

Our Approach to Sustainability

At AmBank Group, we continue to integrate the principles of sustainability and Value-based Intermediation (“VBI”) into our business goals and strategy as part of our aspiration to become a Top 4 bank in Malaysia. Along with acting in an environmentally responsible manner, we also incorporate social and economic impacts of our actions to ensure they benefit and contribute to the greater good of society.

This is the first year where AmBank Group adopts an integrated reporting approach. In line with the new reporting format, efforts are taken to attribute specific sustainability contributions to each lines of business. Nonetheless, specific areas of our sustainability efforts pertaining to the overall Group initiatives are retained within this dedicated sustainability section to provide a holistic view on our sustainability journey.

In addition to following the Integrated Reporting (IR) Framework, the preparation of this sustainability section is also guided by the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Berhad. We also based our sustainability reporting approach on internationally established sustainability frameworks such as: Global Reporting Initiative (“GRI”) Sustainability Reporting Standards; United Nations Sustainable Development Goals (“SDGs”); SDG Industry Matrix for Financial Services; and the Dow Jones Sustainability Index.

Whilst VBI is underpinned by Shariah principles, its universal values in respect of being responsible towards the environment, economy and society are an integral part of AmBank Group’s financial inclusion and responsible lending agenda.

SUSTAINABILITY STATEMENT SCOPE

The Sustainability Statement covers AmBank Group’s operations pertaining to its three main subsidiaries: AmBank (M) Berhad, AmBank Islamic Berhad and AmInvestment Bank Berhad, hereinafter referred to as AmBank or the Group for the purposes of the Sustainability Statement (the “Statement” or “SS”), for the financial year ended 31 March 2019 (“FY2019”). The three subsidiaries account for more than 96% of AmBank Group’s total assets and most of the environmental, economic and social (“EES”) impacts.

The various banking entities under AmBank Group are active participants in joint industry initiatives and regulatory compliance measures to promote and reinforce inclusive, fair and responsible practices among financial services providers in Malaysia. The following table describes the banking industry associations, which we are a member of:

Banking Entities	Membership
AmBank (M) Berhad	The Association of Banks in Malaysia (“ABM”)
AmBank Islamic Berhad	Association of Islamic Banking Institutions Malaysia (“AIBIM”)
AmInvestment Bank Berhad	Malaysian Investment Banking Association (“MIBA”)

SUSTAINABILITY GOVERNANCE

AMMB Holdings Berhad (“AMMB”)’s Board of Directors (the “Board”) hold ultimate accountability for the integration of sustainability in the Group’s operations including the monitoring and implementation of sustainability and VBI-related strategies.

A Sustainability Working Group (“SWG”) operates at the management level to reinforce our existing governance ecosystem. The Board works alongside the SWG to provide formal oversight of AmBank Group’s sustainability agenda and ensure that sustainability and VBI considerations are integrated into our decision making, where possible. This includes the relevant processes and conduct of embedding sustainability practices into AmBank’s operations by ensuring all material sustainability matters are being considered and managed throughout our business operations, (e.g. developing policies, measures or action plans).

The Board’s Risk Management Committee (“RMC”) assists in sustainability oversight by reviewing this Sustainability Statement prior to submission to the Board for approval. The Audit and Examination Committee (“AEC”) also provides support in driving sustainability initiatives at the Board level.

Sustainability Governance Structure of AmBank Group



The SWG reports to the Group Chief Executive Officer (“GCEO”) and is responsible to develop the Group’s Sustainability Statement, in line with the Amendments to the Listing Requirements of Bursa Malaysia. The Statement is also guided by the Strategy Document on ‘Value-based Intermediation: Strengthening the Roles & Impact of Islamic Finance’ issued by Bank Negara Malaysia (“BNM”) (“VBI Strategy Document”).

The SWG is supported by Sustainability Champions Teams (“SCTs”), each of which have oversight on the delivery of the sustainability strategy and are involved in reporting and reviewing the progress on the Sustainability agenda.

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ALIGNING TO GLOBAL SUSTAINABILITY GOALS

In line with the United Nations Agenda 2030 for Sustainable Development, AmBank Group strives to create a shared sustainable future for our employees, customers, shareholders and the community, as well as contributing to a sustainable future for Malaysia's present and future generations.

