with a financial technology company (fintech)
- Simplified CASA opening

# RESPONSIBLE BANKING

AmBank continued to modernise its infrastructure with the roll out of a new loan origination system, upgrade of our debt collection system and customer management system.

LOAN ORIGINATING PROCESS RE-ENGINEERING – 414 EMPLOYEES WERE TRAINED TO DELIVER LOAN PROCESSING WITHIN IMPROVED PROCESSING TURNAROUND TIMES AS PART OF PROVIDING BETTER CUSTOMER EXPERIENCE.

## Transaction Banking

We are currently upgrading our corporate internet banking and cash management platform to leverage the current digital payment landscape.

A mobile version will be launched which enables corporate customers to access account information and perform transactions via mobile phone and tablet. We have also embarked on a security token upgrade to enhance the security of our internet banking access.

We are actively engaged with Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear) to offer JomPAY. This is a payment solution for corporates to simplify the collection of recurring receivables. Through JomPAY, corporates would only need to deal with one bank to perform their collections via participating banks in Malaysia. A single format report and real time notification is provided to corporate customers for easy reconciliation at their back office.



**AmBank Group**

**Malaysian e-Payments Excellence Awards**

**(MEAA) 2017**

- 1. Outstanding Contribution to JomPAY Malaysian e-Payments Excellence Awards**
- 2. MyDebit Top Acquirer (First Place)**
- 3. Outstanding Contribution to MyDebit**

We have signed-up more than 50 JomPAY billers which include Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN), Indah Water Konsortium Sdn Bhd (IWK) and Perbadanan Islam Johor to facilitate several types of online payments such as student loan repayments, bill payments and to make waqaf contributions.

## Trade Financing and FX

Recognising that Shariah intrinsically supports trade and productive activities, we have simplified processes for Islamic trade finance products such as accepted bills-i (AB-i), outward bills purchased-i (OBP-i), credit bills negotiation-i (CBN-i), foreign currency trade financing-i (FCTF-i) and trust receipt-i (TR-i). We introduced master terms & conditions for cash management and trade finance products. Over-the-counter bank guarantee-i (BG-i) was introduced to improve the turnaround time for the procurement of BG-i by customers.



Alpha Southeast Asia awarded AmBank the Best FX Bank for Corporates & Financial Institutions for the 5th consecutive year in recognition for our ability to provide efficient and effective FX solutions and services to meet the needs of our wide-based customer segments.

## Islamic Banking

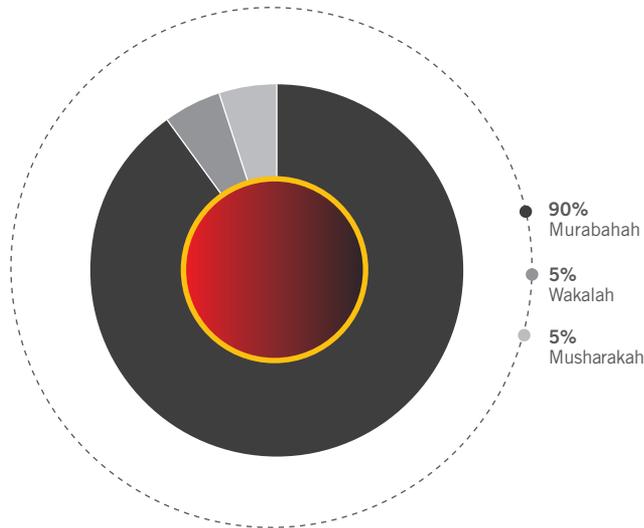
Education and awareness programmes are key to positioning Islamic banking as the ethical choice for customers. AmBank Islamic continued to conduct Islamic banking training via a systematic and targeted approach for Board members, Shariah Committee members, management and staff of the Group who are involved in Islamic banking business. A series of Islamic banking training sessions, nationwide engagements with relationship managers and Islamic banking champions of all our 175 branches were organised.

During the year, Islamic Markets has been realigned under the Capital Markets Group as a dedicated unit responsible for providing Shariah advisory services for a wide range of Shariah-compliant funding and investment solutions with strong emphasis on end-to-end Shariah-compliance for AmInvestment Bank's Islamic services and product offerings.

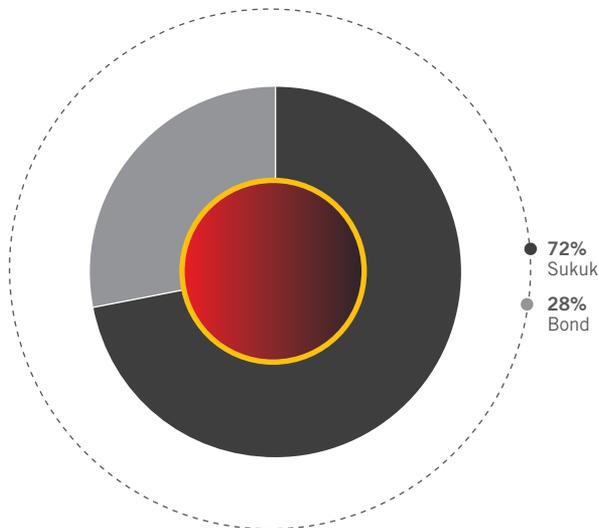
During the financial year, we continued to maintain a strong record, being the Top 3 in Bloomberg's Malaysian corporate bonds and sukuk league table. Further to which, we received Top 3 in the Lead Manager Awards (Sukuk) by RAM Ratings. We currently have a 27.5% market share for sukuk as at 31 March 2017.

For FY18, we expect the same trend to continue and sukuk issuances are expected to remain at the RM65-RM70 billion level, based on the projected issuances in the pipeline from infrastructure, project finance and construction sectors, as well as government-linked companies.

### New Sukuk Issuance 2016 by Shariah Principle



### Bond Sukuk Arranged and Managed by AmlInvestment Bank 2016



### Data Science

We have an enterprise data warehouse, relevant analytical tools and a team of data specialists to support our digital sales enablement & customer experience initiatives.

### Awards

As a manifestation to our commitment towards providing value to our customers, we obtained the following awards during the year:

- IFN Awards 2016: Regulatory Capital Deal of the Year (*Mumtaz Rakyat Sukuk Berhad*)
- IFN Awards 2016: Commodity Murabahah Deal of the Year (*Al Dzahab Assets Berhad*)
- Alpha SEA Deal & Solution Awards 2016: Best Wakalah Deal of the Year, SEA (*Lebuhraya DUKE Fasa 3 Sdn Bhd*)
- Alpha SEA Deal & Solution Awards 2016: Best Murabaha Deal of the Year, SEA (*Al Dzahab Assets Berhad*)
- The Asset Triple A Asia - Infrastructure Awards 2016: Project Finance Bank of the Year, Malaysia (*2<sup>nd</sup> Consecutive Year*)
- The Asset Triple A Asia - Infrastructure Awards 2016: Best Transport Deal of the Year, Malaysia (*2<sup>nd</sup> Consecutive Year- Penang Port - 2016 & DanaInfra - 2015*)
- Best Secondary Deal for 2016 by Alpha Southeast Asia for being Joint Principal Adviser, Joint Managing Underwriter and Joint Underwriter for Malaysia Building Society Berhad's rights issue of RM1.7 billion.
- Bloomberg Underwriter Rankings 2016:
  - Malaysia Bonds No. 3 with 17.7% market share
  - MYR Loan No. 4 with 16.4% market share
  - Lead Manager Award 2016 No. 3 - by Programme Value
  - Lead Manager Awards 2016 - Joint 1<sup>st</sup> - by Numbers of Issues
  - Lead Manager Awards X 2016 - No 3 - by Programme Value

We have also been awarded with the



Asia Money FX Poll – Best Domestic FX Providers (new category for 2016) Top 3 for:

- Best Domestic Provider of FX Services
- Best for FX Options
- Best for FX Products and Services
- Best for FX Research & Market Coverage

# RESPONSIBLE BANKING

## Training

We place significant emphasis on training in respect of our products and services, customer engagement and process enhancement to ensure that our customers are satisfied with our products and services, and also the manner in which these are delivered.

Name of Training Programme	Description of Training	Number of participants trained
Role-based Training of Retail Banking	Developed and rolled out 22 programmes	6,873 participants nationwide with 83% of the classroom based training conducted by internal trainers
Coverage Learning Pathways of Wholesale Banking	Developed and rolled out 22 programmes	1,654 participants
Islamic Banking Champion	Rolled out 8 sessions to develop champions for each retail branch nationwide	134 participants
SME Ready Branches	Rolled out group's Top 4 Aspirations to ensure branches were SME segment ready	151 employees nationwide
Multi-Channel Switch Training	Developed, managed and delivered in-house	382 employees attended and were trained in the AmBank's ATM card/debit card system
Amanah Saham Nasional Berhad (ASNB) Training	Aimed to market and promote ASNB over the counter	1,189 employees nationwide with 13 Black Belt trainers for the system are now in place
Loan Originating Process Re-engineering	Aimed at delivering improved loans processing turnaround times in order to improve the customer experience	414 employees

## Ethics, Governance and Compliance

Ethics, governance and compliance are issues of the highest importance to our stakeholders. Given that ethical conduct, good governance and fair conduct is critical to building and maintaining trust and confidence as well as delivering transparent and responsible banking services, AmBank has embarked on several on-going cultural change initiatives across the Group.

The implications of not addressing these matters, especially in terms of regulatory non-compliance, are serious and could result in AmBank facing potential adverse implications from loss of reputation, or the erosion of trust and confidence from customers. These eventualities could affect the Group's ability to conduct business.

AmBank's Board is fully committed to ensuring that the Group maintains the highest standards in corporate governance, with a view to enhancing the value and protecting the interests of all stakeholders. The Board takes cognisance on the importance of continually developing our practice and instilling best in class corporate governance practices whilst delivering sustainable performance in line with corporate objectives.

Policies are regularly reviewed to ensure that they reflect any changes in legislative requirements, and include:

- Anti-Money Laundering and Counter-Terrorism Financing Framework
- Group Compliance Framework
- Code of Ethics
- Whistle-blowing Policy
- Policy of Conflict of Interest (incorporated in the Code of Ethics)
- Compliance Policy
- Record Management Policy
- Expense Management Policy
- Trading in AmBank Shares Policy
- Occupational Safety and Health Policy Statement
- Group Compliance Framework
- Sourcing Policy
- Shariah Governance Framework and Shariah related policies

## Code of Ethics

On 19 May 2016, a refreshed Code of Ethics took effect and was launched officially Group-wide. The Code of Ethics addresses issues of confidentiality, conflicts of interest, integrity in reporting, and the fair treatment of customers. The upgrade entailed making the Code of Ethics reader-friendly and accessible to all employees in the Group. The launch was officiated by Tan Sri Azman Hashim, AmBank Group Chairman, and attended by Dato' Sulaiman Mohd Tahir, AmBank Group Chief Executive, members of the senior management team and department heads across the Group.

