



BUILDING A *sustainable* FUTURE

RHB Bank Berhad
SUSTAINABILITY REPORT **2018**



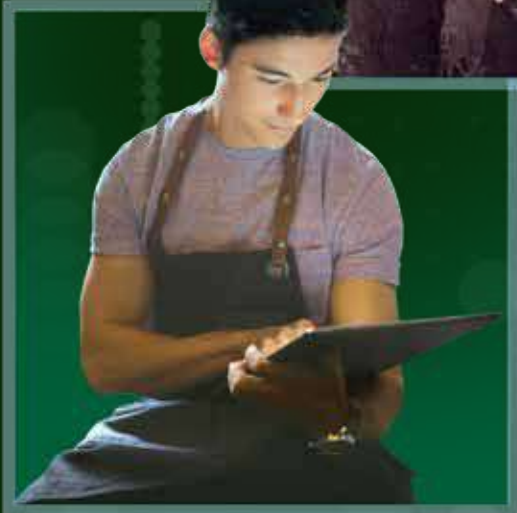
Our Cover Rationale

THE GROUP'S ABILITY TO GROW AND PROSPER RESPONSIBLY RESTS ON ITS ABILITY TO MAKE BUSINESS DECISIONS THAT FULFIL ECONOMIC, ENVIRONMENTAL, AND SOCIAL OBLIGATIONS.

OUR GROUP'S SUSTAINABILITY OBJECTIVES CUT ACROSS ECONOMIC IMPACTS, ENVIRONMENTAL STEWARDSHIP, AND COMMUNITY ENGAGEMENT AND DEVELOPMENT THAT NURTURE FUTURE GENERATIONS.

WE ASPIRE TO BUILD THESE SHARED VALUES BY ENGAGING WITH OUR VAST NETWORK OF STAKEHOLDERS ON SUSTAINABILITY MATTERS MATERIAL TO THEM AND TO RHB, INSPIRING THEIR MEANINGFUL PARTICIPATION AND ACTION TOWARDS CO-CREATING LONG-TERM CONTRIBUTIONS TO THE ECONOMY, ENVIRONMENT, AS WELL AS TO SOCIETY.

**FULFILLING RESPONSIBILITIES,
NURTURING FUTURE GENERATIONS
& CREATING SUSTAINABLE CONTRIBUTIONS**



ABOUT THIS *report*

Welcome to RHB Bank Berhad's ("RHB" or "the Group") Sustainability Report covering the Group's economic, environmental and social ("EES") performance, underscored by robust governance. We are pleased to share our sustainability progress as it contributes to the Bank's overall vision.

This report communicates our value creation efforts to our stakeholders and clearly addresses matters that are most material to them as well as our business. The Group's sustainability journey is detailed herein with insights into our performance on the economic, environmental and social aspects of the Group's operations.



REPORTING PERIOD AND CYCLE

RHB Bank Berhad is committed to reporting its sustainability performance annually in accordance with the provisions of Bursa Malaysia's Listing Requirements. The RHB Sustainability Report 2018 covers the period between 1 January 2018 and 31 December 2018.



REPORT COVERAGE

RHB Bank Berhad is a public company listed on Bursa Malaysia's Main Market Listing. This Report covers RHB Bank Berhad and its subsidiary companies across Association of Southeast Asian Nations ("ASEAN"). References to 'RHB', 'RHB Bank', 'the Organisation', 'the Group' and 'we' refer to RHB Bank Berhad and/or its subsidiaries.



REPORTING SCOPE

The scope of this Report is limited to strategies, initiatives, and activities in RHB Bank Berhad and its subsidiary companies across ASEAN. RHB conducted a materiality assessment as part of the initial scoping of this report to ensure appropriate coverage is given to each aspect of sustainability. The assessment helps to identify and prioritise the most material sustainability matters for both business performance and stakeholders. Certain information is geographically limited and hence, location-specific data is stated where applicable. We are in the process of implementing data collection processes in more locations and verticals to allow for more complete disclosures in the future.



GUIDELINES & STANDARDS

The performance and results presented are based on a multi-stakeholder approach, in line with the following sustainability reporting guidelines:

- Global Reporting Initiative ("GRI") Standards Sustainability Reporting Framework
- Bursa Malaysia Sustainability Reporting Guide
- United Nations Sustainable Development Goals

This Report has been prepared 'in accordance' with the GRI Standards: Core option.



FEEDBACK

We welcome comments from our stakeholders. For further enquiries or feedback, please contact:

**SUSTAINABILITY MANAGEMENT
GROUP CORPORATE COMMUNICATIONS
RHB BANK BERHAD**

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The online version of RHB Bank Berhad Annual Report 2018 and this Sustainability Report 2018 is available on: www.rhbgroup.com



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A photograph of a man and a young boy on a beach. The man, wearing a dark t-shirt and a hat, is pointing towards a group of seagulls flying in the sky. The boy, wearing a blue shirt and sunglasses, is also pointing in the same direction. The background shows the ocean and a clear blue sky. The text 'Progress' is written in a large, white, cursive font, and 'It never happens alone.' is written in a smaller, white, sans-serif font below it.

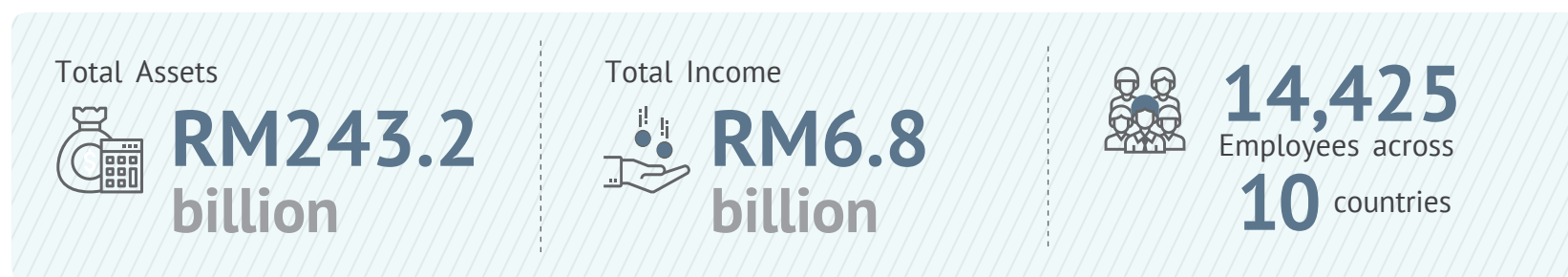
Progress

It never
happens
alone.

Who We Are

RHB Banking Group (“RHB” or “the Group”) is a multinational regional financial services provider that is committed to deliver complete solutions to customers through differentiated segment offerings and an ecosystem that supports simple, fast and seamless customer experiences, underpinned by a cohesive and inspired workforce and relationship built with stakeholders.

Ranked among the top banks in Malaysia and with a significant presence in ASEAN, RHB has strong market leadership in Malaysia across targeted products and segments. With employee strength of **14,425 employees** group-wide, RHB’s presence spans **9 countries** in the ASEAN region and Hong Kong. RHB also has representative offices in Vietnam and Myanmar.



WHERE WE OPERATE

- MALAYSIA
- SINGAPORE
- INDONESIA
- THAILAND
- CAMBODIA
- LAO PDR
- BRUNEI
- VIETNAM
- MYANMAR
- HONG KONG

BRAND PROMISE

Together we progress >

- Being your trusted partner
- Delivering simple, fast and seamless experiences
- Providing solutions that help achieve your goals
- Nurturing future generations

VALUES



PROFESSIONAL

We are committed to maintain a high level of proficiency, competency and reliability in all that we do.



RESPECT

We are courteous, humble and we show empathy to everyone through our actions and interactions.



INTEGRITY

We are honest, ethical and we uphold a high standard of governance.



DYNAMIC

We are proactive, responsive and forward thinking.



EXCELLENCE

We will continuously achieve high standards of performance and service deliverables.

What We Do

GROUP RETAIL BANKING

Group Retail Banking (“GRB”) provides both conventional and Shariah-compliant products and services, such as mortgage, auto financing, ASB financing, personal financing and credit card, current and savings accounts, fixed deposit, investment and insurance products.

GROUP SHARIAH BUSINESS

RHB Islamic is the Group’s Islamic Banking arm, providing Shariah-compliant products and services across four business segments: Retail Banking, Corporate & Investment Banking, Business & Transaction Banking and Islamic Treasury.

