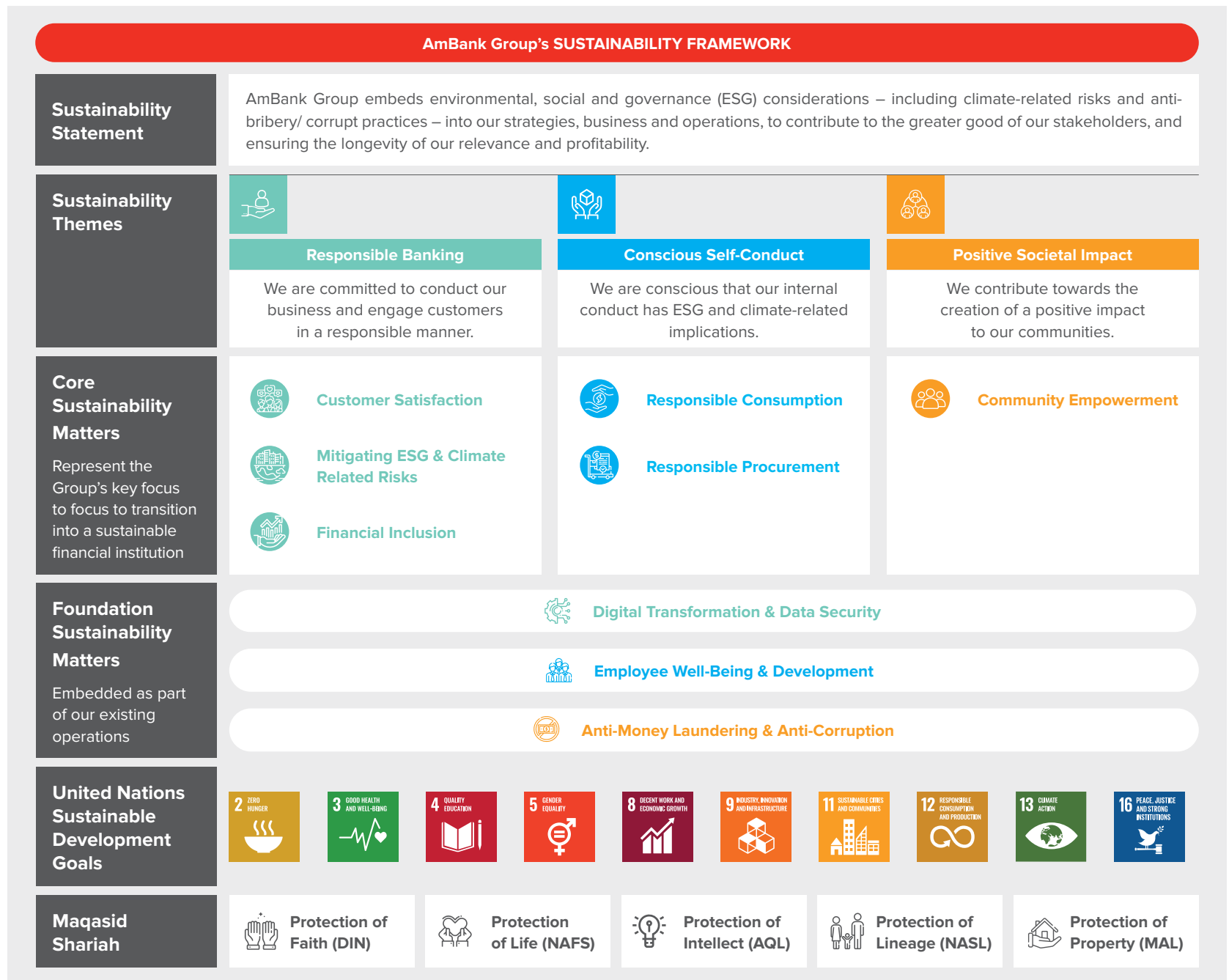


SUSTAINABILITY @ AmBank Group

SUSTAINABILITY FRAMEWORK

Sustainability at AmBank means creating value beyond profits by aligning with stakeholder expectations and promoting positive ESG outcomes. We strive for socio-economic prosperity while caring for the planet, ensuring sustainable business growth and long-term stakeholder value. Our sustainability agenda is guided by AmBank Group's Sustainability Framework, which is in line with ESG and value-based intermediation (VBI) principles. In all that we do, we seek to create value for our stakeholders to create a better future for generations to come.