All Group employees are required to comply with our Code of Ethics. It comprises six guiding principles that set the standards for the way we do business at AmBank:

- C** – Compliant
- R** – Responsible
- E** – Ethical
- A** – Accurate
- T** – Trustworthy
- E** – Equitable

The Code of Ethics provides a clear direction for conducting business, interacting with community, government and business partners, and general workplace behaviour. It has been cascaded to all employees through various methods and media, such as e-learning modules and physical workshops conducted by respective senior management to their team members. This is to ensure full understanding of the Code of Ethics and for proper embedding into the work culture of all businesses within the Group.

The Code of Ethics sets standards for the way we work at AmBank. We have high expectations of the work ethics embodied in AmBank's core values of principled, proactive, appreciative, connected and evolving. The Code of Ethics is supported by a number of more detailed policies that form part of the Group's policy framework.

## Whistle-blower Protection Policy

The Group actively encourages openness, integrity and accountability. Our Whistle-blower Protection Policy (WPP) provides an avenue for employees, suppliers, business partners and customers to voice grievances and raise concerns about malpractices involving the Group without fear of repercussions. On 1 April 2016, the Group launched a revised WPP, updating a 2012 policy.

One new key feature in the revised WPP is the assigning of the Group Chief Executive Officer, Group Chief Human Resource Officer and the Group Chief Compliance Officer as the Ombudspersons who are authorised to receive information from any employee, shareholder or external party who reasonably believes he/she may have evidence of improper conduct. These Ombudspersons are responsible for ensuring protection for the whistle-blower and that appropriate actions are taken.

The WPP entails ten principles governing whistle-blower protection with the aim to:

- Promote whistle-blowing in a positive manner
- Facilitate timely escalation of improper conduct confidentially
- Protect persons making such disclosures from detrimental action
- Investigate and manage disclosed or reported improper conduct
- Establish appropriate processes to ensure consistent and timely response
- Safeguard the organisation's commercial reputation

Confidentiality of all matters raised and the identity of the whistle-blower are protected under this scope.



# RESPONSIBLE BANKING

## Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) Framework

Our Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) Policy establishes minimum standards, guiding and directing our Group-wide approach to detecting and deterring money laundering and terrorism financing activities. AmBank Group has taken several initiatives in its Group-level strategy in terms of Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) requirements.

On-going efforts in managing AML/CFT include conducting customer due diligence via tracking with enhanced monitoring scenarios for specific transaction typology, exploring a tailored review process for higher risk customer segments as well as establishing a more robust AML Programme.

DURING FY17, THERE WERE 23 AML RELATED INTERNAL AND E-TRAINING PROGRAMMES CONDUCTED, INVOLVING 4,168 PARTICIPANTS ACROSS THE GROUP.

Such transaction monitoring enables us to identify and respond to any potential money laundering or terrorism financing event. In ensuring adequacy in the incorporation of the Framework, staff records on AML/CFT training and employees' awareness of compliance matters are monitored.

## Trading in AmBank Shares Policy

The Group has in place a Trading in AmBank Shares Policy which sets out the responsibilities and trading procedures for directors and designated employees of the Group when trading in the Company's shares.

Directors and designated employees of the Group who have access to price-sensitive information relating to the Company's shares must not trade in the Company's shares until such time the information is publicly available.

Directors and designated employees of the Group who do not have access to price-sensitive information can deal in the Company's shares provided that the procedures set out in the Listing Requirements of Bursa Malaysia are adhered to. Notices on the closed period for trading in the Company's share are sent to the directors, principal officers and designated employees of the Group on a quarterly basis by the Group Company Secretary.

## Group Compliance Policy and Framework

AmBank Group has a Compliance Policy in place that sets out roles and responsibilities of the Board, senior management, business units, group shared services, Group Compliance and Group Internal Audit within the Group's Compliance Framework. Their role is to oversee the management of compliance risk with the aim of promoting the safety and security of the Group by minimising financial, reputational and operational risks arising from legal and regulatory non-compliance.

The senior management team is responsible for communicating the Group Compliance Framework to all AmBank Group employees and ensuring that appropriate remedial or disciplinary actions are taken for any non-compliance.

Across the Group, 21 remediation projects were identified, spanning across governance, process, compliance culture and technology. These key projects were initiated to address root cause and to formulate remedial actions.

Our measures included:

- Revision of manuals in transaction monitoring processes.
- Development and deployment of guides on the investigation approach to detecting early warnings, the escalation process and reporting.

Group Compliance is responsible for providing oversight on the dissemination of regulations and ensuring the implementation of regulatory requirements under the First Line of Defence in risk management and internal control. The effectiveness of implementation is assessed through risk-based review and testing.

In discharging its responsibilities, Group Compliance must give greater focus to areas where compliance risk is assessed to be high while preserving appropriate coverage of all compliance risks identified.

The operation of the Group Compliance Framework is supplemented via the issuance of Guidance Notes by Group Compliance:

- Group Risk Appetite Framework (GRAF)
- Management of New Regulations Guidance Note
- Compliance Monitoring & Reporting Guide
- Compliance Assessment Methodology Guide

## Group Risk Appetite Framework (GRAF)

AmBank Group has embedded a Group Risk Appetite Framework (GRAF) for Board controls on regulatory compliance. The objectives of GRAF are as follows:

- To manage regulatory compliance risk by setting a positive compliance culture and ensuring that the letter and spirit of regulatory requirements, applicable laws, rules and standards in the respective jurisdictions are complied with.
- To manage Shariah risk by ensuring operations, business, affairs and activities are in compliance with the rulings of Bank Negara Malaysia (BNM)'s Shariah Advisory Council (SAC) and AmBank Islamic's Shariah Committee.

The Board will be informed about reports pertaining to regulatory compliance as there will be zero tolerance towards non-compliance and breach of regulatory and statutory requirements.

Under the Compliance Assessment Methodology Guide, compliance assessments are carried out by the Compliance Assessment team under Group Compliance, in order to provide senior management and business with a degree of assurance that compliance risks are assessed and managed effectively and efficiently. Group Compliance conducts the following compliance assessments:

- Department Compliance Assessment – a routine compliance assessment to measure the department's adherence to applicable regulations.
- Thematic Assessment – conducted to assess a current or emerging risk relating to a theme and issue across a number of departments/units within the Group.

## Guidance and Training

Group Compliance is responsible for ensuring adequate training is provided to AmBank Group employees. Group-wide policies are regularly reviewed to ensure that adequate internal training programmes are in place to support relevant legal and regulatory requirements governing AmBank Group's activities. Guidance is provided on the implementation of internal controls to manage compliance risk. AmBank Group provides compliance training and awareness programmes to all staff through:

- Baseline training, which is mandatory via annual e-learning for all staff
- A compliance driven Train-the-Trainer programme
- Business driven training programmes where the training materials are subject to review and approval by Group Compliance

DURING FY17, THERE WERE 6,713 PARTICIPANTS FROM VARIOUS EMPLOYEE CATEGORIES WHO ATTENDED COMPLIANCE PROGRAMMES AND A TOTAL OF 29,148 TRAINING HOURS WERE LOGGED.

## Shariah Compliance

With regard to Shariah compliance, AmBank Islamic must comply with the rulings of BNM's SAC and AmBank Islamic's Shariah Committee.

AmBank Islamic's Shariah control function structure is guided by BNM's Shariah Governance Framework (SGF) which encompasses the following organs in safeguarding Shariah requirements:

- Board of Directors
- Shariah Committee
- Shariah Research
- Shariah Risk Management
- Shariah Review
- Shariah Audit

We have also put in place policies to govern the conduct of our business in ensuring Shariah compliance which include:

- Shariah Governance Policy
- Shariah Policy on Eligibility Criteria of Underlying Assets for Islamic Financing
- Shariah Policy on Purification of Shariah Non-Compliant Income

We have aligned the focus of our Shariah Review and Shariah Audit functions to the areas that have been identified by our Shariah Risk Management to have significant risk of Shariah Non-Compliance (SNC). Pursuant thereto, AmBank has enhanced controls to mitigate against potential SNC incidents, including improvements to documentation and process flows, as well as manuals and guides. For FY17, no SNC incidents were recorded by AmBank Islamic.

AmBank will continuously review the effectiveness of the SGF, and ensure that our Islamic banking business complies with Shariah requirements.

# RESPONSIBLE BANKING

## Data Security, IT Infrastructure and Digital Transformation

AmBank Group is always looking at innovative ways to grow our business in a sustainable manner. Doing so requires agility in delivering IT and Operations to support the needs of the business. In line with our Top 4 Strategy, we are focusing our efforts on enhancing the Group's performance via digitalisation and improvement of our existing IT infrastructure. We have also combined Group Information Systems, Group Operations and Digital Banking into one division for efficiency and speed to market.

### Digital Transformation

Digitalisation is recognised as the future, especially in today's technology driven financial services industry.

While AmBank Group has a broader digital agenda, our focus for FY17 was to respond to immediate consumer needs for more efficient online banking.

#### New Mobile Banking Platform

We have invested RM59 million on a highly flexible and agile digital mobile banking platform. We will be launching the first release of our mobile roadmap encompassing convenient and empowered banking to all our customers soon.

Our new mobile banking platform, Mobile First, is designed and anchored on three key principles, which are simple, fast and secure. The objectives are to:

- Appeal to consumers, cutting across all segments
- Differentiate from existing online banking experiences
- Break through clutter by providing an ergonomic and easy to navigate user experience with well organised and personalised personal finance insights

The initial launch in the second half of 2017 will include online fund transfers and bill payments. The platform will continue to add new and improved features that are relevant to customers on mobile. This is planned in our 24 month implementation roadmap for mobile banking.

#### Data Analytics

To facilitate the on-going digital transformation, we are investing in data analytics. Advanced analytics and 'Big Data' are allowing banks to drive their customers' journey by further increasing loyalty, revenue and profitability. With this in mind, we embarked on a first of its kind Big Data analytics POC (Proof of Concept) to gain new insights from our customer data. The journey into Data Analytics will continue in-house to build future capability.

To push AmBank Group into the next age of digitalisation, we will look into real time analytics to allow us to better cross sell and upsell our products and services to our customers. If digital is the engine, then data is the fuel.

## Re-imagining Customer Experience

With emerging technologies like Open Authorisation and Application Programme Interface (API) gateways, a whole range of possibilities have opened up for re-imagining customer experience. These enablers can be seamlessly embedded in the customer's ecosystem. One of the first initiatives we launched to extend banking in this manner is an API that allows our car distributor partners to originate car financing right at the point of sale.

Realising this potential, we have instituted a strategic bank-as-a-service programme. We are committed to creating greater convenience and lifestyle integration by securely extending access to customer information and the ability to originate financial transactions digitally based on consent from the customer to trusted partners and fintechs.