GROUP BUSINESS AND TRANSACTION BANKING

Group Business and Transaction Banking (“GBTB”) offers a wide range of business solutions ranging from loans/financing, deposits, FX, remittance and interbank business among others. GBTB comprises Group Business Banking segment and Group Transaction Banking segment. GBTB’s comprehensive transaction banking solutions today include an online platform for supply chain financing to support the end-to-end working capital needs of clients as well as cash management activities with complete payment and collection solutions.

GROUP WHOLESALE BANKING

Group Wholesale Banking (“GWB”) provides financial advisory services and solutions to Corporates in ASEAN. Our business growth solutions include M&A advisory, target/buyer search, financial structuring and funding. We optimise customers’ efficiency with cash management, trust and custody, trade solutions and cross-border transactions. Our trading platform, asset management, and research insights help customers make sound investment decisions.

SINGAPORE OPERATIONS

Singapore Operations is the key regional contributor to the Group, with key strengths in the mid-cap segment, aiming to be the catalyst bank for SMEs, advising on both business and personal financial needs.

GROUP INSURANCE

RHB Insurance provides general insurance for our retail and corporate customers. It is the 10th largest insurer in Malaysia with 4.4% market share, and ranks among the Top 10 insurers for fire and Top 5 insurers for medical and health coverage.

INTERNATIONAL BUSINESS

RHB International Business comprises our overseas commercial banking portfolio, excluding Singapore. Our network of branches in Cambodia, Thailand, Lao PDR and Brunei offers a wide range of products and services from loans and deposits to trade finance and other services, such as foreign exchange and remittance that cater to retail, commercial and corporate customers.



Read more on our Group businesses in the RHB Bank Berhad Annual Report 2018.

MEMBERSHIPS

RHB demonstrates thought leadership amid its vast network of stakeholders, which include industry bodies, financial sector associations and think tanks by sharing knowledge, expertise, sectoral insights and best banking practices. Collaboration and dialogue are powerful drivers to shape the future of finance, foster innovation and enforce action for sustainable banking.

We strive to contribute to the development of the industry through the following memberships.

List of Selected Memberships*

- | | | | |
|---|---|---|--|
| <p>1</p> <p>United Nations Global Compact Network (“GCMY”)</p> | <p>2</p> <p>Asian Institute of Chartered Bankers (“AICB”)</p> | <p>3</p> <p>The Association of Banks in Malaysia (“ABM”)</p> | <p>4</p> <p>Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”)</p> |
| <p>5</p> <p>Association of Stockbroking Companies Malaysia (“ASCM”)</p> | <p>6</p> <p>International Capital Market Association (“ICMA”)</p> | <p>7</p> <p>Institute of Corporate Directors Malaysia (“ICDM”)</p> | <p>8</p> <p>International Financial Services Board (“IFSB”)</p> |
| <p>9</p> <p>Malaysian Investment Banking Association (“MIBA”)</p> | <p>10</p> <p>Minority Shareholders Watch Group (“MSWG”)</p> | <p>11</p> <p>Malaysian Institute of Corporate Governance (“MICG”)</p> | |
| <p>12</p> <p>Perbadanan Insurans Deposit Malaysia (“PIDM”)</p> | | <p>13</p> <p>Federation of Public Listed Companies (“FPLC”)</p> | |

*This list is non-exhaustive.







Where We Operate

14,425
employees

365
branches/offices



Our regional presence and performance

MALAYSIA	SINGAPORE
 12,719 EMPLOYEES	 703 EMPLOYEES
 303 BRANCHES/OFFICES	 9 BRANCHES/OFFICES
 RM6,056.0 mil TOTAL INCOME	 SGD145.5 mil TOTAL INCOME



INDONESIA

364 EMPLOYEES

16 BRANCHES/OFFICES

IDR234.2 bil
TOTAL INCOME

HONG KONG

87 EMPLOYEES

4 BRANCHES/OFFICES

HKD49.7 mil
TOTAL INCOME

THAILAND

227 EMPLOYEES

14 BRANCHES/OFFICES

THB821.0 mil
TOTAL INCOME

BRUNEI

26 EMPLOYEES

1 BRANCH/OFFICE

BND3.7 mil
TOTAL INCOME

CAMBODIA

234 EMPLOYEES

13 BRANCHES/OFFICES

USD24.0 mil
TOTAL INCOME

VIETNAM

Representative Office

1 EMPLOYEE

LAO PDR

64 EMPLOYEES

3 BRANCHES/OFFICES

LAK36.1 bil
TOTAL INCOME

MYANMAR

Representative Office



Financial Performance Highlights 2018



Total Assets
RM 243.2
billion

Total Customer
Deposits



RM 178.9
billion



CET 1
15.5%



Pre-Tax Profit
RM 3.1 billion

Gross Loans



RM 168.9
billion



Total Income
RM 6.8
billion

Cost to
Income Ratio
49.3%



Shareholders' Equity
RM 23.4 billion



Profit After Tax
RM 2.3 billion

Sustainability Highlights 2018



GOVERNANCE

TOP 30

Association of Southeast Asian Nations (“ASEAN”) Public Listed Companies (Top 11 - 30) for good corporate governance disclosure by the ASEAN Capital Markets Forum (“ACMF”)

RHB has satisfied the requirements to become a constituent of the **FTSE4Good Bursa Malaysia Index Series**



with improved rating from **2.9** in 2017 to **3.4** in 2018



Global Good Governance Award from Silver in 2016 to Gold in 2017 to Platinum in 2018

Launched **5 new** products incorporating Value Based Intermediation (“VBI”) features



ECONOMIC

Launch of **SyuQR app**, which allows users to donate to mosques by scanning a QR code or via internet banking and JomPay

Best Government-Guaranteed Sukuk Award for our role as Shariah Adviser in Perbadanan PR1MA Malaysia RM2.5 billion Murabahah Sukuk

RM27.2

billion in loans granted to SMEs

RM378

million procured by Group Procurement from local suppliers, equivalent to 90% of total procurement spend



97.5%

customer complaints resolution within **5 working days**



ENVIRONMENT

12.9%

reduction in energy consumption equivalent to **672,419** kg CO₂e



11%

reduction in water consumption

Reduced paper consumption by



8.7 million pieces of paper

Transforming current Data Centre to a **Green Data Centre**

**Baseline comparison with 2017*



SOCIAL

RM43.1

million invested in training our workforce

Improved Employee Engagement Score to **84%**

Women make up **49.9%** of Management

The Group pledged **RM10 million** towards community engagement and development programmes and invested approximately **RM91 million** from **2007-2018**

