



AmBank Group

ESG Day

Curating a Sustainable Strategy

By Dato' Sulaiman Mohd Tahir



AmBank Group Sustainability Journey ...



- Formation of **Sustainability Working Group (SWG)**
- Introduced **Sustainability Statement**, 3 Sustainability Themes and 10 Sustainability Matters
- Identified **4 UNSDGs** as focus areas
- Initiated **GHG Emissions reporting** for Scope 1 and 2



- Established **Group Environmental Policy**
- Identified **9 UNSDGs** as focus area
- Launched **Energy Efficiency Plan**
- Responsible Sourcing and Green Procurement for Supplier's Onboarding programme



- Drafted **Sustainability Framework**
- Established the **Environmental Practice Guides**
- Launched **No Single-Use Plastic Programme**
- **JC3** Member



- Formalised **Sustainability Framework**
- Established **Group Sustainability Council** (superseding SWG)
- Introduced **Sustainability KPIs**
- Green Financing tracking
- **Exclusion List**
- Pilot **CCPT** initiatives
- **ES-RG** for new non-retail credit application

AmBank Group Sustainability Governance Structure & Framework ...



GOVERNANCE



Responsible Banking

- Responsible Lending & Source of Funds (including financial inclusion/ access to finance & responsible products/ services)
- Customer Satisfaction & Responsible Sales and Marketing
- Data Security & Digital Transformation
- Responsible Investment & Advisory Services
- Brand & Market Presence



Conscious Self-Conduct

- Employee Development and Well-Being
- Responsible Procurement
- Energy, Plastics & Waste Management
- Ethics, Governance & Compliance



Positive Social Impact

- Community Investments and Development

Establishing Group Sustainability Governance, implementation and monitoring framework to effectively drive the Group's Sustainability Agenda

SUPPORTING



10 out of 17 UN SDGs



MAQASID SHARIAH

- PROTECTION OF **FAITH** (DIN)
- PROTECTION OF **LIFE** (NAFS)
- PROTECTION OF **INTELLECT** ('AQL)
- PROTECTION OF **LINEAGE** (NASL)
- PROTECTION OF **PROPERTY** (MAL)



Integrating Sustainability Risk in our Lending/ Financing Practices ...

The Exclusion List

- Weapons, firearms, explosives
- Natural habitat in violation of PERHILITAN
- Wildlife in violation of PERHILITAN
- National/ World/ UNESCO heritage sites
- Forced labour or child labour
- Sex-related products/services/ adult entertainment
- Coal-fire power plants (eff. Apr22)

ESG Risk Assessment

	Action Plan	Who can approve?
Low ESG-RG	No	As per existing CAD matrix
Medium ESG-RG	Additional commentary	As per existing CAD matrix
High ESG-RG	Mitigation plan	CACC

AMBANK HIGH IMPACT ESG RISK SECTORS

Forestry	Mining	Palm Oil	Oil & Gas
Construction & Infrastructure	Manufacturing	Logistics	Quarrying

Incorporating CCPT

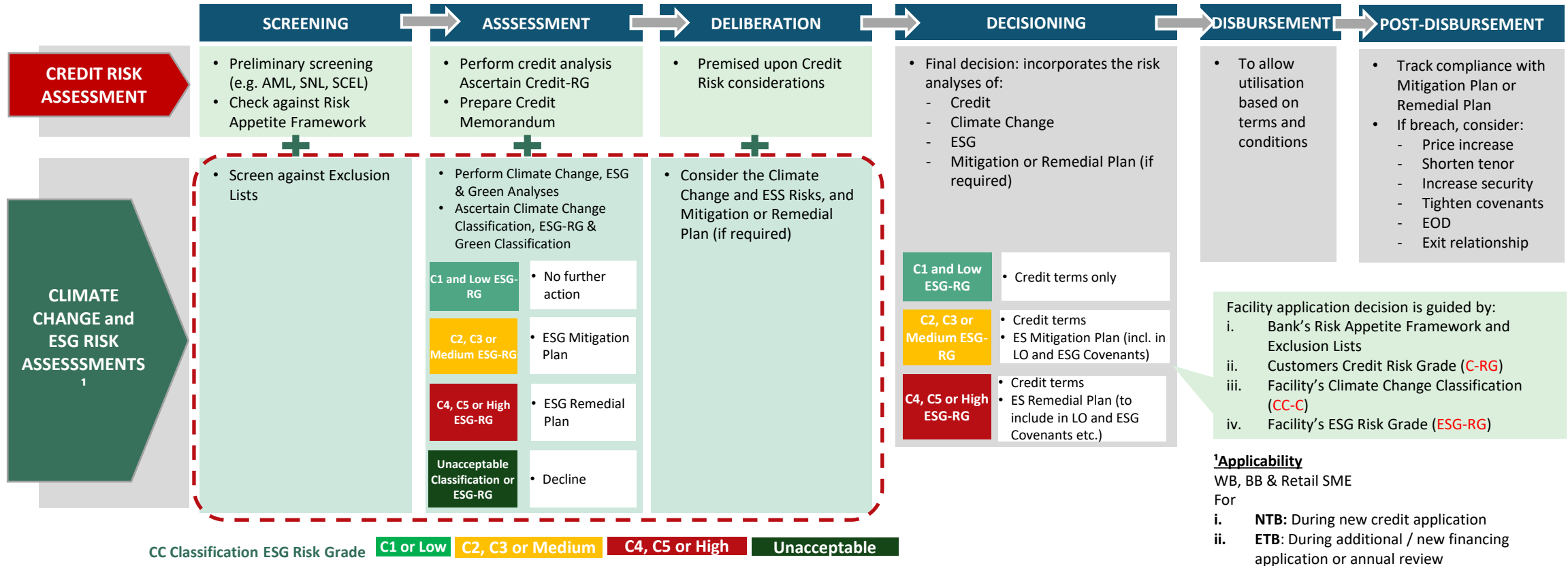
(Climate Change and Principle-based Taxonomy)