We are also actively participating in BNM's Financial Technology Initiatives by Financial Institutions where we are a working group member alongside other banks in Malaysia.

## Data Security and IT Infrastructure

Our Private Cloud Capability has empowered AmBank Group to modernise its IT infrastructure from one that was an amalgamation of legacy systems that were costly, complex and difficult to maintain, to a software-defined data centre that is highly efficient, agile and responsive to business needs. To date, 60% of AmBank Group's current infrastructure needs are on this platform.

As a result, the Group has been able to accelerate delivery of digital banking services, as part of its efforts to stay at the forefront of digital innovation. Through automation and centralised management of AmBank Group's virtual infrastructure, the Group's IT function is now able to operate with fewer support staff as a result of automated provisioning and deployment capability. Technology has enabled our IT administrators to be more productive – they can troubleshoot issues faster, spend less time in the data centres and focus more on critical issues.

Keeping critical systems up and running is imperative for financial institutions. AmBank Group is now able to trigger recovery across data centres without the need for IT administrators to manually kick start the Data Recovery (DR) process, resulting in less human error and enhanced recovery. Virtualisation has enabled AmBank Group to achieve business continuity and reduce its Recovery Time Objective (RTO). In addition, it has enabled full visibility of its DR capabilities to auditors, paving the way for a smoother auditing process.

The move to a virtual infrastructure with a smaller hardware footprint has helped AmBank Group reduce its utility costs as well. Costs have reduced to a third, partly through the elimination of inefficient services and the use of advanced IT components.

Over the past year, the Group has strengthened its network infrastructure with the implementation of the multi-tiered and multi-zoned network architecture in its Tier-3 Disaster Recovery Data Centre to make it equivalent to the production data centre. The Group has continued to strengthen protection of its information assets with further implementation of multi-factor authentication for its applications and full disk encryption of all PCs in addition to the encryption of laptops and tape media which are already in place.

With an increased focus on cyber security in the IT sector, the Group engaged an independent party to perform a Cyber Security Maturity Assessment and the results of the assessment will be in our IT security programme to ensure the Group is well positioned to address new and developing threats. AmBank Group has also operationalised the First Line of Defence and Second Line of Defence operating structure which directly supports the IT risk management framework in monitoring and managing risks of critical information systems.

THE GROUP HAS CONTINUED TO MAINTAIN ITS ISO 27001:2013 CERTIFICATION AND RECORDED NO NON-CONFORMITIES IN A CERTIFICATION AUDIT CONDUCTED IN APRIL 2017. ALL ASSESSMENTS WERE CONDUCTED AGAINST THE NIST (US NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY) FRAMEWORK, WHICH IS ONE OF THE MOST ROBUST FRAMEWORKS AVAILABLE

## Financial Inclusion and Responsible Lending

Responsible lending plays a significant part in the Group's business sustainability strategy. We understand the need to lend responsibly as the consequences of not doing so could pose significant risks to not only the borrower concerned, but also to the Group and society. We adhere to BNM's Responsible Financing guidelines to ensure effective contributions and benefit to the economy as a whole.

## Small and Medium-Sized Enterprises (SMEs)

SMEs constitute a large part of the Malaysian economy and serve as a major source of employment. Driving our Top 4 Strategy, the SME segment is one of the key growth areas for AmBank. It is also in line with the government's strategic initiative to encourage the growth of the SMEs.

### Business Banking

Business Banking is a new line of business of AmBank which was established in April 2017. The function of our Business Banking is to provide conventional and Islamic banking solutions to Commercial and SME customers. In addition to discretionary lending, our Business Banking has set-up an enterprise banking lending programme (EBLP). The EBLP handbook would be revised to incorporate environmental and social considerations.

### SME Ready Branches

In line with our focus on growing our SME business, we have made all our 175 branches 'SME ready' with 35 dedicated SME relationship managers and 140 clustered relationship managers. We have also created customised product bundles. There has been positive growth in our Retail SME business where we have achieved higher loan/financing disbursement from less than RM10 million per month in the beginning of the financial year to more than RM60 million per month in early 2017.

### Portfolio Guarantee Scheme

AmBank and Credit Guarantee Corporation Malaysia Berhad (CGC) have entered into portfolio guarantee (PG) agreements totalling RM950 million so that qualified SMEs that lack collateral could receive loan/financing from AmBank. Since the SME segment is one of our key growth areas, the tie up with CGC is timely for AmBank to increase our market share and contribute to economic growth in Malaysia.

The PG Scheme has proven to be a success, not only in serving our business partners' needs, but also for the high approval rates for SMEs. The high approval rates were also contributed by efficiencies in process flow and our online application submission capabilities.

### Shariah SME Financing Scheme

For Islamic financing facilities, eligible SMEs could receive a 2% profit expense rebate from SME Corporation under the Shariah SME Financing Scheme, under which the Government has given an allocation of up to RM1 billion until 31 December 2017.

# RESPONSIBLE BANKING

## Financing Packages

We launched two financing packages, AmBank BizSolutions Kontrak and an enhancement of an existing financing package, AmBank BizSolutions 2Trad3 which offers financing products and solutions tailored for Commercial and SME customers.

- **AmBank BizSolutions Kontrak** offers contract financing facilities which are specifically tailored for a project or contract. The finance package varies in accordance to the type of project, such as construction, supply and services.
- Enhanced **AmBank BizSolutions 2Trad3** extends necessary financial assistance to fund import and export transactions for auto parts and food industries respectively. The auto parts import industry has over 500 industry members with more than RM1 billion in sales comprising local and import trade. The local food export industry is expected to grow as the world is projected to require 50% more food and energy by 2030.

## Award

As a manifestation to our commitment towards the development of SMEs, AmBank was awarded the 'Preferred Bank for Star Outstanding Business Awards (SOBA) 2016 SME businesses'.

## Affordable Home Financing

The 11th Malaysia Plan continues to give priority to the provision of adequate and quality affordable housing for Malaysians due to the rising demand for affordable housing arising from socioeconomic changes, urbanisation and evolving demography.

### Johor Affordable Home Financing Scheme

Realising that one of the areas which is under served is the provision of financing for affordable homes, AmBank Islamic and the State Government of Johor in September 2016 launched the Johor Affordable Homes Financing Scheme to assist qualified applicants from Johor to acquire homes. We have earmarked RM300 million for this scheme.

The Johor Affordable Home Financing Scheme was designed to assist home purchasers who actually qualify to secure financing, but are not approved by financial institutions because lower category of affordable homes may not be within the financial institutions' target market.

### Perbadanan PR1MA Malaysia

In partnership with *Perbadanan PR1MA Malaysia's* special end financing scheme named *Skim Pembiayaan Fleksibel*, AmBank has embarked on an end-financing scheme, in collaboration with BNM, Employees Provident Fund Board and three other local banks. This end-financing scheme is aimed at providing eligible buyers with monthly home loan instalments that are at affordable levels.

## Islamic Finance

For our Islamic banking business, Shariah has outlined the activities which are prohibited. To this end, we will continuously review exposure to Shariah non-compliant activities as and when necessary. The Shariah non-compliant activities or Shariah negative list elements are as follows:

- Financial services business based on usury (interest), conventional insurance or any kind of contracts which are not allowed under Shariah principles
- Business activities which are deemed as Shariah non-compliant activities such as gambling, gaming and immoral activities
- Shariah non-compliant entertainment
- The manufacture, supply or sale of non-halal products such as alcoholic drinks, pork and any non-halal ingredients
- The manufacture, supply or sale of tobacco, tobacco-related products and vape
- Selling or promoting usury-based products, conventional insurance or any kind of services deemed as non-Shariah compliant
- Stockbroking or share trading for Shariah non-compliant securities
- Any kind of business which is classified as Shariah non-compliant by BNM's SAC or Securities Commission Malaysia (SC)

We have also put in place policies and guides to govern the conduct of our business in ensuring that we uphold to Shariah principles which include:

- Shariah Guides on Nonpermissible Items for Financing Facilities
- Shariah Policy on Financing for Business with Mixed Business Activities

## Responsible Sourcing and Procurement

Sourcing is increasingly recognised as an important aspect of corporate responsibility. The utilisation of third party services to carry out selected operations has allowed us to save costs, especially in highly operational processes, and also see increases in efficiency. By responsibly sourcing the materials needed to operate our facilities, we can also minimise our environmental impact on the wider global footprint.

Aligned with our Sourcing Policy, we seek to promote responsible and inclusive procurement practices and apply standards of integrity and good practice in managing related social and ethical impacts through our supply chain. With increasing interest from stakeholders, sustainability in supply chain will be embedded more rigorously into our operations going forward.

Our procurement spending encompasses mainly IT and professional services, as well as facilities and maintenance.

## Sourcing Policy

The principles of responsible sourcing and procurement practices are sustained and guided by AmBank Group's Sourcing Policy. The objectives of this Sourcing Policy are:

- To set appropriate governance and accountability delegation for sourcing implementation
- To determine appropriate and comprehensive processes, including documentation requirements, to manage outsourcing arrangements
- To outline the role and responsibilities of respective personnel
- To ensure the existence of a process to adequately gauge the impact and prepare continuity planning on externalities arising from the outsourcing activity

Our Sourcing Policy adheres strictly to BNM Guidelines and the SC Licensing Handbook. We have due diligence practices in place to ensure suppliers satisfy relevant laws and regulatory requirements and are able to prove adherence to applicable laws and policies, including:

- BNM Guidelines on Outsourcing of Banking Operations and Islamic Banking Operations
- BNM Guidelines on Outsourcing for Insurers
- BNM Guidelines on Management of IT Environment
- SC's Licensing Handbook on Outsourcing Arrangement by Capital Markets Services License Holders

## Strategic Sourcing

Under the Sourcing Policy, we have a strategic sourcing function that is headed by the Group Strategic Sourcing Management Committee. Our strategic sourcing function has a structured and systematic policy and procedure to ensure responsible sourcing, which aims to deliver sustainable cost savings. The function engages in consultancy on all sourcing activities across the Group.

We carry out several processes such as vendor evaluation and selection and risk impact assessments before outsourcing. The risk impact assessment criteria for classification of outsourcing are sustainability-related, and outline our minimum requirements for suppliers in relation to customer satisfaction and reputation, ethical business practices and regulatory requirements. A permanent Outsourcing Working Committee is established for each outsourced process to manage all post implementation operational matters as continuous monitoring.

We carry out yearly audits and visits to the offices, factories and warehouses of our suppliers to assess the various aspects of their business practices, in order to meet the BNM requirements pertaining to outsourcing.

To achieve AmBank Group's Top 4 strategy, we have plans to drive better efficiency in vendor management.

## Responsible Marketing, Product and Service Design

Responsible marketing and product & service design is an important matter because it underpins customer trust and confidence towards AmBank Group's products and services.

