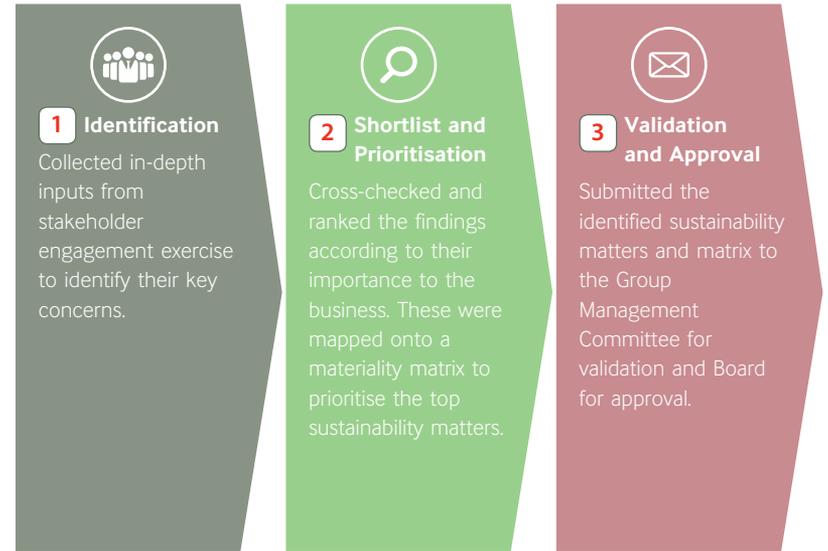


Sustainability Matters

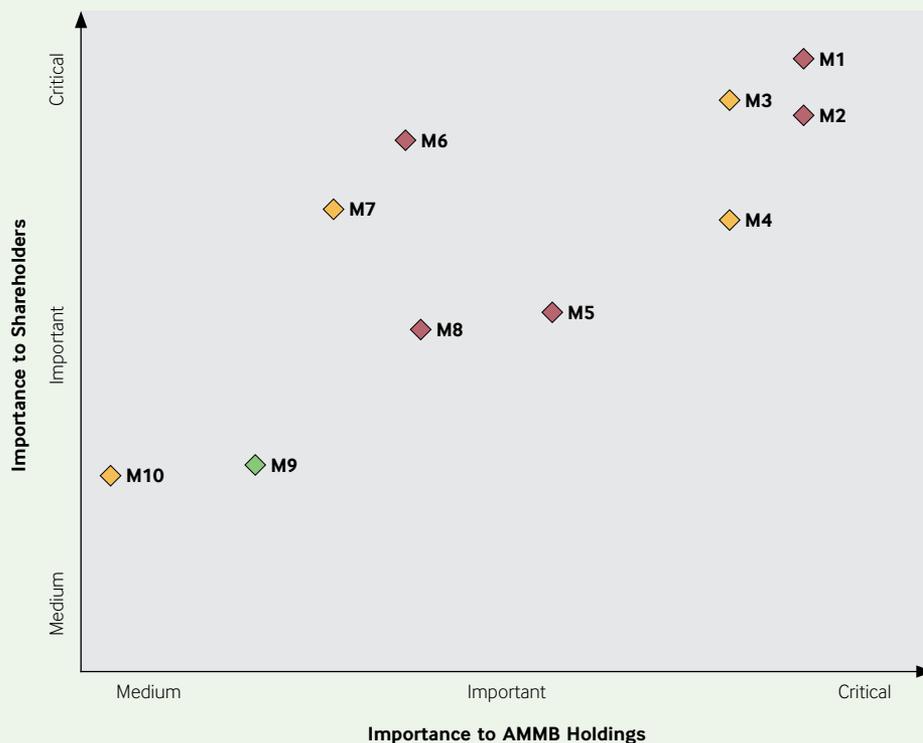
The sustainability of the Group relies on our ability to systematically manage sustainability matters that impact long-term stakeholder value creation. A year ago, we conducted another stakeholder engagement survey with customers, employees, suppliers, shareholders, directors and senior management to capture their key sustainability concerns. The questions in the survey mirrored the initial stakeholder engagement exercise conducted in FY2017, which acts as a baseline to benchmark in charting our progress.