- 5 Guiding Principles:
 - GP1: Climate Change Mitigation
 - GP2: Climate Change Adaptation
 - GP3: No significant harm to the environment
 - GP4: Remedial measures to transition
 - GP5: Prohibited Activities
- 5 Classification of Economic Activities (Category 1 –5) and 3 broad categories:

		TRANSACTION		OVERALL BUSINESS	
		GP1	GP2	GP3	GP4
CLIMATE SUPPORTING	C1	<input checked="" type="checkbox"/> GP1 or/and GP2		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> / <input checked="" type="checkbox"/>
	C2	<input checked="" type="checkbox"/> GP1 or/and GP2		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TRANSITIONING	C3	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	C4	<input checked="" type="checkbox"/> GP1 or/and GP2		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
WATCHLIST	C5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



ESG Risk Grade + Credit Risk Grade = Credit Decisions ...



AmBank Group Responsible Financing Strategic Plan, 10-year Objective (approved by GMC in 2019)
 "At least **70%** of AmBank Group's loan/ financing portfolio would constitute exposures with **LOW ESG-RG**"



TCFD - Climate Change Risk Disclosures ...

TCFD's Recommended Disclosures

GOVERNANCE	STRATEGY	RISK MANAGEMENT	METRICS & TARGETS
a) Board's oversight of climate-related risks and opportunities.	a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term.	a) Organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Management's role in assessing and managing climate-related risks and opportunities.	b) The impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	b) Organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	c) The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) How processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk mgmt.	c) Describe the targets used by the organization to manage climate-related risks and opportunities performance against targets.

Action Plan:

- Show commitment by becoming a **TCFD supporter** (Officially register support with TCFD) and publicly declare support for the TCFD and its recommendations
- To adopt **TCFD recommended disclosures on a phased approach:**

Phase 1	Foundation	<ul style="list-style-type: none"> • Focus on establishing the Governance and Risk Management to set the foundation for effective climate-related financial disclosure 	
Phase 2	Introduce Strategy and Metrics and enhancements	<ul style="list-style-type: none"> • Focus on the top disclosure elements within Strategy (a and b) and Metrics & Target disclosures (a, b : Scope1 & 2 and c) • Enhancements to Governance disclosures 	
Phase 3	Strategy resilience and enhancements	<ul style="list-style-type: none"> • Explore climate-related scenario analysis • Disclose the resilience of its strategy • Make further advancement to existing areas of disclosure 	

ABM 7 ESG Principles ...



✓ We commit to **achieve Carbon Net Zero** across our entire business and financed customer portfolio.

✓ We commit to **incorporate ESG** into our **governance and risk management** approach.

✓ We commit to identify, mitigate & manage **risks of modern slavery and human rights** across our supply chain



✓ We commit to **report publicly on our ESG practices and progress** in achieving these commitments

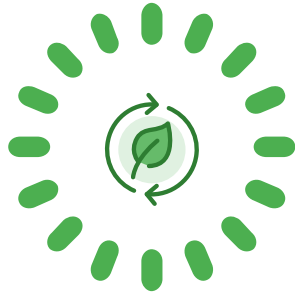
✓ We commit to **social & financial inclusion** to ensure a sustainable future.