### Product and Service Governance

Responsible marketing enhances the reputation of AmBank Group and prevents adverse financial consequences. As such we place great emphasis in communicating and conveying clear and concise product information to our customers. We engage our employees and customers when there are changes that impact them, through feedback channels and open communication.

We have a rigorous framework in place for branding, advertising and integrated marketing in order to develop and manage AmBank Group's overall branding and advertising initiatives. This supports our brand and product awareness, including corporate branding, product campaigns and promotion support.

In order to develop our marketing and communication programmes, we have a Campaign Marketing Review Checklist which entails a systematic approval and evaluation process reviewed by the relevant parties and endorsed by the project owner, product owner and Group Compliance, as required.

The marketing of our products and services must comply to various guidelines, including:

- BNM Guidelines on Product Transparency and Disclosure
- AmBank Shariah Guidelines on Marketing and Promotional Materials

The development of our products and services adopt a governance process to ensure compliance with regulatory guidelines and ethical conduct, and uphold our brand values. We adopt an integrated approach which considers the EES impacts of our products and services. This is operationalised through strict internal product approval and evaluation process for new products and services, and existing product and service enhancements.

# RESPONSIBLE BANKING

## Islamic Products & Services

AmBank is committed in ensuring that the Islamic banking products and services offered comply with Shariah requirements and meet customer needs.

AmBank Islamic conducted an exercise to migrate a number of its products to the Shariah principle of *Tawarruq*. The products which have migrated to adopt the *Tawarruq* principle included Cash Line-i, Home or Property Financing-i and Term Financing-i secured by Amanah Saham Bumiputera (ASB).

The design of our Islamic products and services must comply with various guidelines, including:

- *Shariah Guides on Bai' inah/BBA Based Products*
- *Shariah Guides on Murabahah*

Apart from that, AmBank Islamic has reviewed its existing products to ensure compliance with new policy documents issued by BNM such as:

- *Wakalah* (agency)
- *Kafalah* (guarantee)
- *Hibah* (gift)
- *Qard* (benevolent loan)
- *Wadi'ah* (safe-keeping)
- *Ijarah* (lease)
- *Wa'd* (undertaking)

Over the medium term, AmBank Islamic aspires to introduce differentiated Islamic banking products which are underpinned by the distinct features of Shariah principles. To this end, AmBank Islamic will embark on financial research and development (R&D) to drive product diversification beyond the current banking products being offered by both conventional and Islamic banks. This could enhance AmBank Islamic's competitive advantage and prominence, and contribute towards the development of the industry and betterment of society. Major challenges such as market awareness, and whether the existing regulatory framework and enablers are equipped for the introduction of such differentiated banking products, would need to be overcome.

## Social Media

We have a Social Media Guideline to ensure that the product and service information conveyed to customers via social media is conveyed in a clear and concise manner in order to provide relevant information to the customers and avoid potential reputational risks to the organisation.

Official social media sites, accounts and facilities of AmBank Group are managed in accordance with the Group's Social Media Brand Voice under the joint custodianship of Group Corporate Communications & Marketing and the relevant business units or department. We have a systematic framework in place to create a social media facility and update on social media updates.

We have a Social Media Management and Corporate Website Management group to plan, drive, initiate and manage branding and advertising strategies and communications, including digital-led initiatives and communications across the Group.

The objective is to provide guidance to all AmBank Group employees about making appropriate decisions on the use of social media. The information to be shared is in accordance with the requirements of Information Classification and Handling Guidelines.

It is important to manage social media proactively as AmBank Group engages actively with employees and customers through various social media such as:

- Social networking sites (e.g. Facebook, Myspace, LinkedIn, Bebo, Yammer)
- Micro-blogging (e.g. Twitter)
- Video and photo sharing websites (e.g. Flickr, YouTube, Instagram)
- Blogs, including corporate blogs, personal blogs or blogs hosted by external media outlets (e.g. Blogspot, Wordpress, comments section of a blog site)
- Wikis and online collaborations (e.g. Wikipedia, Dropbox, Google Docs)
- Forums, discussion boards and groups (e.g. Lowyat.NET, Cari.com.my)
- Geo-spatial tagging (e.g. Foursquare)
- Chat messaging applications (e.g. Whatsapp, Line, WeChat, Short Messaging Services)
- Other emerging electronic and/or digital communication applications.

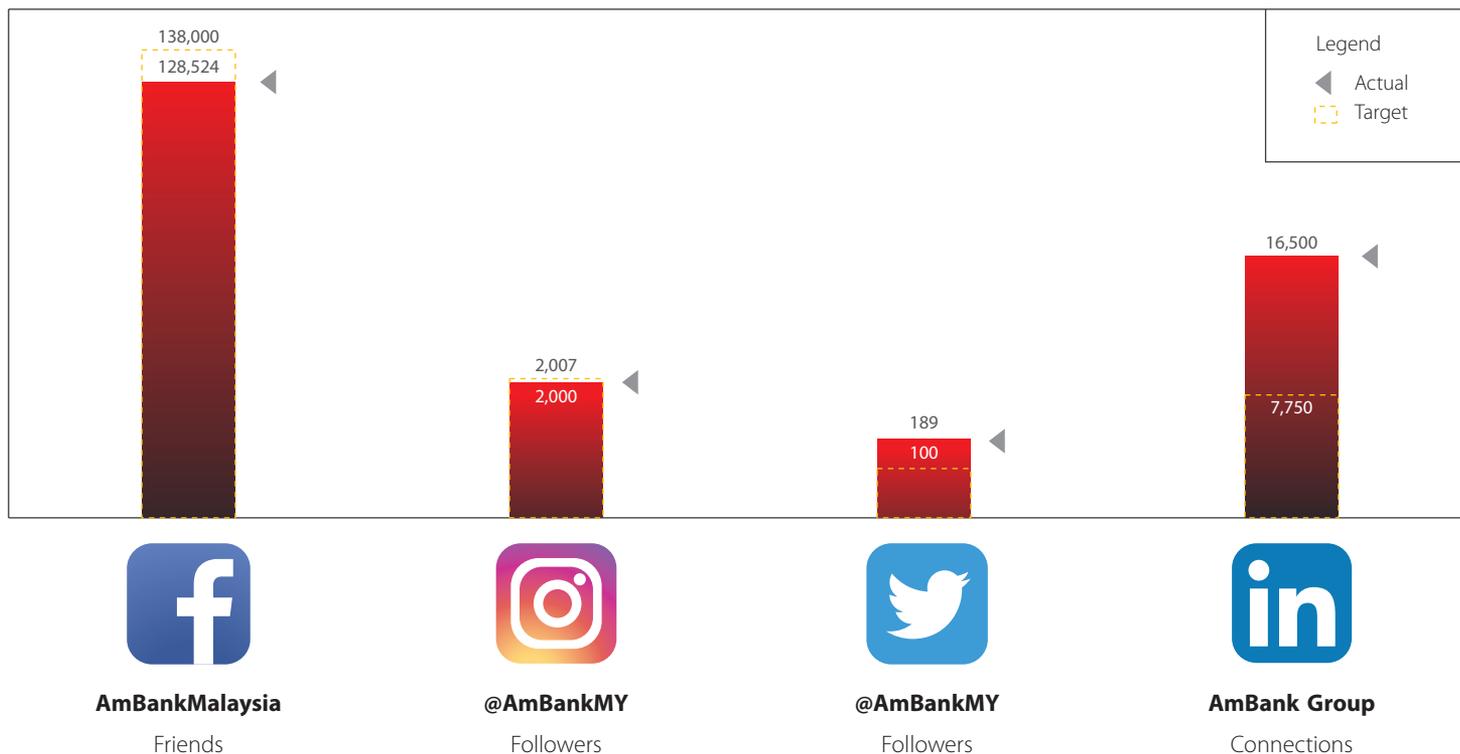
## Corporate Website Management

We have a Corporate Website Management Framework in place to provide business users with a single clear approval process for information published on the corporate website as well as to identify the parties who are responsible at each stage of the process to help ensure information is properly maintained and updated efficiently.

This entails a systematic approach to update corporate website content, to request a corporate webpage homepage banner, to request a corporate website announcement update, and to request ad-hoc corporate website updates. Highlights of social media activities in FY17 are in the table below.

Date	Type of event	Remarks
Social Media Updates		
Apr 2016	UKEC–Graduan’s Malaysian Fair in London	–
July 2016	Perodua Bezza motorcade LIVE coverage including video	Featuring GCEO, garnered 8.9k views, 106 shares
Dec 2016	Card’s JFL launch event coverage and a Live video	Featuring GCEO and senior management, garnered over 1.3k views and 5 shares
Feb 2017	AmInvestment Bank: IFN Awards @ Mandarin Oriental	–
GCCM (Initiatives, Projects, including Digital)		
July 2016	Star Outstanding Business Awards first–leg awareness workshop in Georgetown	–
Official AmBank Twitter Content & Customer Management		
Handled 85 customer cases on Twitter’s Messages Posted 229 tweets on events and promotions		
Social videos		
Dec 2016	Christmas Greeting video featuring Chairman and GCEO	garnered 646 views, 5 shares
Feb 2017	Chinese New Year Greeting video featuring Chairman, GCEO and other Senior Management	garnered 230k views, 670 shares

### Social Media Channels Growth in FY17 (number of followers and friends)





# EMPLOYER OF CHOICE

**WE RECOGNISE THE NEED TO MAINTAIN AN ENGAGING AND INCLUSIVE WORKPLACE THAT LETS PEOPLE ACHIEVE THEIR ASPIRATIONS**

With AmBank's transformation plans underway, the way we work, the skills and behaviours required to perform our tasks, and even the structure of our organisation is transforming.

We recognise the need to maintain an engaging and inclusive workplace that lets people achieve their aspirations, as well as allowing for the development of our employee capabilities to respond to the challenges posed by digitalisation, new service offering and ever-improving customer service.

Employer of Choice covers information pertaining to:

- *Conducive and Inclusive Workplace*
- *Human Capital Development*

## **Conducive and Inclusive Workplace**

Employees are key assets to AmBank Group and we work to ensure we provide a work environment in which our people are valued, are able to develop their skills and talents, and are ready to take on new challenges.

## **Workplace Diversity**

To meet the needs of our customers and to compete effectively, we need a workforce that reflects the diversity of the communities in which we operate.

In terms of gender balance, five of the eleven people on our management board are women, and the majority of our employees are women. Diversity in AmBank Group encompasses gender, culture, family and relationship status, sexual orientation, socio-economic background, disability, age and religion. There are 10 employees with disabilities working at AmBank Group.

We celebrated International Women's Day on 8 March 2017. Staff were encouraged to dress in the colour purple in support of the women of the world. Photo booths were set up in the foyers of Bangunan AmBank Group and Menara AmBank in Kuala Lumpur.