The SDGs aim to bring the world's countries together to end all forms of poverty, fight inequalities, protect human rights and tackle climate change. Of the 17 SDGs designed to shift the world onto a sustainable and resilient path, we have expanded our SDG reporting in FY2019 to include nine SDGs up from four in the previous year.

These interrelated global ambitions are closely linked to the Group's efforts in improving the economic, social, and environmental outcomes of communities; and ultimately reinforces Malaysia's contribution to the global collective journey to build peaceful, just and inclusive societies and ensure the tangible conservation of the planet and its natural resources.

AmBank Group's Sustainability Endeavours Contribute To Nine Out of The 17 UN SDGs



A strong advocate of sustainable development, AmBank Group continues to join the global alliance in accomplishing the goals outlined under Agenda 2030, by playing our part in improving the lives and livelihoods of Malaysians, focusing in particular on sustainable economic growth, environmental protection and social inclusion.

AmBank Group's Statement of Value Added summarises AmBank Group's economic contribution to our stakeholders, as we deliver on the larger wellbeing and integrity of the Malaysian financial sector, as outlined under the SDGs. AmBank Group aspires to continue to create sustainable value added from careful and prudent utilisation of our resources in all our decisions and processes.

For FY2019, the total value-added generated by AmBank Group amounted to RM3,524.9 million, registering an increase of 13% compared with RM3,123.2 million in FY2018. Among the stakeholders who are beneficiaries of the value-added distributed by the Group include:



Charity Programme at Shan Children's Home Association in Penang

- i. Employees (personnel expenses) accounted for a 35.8% share of value-added in FY2019, registering a 9.1 percentage points reduction from FY2018. This was mainly due to voluntary mutual separation scheme ("MSS") expenses incurred in prior year as part of the Group's strategy to enhance efficiency and productivity.
- ii. Contributions to the Malaysian Government in taxation took up 13.9% of the Group's value-added in FY2019, representing an increase of 4.7 percentage points from the preceding year;
- iii. Distributions in the form of zakat to state zakat collection centres benefiting members of the community constituted 0.1% of the total value-added for FY2019, unchanged from FY2018;
- iv. Dividends to shareholders and contributions to non-controlling interests took up 19.9% of total value-added for providers of capital in FY2019, marginally lower than the 20.9% share in FY2018; and
- v. Reinvestments back to the Group (depreciation and amortisation, as well as retained profits) absorbed 30.4% of our value-added for FY2019, compared with a 25% share in FY2018. This is to ensure the Group continues to grow sustainably in keeping with the objectives set under our Top 4 aspirations and beyond.

➤ Further details on AmBank Group's statement of value added for FY2019, please refer to [page 42](#).

In addition to the economic dimension where we ensure that our stakeholders enjoy shared prosperity and fulfilling lives in a fair and equitable manner, our sustainability endeavours also inextricably point to how we foster a society that is peaceful and just and how we help preserve our planet through sustainable consumption in managing our natural resources.

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The following table provides the relevant page references to the respective sections which highlight our key Agenda 2030 contributions for FY2019, in relation to the nine SDGs:

UN SDGs	Global SDG Targets	AmBank Group's Contributions
Goal 2 Zero Hunger	<ul style="list-style-type: none"> By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round 	<ul style="list-style-type: none"> Please refer to our AmKasih Programme within the 'Community Investments and Developments' section on page 125.
Goal 3 Good Health and Wellbeing	<ul style="list-style-type: none"> By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing 	<ul style="list-style-type: none"> Read about the wellness tools, resources and benefits we provide our employees to promote their physical and mental wellbeing within the 'Improving Employee Wellbeing and Engagement' and the 'Ensuring a Conducive, Safe, and Healthy Workplace' sections on page 111 and 114, respectively.
Goal 4 Quality Education	<ul style="list-style-type: none"> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 	<ul style="list-style-type: none"> Please refer to how we equip our employees with valuable professional and soft skills, as well as how we raise the standards of education through the Financial Industry Collective Outreach ("FINCO") within the 'Providing Professional Development' and 'Building Social Equity and Improving Societal Wellbeing' sections on page 120 and 126, respectively.
Goal 5 Gender Equality	<ul style="list-style-type: none"> End all forms of discrimination against all women and girls everywhere Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels 	<ul style="list-style-type: none"> Learn about our gender equity efforts within the 'Gender Equality' section on pages 105-109.
Goal 8 Decent Work and Economic Growth	<ul style="list-style-type: none"> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro, small and medium sized enterprises, including through access to financial services By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities ("PWDs") and equal pay for work of equal value 	<ul style="list-style-type: none"> Please refer to how we realise our digitalisation strategy to meet future challenges and ensure sustainable growth within the 'Data Security, IT Infrastructure and Digital Transformation' section on pages 89-96. Discover how we encourage entrepreneurship and promote the growth of SMEs in Malaysia within the 'Business Review – Business Banking', 'Business Review – Retail Banking' and 'Business Review – Islamic Banking' sections on pages 59-62, 55-58 and 63-67, respectively. Find out how we inculcate a robust workforce and our non-discriminatory hiring for PWDs within the 'Supporting a Vibrant, Diverse and Inclusive Workforce' and 'Vulnerable Employment Groups' sections on page 104 and 109, respectively.