SUSTAINABILITY @ AmBank Group

UN SUSTAINABLE DEVELOPMENT GOALS

As a constituent of the financial ecosystem, we recognise the crucial role we play in supporting the United Nations Sustainable Development Goals (UN SDGs), which encompass a series of interrelated global aspirations. Our efforts to improve environmental and social outcomes are closely linked to the UN SDGs. Through promoting sustainable economic growth, protecting the environment, advocating social inclusivity and adhering to good governance, we contribute to Malaysia's fulfilment of global goals. Ultimately, this strengthens our nation's commitment to establishing peaceful, equitable and inclusive societies, preserving the planet and its resources for future generations.

In ensuring our alignment with the UN SDGs, we prioritise goals that are directly or indirectly affected by our business and activities, evaluating each of the 17 SDGs and their associated indicators to identify ways in which our business can attain these goals. To this end, we have identified ten priority UN SDGs, as indicated below:



SUSTAINABILITY @ AmBank Group

SUSTAINABILITY GOVERNANCE

FUNCTIONS & DECISION MAKING

Sustainability governance is driven from the top, where the Board has overall accountability and responsibility for the Group's sustainability agenda. The Board has oversight and decision-making of the Group's sustainability/ ESG agenda, ensuring that sustainability is embedded in the formulation of Group-wide strategies. This includes having the responsibility to consider the strategy to build sustainability/ ESG capacity of the Group. Sustainability/ ESG issues, including climate-related matters are presented to the Board at least twice per financial year.

In FY2023, key climate-related matters were discussed at the Board and Management Committee levels, and these included BNM Climate Change and Principle-based Taxonomy (CCPT), enhancements of the Group's ESG risk grade and Climate Change Classification (CC-C) Guideline, and BNM Climate Risk Management & Scenario Analysis (CRMSA) policy document. Other sustainability-related matters discussed at the Board level included the relevant Group policies, key initiatives undertaken by the Group, and partnerships to strengthen the implementation and outcomes of the Group's initiatives.

Senior management headed by the Group CEO is responsible for the implementation of the Bank's ESG strategy and managing climate-related risks and opportunities related to the Group's activities.

The Group Sustainability Council, which comprises senior management, oversees sustainability-related strategies within AmBank Group. The Council convenes on a quarterly basis and is chaired by the Group CEO whilst the CEO of AmBank Islamic, who is also the Group Sustainability Champion, is the Alternate Chairman.

To ensure clear sustainability accountability, we have assigned sustainability-related KPIs to the Group CEO and all direct reports to the Group CEO.

📄 For more information on sustainability and ESG training for the Board, refer to pages 128 to 131 of AmBank Group's Integrated Annual Report 2023.

SUSTAINABILITY @ AmBank Group

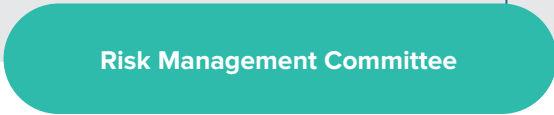


- Overall accountable and responsible for the Group's sustainability/ ESG agenda and embeds sustainability/ ESG in the formulation of Group-wide strategies, including oversight and decision-making.
- Responsible to consider the strategy to build capacity in relation to sustainability/ ESG.

* Applicable for AmBank Islamic matters



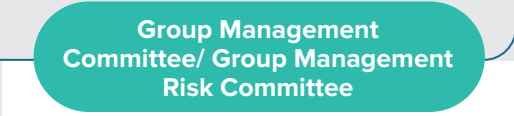
- Responsible and accountable on matters related to Shariah. This includes oversight accountability on Shariah related matters in relation to sustainability and advising the CEO and Board on Shariah matters in relation to sustainability.



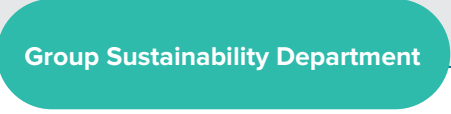
- Responsible to oversee the governance of and infrastructure to manage Group-wide ESG risks, which includes overseeing the formulation and management of the ESG risks within the Group Risk Appetite Framework and Asset Writing Strategy.



- Responsible for overseeing the development and implementation of sustainability-related strategies and initiatives within AmBank Group.
- Responsible to deliberate/ recommend/ endorse/ note sustainability-related matters.
- Responsible for ensuring the inclusion of sustainability-related key performance indicators (KPIs) in scorecards of senior management personnel of AmBank Group.
- The Council is chaired by the Group CEO whilst the CEO of AmBank Islamic, who is also the Group Sustainability Champion, is the Alternate Chairman.



- Responsible to recommend/ approve sustainability-related matters (e.g. policies and guidelines).