Employee Breakdown by Gender as at 31 March 2017	Male	Female	Total
Management Board	6	5	11
Senior Management	151	88	239
Middle Management	585	520	1,105
Junior Management	2,654	4,507	7,161
Non-Executives	713	1,443	2,156
Total	4,109	6,563	10,672

Employee Breakdown by Age as at 31 March 2017	Less than 30	30 to 39	40 to 49	50 and above	Total
Management Board	0	0	5	6	11
Senior Management	0	18	120	101	239
Middle Management	10	322	491	282	1,105
Junior Management	1,436	2,816	2,147	762	7,161
Non-Executives	372	847	778	159	2,156
Total	1,818	4,003	3,541	1,310	10,672

## Rewards and Recognition

The Group has in place various policies to ensure that our employees receive competitive remuneration and enjoy appropriate benefits. We provide our employees with medical insurance/takaful coverage, retirement benefits, and interest free festive loans, as well as loan/financing schemes for home and vehicle purchase. In addition to annual leave entitlement, special leave of up to five working days per annum may be granted in circumstances such as the death of an immediate family member, or natural disasters.

AmBank continues to emphasise the importance of recognising employees' contributions. An independent yearly review of the Group's Total Reward Philosophy against the financial services industry is carried out to ensure our competitiveness and alignment with industry practices. Reward practices are reviewed to ensure greater adherence to a differentiated variable pay approach, based on performance, and the adoption of variable pay and performance linked incentives.

## Employee Engagement

Several initiatives are in place to sustain a workplace that is vibrant and exciting, and where employees' views are encouraged and always appreciated. The Group continued the publication of Scoop!, a quarterly human resources newsletter launched last year. Through this one-stop publication, employees are kept informed of all the activities and people initiatives across the Group, as well as leadership and people management insights.

AmBank's intranet, Connected, helps disseminate and archive information, conduct our pulse surveys, and support human resources, through employee and manager self-service functionality.

Employee engagement sessions involved town halls with the Chairman and Group Chief Executive Officer (GCEO), lunches with the GCEO, senior management town halls, skip level interviews and stay interviews.

A pulse survey was conducted with the Group's employees during the last quarter of 2016. Results showed that:

- 91% of respondents understood and were confident in achieving the Group's strategy
- 96% were excited and willing to take on new challenges and tasks
- 98% understood the need to change to stay relevant
- 88% were confident in their colleagues/supervisors in achieving the strategy
- 96% felt AmBank's leadership will steer us to success

# EMPLOYER OF CHOICE

AmBank Group won the HR Asia Best Company to Work For In Malaysia Award 2016. We are encouraged by this outcome based on HR Asia's independent survey gathering of employee inputs to gauge their levels of energy and engagement. This strengthens our resolve to continue our endeavours to make AmBank Group a Top 4 employer in Malaysia by 2020.

In the future, we will work on further developing the Group's value proposition to employees and support the various needs and priorities of the workforce in view of changing demographic trends, work and family issues, health and pension patterns, adjustments to the economy, and the plight of low wage earners.

We will also maintain employee engagement activities and programmes around personal mindfulness, social interactions and wellness, with the focus of ensuring sustainability and community building capability.

## Group Culture and Transformation

In light of the challenges posed by AmBank's on-going transformation, we embarked in FY17 on a Group-wide culture programme to empower and encourage the necessary conditions for individual and team ownership of high performance. We have also initiated several human resources initiatives aimed at aligning organisational and people goals, as well as ensuring consistency between organisation structures and reporting lines for greater clarity and accountability.

This year, the workforce alignment is as follows:

Subsidiaries	Number of employees	Percentage of employees (%)
AmBank	8,527	79
AmInvestment	784	7
AmGeneral	1556	14

The ratio of employees involved in sales to non-sales is 34% to 66%. The current talent pool in the Group is 10% of population.

## Induction

A new 30 day on-boarding process for new hires has been implemented across the Group. The process requires new hires to attend an HR Orientation session on the first day of work, followed by a Department Walkthrough led by the Manager in their respective work areas. In addition, within the first month, new hires are expected to attend the Group Induction Programme.

The Group Induction Programme provides opportunities for new hires to connect and network with colleagues from different departments and business units. 756 new hires completed the Group Induction Programme during FY17. For continuous programme improvement purposes, feedback via a survey is also obtained.

There is also an initiative driven by Group HR and assisted by the Sports Club to conduct sports activities for new joiners to boost morale.

Similarly, for new C-Suites, a structured on-boarding programme was designed and carried out recently. This induction programme was presented by various Heads of Departments covering topics such as an overview of AmBank's businesses, group strategy and transformation initiatives, risk, audit, compliance and governance framework.

We also designed an induction programme for newly appointed Board Directors. The programme outlines the line of businesses, group strategy and transformation initiatives, people initiatives, risk, audit, compliance and governance framework. The session is led by the GCEO, with presentations made by various Heads of Departments. 12 new Directors across the Group attended the programme during FY17.

The Senior Management Team met for a two-day Senior Management Meeting in Putrajaya in February 2017. Our GCEO led his team to review the Group's Top 4 Strategy and financial results as well as our transformation plans thus far.

Working outdoors, team learning activities cultivated and cemented new relationships, a key ingredient to building our corporate value of collaboration across the Group. Individually, there was time for reflection and to get ready for the new financial year ahead.

Related to this, efforts were placed on developing and aligning key performance indicators to drive performance with a view to increase collaboration between business units.

A Group-wide project is underway to review, develop and deploy plans to strengthen compliance practices in this key area of people and culture.

## Safety and Health

Healthy employees are happy employees and will have more rewarding lives both inside and outside the office. AmBank places a great emphasis on occupational safety and health (OSH) and endeavours to ensure the safety, health and welfare of all our employees throughout the Group.

The AmBank OSH Management System is guided by the Group OSH Manual and Procedure and AmBank Group OSH Policy which are in compliance with the Occupational Safety and Health Act 1994, Factories and Machinery Act 1967, Fire Services Act and other relevant acts, regulations and statutory requirements. The safety and health management system of AmBank consists of 4 major components which are Plan, Do, Check and Act.

AmBank Group OSH Committee is committed to continuously improve the Group's safety culture. Under the Group OSH Committee, there are two sub-committees comprising the Building OSH Committees and the Regional OSH Committees. The Building OSH Committees oversee the OSH aspects of the 10 buildings in Selangor and Kuala Lumpur while the Regional OSH Committees oversee the OSH aspects of the 39 buildings across the country.

Each of the committees has identified risks and implemented controls to minimise risk. Measurable objectives and targets are set through strategic and operational health and safety plans across all divisions. We also have a division OSH audit which involves yearly inspections at all AmBank buildings across Malaysia.

We have established the OSH Communication Plan to ensure all employees are aware of safety and health development in the Group. While we are active in conveying safety knowledge and work hazards, we actively seek feedback from the employees regularly pertaining to issues on health and safety.

### Safety and Health Training

We have provided several health and safety training programmes in FY17 in order to maintain the Group's safety culture. OSH e-learning is one of our core initiatives in promoting OSH group wide. The topics covered in the e-learning module include potential hazards identification and the incident report mechanism in the event of emergency.

It is our target that 100% of AmBank employees shall complete the OSH e-learning modules. As of FY2017, we have achieved 98.95% completion rate since the official launch in February 2015.

In FY17, we have invested approximately RM150,000 in conducting health and safety related training programmes as shown below:

No.	Type of Training	No. of participants	Remarks
1	Contractor Safety Training	30	–
2	OSH Secretary Roles & Responsibility	66	2 sessions
3	First Aid & CPR Training – Regional	61	10 sessions
4	OSH Committee Training	28	2 days
5	Defensive Riding	24	Held at Headquarters

Occupational safety and health indicators	FY15	FY16	FY17
Accident with fatality	0	0	0
Accident with lost workdays	8	14	18
Total workdays lost	101	447	872.5
Accident without lost workdays	0	0	0
Total no. of accidents	8	14	18
Fatality rate	0	0	0
Lost Time Injury Frequency rate (LTIFR)	0.27	0.45	0.64
Lost Time Injury Incident rate (LTIIR)	0.68	1.22	1.6
No. of safety and health training programmes	3	4	5
No. of employees trained on safety and health	162	418	409

Note: The reporting year is from January 2016 to December 2016.

Much of the increase in workdays lost is due to an increased focus on monitoring and recording accidents in the work place. Moving forward, we have plans to carry out Emergency Response Training (ERT) and OSH induction to further increase awareness on OSH. We also have plans for OSH awards in recognition of the good practices pertaining to OSH.

### Wellness Programme

Our employee's psychological health is supported through our stress management training. Last year, we invested about RM240,000 on wellness programmes promoting healthier lifestyles.

Moving forward, we have plans to carry out Emergency Response Training (ERT) and OSH induction to further increase awareness on OSH. We also have plans for OSH awards in recognition of the good practices pertaining to OSH.

# EMPLOYER OF CHOICE

## Human Capital Development

Recruiting and developing our future workforce is key to achieving the Group's Top 4 aspiration to be a Top 4 employer in Malaysia. Attracting and retaining talented individuals and meeting our employees' aspirations supports the development of new products and services, the exploration of new business segments and the transformation of our organisation.

### Talent Attraction

Various policies support our recruitment, learning and development initiatives, and these include the Recruitment Policy and the Professional Membership Policy.

Increased presence and visibility in social media has generated desirable outcomes for our employer brand, particularly in providing easier access to careers and gathering employment insights into our Group. In particular, our LinkedIn followers increased four-fold, from 4,000 to 17,000 within FY17. This culminated in AmBank Group receiving the Employer Branding Award 2016 by the World HR Congress.

AmBank Group is continuously striving to recruit new talent. We participated in 14 external career fairs in the financial year, ranging from campus fairs and notable public events to significant overseas recruitment drives. Our brand tagline 'Fly High with AmBank' earned us much attention and interest.

In November 2016, our inaugural internal career fair, Career Bazaar, brought together career information and opportunities from across the Group under one roof. Over 200 employees visited the career booths manned by employees from business units and group functions, who marketed their respective careers paths. A total of 829 job applications were lodged, providing a ready pool of resources to select and deploy within the Group. This reflects our employee value proposition of growing across AmBank Group.

### Talent Retention and Leadership Development

To develop and retain talent and leadership with the ability to operate successfully in diverse cultures and locations, we have established a robust talent management framework that is well exercised, managed and monitored by various policies such as:

- Talent & Succession Management Policy
- Organisational Design/Review Policy
- Job Grading Policy
- Promotion Policy

All eligible employees are appraised annually. We measure the productivity of our employees through performance appraisals and productivity enhancing initiatives. We also monitor our profit before tax per employee and our net income per employee indices.

## Organisational Design/Review Policy

AmBank Group has a structured Organisation Design/Review Policy and processes to manage the end-to-end process of designing/reviewing through to obtaining approval for new or revised organisation structures at department, division and Group level so that there is consistency and governance in methodology and application across the Group.