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UN SDGs	Global SDG Targets	AmBank Group's Contributions
Goal 8 Decent Work and Economic Growth	<ul style="list-style-type: none"> Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants and those in precarious employment 	<ul style="list-style-type: none"> Uncover how we support labour rights and how we support a safe working environment for our employees within the 'Human Rights, Freedom of Association, and Zero Discrimination' and 'Ensuring a Conducive, Safe, and Healthy Workplace' sections on pages 113-119.
	<ul style="list-style-type: none"> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 	<ul style="list-style-type: none"> Read more about how we enhance banking, insurance, and financial services accessibility through our digitalisation strategy within the 'Data Security, IT Infrastructure and Digital Transformation' section on pages 89-96.
Goal 9 Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit and their integration into value chains and markets 	<ul style="list-style-type: none"> Uncover our innovative business lending programmes and how we support SMEs in Malaysia within the 'Business Review – Business Banking', 'Business Review – Retail Banking' and 'Business Review – Islamic Banking' sections on pages 59-62, 55-58 and 63-67, respectively.
Goal 11 Sustainable Cities and Communities	<ul style="list-style-type: none"> By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums 	<ul style="list-style-type: none"> Know how our investment and Islamic banking products support sustainable infrastructure, affordable housing the accolades we won within the 'Business Review – Investment Banking' and 'Business Review – Islamic Banking' sections on pages 49-54 and 63-67, respectively. Also learn about our environmental efforts in the 'Climate Change Actions' section on page 127.
Goal 12 Responsible Consumption and Production	<ul style="list-style-type: none"> By 2030, achieve the sustainable management and efficient use of natural resources 	<ul style="list-style-type: none"> Discover how we conserve our use of resources within the 'Resource Conservation and Waste Management' section on page 130. Details on our responsible procurement initiatives are available within the 'Responsible Sourcing and Procurement' section on pages 96-98.
	<ul style="list-style-type: none"> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 	
	<ul style="list-style-type: none"> Promote public procurement practices that are sustainable, in accordance with national policies and priorities 	
Goal 16 Peace, Justice and Strong Institutions	<ul style="list-style-type: none"> Promote the rule of law at the national and international levels and ensure equal access to justice for all 	<ul style="list-style-type: none"> Find out how we support a fair and equitable workplace and how we address unethical conduct in our business within the 'Ethics, Governance, and Compliance' section on pages 84-88. Information on how we engage and listen to our employees and stakeholders available within the 'Improving Employee Wellbeing and Engagement' and 'Stakeholder Engagement' sections on pages 111 and 80 respectively.
	<ul style="list-style-type: none"> Substantially reduce corruption and bribery in all their forms 	
	<ul style="list-style-type: none"> Promote and enforce non-discriminatory laws and policies for sustainable development 	
	<ul style="list-style-type: none"> Ensure responsive, inclusive, participatory and representative decision-making at all levels 	

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STAKEHOLDER ENGAGEMENT

Engaging with stakeholders is essential to the success of AmBank Group. Effective engagement helps translate our stakeholders' needs into our strategic goals and creates a shared understanding and consensus on the value we deliver.

Aligning internal and external expectations is crucial in building an effective strategy to drive AmBank Group forward and implement the changes needed along the way. We engaged in active consultation with all stakeholder groups during the financial year to develop shared ownership and a cohesive vision for our future. During the engagement process, we provided clear, consistent and transparent communication on AmBank Group's objectives and aspirations with an aim to build trusted, collaborative partnerships that generate value.