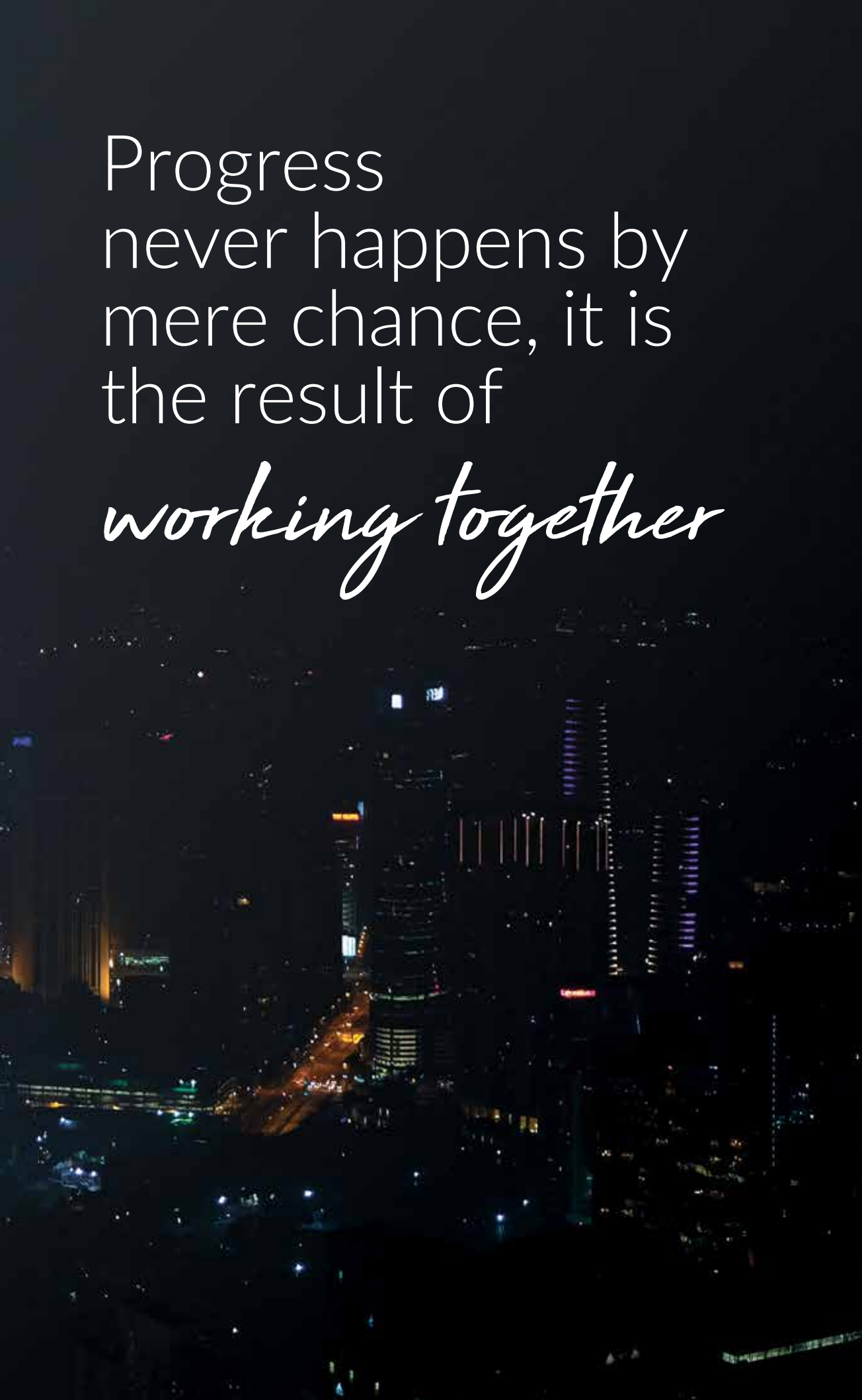
Engaged **10,407** youths through the Money Ma\$ter programme

Impacted **805 youths** from B40 households through the RHB X-Cel Academic Excellence programme

RHB Touch Hearts

- Impacted more than **20,700** underserved and underprivileged members of the community since 2016
- Raised **RM1.263 million** in cash and in kind over the last 3 years





Progress
never happens by
mere chance, it is
the result of
working together

Statements of Sustainability Commitment

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- 18 A Statement from the Chairman of Board of Trustees, RHB Foundation

A Statement from the Chairman of RHB Banking Group



“Our sustainability vision of “Building a Sustainable Future” is embedded in the five pillars that form the foundation of our sustainability practices: Drive Ethical and Responsible Business Practices; Promote Sustainable Business; Promote Environmental Practices; Foster Talent Development; Enriching and Empowering Communities. ”

I am pleased to present RHB Banking Group’s Sustainability Report, outlining our sustainability journey and detailing our progress in creating value for our shareholders and other stakeholders. We continue to chart significant milestones in our business operations and strengthen our long-term sustainability agenda, in line with our business strategies and aspirations for the future.

Our Vision for Sustainability

As we move forward, we intend to institutionalise our sustainability governance and embed into our day-to-day lives good sustainability practices within the Group. With this, the Board of Directors have endorsed the Group’s sustainability agenda as a key priority and will strive to promote environmental, social and governance (“ESG”) practices in our strategies. Testament to our commitment to ESG is our improved score of 3.4 on the FTSE4Good Bursa Malaysia Index from 2.9 in 2017, which sets us on the right footing towards being a sustainable bank.

The Board also approved the establishment of a Sustainability Management team that will plan, facilitate and monitor sustainability-related initiatives throughout the Group.

In the year under review, we streamlined our resources to fuel sustainability ideas and initiatives. A robust materiality assessment was conducted to identify sustainability matters that affect our business and our stakeholders, and the outcome was 17 identified sustainability material matters.

Guided by the sustainability material matters, we proceeded to develop our sustainability framework that complements efforts towards achieving our 5-year strategic plan, FIT22, and which will propel our sustainability agenda as we move forward. Our sustainability vision of “Building a Sustainable Future” is embedded in the five pillars that form the foundation of our sustainability practices: Drive Ethical and Responsible Business Practices; Promote

Sustainable Business; Promote Environmental Practices; Foster Talent Development; Enriching and Empowering Communities.

Ethical and Responsible Business Practices

The Group is committed to upholding the highest level of ethical and professional conduct in running our daily business and operations. We ensure that the Group complies to applicable laws and regulations, and we promote open and transparent discussions, as well as constructive challenge in the Board and across the Group. We continually strive to ensure best practices are being maintained and that governance is integral to our strategy and decision making processes for the benefit of our shareholders and other stakeholders.

The Group’s unremitting effort was recognised with a Platinum Award for the Best Governed and Most Transparent Company and a Bronze Award for Best Community Programme in the



Global Good Governance Awards 2018, by the Pinnacle Group International. We were also accorded the Top 30 ASEAN Public Listed Companies for good corporate governance disclosures by the ASEAN Capital Markets Forum (“ACMF”).

I am also pleased to share that we have improved the diversity on our management team and the Board – we now have 49.9% and 27.6% participation of women in middle management and top management roles respectively. In March 2019, we also successfully achieved the 30% gender diversity target set by the Malaysian Code of Corporate Governance (“MCCG”) for Board of Directors.

Promote Sustainable Business

At RHB, we are cognizant that a sustainable business approach can make a positive impact on the long term viability of our business. We are focused on driving business growth by conducting our business in a responsible manner.

In 2018, we provided a total financing of RM27.2 billion to SME businesses and fueled the underserved SMEs, giving them a new impetus to grow locally, regionally and internationally. Our new community banking programme allows us to serve the banking needs of the various segments of the community. This includes the provision of affordable and quality homes to aspiring home owners via customised mortgage products in line with Bank Negara Malaysia’s Fund for Affordable Homes. Leveraging on digital technology to improve accessibility to financial products and services, we launched three new digital applications in 2018. These digital applications provide simple, fast and seamless experiences to our customers.

Promote Environmental Practices

The Group is committed to improve its efforts towards minimising the environmental impact of our operations. Part of our efforts includes managing energy use, paper consumption, water

usage and waste management as well as transforming our existing RHB Data Centre into a Green Data Centre. Throughout 2018, we adopted energy-efficient technologies and have significantly reduced our energy consumption by 12.9%.

Foster Talent Development

To create an empowered workforce and to build a workplace of the future, we have put in place strategies and processes that accelerate the development of the Group’s aspirations. These include:

- Strengthening our talent development initiatives and attracting the best talents
- Foster talent development through our unique Employee Value Proposition (“EVP”)
- Adoption of AGILE@Scale, a strategic initiative aimed at creating a workforce that is dynamic, customer centric, output oriented and empowered
- Employee engagement efforts to nurture an engaged workforce across the region
- Employee training and education to ensure our people are equipped with relevant skills and tools to achieve their fullest potential

RHB won the Excellence in Talent Management award at the Employer Branding Awards 2018 and Excellence in Talent Management (Silver) at the HR Excellence Awards 2018.

We will continue to upskill and reskill our employees thus, enabling our people to work with greater autonomy.

Enriching and Empowering Communities

The Group continues to uphold a strong commitment to enriching the communities within which we operate. To support this commitment, we have pledged RM10 million towards the Group’s community engagement and development programmes focusing on Nurturing Future Generations. These programmes

focus on promoting financial literacy and advancing academic excellence among the young generation and increasing their opportunities to excel in life.

A core tenet of our community engagement is the element of volunteerism embodied in our employees, who spearhead projects that nurture future generations, promote community/family wellbeing, and conserve the environment.

Moving Forward

In the coming months, we will continue to enhance sustainable practices across the Group. Our mission is to create greater impact and larger societal value for all our stakeholders and the future generations.

Our Appreciation

On behalf of the Board of Directors of RHB Bank Berhad, I would like to extend my deepest appreciation to our shareholders, customers and business partners for their belief in us as we chart our journey towards providing sustainable financial services. I would also like to record my gratitude to the Board of Trustees of RHB Foundation, Senior Management and employees of RHB Banking Group for their dedication, commitment and invaluable contributions in getting the Group to where it is today. As we shape RHB into a key player in ASEAN, we hope to play a significant role in driving sustainable practices that will change the way banking is done in the future.