The Head of Division/Department must ensure that a comprehensive Change Management Plan is put in place prior to the implementation of the revised organisation structure. The HR Departments in the Divisions/Departments are responsible for ensuring that Organisation design/review policies and procedures are executed and adhered to by the respective Divisions/Departments.

### Job Grading Policy

AmBank Group has a Job Grading policy in place so there is consistency in approach and application across the Group. Job grading impacts human capital decisions such as sourcing, job pricing, staffing planning, career management, performance management, key performance indicators, competency levels and talent as well as succession management.

AmBank Group has a systematic job evaluation process and system, in which the Group's job grading structure is reviewed every 4 to 5 years. This evaluation may occur more frequently if there are significant changes in business via expansion and growth that impact the number of jobs and job grades required.

The job grading structure also allows for career planning and employee mobility both vertically and laterally. There are several criteria that are taken into consideration to implement job grades such as qualifications, relevant experience, performance track record, and a combination of assessments and behavioural interviews.

### Promotion Policy

Promotion Management is part of an overall career management continuum. Following the appointment of an employee into the organisation, the employee will undergo movement up the career ladder through promotions, supported with the appropriate performance management and development. In AmBank Group, we have a merit-based Promotion Policy and processes to assist us in managing the talent and succession in a fair and consistent manner.

## Learning and Development

Our efforts to strengthen our leadership bench capabilities continue with the inclusion of best-in-class learning approaches from reputable learning partners, business schools and management institutes with regional and global presence and proven track records.

To develop talents and ensure our managers can transition to leadership positions, the Group has developed two Management Enterprise Leadership Development programmes:

- The Emerging Leaders programme is a leadership development programme. 70 employees across the group have completed this 18-month programme this year.
- Since its inception, the Management Development Programme has seen 27 high-potential middle managers complete the programme. Another cohort of 20 participants will complete by August 2017.

We designed the Management Development Academy to develop and build a sustainable bench strength of effective people managers across all levels in the Group. A total of 140 employees from Executive level to Executive Vice President level have started these programmes which run for a period of 12 to 18 months.

- Advance Leaders Programme
- Future Leaders Programme
- New Managers Programme
- Emerging Managers Programme

Looking forward, the Group is planning to increase the pipeline of future leaders by recruiting talents into the AmGraduate programme.

Our employees are encouraged to pursue professional certifications to further enhance their competency and professional development. This year, 21 employees successfully completed various Asian Institute of Chartered Bankers professional certifications including the Professional Banker and Executive Banker certifications.

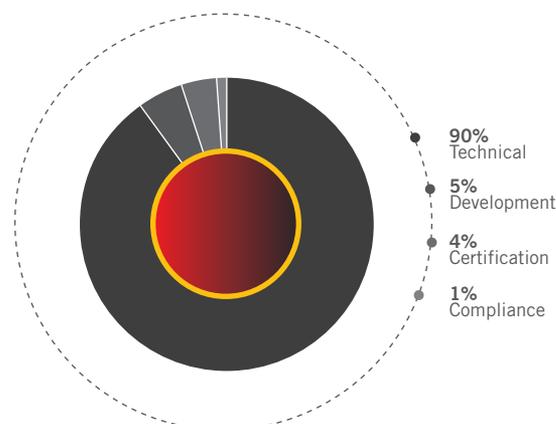
To cater to individual learning needs, we designed and developed 20 on-demand programmes covering essential banking courses, comprehensive business communications skills, project management and Microsoft office skills. Employees experienced a blended learning approach which combines classroom, e-learning and bite sized digital learning accessible via mobile phone devices. More than 700 employees nationwide were trained.

Role-based learning is a key initiative to deliver the Group's performance goals. Multiple academies were built to upskill and ensure the efficiency and effectiveness of teams across retail and wholesale banking in core delivery competencies such as needs based selling/cross selling, credit and risk assessment as well as wealth management.

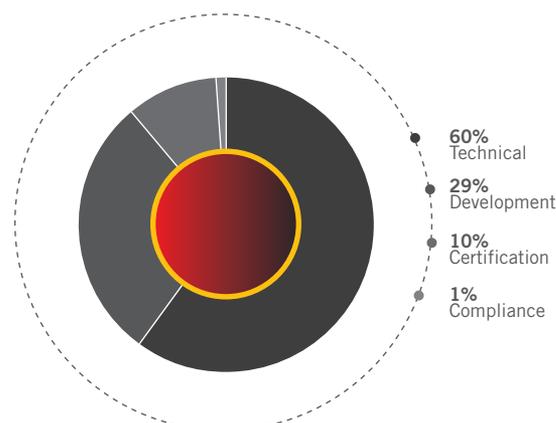
Next year, the Group aims to implement more active initiatives related to career management, talent development and building succession throughout the Group.

AS OF 31 MARCH 2017, THE PERCENTAGE OF KEY POSITIONS WITH SUCCESSION PLANNING WAS 92%.

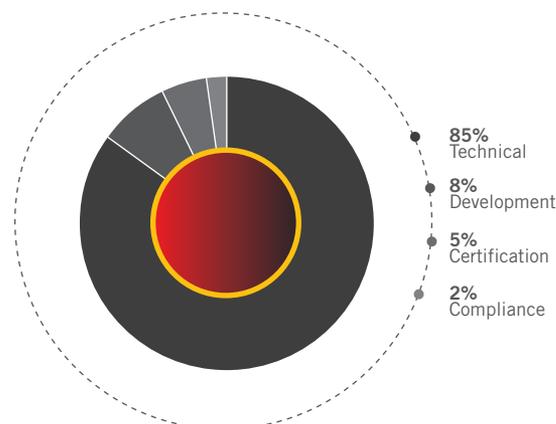
**Employee Participation in Trainings in FY17**  
Total number of participants: 123,508



**Amount Invested on Training in FY17, RM**  
Total amount invested: RM8,655,854.40



**Training hours invested in FY17 (hours)**  
Total training hours: 601,499 hours





# POSITIVE SOCIETAL IMPACT

**WE CONTRIBUTE TO A MORE SUSTAINABLE FUTURE BY CONSIDERING CAREFULLY OUR BUSINESS DECISIONS, THE ENVIRONMENTAL IMPACTS OF OUR ACTIVITIES AND HOW WE INTERACT WITH OUR WIDER COMMUNITIES**

This theme clusters the following material sustainability matters:

- *Environmentally and Socially Responsible Investment*
- *Community Investment and Development*
- *Energy Management and Greenhouse Emissions*
- *Waste Management*

## **Environmentally and Socially Responsible Investment**

The global increase in demand for socially responsible investing (SRI) and other ethical related investments present an enormous opportunity for Islamic Finance, as its inherent principles of fairness and social responsibility are intrinsically linked to being Shariah compliant. The growth of Islamic Finance has shown how it contributes to realising a sustainable future both inside and outside the Muslim world.

## **Islamic Finance**

Our Islamic banking arm, AmBank Islamic, is contemplating the widening of its scope of business beyond credit intermediation. Whilst credit intermediation shall continue to remain AmBank Islamic's key earnings generator and source of funding, AmBank Islamic would explore to undertake an investment intermediation role as well. This would encompass the offering of investment account (IA), which would be distributed via the Group's own distribution channels and the Investment Account Platform (IAP).

The IA is a product which allows providers of funds (Investors) to invest directly in productive economic activities or asset classes which are within the Investors' investment mandate, thus providing the Investors with the potential to reap higher returns and fulfilling other investment criteria (e.g. social impact of the investment). Meanwhile, the users of funds are provided with a wider range of funding sources, thus promoting the growth of productive economic activities which could also positively impact society. This risk-sharing element is widely advocated by Shariah. Nonetheless, since the Investors' capital is neither guaranteed nor protected, the IA is a product with higher risk which requires greater disclosure to and assessment by prospective Investors.

The IAP facilitates effective matching between sources of funds with diverse financing needs of the real economy, leveraging on a tech-driven avenue which is in line with AmBank Islamic's digital intent.

Underpinning AmBank Islamic's credit and intermediation roles is the aspiration to be a value based intermediary whereby its business conduct would be driven to generate positive and sustainable impact to the environment, economy and society by adopting amongst others, environmental, social and governance (ESG) principles. AmBank Islamic's value based intermediation role would also integrate the elements of Maqasid Shariah, which encapsulate positive and sustainable

values which are universal to all regardless of religion, race, culture or creed.

As part of this medium term journey, AmBank Islamic will put into motion initiatives to align itself with value-based banking. The initiatives would involve ascertaining the exposures which are most susceptible to ESG risks, prioritising certain sectors and generating a baseline overview of the ESG portfolio risk profile in a systematic manner. AmBank Islamic will also develop its ESG risk principles and appetite, ESG governance framework and introduce ESG related products, to benefit society whilst working within the Shariah and the public ecosystem.

The benefits of this initiative would include the promotion of a sustainable ecosystem via reduced negative externalities, upliftment of socioeconomic standards, financial stability, innovation to create new market opportunity and efficient use of resources. These are the intrinsic values extolled by Shariah.

Our Islamic Markets advisory services cover sukuk, Islamic financing syndication, equity-related offerings and Islamic structured finance. Guided by Shariah requirements, we strive to be the adviser of choice to our clients through our end-to-end product offerings and value adding services, assisting them with their fund-raising activities in promoting the real sector of the economy and positively impacting society.

Amongst the largest sukuk issuances which met these criteria and were arranged and participated by us in FY17 were:

Type	Amount (RM)	Details
Infrastructure & Project Financing	RM3.64 billion	<ul style="list-style-type: none"> <li>Largest Ringgit-denominated greenfield toll-road project financing which was raised by Lebuhraya DUKE Fasa 3 Sdn Bhd, for the construction of the Setiawangsa-Pantai Expressway.</li> <li>Malaysia's first Sukuk issuance based on the Shariah principle of Wakalah Bi al-Istithmar to fund the development and construction of an expressway.</li> </ul>
Education	RM8.0 billion	<ul style="list-style-type: none"> <li>Sukuk programme for Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN).</li> <li>PTPTN was established under the PTPTN Act 1997 to manage funds for tertiary education purposes, collect payments of financing and to provide and manage education saving schemes.</li> </ul>
Government Housing	RM25.0 billion	<ul style="list-style-type: none"> <li>Joint lead arranger and manager for a Sukuk Issuance for Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA).</li> <li>LPPSA is the new statutory body established and is under the purview of Ministry of Finance to undertake the provision of housing financing to civil servants previously conducted by Bahagian Pinjaman Perumahan.</li> </ul>

# POSITIVE SOCIETAL IMPACT

## Community Investment and Development

AmBank takes a leading role in reaching out to society and demonstrates a caring, connected and committed role in addressing a wide range of matters pertaining to the development of sustainable communities. The contributions, grants and volunteering activities that we are investing in enable us to connect with local communities and help them thrive.

AmBank believes in giving back to the community in which we do business. We do this through a number of programmes to engage various segments of the less fortunate in Malaysia including single mothers, orphans, the disabled and senior citizens of Malaysia.