In FY2019, we used a variety of channels to engage with internal and external stakeholders to obtain feedback and hold meaningful discussions on AmBank Group's current and future direction.

The SWG identified our key stakeholder groups – those with the highest level of influence and dependence on AmBank Group as:

1. Our customers;
2. Our employees;
3. Our investors and shareholders;
4. Our regulators;
5. Our community; and
6. Our media partners.

During the year, we also engaged with the Minority Shareholders Watch Group ("MSWG") and MSCI ESG Research Inc. ("MSCI") on our EES performance and FTSE Russell on their FTSE4Good assessment of the Group. We continue to be active in the development of the Islamic banking industry's VBI initiatives.

Our methods of engagement with each stakeholder group are summarised in the following table:

<p style="text-align: center;">Customers</p> <ul style="list-style-type: none"> • Digital platforms (e.g. AmBank's corporate website, social media networks, smartphone applications and mobile messaging) • Customer Satisfaction Surveys (e.g. SMS, phone call and survey tablet at AmBank branches) • Mystery Shopping Programmes 	<p style="text-align: center;">Investors and Shareholders</p> <ul style="list-style-type: none"> • Annual General Meeting • Quarterly analyst and fund manager briefings • Focused investor presentations, meetings and discussions • Financial statements • Media releases • Investment conferences and roadshows • AmBank Group's investor relation ("IR") section and dedicated IR mailbox 	<p style="text-align: center;">Government and Regulators</p> <ul style="list-style-type: none"> • One-on-one meetings (e.g. Bank Negara Malaysia, Securities Commission Malaysia, Bursa Malaysia Berhad, Credit Guarantee Corporation Malaysia Berhad)
<p style="text-align: center;">AmBank Group Employees ("AmBankers")</p> <ul style="list-style-type: none"> • Employee surveys • Employee Induction Training • Employee Engagement Expo • Townhall meetings • AmBank Group's internal publications (e.g. Berita AmBank Group) • 'Am Connected' intranet portal • Learning and development programmes • Corporate volunteering programmes • Employee performance appraisals • Direct employee electronic feedback (e.g. Speakup!, Talk to DSMT*) • Senior Management visits to employee touchpoints (e.g. AmBank branches and buildings) • Digital platforms (e.g. social media networks, smartphone applications and digital training) • 'eHR' pool email channel <p><small>* Dato' Sulaiman Mohd Tahir</small></p>	<p style="text-align: center;">Community</p> <ul style="list-style-type: none"> • Digital platforms (e.g. social media networks and smartphone applications) • Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives and partnerships with non-governmental organisations) • Zakat contributions • Financial Industry Collective Outreach • AmBank Group Sports Club (Kelab AmBank Group) CSR activities 	<p style="text-align: center;">Media</p> <ul style="list-style-type: none"> • Media conferences and events • Media releases • Media interviews • Media engagements* <p><small>* Total Print & Electronic Media PR Value for FY2019 is RM13.2 million</small></p>

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MATERIALITY ASSESSMENT

Materiality assessment enables us to identify, review and prioritise our current material EES risks and opportunities. We also identify emerging risks that may affect our businesses and our stakeholders.

During the year, the AmBank Group Sustainability Stakeholder Engagement Survey was conducted. We reviewed our material sustainability matters which form the core of our SDG contributions, and streamlined them according to AmBank Group's three key sustainability themes: Responsible Banking, Employer of Choice and Positive Societal Impact as follows:



RESPONSIBLE BANKING

We are committed to being a responsible financial services group.

Material Sustainability Matters:

1. Data Security, IT Infrastructure and Digital Transformation;
2. Customer Satisfaction;
3. Ethics, Governance and Compliance;
4. Responsible Marketing, Product and Service Design;
5. Financial Inclusion and Responsible Lending;
6. Responsible Sourcing and Procurement



EMPLOYER OF CHOICE

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

Material Sustainability Matters:

7. Conducive & Inclusive Workplace and Human Capital Development



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.

Material Sustainability Matters:

8. Environmentally and Socially Responsible Investments;
9. Community Investment and Development;
10. Energy, Water and Waste Management



The questions in the stakeholder engagement survey mirror those shared during our previous survey conducted two years ago, which served as our baseline and enable us to benchmark noticeable changes in stakeholders' perception.