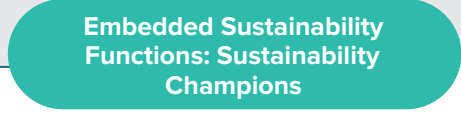


- Accountable to lead the development and implementation of broad-based, Group-wide strategic sustainability initiatives.
- Responsible for supervising the execution of strategies and initiatives in support of the Sustainability Matters.
- Has a broad mandate and competencies to ensure execution of initiatives in line with the Group's sustainability strategies.



- Accountable and responsible for the Sustainability Matters' implementation, which includes to determine and track performance metrics and targets.
- Review the effectiveness of relevant policies/ guidelines/ processes based on the Sustainability Matters and initiatives undertaken.

Note: Sponsors must be a C-Suite or designated by the Group Sustainability Council.

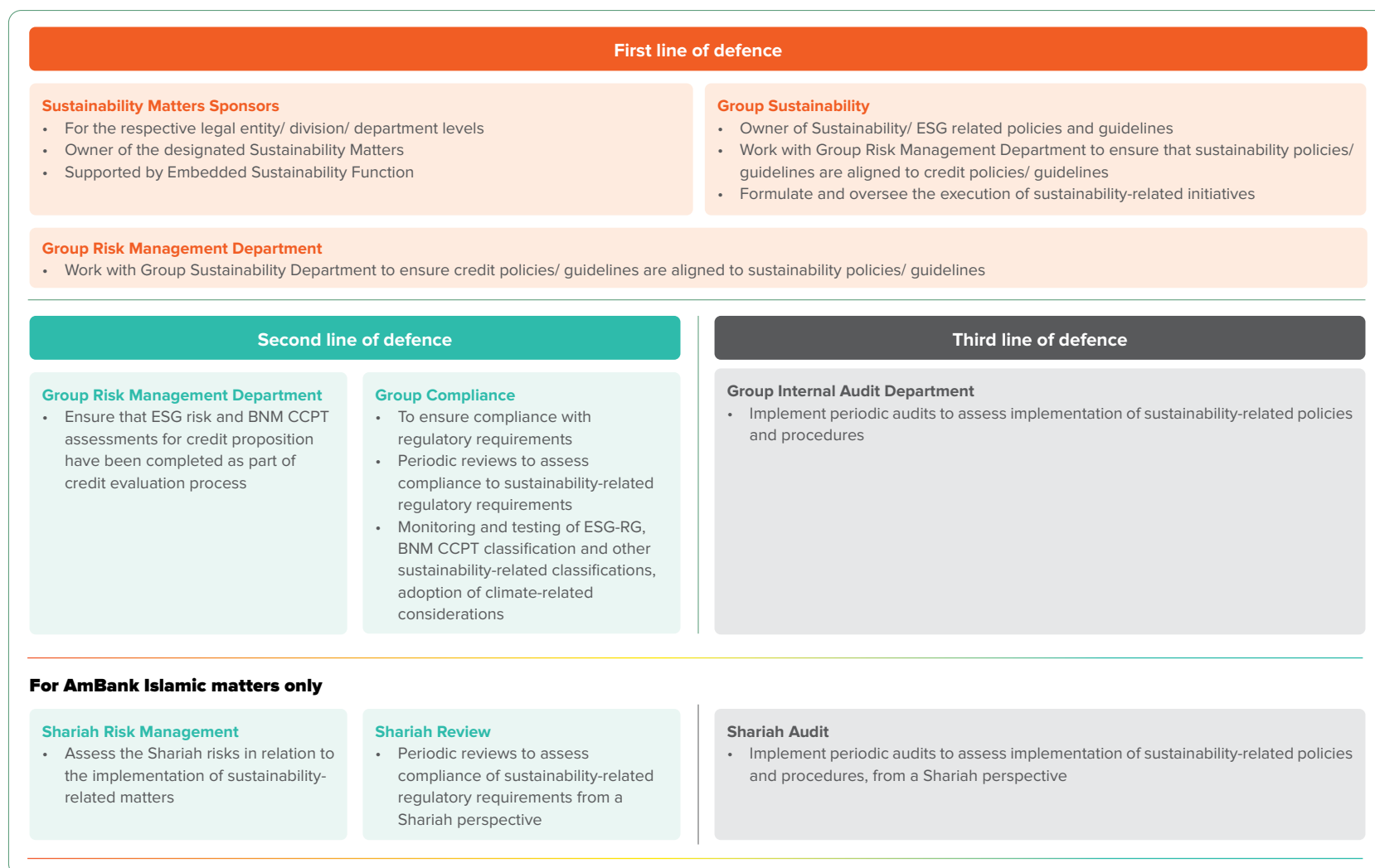


- Appointed business/ operations representatives responsible to drive sustainability initiatives within their legal entity/ division/ department and are under the responsibility of the Sustainability Matter Sponsors.