### AmKasih Programme

Our AmKasih programme, serves as a platform to reach out to the community and conduct food aid initiatives in order to provide targeted groups with an allowance to help offset the cost of essential daily food items.

### Kelab AmBank Group

Through the Kelab AmBank Group (KAG), which is the Group's sports and recreation club for all staff, we organise various events in support of the needy, poor and less fortunate. The events that took place in FY17:

- On 18 June 2016, a charity shopping session was organised for 170 children from various local orphanages (i.e. Pertubuhan Kebajikan dan Pendidikan Permata Hatiku Kuala Lumpur dan Selangor, Pusat Jagaan Budaya Harapan, Pertubuhan Kebajikan Sentuhan Budi Kuala Lumpur and Pertubuhan Rahoma Darul Fakir Malaysia). This was in conjunction with Hari Raya and the 170 children, aged between three to 19 years old, were invited to a local supermarket to purchase new traditional Malay costumes.
- Subsequently, a Majlis Berbuka Puasa Amal Bersama Tan Sri Azman Hashim was held at Bangunan AmBank Group on 24 June 2016 where the 170 children 'berbuka puasa' together with the Chairman of AmBank Group, Tan Sri Azman Hashim, senior management and staff of AmBank Group.
- KAG also organised a Feed the Homeless exercise on 1 July 2016 where KAG members went out to the streets of Kuala Lumpur to distribute Hari Raya delectables and toiletries to the homeless. This volunteer exercise was conducted in conjunction with Hari Raya Aidilfitri in order to spread joy in the homeless community, regardless of race, religion and ethnicity,
- Approximately 70 members of various business units took part in this exercise, including Group CEO, Dato' Sulaiman Mohd Tahir and his wife, Datin Khairani Muhammad. Over 500 Hari Raya delectables were distributed to the homeless covering areas in Kuala Lumpur around Cahaya Suria and Jalan Tuanku Abdul Rahman.

Other activities carried out in FY17 included:

No	Projects/Campaigns	Date of Event	Line of Business/Entity
1	Official Launch of Tunku Arishah Sports Arena	Saturday, 8 <sup>th</sup> October 2016	AmGroup Foundation/Yayasan Azman Hashim
2	Sponsorship: Mahathir Science Award Foundation	Wednesday, 26 <sup>th</sup> October 2016	AmGroup Foundation
3	Flood Relief : Rehabilitation of Kg Pasir Era Project (2nd Phase)	From January 2014-to date	AmGroup Foundation/Yayasan Azman Hashim
4	Presentation of life jackets to Jabatan Bomba & Penyelamat Malaysia (Bahagian Kelantan)	From January 2014 until to date	AmBank Group
5	Charity Food Distribution to the homeless in Kuala Lumpur	Friday, 2 <sup>nd</sup> July 2016	KAG
6	Charity Food Distribution to the homeless in Johor Bahru	Friday, 12 <sup>th</sup> August 2016	KAG
7	Charity Food Distribution to the homeless in Pulau Pinang	Saturday, 27 <sup>th</sup> August 2016	KAG
8	Majlis Berbuka Puasa Amal Bersama Tan Sri Azman Hashim (Charity Shopping Session)	Saturday, 18 <sup>th</sup> June 2016	AmBank Group/KAG
9	Majlis Berbuka Puasa Amal Bersama Tan Sri Azman Hashim di Bangunan AmBank Group	Friday, 24 <sup>th</sup> June 2016	AmBank Group/KAG
10	Majlis Berbuka Puasa Amal di Pertubuhan Rahoma Darul Fakir	Monday, 27 <sup>th</sup> June 2016	AmBank Group/KAG
11	Contribution for Orchid Run & Ride 2016 (Petronas)	Sunday, 25 <sup>th</sup> September 2016	AmBank Group
12	Kuala Lumpur Islamic Finance Forum (KLIFF) 2016	Monday, 21 <sup>st</sup> November 2016	AmBank Group – Special Project

No	Projects/Campaigns	Date of Event	Line of Business/Entity
13	AmBank Group Blood Donation Drive (Central Region – BAG & MAB)	Tuesday, 4 <sup>th</sup> October 2016 & Wednesday, 5 <sup>th</sup> October 2016	KAG
14	KAG Blood Donation Drive 2016 (Northern – Penang)	Saturday, 27 <sup>th</sup> August 2016	KAG
15	KAG Blood Donation Drive 2016 (Southern Region – Johor Bahru)	Wednesday, 9 <sup>th</sup> November 2016	KAG
16	KAG Blood Donation Drive 2016 (Sabah)	Monday, 14 <sup>th</sup> November 2016	KAG
17	KAG Blood Donation Drive 2016 (Sarawak)	Tuesday, 15 <sup>th</sup> November 2016	KAG
18	KAG Blood Donation Drive 2016 (Terengganu)	Monday, 24 <sup>th</sup> October 2016	KAG
19	KAG Hiking Activity @ Bukit Nanas, Kuala Lumpur	Saturday, 26 <sup>th</sup> November 2016	KAG
20	KAG FRIM Jungle Trekking Adventure	Sunday, 5 <sup>th</sup> February 2016	KAG

### Yayasan Arab-Malaysian

Furthermore, the Group established a foundation, Yayasan Arab-Malaysian, to receive and administer funds for religious, educational, scientific, medical, charitable and cultural purposes. The purpose is further elaborated according to these set out mandates:



#### **Religion**

To subscribe, foster, develop and improve the knowledge of all forms of religion and religious activities and to grant donations for construction of religious schools and places of worship.



#### **Education**

To foster, develop and improve education of all kinds approved under the education laws of Malaysia and in such manner as may, from time to time, be decided upon by the Foundation including but without prejudice to the generality of this provision, the founding and maintaining of scholarships, chairs at schools, colleges and universities in Malaysia.



#### **Research**

To foster, subscribe and contribute towards scientific, medical research and teaching, and to provide or to subscribe and to grant donation for providing medical and surgical facilities and services of all kinds.



#### **Human Rights**

To subscribe and to grant donations to local or national institutions or organisations approved by the Director General of Inland Revenue, Malaysia and to organise, carry out and support schemes for the relief of human suffering, improvement of the standard of human life and the treatment of sickness and diseases.

# POSITIVE SOCIETAL IMPACT

Aside from the community investments, AmBank has sponsored Zoo Negara's Dromedary Camel for over 25 years and plans are being made to extend the sponsorship in order to continue preserving the wellbeing of the camels.

The Group is looking into investing in more meaningful and impactful community programmes such as the AmKasih-Mydin Food Aid Programme for the urban hardcore poor and participation in the Financial Industry Community Invest Initiatives Programme (FICII). This collective CSR programme was initiated by BNM for the financial industry to work collaboratively in providing positive societal impacts.

## Zakat Contributions

Similar to previous years, AmBank Islamic continued to serve the community through corporate social responsibility initiatives. We fulfilled our responsibilities through business zakat distribution of RM1.5 million, out of which RM414,000 was paid to state zakat collection centres whilst the balance of RM1.1 million was distributed to eligible recipients ranging from associations and charity homes throughout Malaysia, including Yayasan Pelajaran Mara (YPM). The distribution to YPM was for the on-going Student Adoption Programme which was currently in its sixth year out of a 10-year programme.

## Energy, Water and Waste Management

AmBank's efforts in managing energy and water consumption efficiently contribute to reducing our broader environmental impact, especially in areas where we strive to increase resource efficiency and reduce wastage.

The Group recognises that additional measures are still needed. We will continue to actively identify areas and put in place processes to make continuous improvements in energy efficiency, reducing greenhouse gas emission and resource conservation. Among others, this includes increasing employee awareness in conservation programmes.

To ensure sustainability and positive long-term value creation, we continue to measure and reduce our impacts, undertaking environmental initiatives that are valued by our customers and our employees, as well as beneficial to our bottom line.

## Energy Management and Greenhouse Gas Emissions

### Lighting with energy efficient LED lights

Energy management is an important environmental concern as the Group's electricity consumption directly contributes to the increase of its carbon footprint. One of AmBank Group's on-going initiatives to reduce electricity consumption is to replace T8 fluorescent light bulbs with energy-saving LED lights.

Launched in FY17, the replacement of fluorescent light bulbs covers all premises under AmFirst Reit's management – Bangunan AmBank Group and Menara AmBank, Menara AmFirst (Petaling Jaya), Wisma AmFirst (Kelana Jaya), Jaya 99 (Melaka), and Summit USJ (Subang Jaya).

All T8 fluorescent tubes at car parks, staircases and common areas in the buildings have been replaced with LED lighting, except for Summit USJ, where replacement was conducted only partially.

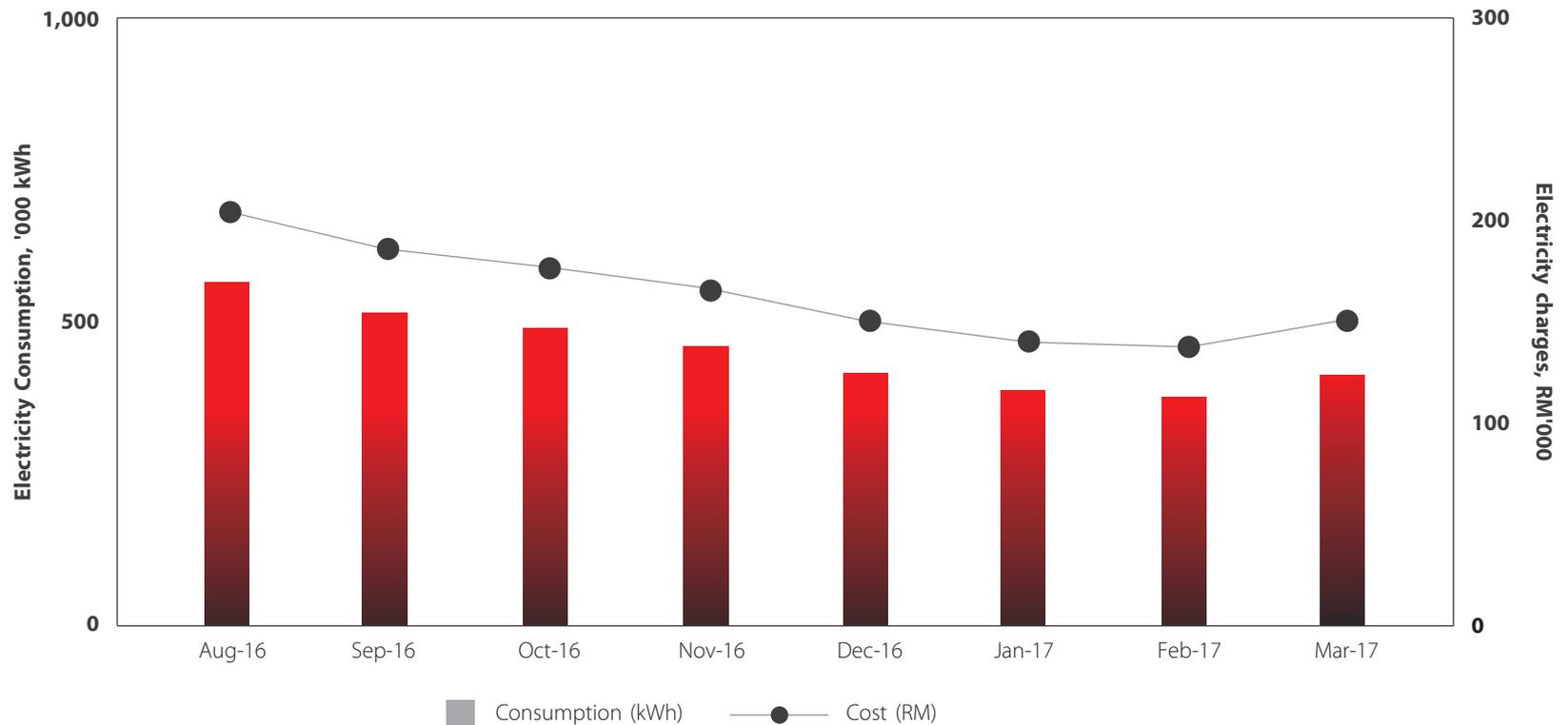
In addition, we have embarked on a pilot project to reduce our electricity consumption in our AmBank Desa Sri Hartamas branch. The energy audit that was carried out indicated a saving of 64% or approximately RM5,000 per annum after installing energy saving LED lights. We would also reduce by about 40kg of our CO<sub>2</sub> emissions annually in this branch.