Objectives of the stakeholder engagement survey:

- Stakeholder engagement forms a critical component of AmBank Group's sustainability agenda.
- The survey seeks to reach out to stakeholders for their feedback on the relative importance of EES sustainability matters that are relevant to AmBank Group.
- Stakeholders' feedback contributes towards the identification, prioritisation, and management of material EES risks and opportunities.
- Prioritising AmBank Group's sustainability matters directs our focus and enable the allocation of the necessary resources to areas that matter most.

Respondents for the survey comprised internal and external stakeholder groups: Investors and Shareholders, Customers, Suppliers, AmBank Group Directors, members of Senior Management and AmBankers.

During FY2019, we have enhanced our approach by prioritising our 10 material sustainability matters, taking into account its significance to our stakeholders and our businesses. AmBank Group also considered the magnitude of impact, the likelihood of occurrence of these material matters, as well as its relevance to our strategic priorities in developing the FY2019 material sustainability matters ranking.

Result of AmBank Group Sustainability Stakeholder Engagement Survey

In total of 67 respondents responded to the survey. The level of importance (ranking) of the identified material sustainability matters for the financial year are as follows:

Sustainability Matters	FY2019	FY2017	Change
	Ranking	Ranking	
Data Security, IT Infrastructure and Digital Transformation	1	3	↑
Customer Satisfaction	2	1	↓
Ethics, Governance and Compliance	3	2	↓
Conducive and Inclusive Workplace and Human Capital Development	4	4	-
Financial Inclusion and Responsible Lending (VBI to form an Integral Part)	5	7	↑
Responsible Marketing, Product and Service Design	6	9	↑
Responsible Sourcing and Procurement	7	8	↑
Environmentally and Socially Responsible Investment	8	6	↓
Community Investment and Development	9	5	↓
Energy, Water and Waste Management	10	10	-

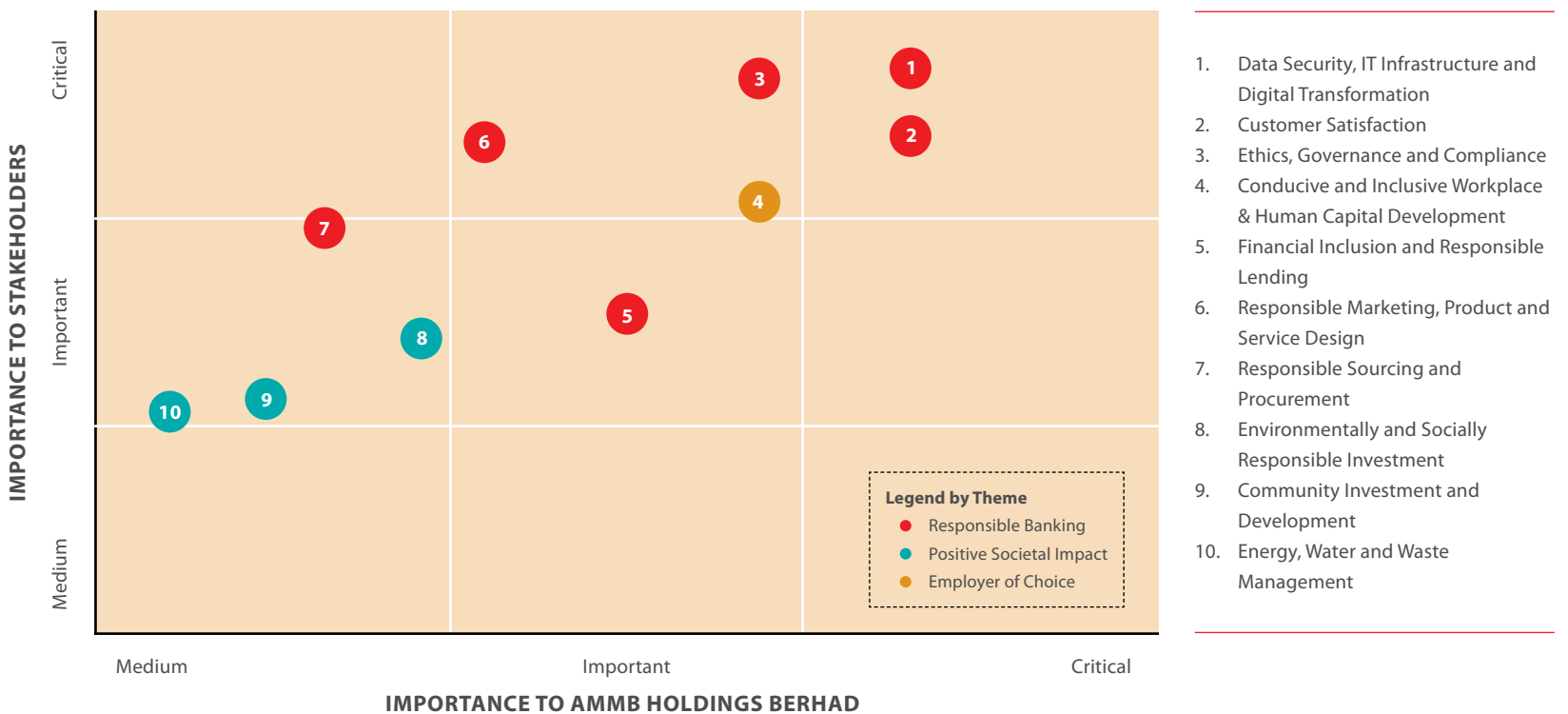
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MATERIAL SUSTAINABILITY MATTERS