Azlan Zainol

A Statement from the Chairman of Board of Trustees, RHB Foundation



Dato' Khairussaleh Ramli
Chairman, Board of Trustees, RHB Foundation



More than **10,000** students engaged across 5 states in Malaysia



Impacting more than **800** students across **18** schools nationwide



To date, **RM1.26** million raised by RHBians through 115 Group-wide community projects

The Group pledged **RM10 million** towards community engagement and development programmes

As a multinational financial services Group, RHB is progressing well on its sustainability journey of creating a positive impact – economically, socially and environmentally, while delivering value to our shareholders and other stakeholders. In 2018, we deepened our footprint in sustainability practices. We place greater focus on our commitment towards making a difference and bringing positive changes to the communities within which we operate, in line with one of the key pillars of our sustainability commitments to nurture future generations.

At the forefront of our community development initiatives is RHB Foundation, a non-profit tax-exempt entity which was established to carry out initiatives that will transform lives and touch the hearts of those less fortunate members of the community. We embarked on our mission driven by a people-centric focus, to bridge the gap and open up opportunities for the underprivileged and underserved. Through our community engagement and development initiatives, we enrich and empower the communities in Malaysia and across key ASEAN

countries where we have a presence, supported by more than 14,000 employees and our partners from governmental and non-governmental bodies.

Our programmes have largely been centred on nurturing future generations, focusing on children and youth through capacity building, harnessing their full potential by providing them with the opportunity to excel. Through the RHB Money Ma\$ter Programme, we give children and youth a head-start in becoming financially savvy and prepare the next generation of banking customers to manage their financial affairs. In 2018, we



“

Financial literacy is our investment in the future generation of financially-smart & responsible citizens. ”

collectively conducted a total of 75 hours of financial literacy modules benefitting more than 10,000 children and youth from 48 schools across five states in Malaysia.

To future-proof the younger generation, we also introduced the RHB X-Cel programme in 2018, an academic excellence programme for children and youth from underprivileged families from the bottom 40% of households with monthly income of RM2,500 and below. This programme is aimed at reducing poverty and hardship, equipping future generations with the ability to achieve their fullest potential through a holistic development approach which would ultimately contribute towards improving their families' socio-economic standing.

Testament to our commitment towards Nurturing Future Generations, the Group pledged RM10 million in 2018 towards initiatives that enrich and empower children and youth. In addition to that, through our annual RHB Touch Hearts programme, a community outreach initiative

aimed at embedding a culture of caring and giving among our employees, the Group succeeded in raising more than RM1.2 million in cash and in kind over the last three years on top of the RM303,900 provided by the Group. RHB Touch Hearts 2018 saw our employees across ASEAN connecting with members of the community through 115 community development initiatives which impacted more than 20,000 underprivileged and underserved members of the community across the region.

Our journey so far has gained good progress and we have made significant impact in all the initiatives that we have embarked on. I am pleased to share that our efforts thus far have been recognised with the Best Community Programme Award (Bronze) at the Global CSR Awards 2018 and Company of the Year Award at CSR Malaysia Awards 2018 as well as the Excellence in CSR Strategy (Silver) by HR Excellence Awards 2018.

In the coming months, our focus will be to continuously enhance our sustainability practices across the Group towards achieving our mission of building a sustainable future. We will reinforce our commitment to nurture our future generations.

I would like to express my sincere appreciation to all RHBians for their commitment and dedication in driving the Group's collective goals and aspirations to be a community-centric financial services provider. A special thanks goes to my fellow Board of Trustees as well as the Chairman and Board of Directors of RHB Bank Berhad for your support and guidance in our journey towards delivering hope and positively impacting and enriching the lives of deserving members of the community.

“Together We Progress”

Khairul

Our Journey Towards Building a Sustainable Future

Sustainability at RHB is a continuous journey. We have in place our sustainability governance and have laid out a framework for approaching sustainability, grounded by our vision and guided by commitments that will propel our way forward. In this section, we also outline our approach to stakeholder engagement; determining sustainability matters material to us and our stakeholders; and the management approaches for each of these matters.

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Building a Sustainable Future

The Group's ability to prosper and uphold its sustainability vision hinges substantially on its ability to make business decisions that fulfil economic, environmental and social responsibilities. To this end, we aspire to build shared value by engaging with our vast network of stakeholders, internal and external, on the most pressing sustainability matters and inspire their meaningful participation and action towards co-creating long-term contribution to the economy, environment as well as the society.



The Group's 5-year strategic plan, FIT22 puts us on an ambitious growth path. By 2022, we aspire to emerge as one of the Top 3 Malaysian banks by performance. We are constantly under the scrutiny of the public and our stakeholders – for our practices and most importantly, for what we can deliver and the value we can create for them.

We must address the non-financial aspects of business such as people, fair and equitable principles and policies, and ethical and responsible business practices. We must put on our sustainability lens and navigate responsibly through our FIT22 roadmap to meet our bigger vision for the organisation and our people.

Our sustainability commitment is anchored on driving ethical and responsible business practices and the promotion of sustainable business, while continuing to foster talent development, contributing

towards enriching and empowering communities as well as promoting environmental practices. This is in line our FIT22 strategic plan and aligns with the United Nations ("UN") Sustainable Development Goals ("SDGs").

Our corporate citizenship goes beyond philanthropy to anchor our impact in long-term value for communities, aligned to the nature of our business in specific areas such as financial literacy. It is about breaking the 'silo' and singular focus on 'growth at all costs' mind-set and co-create sustainable solutions for product, people, and planet.

Our way forward remains the same, where we will invest and identify opportunities and address challenges that create long-term impact based on our five sustainability commitments. Sustainability is an ongoing journey which we intend to pursue with our vast network of stakeholders.

Sustainability Governance

The Board of Directors (the “Board”) of RHB Bank Berhad is conscious of the impact RHB, as a banking institution, has upon the economy, environment and society as a whole. The Board is aware that sustainability cannot be viewed in isolation as it is part of an ecosystem which creates sustainable value to RHB Banking Group and all its stakeholders.

To ensure all sustainability-related matters are internalised and monitored by the Board, sustainability is incorporated into the Board agenda for deliberation and discussion. In 2017, the Board and Senior Management undertook an extensive review of the Group’s sustainability practices and material matters to determine matters that are important to the Group’s business and operations, the environment and its stakeholders.

As a result of the review, an enhanced sustainability governance structure was assiduously put in place to guide the Board and Group Management in defining roles and responsibilities for sustainability.

Following this materiality assessment, 17 sustainability material matters were identified which cut across economic, environmental, social and governance pillars. These matters inspired the development of our Sustainability Framework that is aligned to the Group’s five-year FIT22 strategic plan and supports a bigger agenda – that is the UN SDGs.

ROLES & RESPONSIBILITIES

RHB GROUP

ROLES & RESPONSIBILITIES

Board of Directors



- Responsible to promote sustainability through ESG consideration in the Company’s business strategy
- Has oversight and decision-making authority over all sustainability-related matters
- Sustainability will be a recurring matter in Board discussions at least once every six months

Group Management Committee (“GMC”)



- GMC comprises the GMD and Senior Management
- Possesses delegated authority on decision-making and implementation from the Board
- Meets every quarter to discuss sustainability related matters, strategies, and necessary action
- The GMD chairs the GMC as it supplements the Board’s effort by providing necessary orientation and advisory for seamless integration of sustainability matters across the organisation
- The GMD is responsible for supervising the execution of sustainability initiatives and incorporating ESG considerations Group-wide

Group Managing Director (“GMD”)



Sustainability Management Unit



- Group Corporate Communications (“GCC”), which includes the Sustainability Management unit, leads and advises on the execution of sustainability-related initiatives, including monitoring and reporting on sustainability performance for the Group
- Works with various business units on the sustainability material matters and sustainability initiatives
- Works closely with the Group Strategy, Governance and Risk departments to ensure alignment of sustainability motives with FIT22 and principles of good governance

Business & Functional Units



- Primary owners of sustainability initiatives and its implementation on the ground
- Determine and track performance metrics and targets, as well as review the effectiveness of relevant policies based on sustainability material matters and initiatives undertaken



For governance of RHB Foundation, refer to Nuturing Future Generations in this Report.

Sustainability Framework & Commitments

During the year under review and based on our identified sustainability material matters, we developed a Sustainability Framework that will guide us to systematically and effectively embed sustainability into the Group's day-to-day business and operations.