### Managing our air-conditioning system

Air-conditioning is one of the main components in electricity consumption. We have taken several initiatives in managing our air-conditioning system. In August 2016, we rescheduled the air-conditioning system timing at Bangunan AmBank Group in order to reduce energy and cost. We also turn on the air-conditioning system in a staggered manner instead of turning on all the systems at once.

RESULTS SHOWED A REDUCTION OF 27% IN TERMS OF ELECTRICITY CONSUMPTION AND CHARGES SINCE THE IMPLEMENTATION OF STAGGERED TIMING ON THE AIR CONDITIONING SYSTEM.

**Electricity Consumption and Electricity Charges since the Implementation of Rescheduling the Air-conditioning System Timing in Bangunan AmBank Group**



In FY17, we also implemented auto-timers for the air-conditioning system to replace manual operation.

Additionally, we have installed a green chiller system at our Menara AmFirst building in Section 19 Petaling Jaya. The green chiller was procured from one of the world leaders in producing high-technology heating, air-conditioning and refrigeration solutions.

Moving forward, we have plans to adjust the air-conditioning timer accordingly, especially at Menara AmBank, to further reduce the energy and cost.

**Green Building**

We are committed to improving the energy efficiency of our building portfolio and shifting to low carbon energy sources. Moving forward, we will be driving gradual reductions in our energy-related footprint across our commercial and retail premises.

As we are tenants in our main building and not the building owner, we will focus on improving the energy efficiency of the internal office spaces. We strive to improve our disclosure pertaining to energy management in the future.

While we have not yet obtained any certifications or awards related to implementing energy management systems, we are exploring the options to enhance building features to incorporate green designs.

We are proud to share that AmMetLife Insurance Berhad has recently moved into a new building in Kuala Lumpur Sentral which incorporates green design and technology. It obtained Leadership in Energy and Environmental Design (LEED) Silver and Green Building Index (GBI) Certification. Other on-going 'green' initiatives are:

- Three of the Group's buildings are designated as non-smoking buildings – Bangunan AmBank Group, Menara AmBank and the AmBank Group Leadership Centre – to provide cleaner air for employees and customers alike
- Gardens and lush landscapes are most notable in Bangunan AmBank Group and Menara AmBank in Kuala Lumpur, and provide pockets of soothing beauty that make for a more pleasant banking experience

# POSITIVE SOCIETAL IMPACT

## Waste Management

Efforts to minimise our environmental footprint are mirrored in AmBank Group's proactive approach to reducing waste in our daily operational processes.

Wastage reduction is an area of priority for the Group as most waste produced by the financial industry is made up of office materials. Waste management practices underway in AmBank to reduce primary types of waste streams include paper and IT- related waste, e-financial statements, reports, paperless transactions, paper recycling and paper printing.

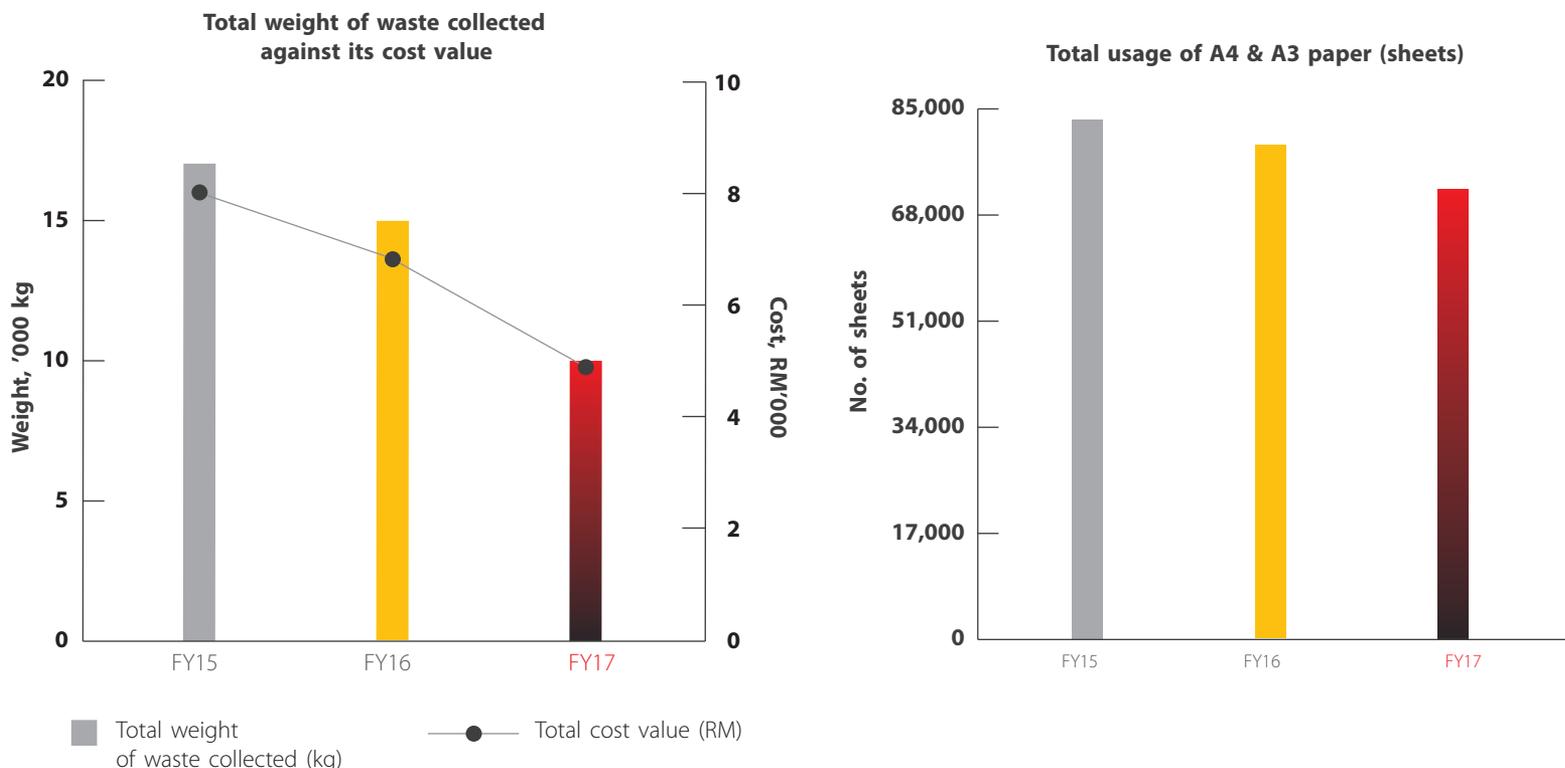
Throughout our buildings and regional offices, practices like double-sided printing, minimising colour prints and using electronic communications instead of hard copy printouts are encouraged.

AmBank Group's approach to waste management is to continuously and progressively adopt automation in operational processes to avoid unnecessary paper consumption and waste generation. The Group has waste management practices in place for paper collection, recycling and disposal.

We use several contractors for the disposal of waste, i.e. obsolete electrical items, old furniture, paper etc. The disposal of bigger items is conducted on an annual basis, whereas smaller items are disposed on a quarterly basis or as and when necessary. There is a recycling initiative conducted by the Group, mainly on the disposal of scrap paper.

## Paper Usage

We have been encouraging our employees to move towards a paperless environment. Year-on-year data tracking is carried out to measure the progress of our efforts. The total usage of paper in FY17 reduced by 10% as compared to FY16.

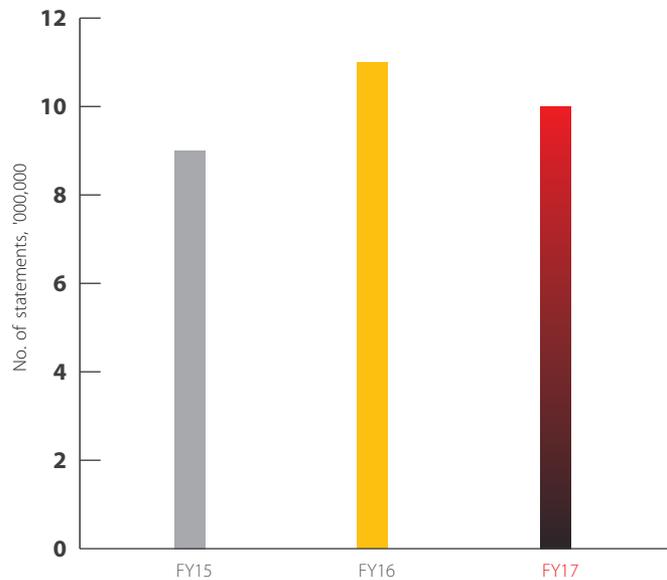


Note: Waste collected from Head Office Department in Menara AmBank, Bangunan AmBank Group, Menara Dion, Menara MBF & Tropicana.

## Customer Statements

We also encourage our customers to move towards a paperless environment. Customer statements are now available online or via e-mail. We are working to improve our digital banking in order to improve our customer experience as well as to reduce our environmental footprint.

**Total number of customers statement or notices**



There was a surge in paper customer statements in FY16, mainly due to the change of terms of certain AmBank card services. In FY17, several statements including of deposit and merchant credit cards have been permanently migrated to e-statement.