SUSTAINABILITY @ AmBank Group

Sustainability Control Framework

The Group has taken proactive measures to manage our exposures to ESG risks across our business and operations. In addition to our lending/ financing practices, we have established internal controls within the three lines of defence where we have identified the relevant departments within each line of defence. For example, the Group Sustainability Department, which has been established to supervise, lead and coordinate the development of sustainability initiatives, will be the Group's first line of defence where it will work with the Group Risk Management Department to ensure that sustainability policies/ guidelines are aligned with credit policies. Our ESG risk management is illustrated below:



As an organisation in a regulated industry, we have a responsibility to ensure that our business customers are aligned with our sustainability agenda. Failure to comply with global and local regulatory rules and standards could lead to consequences such as ceasing of operations by authorities, which would disrupt business continuity and the financial stability of our customers.

Thus, we have in place an Exclusion List, whereby the Group would not extend new/ additional loans/ financing or refinancing to customers who are under the list. We also assess the ESG risks of selected non-individual customers based on the Group's ESG Risk Assessment (ESG-RA) Guideline, which was enhanced in 2022 to include Climate Change Risk Assessment and eight sector-specific assessment.

SUSTAINABILITY @ AmBank Group

The ESG Risk Assessment is conducted by business units and relationship managers (RMs), who refer to the sector-specific ESG-RA Checklist to assign an ESG risk grade (ESG-RG) and Climate Change Classification as per BNM CCPT. The ESG-RG influences the decision-making process of the approval authority.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK ASSESSMENT

Assign Environmental, Social and Governance Risk Grade (ESG-RG) as part of our credit evaluation process for selected non-individual customers and financial investments

Environmental assessment includes:

- Climate Change Risk
- Supply chain and mitigations
- Availability of procurement policy that embeds sustainable considerations
- Availability of deforestation policy which includes land clearance methods, where relevant.
- Availability of water management policy (e.g. water source, usage monitor, pollution)
- Availability of riparian management policy and mitigation plans are in place, where relevant.
- Availability of waste/ effluents/ chemical management plan

Social assessment includes:

- Compliance with the labour laws such as child labour laws and avoid poor labour practices (including migrant workers) in relation to its procurement and production
- Compliance of the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019, where relevant
- Social Impact Assessment (SIA), where relevant
- Free, Prior and Informed Consent (FPIC), where relevant
- Availability of grievances handling and management policy
- Availability of Occupational Safety and Health (OSH) management policy and in compliance with ISO45001

Governance assessment includes:

- Compliance to Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 (MACC) and Anti-Money Laundering Policy
- History of any significant incident/ legal action/ penalty/ fine by authorities or third party in relation to ESG
- Adoption of the Principles and Practices set out in the Malaysian Code of Corporate Governance (MCCG)
- Availability of sustainability report or have any ESG disclosures
- Hold a valid certification (including industry schemes) covering Environmental, Social or Governance considerations
- Establishment of Sustainability Commitment, Sustainability Strategy and Risk Management Framework with ESG integration

SECTOR-SPECIFIC ESG RISK ASSESSMENTS

There are sector-specific assessments conducted for the following sectors:



PALM OIL

- Assess if the customer has a fully compliant MSPO supply chain and mitigations
- Assess if the customer has a no-burning policy



FORESTRY

- Assess if the customer has a forest management plan which includes harvesting-related information and commitments



QUARRYING

- Assess if the customer decommissions tailings disposal/ storage facilities using comprehensive, risk-based management and governance practices that are in accordance with recognised good practice, in order to minimise the risk of catastrophic failure



MINING

- Assess if the customer decommissions tailings disposal/ storage facilities using comprehensive, risk-based management and governance practices that are in accordance with recognised good practice, in order to minimise the risk of catastrophic failure



CONSTRUCTION & INFRASTRUCTURE

- Assess if the customer has a no-burning policy



OIL & GAS

- Assess if the customer measures the following:
 - Quantity of hydrocarbons discharged; and
 - Volumes of produced water an processed water that are reused/ recycled



MANUFACTURING

- Assess if the customer has a no-burning policy



LOGISTICS

- Assess environmental and social impacts, waste management and Occupational Safety and Health (OSH) management policy