Our framework is centered around five sustainability commitments where we aspire to drive ethical and responsible business practices, promote sustainable business while continuing to foster talent development, enrich and empower communities as well as promote environmental practices.

These commitments and our sustainability material matters complement the Group's FIT22 strategic plan and supports the relevant UN SDGs. The

interconnections between our sustainability efforts and SDGs reinforce our commitment to align with global goals and at the same time achieve local impact.

The framework defines our sustainability approach where RHB will identify targets and reassess our sustainability performance in order to achieve those targets.

Sustainability is a work in-progress but we are committed to reach our sustainability vision and leave a long-lasting impact on our stakeholders and surrounding environment.



Sustainability Framework & Commitments

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (“SDGs”)

The UN Sustainable Development Goals (“SDGs”) are a collection of 17 global goals set by the United Nations General Assembly in 2015. These goals form a blueprint for a better and more sustainable future for all areas of critical importance covering People, Planet, Prosperity and Partnership. NGOs, businesses, communities, and nations are strongly encouraged to work towards the achievement of the SDGs by 2030.



In 2017, we identified three SDGs that were aligned to our community engagement initiatives – Good Health and Well-being (SDG 3), Quality Education (SDG 4); and Peace, Justice, and Strong Institutions (SDG 16).

In 2018, we took a closer look at RHB’s sustainability material issues to evaluate their relevance to the SDGs.

During the year under review, we have identified more SDGs that we can support based on the impact we are hoping to create by addressing our top sustainability material matters.

Additional SDGs mapped to our impact in 2018 include: Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Industry, Innovation, and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12), and finally, Partnerships for the Goals (SDG 17).

Though focused in nature, the impact of our work is not limited to the nine SDGs that we have identified. Many of our programmes and initiatives, having more than one positive benefit, generate sideways impact and we look forward to contributing to even more of the goals.

With the establishment of the Sustainability Framework supporting the SDGs, RHB will look towards playing a bigger role in advancing local and universal progress.



To read more on UN SDGs, refer to <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Stakeholder Engagement

At RHB, we take an inclusive approach to building and sustaining our business. This means that at every critical stage of decision-making, a key consideration is to connect with relevant stakeholders to better understand their expectations. We have put in place many feedback loops and mechanisms for our stakeholders to interact with us, share their opinions and ideas, as well as to submit their concerns. The information from various stakeholders' touchpoints is systematically captured and analysed to understand their expectations towards our sustainability performance and matters that are material to them.

Feedback gathered from various institutionalised sources of engagement with stakeholders provided input for our materiality assessment. Our

most critical stakeholders represent segments of the population that have an impact on the business or are impacted by our operations in one way or another.

As a financial services group, we regularly engage with so many stakeholders. These interactions require a structured approach so as to ensure a fair representation of voices. For transparency, we have broken down this approach into four dimensions: stakeholder group, mode of engagement, engagement frequency, and key topics discussed.

References to 'stakeholders' refer to the Group's shareholders, customers, business partners, government, regulatory authorities, industry associations, NGOs, communities, and employees.

Stakeholder Group	Institutionalised Modes of Engagement	Engagement Frequency	Key Topics Discussed
Shareholders & Investors	Annual and extraordinary general meetings	Yearly	<ul style="list-style-type: none"> Group strategic plan and achievements Financial performance Good business governance Regulatory compliance Key appointment on the Board and Senior Management Material corporate transactions
	Analyst & fund managers briefings	Quarterly	
	Annual reports	Yearly	
	Bursa Malaysia announcements	Quarterly & Yearly	
	Online communications (email, website, social media)	Daily	
Business Partners	Corporate website	Monthly/Quarterly	<ul style="list-style-type: none"> Service performance Strengthening collaborations and optimising partnerships
	Formal engagements	Daily	
Customers	Call centre	Daily	<ul style="list-style-type: none"> Strategic plan and key focus areas Data protection and cyber security Financial inclusion and literacy Customer satisfaction Economic and market outlook Latest market trends Digitalisation and the Group's plan to digitise banking products and services Feedback on products and services Products and services Grievance redressal
	Online communications (email, websites, social media)	Daily	
	Surveys, focus groups	Yearly	
	e-Feedback	Daily	
	Seminars & forums	Yearly	
	Engagement programmes (luncheon, cocktail events, <i>teh tarik</i> sessions, festive open house, one-on-one discussions)	Yearly/Quarterly	