Based on the result of our stakeholder engagement survey, the Board decided that particular focus should be accorded to the following material sustainability matters (in order of priority) for FY2019:

1. Data Security, IT infrastructure and digital transformation
2. Customer satisfaction
3. Ethics, governance and compliance
4. Conducive and inclusive workplace and human capital development
5. Financial inclusion and responsible lending
6. Responsible marketing, product and service design
7. Responsible sourcing and procurement

MATERIALITY MATRIX OF AMMB HOLDINGS BERHAD



1. Data Security, IT Infrastructure and Digital Transformation
2. Customer Satisfaction
3. Ethics, Governance and Compliance
4. Conducive and Inclusive Workplace & Human Capital Development
5. Financial Inclusion and Responsible Lending
6. Responsible Marketing, Product and Service Design
7. Responsible Sourcing and Procurement
8. Environmentally and Socially Responsible Investment
9. Community Investment and Development
10. Energy, Water and Waste Management

SUSTAINABILITY RECOGNITIONS AND ACCOLADES

AmBank Group’s sustainability efforts were recognised by our stakeholders during the financial year. The following provides a list of the awards and recognitions received:

- **RAMC Sustainability Rating Upgrade**

AmBank Group is committed to sustainable practices through the engagement of an annual review of its performance by an independent agency, RAM Consultancy Services Sdn Bhd (“RAMC”). RAMC rates companies based on its ESG and Positive Impact performance criteria. Based on the Group’s ESG practices and performance in FY2019, RAMC upgraded the Group’s Sustainability Rating from Silver to Gold, primarily based on improvement in the Group’s environmental performance through the establishment of an Environmental Policy and practicing a supply chain management assessment that incorporates environmental and social performance criteria.

- **RAM Sustainability Award**

AmBank Group was awarded the RAM Sustainability Award. The Group was the first banking group in Malaysia and in the ASEAN region to be accorded a RAM Sustainability Rating. The award acknowledges AmBank Group’s exemplary leadership, commitment and transparency towards sustainable development and performance.

- **Inclusion in FTSE4Good Index Series**

In June 2018, AmBank Group has met globally recognised standards for inclusion in the FTSE4GOOD Index Series, namely the FTSE4GOOD Bursa Malaysia Index, the FTSE4GOOD Emerging Markets Index and the FTSE4GOOD ASEAN 5 Index. These indices measure the performance of companies demonstrating good ESG practices.

- **Independent Assurance**

Our Sustainability Statement has undergone independent verification and partial external assurance by SIRIM QAS International Sdn Bhd (SIRIM QAS International). The verification process involved a review of selected contents in the Sustainability Statement where its accuracy and reliability have been validated. The assurance approach covers AmBank Group’s sustainability performance, including processes (ie. material assessment and stakeholder engagement) that support the Group’s sustainability practices.



> Please refer to the Independent Assurance Statement (partial) by SIRIM QAS International on [page 136](#).