The stakeholder feedback received in FY2019 was mapped against the ESG risks and opportunities that impact our operations and strategic objectives, resulting in ten sustainability matters. In line with our new Sustainability Framework, we regrouped the identified sustainability matters into three themes that reflect AmBank Group’s sustainability efforts: **Responsible Banking, Conscious Self-Conduct, and Positive Societal Impact.**

Our sustainability efforts are designed to address the identified sustainability matters, thus allowing us to maximise our contributions and ESG-related performance in the long run. The materiality assessment is conducted every two years to allow time for our sustainability strategies to take effect.



Materiality Matrix of AMMB Holdings Berhad



According to the materiality assessment, the Group’s sustainability strategies are focused on the following sustainability material matters, which are numbered according to their order of priority:

- | Responsible Banking | |
|---------------------|---|
| M1 | : Data Security, IT Infrastructure & Digital Transformation |
| M2 | : Customer Satisfaction |
| M5 | : Financial Inclusion & Responsible Lending |
| M6 | : Responsible Marketing, Product and Service Design |
| M8 | : Environmentally & Socially Responsible Investment |
-
- | Conscious Self-Conduct | |
|------------------------|---|
| M3 | : Ethics, Governance & Compliance |
| M4 | : Conducive & Inclusive Workplace and Human Capital Development |
| M7 | : Responsible Sourcing & Procurement |
| M10 | : Energy, Water & Waste Management |
-
- | Positive Societal Impact | |
|--------------------------|--------------------------------------|
| M9 | : Community Investment & Development |

Sustainability Matters

MANAGEMENT APPROACH

Sustainability Matters	Business Context	Risk	Opportunities
 Data Security, IT Infrastructure & Digital Transformation	Digital technology and advancements continue to disrupt and transform the banking sector.	Data breaches and cyberattacks on our IT infrastructure result in a loss of customer trust and confidence.	Innovative financial products and solutions increase our competitive edge and market share.
 Customer Satisfaction	Customers' banking expectations are rapidly evolving for faster and more seamless customer experience.	Insufficient customer processes and slow complaint resolution lead to frustrations and poor reviews from customers.	A seamless and simple customer journey enhances customer satisfaction and brand value.
 Ethics, Governance & Compliance	Good corporate governance with transparency, accountability and integrity is key to achieving business objectives.	Corruption and unethical behaviour within the Group result in regulatory fines and penalties.	A safe and efficient grievance mechanism enables stakeholders to safely report against misconduct and safeguards the Group's reputation.
 Conducive & Inclusive Workplace and Human Capital Development	The future of banking requires a skilled and resilient talent pool, capable of adapting to changes in the sector and other external threats.	An unsafe and uncondusive work environment leads to workplace health and physical injuries, resulting in lower productivity.	A workforce that is regularly upskilled and trained with future-ready skills increases our long-term performance, competitive edge, and readiness to cope with rapid changes.
 Financial Inclusion & Responsible Lending	Financially underserved communities and businesses are an untapped market that contributes to socio-economic resilience, whilst supporting businesses whose operations adversely impact the environment and society could impact the Group's long-term longevity.	Financing of unethical and environmentally and community destructive businesses tarnishes the Group's reputation and branding as a responsible bank, and affect the Group's own customers' financial health.	The financial development of start-ups and SMEs contributes to economic growth and new business opportunities, whilst the demand for funding for environmentally-friendly businesses is tremendous.
 Responsible Marketing, Product & Service Design	The loyalty and trust of customers rely on our ability to deliver products and services that protect their financial best interests.	Products and services that financially exploit customers result in the loss of customers to competitors.	Fair and transparent content on marketing and product solutions improves our brand value and customer base.
 Responsible Sourcing & Procurement	The ESG impact of the Group extends to supply chain activities and its procurement decisions.	Unethical practices and environmental non-compliances by suppliers may lead to financial and non-financial losses.	Sourcing from local businesses and SMEs contributes to the country's socio-economic growth and well-being.
 Environmentally & Socially Responsible Investment	There is an increasing demand for responsible and ethical investments from an increasingly environmentally- and socially-conscious market.	A lack of innovative ESG investment products may cause socially-conscious clients to seek the services of competitors.	Supporting clients who embark on green and sustainable projects help grow the sustainability market while generating financial returns.
 Community Investment & Development	Contribution to social development requires the empowerment of all communities for inclusive economic growth and shared prosperity.	The absence of effective community development and social programmes creates the perception of being a purely profit-oriented bank.	Strong community investments and volunteer opportunities foster a sense of purpose and fulfilment for employees.
 Energy, Water & Waste Management	Climate change and environmental degradation directly impact the environment necessary for the Group to operate.	Inefficient energy consumption results in high operating costs and contributes to the climate emergency.	Continuous improvements in environmental management enhance AmBank Group's image as a caring bank.