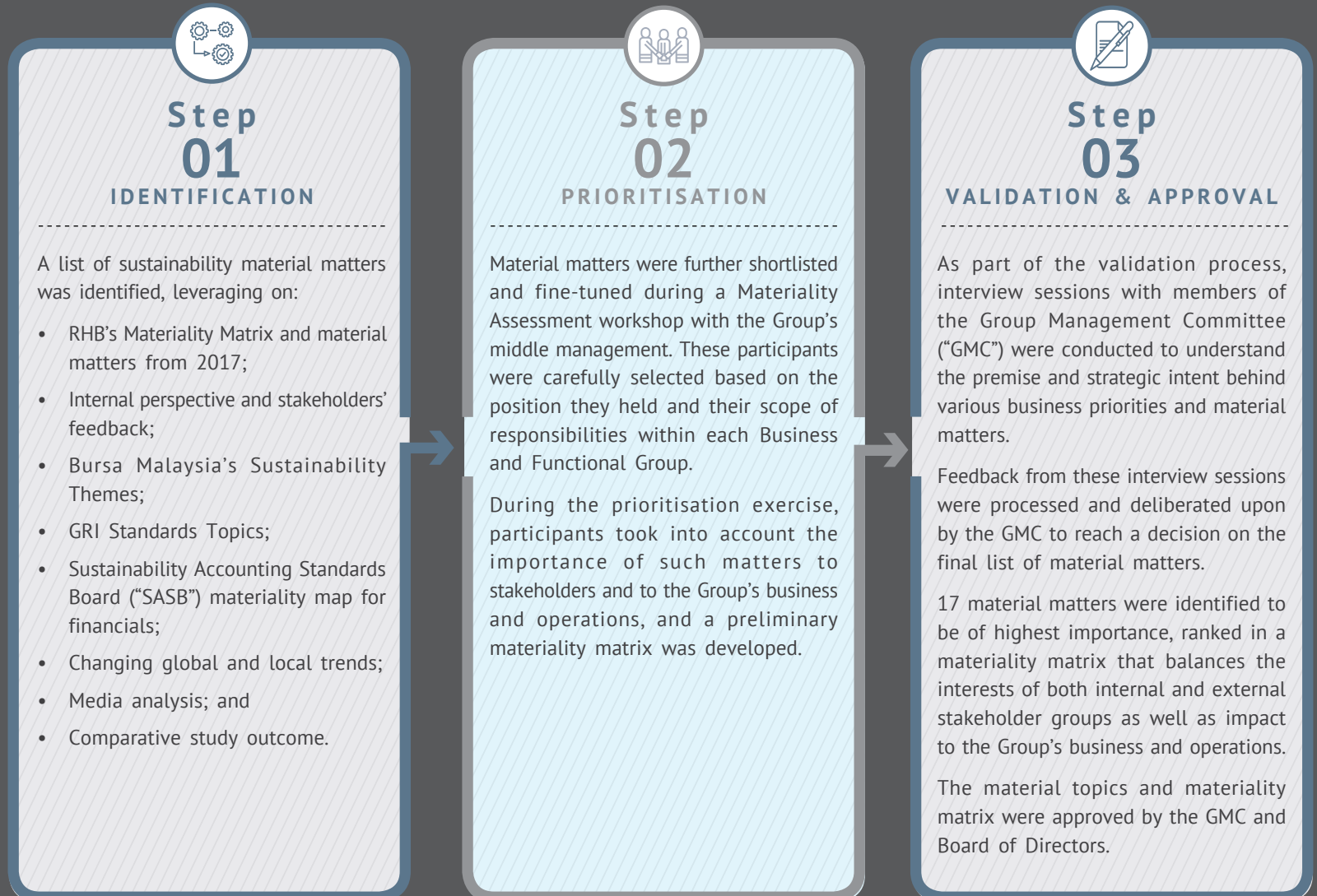
Stakeholder Engagement

Stakeholder Group	Institutionalised Modes of Engagement	Engagement Frequency	Key Topics Discussed
Employees	My1Portal (intranet)	Quarterly	<ul style="list-style-type: none"> Group's strategic plan and key focus areas Group's financial performance Latest market trends Leadership talk series Economic and market outlook Employee value propositions Grievance redressal Vision and values Ethics and compliance Product design Health and wellbeing Safety and security Employee engagement activities Culture building Customer service excellence Business operations and related matters
	Workplace by Facebook (social media)	Daily	
	Group Senior Leadership Forum	Daily	
	Townhall	Quarterly	
	Dialogue session with talents and emerging leaders (GMD Chat Session)	Monthly	
	Formal meeting and discussion	Monthly	
	Branch visits by Senior Management	Monthly	
	Knowledge sharing session	Daily	
	Employee Engagement Survey ("EES")	Yearly	
	Internal Customer Effectiveness Survey ("ICES")	Yearly	
	Theme talks	Weekly	
	Grievance channel	Daily	
Regulatory Authorities	Discussions and consultations	Ad hoc/Yearly	<ul style="list-style-type: none"> New rules and guidelines Policy matters Risk management matters Regulatory filings and reports Industry perspective Financial literacy Customer service experience Good business governance Data protection and cyber security Responsible financing Fair dealing Rules and regulations
	Formal meetings	Ad hoc/Yearly	
	Dialogue sessions	Ad hoc	
Communities and NGOs	UN Global Compact Network Malaysia Advisory Board	Quarterly	<ul style="list-style-type: none"> Financial inclusion Vision and values Capacity building Health and wellbeing Nurturing future generations Children and youth development Equal opportunity for underprivileged Community engagement activities
	Focus group discussions	Half yearly/Yearly	
	Online communications (email, websites, social media)	Daily	
	Print media	Ad hoc	
Suppliers, Service Providers, Vendors	Supplier training	Yearly	<ul style="list-style-type: none"> Service turnaround times and deliverables Product/service cost, quality, and delivery Governance Supplier rights Resolution management Sustainable supply chain
	Meetings and discussions	Quarterly	

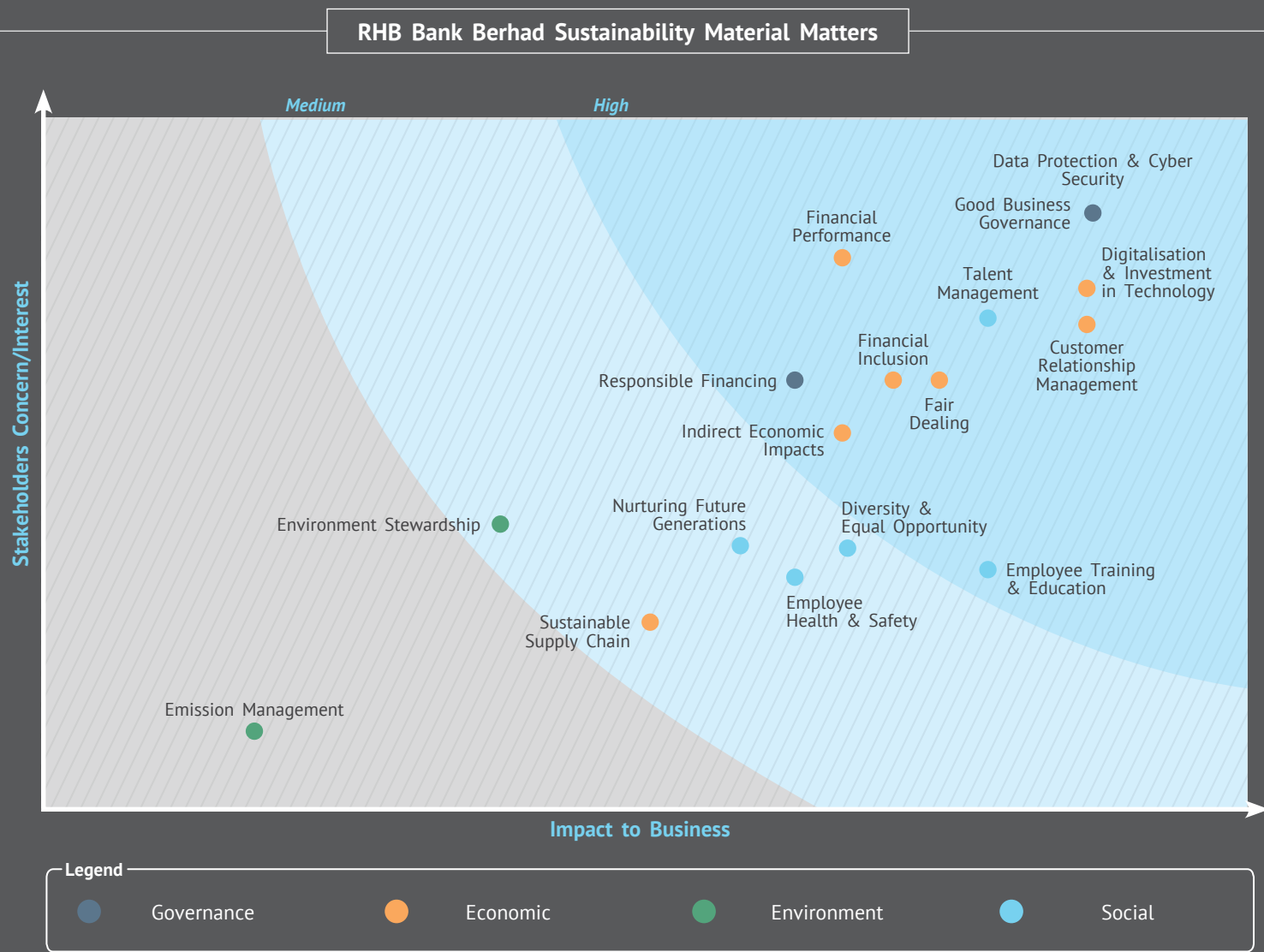
Sustainability Material Matters

The content of this report has been developed mainly to frame our efforts and initiatives in relation to sustainability matters that are material to our stakeholders as well as our business and operations. Based on various institutionalised sources of stakeholder feedback, the information gathered provided essential input for our materiality assessment, which subsequently guided the development of our Sustainability Framework and our Sustainability Report.

The following was the process adopted as part of our materiality assessment:



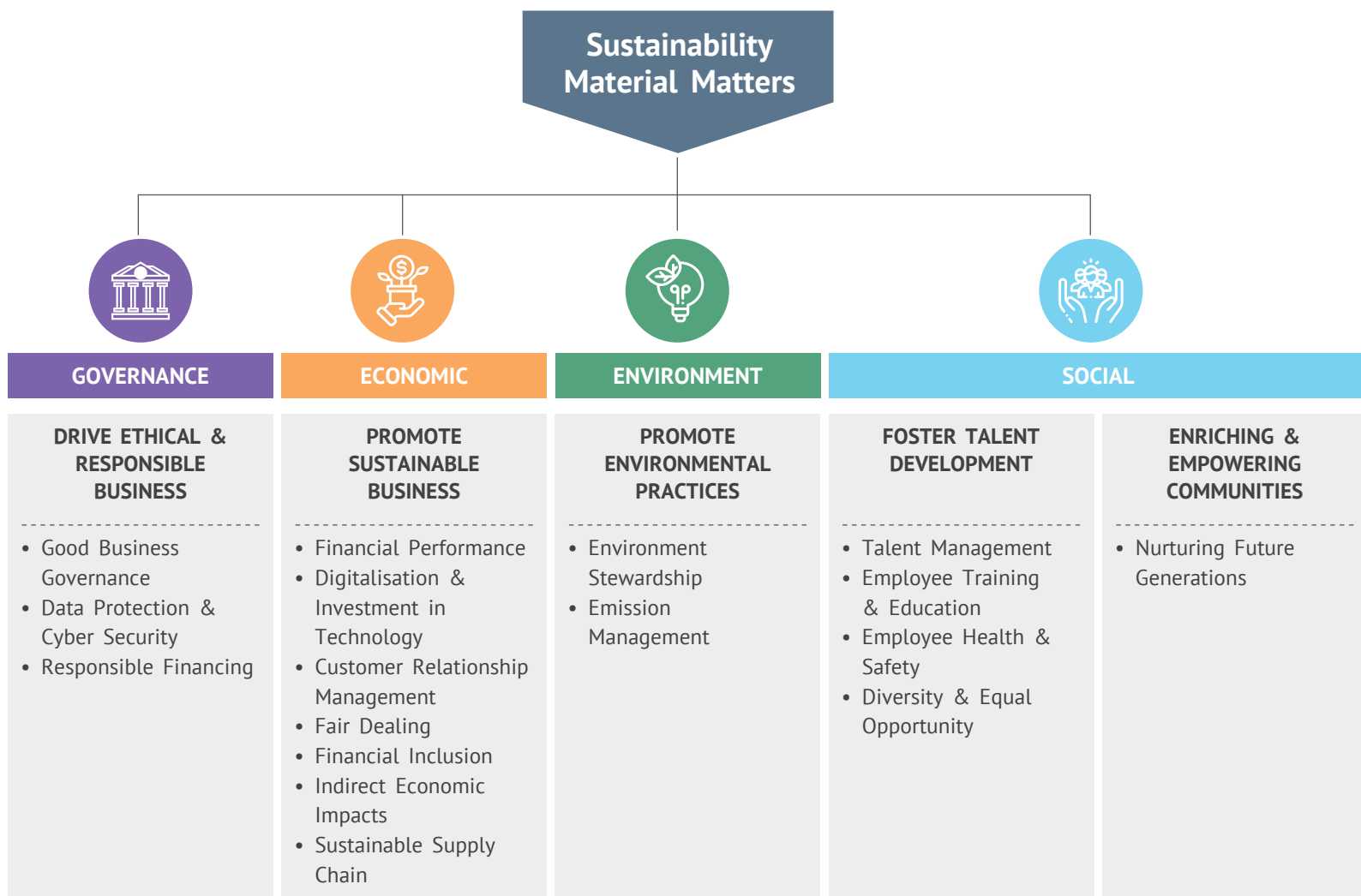
Sustainability Material Matters



Compared to 2017, we have five additional sustainability material topics for 2018. Good Business Governance, Data Protection & Cyber Security, Financial Performance, Financial Inclusion, Fair Dealing, and Responsible Financing have been identified as new topics of high importance. Some of these were reported under different sustainability material matters in the RHB Sustainability Report 2017. We have re-articulated the topics to reflect their heightened importance for our stakeholders. Additionally, we have expanded the Environment section to include Emission Management.

We view sustainability and its reporting as a journey; we strive to report as comprehensively as possible in order to share with stakeholders our efforts towards improving our sustainability performance. For this sustainability report, where information is available, we have also made disclosures on topics that fall in the lower left quadrant of our matrix, those that are perceived as less important to stakeholders. We aspire to improve the quality of our disclosures progressively as we further embark on our sustainability journey.





For the purpose of this Sustainability Report, we will focus on the following 17 sustainability material matters across four sustainability pillars – Governance, Economic, Environment, and Social.



Management Approaches

Our approach to managing and implementing sustainability starts with the articulation of business context for each of the sustainability material matters. We then scan the operating environment to identify relevant risks and opportunities in order to devise mitigation measures or response strategies. The Group's sustainability management approaches have been reviewed by the Group Managing Director as well as the GMC and the Board of Directors.

The table below ranks the 17 sustainability material matters in order of importance to our stakeholders, from highest to lowest. Where applicable, the topics have been linked to one or more Sustainable Development Goals.

Economic		Our definitions of GRI Boundary is based on where the impact occurs:	
Environment		Internal	External
Social		Impact that falls within the parameters of RHB	Impact that falls beyond the parameters of
Governance		Group businesses	control of RHB Group

Material Matter/s	GRI Boundary	Our Approach	Relevant Section
Good Business Governance	Internal	At RHB, this refers to good business conduct that are related to managing anti-corruption, transparent business practices, fraud risk management, bribery and anti-competition as required by relevant laws and guidelines.	Refer to "Good Business Governance" on page 33-40
Data Protection & Cyber Security	Internal & External	A robust digital infrastructure, controls and governance to manage customers' data privacy and continuously strengthening our capability in cybersecurity is important to build 'trust' amongst customers and stakeholders, assuring a safe and secure environment for transactions and dealing.	Refer to "Data Protection & Cyber Security" on page 41
Financial Performance	External	Refers to the enterprise economic performance and economic value generated and distributed ("EVG&D") through our business model to drive operational efficiency, innovation and value creation to stakeholders.	Refer to "Financial Performance" on page 45
Digitalisation & Investment in Technology	Internal & External	Embrace opportunities and overcome challenges through our digital transformation journey with investment in technology and channel improvements, delivering products and services in new ways, as well as encouraging digital consumption amongst customers and users.	Refer to "Digital Transformation Journey" on page 46-48
Talent Management	Internal	Focus in retaining, developing and attracting a highly capable and diverse workforce, through our Employee Value Proposition ("EVP") and initiatives. Our capable workforce will directly contribute to our productivity, quality of services, product performance, and overall organisational success.	Refer to "Talent Management" on page 71-75
Customer Relationship Management	External	Position ourselves as a trusted partner in helping customers by providing complete and innovative solutions along with excellent services and unique experiences. Focusing on digital innovations to deliver simple, fast and seamless experiences. Managing customer safety and health within the bank's vicinity is also covered under this definition.	Refer to "Customer Relationship Management" on page 49-53
Financial Inclusion	External	Help customers from all segments of society have access to suitable, affordable and quality financial services and solutions to satisfy their circumstances and needs. This includes enhancing financial literacy among members of community living in unbanked and underserved areas as well as the younger generation.	Refer to "Financial Inclusion" on page 55-61

Material Matter/s	GRI Boundary	Our Approach	Relevant Section
Fair Dealing (Marketing & Labelling)	External	Transparent, fair and ethical business practices are the cornerstone of our business where customers should have access to accurate and adequate information, and on the positive and negative ESG impacts of the products and services they consume.	Refer to “Fair Dealing” on page 54
Responsible Financing	External	Consider ESG criteria across design and delivery of core products and services including incorporating sound risk management practices to identify, evaluate and manage ESG impacts within our business operations. Our responsibility includes ensuring products provided are within customers’ suitability and affordability.	Refer to “Responsible Financing” on page 42-43
Indirect Economic Impacts	External	Additional consequences of the direct impact of financial transactions and the flow of money between our organisation and stakeholders. Our impacts could be in the form of facilitating business growth and infrastructure or programmes that contribute to national agenda.	Refer to “Indirect Economic Impacts” on page 62
Employee Training & Education	Internal	Skills development and professional growth opportunities for employees through training and learning based on RHB’s Learning Needs Analysis to help create an engaged and competent workforce.	Refer to “Employee Training and Education” on page 76-80
Diversity & Equal Opportunity	Internal	Promote diversity, inclusivity and equal opportunities across the workforce, management and board level, which will drive innovation, ideas and new growth.	Refer to “Diversity & Equal Opportunity” on page 84-85
Nurturing Future Generations	Internal & External	Enrich and empower the communities in which we operate by nurturing future generations. Other areas of focus include health and wellness, arts and cultural heritage and community well-being.	Refer to “Nurturing Future Generations” on page 88-94
Employee Health & Safety	Internal	Promote healthy and safe work practices as well as prevent or anticipate events that could affect the health and well-being of employees, in order to foster a high-performing workplace.	Refer to “Employee Health & Safety” on page 81-83
Environment Stewardship	Internal & External	The efficient use and consumption of energy, water, paper and management of waste through our direct operational and indirect business can have significant impacts on the environment.	Refer to “Environment Stewardship” on page 66-68
Sustainable Supply Chain	External	Ethical, fair and transparent supply chain management reflects the bank’s commitment to support the selection of sustainable and local suppliers as well as promote sustainable practices.	Refer to “Sustainable Supply Chain” on page 63-64
Emission Management	Internal & External	Emissions are the discharge of environmentally hazardous substances and greenhouse gas into the atmosphere, and are a leading contributor to climate change. As a multinational financial services group, we strive towards contributing to reduced emissions in line with the Paris Agreement and transition to a low-carbon economy.	Refer to “Emission Management” on page 69



GOVERNANCE

Drive Ethical & Responsible Business Practices

This section addresses the Group's structures, frameworks, and policies that are in place to ensure business integrity. It is structured into three sub-sections according to our material topics.