✓ We commit to encourage **sustainable practices** within the **high impact industry sectors** for ESG

✓ We **commit to support financing for Agribusiness customers**



Opportunities in ESG ... *transition finance*



LENDING / FINANCING

Green Technology Financing Scheme

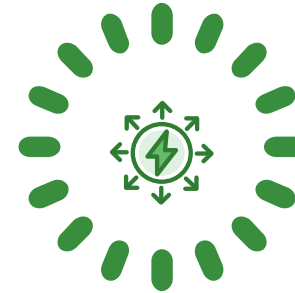
Green building construction, solar energy, renewable energy, refurbishing plants, transition and adaptive technologies, electrical and electronics ecosystem to move into the Electric Vehicle (EV) industry



CAPITAL MARKETS & ADVISORY

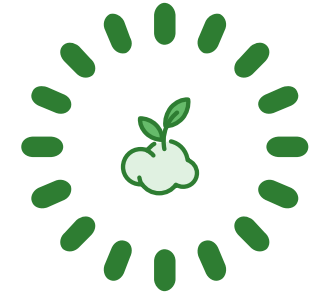
Green Sukuk & Bonds

Social Bonds
Dedicated ESG advisory



FUND MANAGEMENT

ESG Funds - Sustainable Series



CAPACITY BUILDING - BEYOND FINANCING

AmBank BizClub,
AmBank BizConference,
AmBank Biz Race

Financial literacy

Sustainability Awareness programmes for individuals and businesses focusing on Sustainable Transition



The Challenges ...

Measuring ESG in businesses



Clarity by authorities on measurement of carbon emission



Uncertainty about the appropriate governance structures required for different sized firms, and the level of detail needed to meet disclosure standards effectively



Unwinding exposure in high impact industries

Mobilization of capital to fund Net Zero journey – some activities have commenced



Absence of client data/information (including poor data quality)

Data gaps for assessing climate impacts on credit risk



AmBank Group Sustainability Activities ...



SME Biz Start Up-i

Assist start-up businesses with minimal track record to financing between RM30k and RM300k



FINANCIAL INCLUSION

AmBank BizRACE SEASON 3

HELPING SMEs BEYOND FINANCING

An entrepreneurship challenge in collaboration with government agencies and partners aimed at providing SMEs with access to valuable knowledge sharing session and development training covering leadership development, improvements in business model as well as system, structure and culture transformation.

Green Business Conference (BizRace Season 2), The Industrial Revolution 4.0, Digitalisation and Halal Quest



CONSCIOUS SELF-CONDUCT

First Bank in Malaysia to install solar photovoltaic panels

Collaborated with Tenaga Nasional Berhad in coping with the global environmental crisis to install PV panels on our building to generate clean energy
102,437 kWh of energy generated by solar panels (Oct20-Dec21) offset appr. 60 metric tones of carbon emissions



COMMUNITY UPLIFTMENT

FINANCIAL INDUSTRY COLLECTIVE OUTREACH PROGRAMMES

Provide the underprivileged youth with guidance and education tools

FINANCIAL LITERACY

Help communities improve their financial, credit and debt management knowledge

ZAKAT (ISLAMIC TITHE)

Provide monetary assistance to the lower income group



GREENING OF MALAYSIA – OUR TREES, OUR LIFE

NATIONAL 100 MILLION TREE PLANTING CAMPAIGN - AMBANK GROUP & YAYASAN HIJAU MALAYSIA





Some Recognitions ...

MSCI
ESG RATINGS

AA

FTSE
Russell

3.6/5

Environmental

4.0/5

Social

2.4/5

Governance

4.3/5

SUSTAINALYTICS
ESG Rating

29.6 Medium

RAM

GOLD

Environmental

Silver

Social

Gold

Governance

Gold

Positive Impact

Silver

Purpose Policies Processes



Improved
No change
Unfulfilled

SUSTAINABLE BUSINESS AWARDS MALAYSIA 2020/21



ASIAMONEY BEST BANK AWARDS 2021



"Malaysia's Best Bank for CSR 2021"

SUSTAINABILITY-RELATED AWARDS



Global Banking & Finance Awards
Best SME Bank Malaysia 2021 (4th consecutive year)
Best Islamic SME Bank Malaysia 2021 (2nd cy)



Alpha Southeast Asia
Best Islamic SME Bank Malaysia 2020



MSOSH Occupational Safety and Health Awards
Winner of the MSOSH OSH Gold Class 1 award in the Service Sector category



National Occupational Safety and Health Excellence Awards 2019 (2nd consecutive year)

SUSTAINABILITY INDEX

AmBank Group has met globally recognised standards for inclusion in the FTSEGOOD index series, namely the FTSE4GOOD Bursa Malaysia Index, the FTSEGOOD Emerging Market index and the FTSE4GOOD ASIAN 5 Index.

SUSTAINABILITY INDEPENDENT ASSURANCE



SIRIM QAS International Sdn Bhd
Selected areas in the Sustainability Statement has undergone independent verification



AmBank Group

Thank you