Our Response	Stakeholders Affected
<ul style="list-style-type: none"> Integrate the latest technology and digital advancements into our services. Implement a Cyber Security Maturity Plan to continuously strengthen our IT security. 	<p> Refer to page 152</p>
<ul style="list-style-type: none"> Provide regular Service Excellence training programmes to frontliners. Conduct customer engagement to identify challenges and improve customer experience. 	<p> Refer to page 157</p>
<ul style="list-style-type: none"> Implement stringent and adequate frameworks, policies and procedures that institutionalise good practices, particularly in relation to anti-bribery/anti-corruption practices. Establish a grievance system that effectively protects stakeholders and the business. 	<p> Refer to page 164</p>
<ul style="list-style-type: none"> Conduct relevant training and development programmes that minimise the skills gap within the workforce. Introduce welfare and well-being initiatives that protect the health and safety of employees, including occupational safety and health (OSH). Implement measures to mitigate employees' exposure to COVID-19, such as Working-from-Home, restricting movements, working at split locations, and regular disinfection of work areas. 	<p> Refer to page 167</p>
<ul style="list-style-type: none"> Adopt the principles of Value-Based Intermediation (VBI). Implement AmBank Group's Responsible Financing Strategic Plan. Temporarily defer or restructure instalment payments for eligible customers affected by the economic impact of COVID-19. Offer a Special Relief Facility for collateral-free financing to support SMEs during the pandemic. 	<p> Refer to page 159</p>
<ul style="list-style-type: none"> Drive digital marketing that utilises data analytics to deliver personalised experiences. Leverage social media channels to promote financial education and new products and services. 	<p> Refer to page 161</p>
<ul style="list-style-type: none"> Implement the Supplier Code of Conduct (SCOC) and embed it into the vendor onboarding process. 	<p> Refer to page 180</p>
<ul style="list-style-type: none"> Adopt Securities Commissions Malaysia's (SC) Principles of Socially Responsible Investments (SRI). Integrate the ASEAN Green Bonds Standards (GBS) into investment decisions. 	<p> Refer to page 163</p>
<ul style="list-style-type: none"> Continue to fund and support AmGroup Foundation since 1985, contributing to programmes that drive social empowerment. Invest in Corporate Social Responsibility (CSR) projects that enable social mobility and development. 	<p> Refer to page 191</p>
<ul style="list-style-type: none"> Establish AmBank Group's Environmental Policy. Introduce AmBank Group's Environmental Practice Guides. Set targets and key performance indicators (KPIs) to track our environmental performance. Launch of the No Single-Use Plastic Programme as part of the Waste Management initiatives. 	<p> Refer to page 182</p>