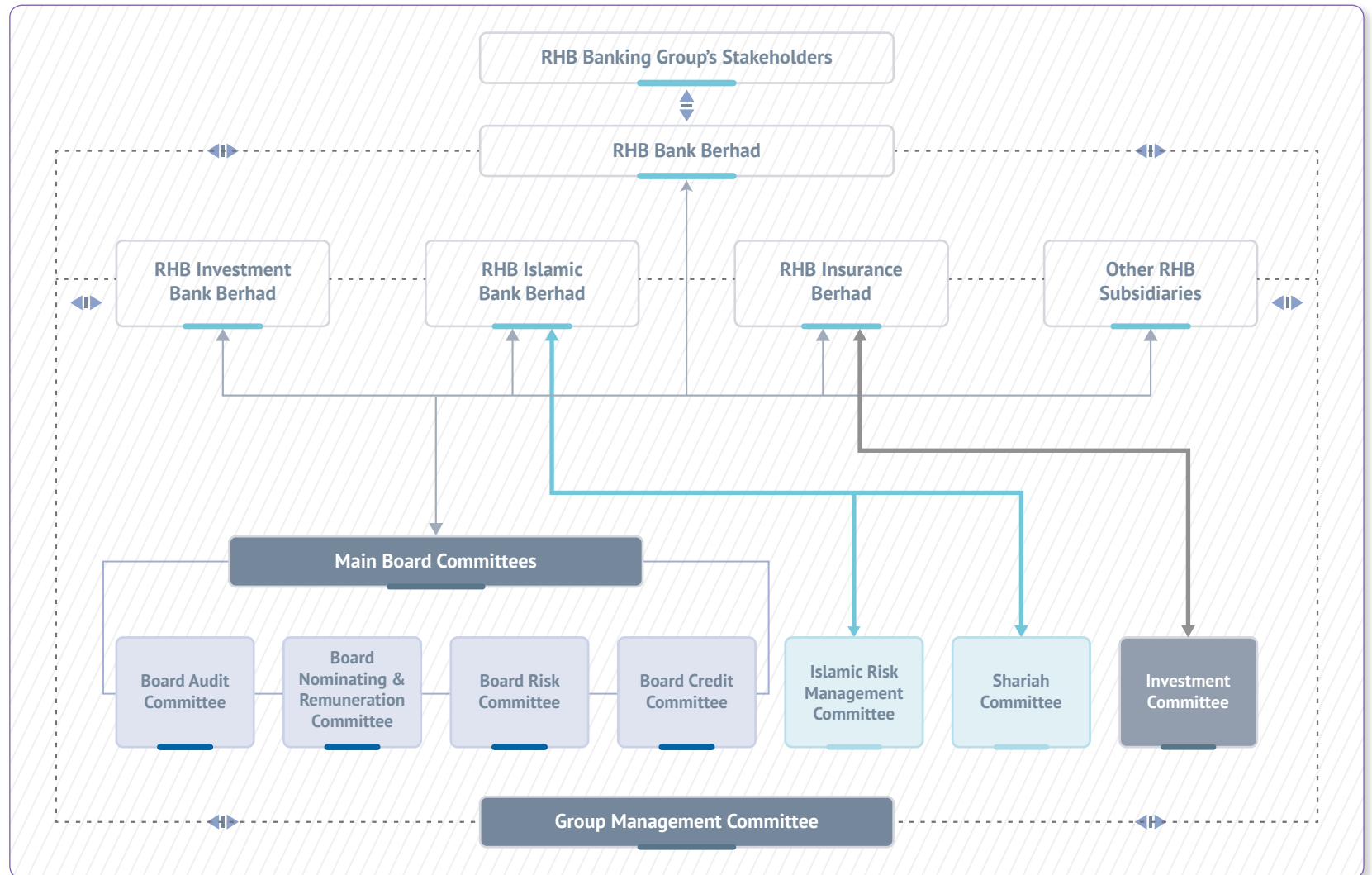
- 33 Good Business Governance
- 41 Data Protection & Cyber Security
- 42 Responsible Financing

In Support of UN SDGs



Good Business Governance

In keeping with our corporate values at RHB, we embraced a zero-tolerance culture against bribery, corruption, and unethical behaviour. Employees across all levels take P.R.I.D.E. in upholding the spirit and the letter of legal and regulatory requirements, including the preservation of integrity and professional ethics. RHB has institutionalised these values as part of our corporate culture and through various frameworks, policies, and guidelines that govern our business operations and business conduct.



Our Group Governance Model outlines a clear organisational structure with robust internal controls and risk management mechanisms which promote high standards of governance and integrity, transparency and well-defined accountabilities and responsibilities.



For full disclosure of the Group's Corporate Governance disclosure, please refer to RHB's Corporate Governance Overview Statement in our RHB Bank Berhad Annual Report 2018 and the Corporate Governance Report via our corporate website at www.rhbgroup.com

Good Business Governance

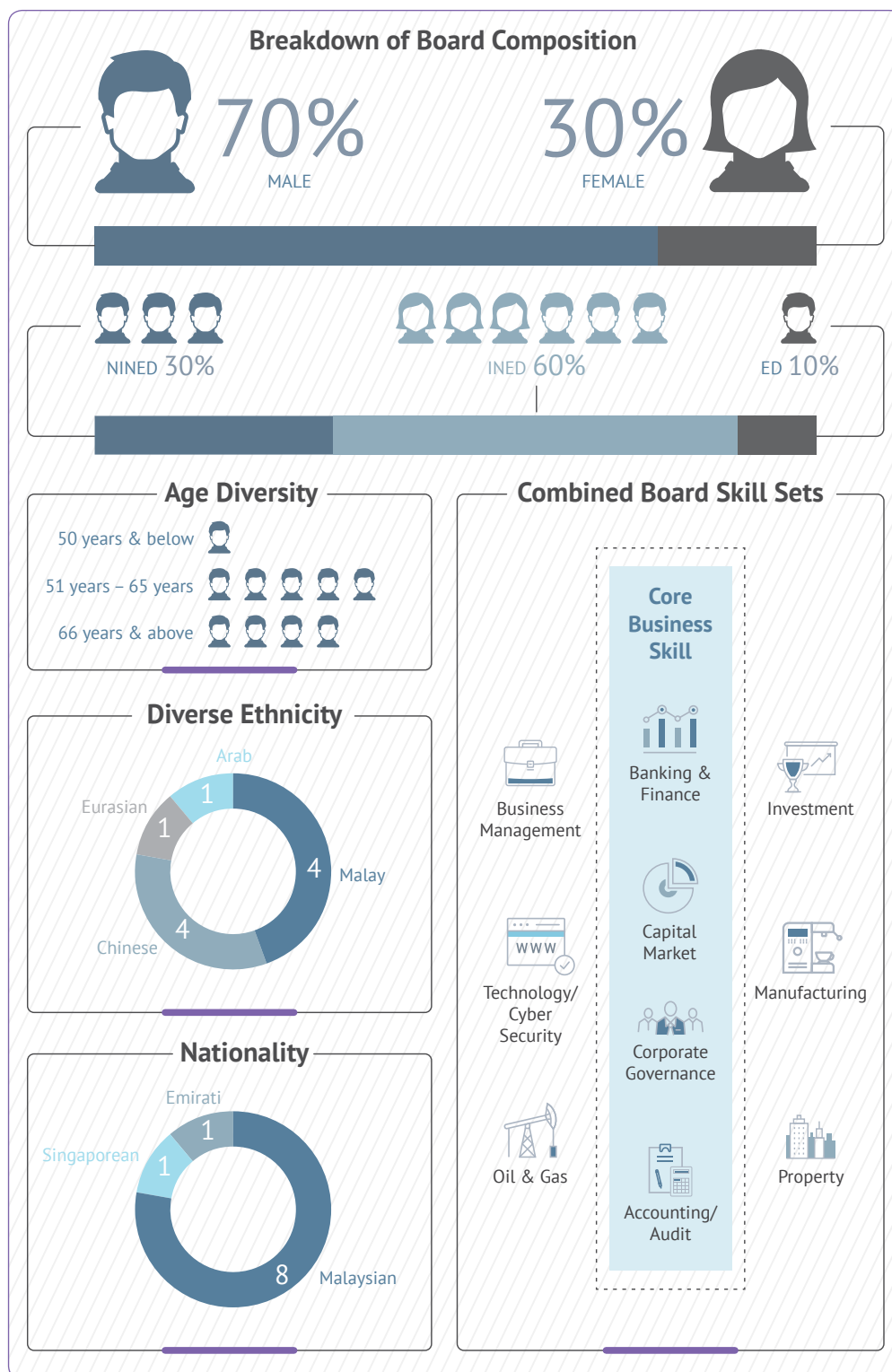
BOARD DIVERSITY

We understand and acknowledge the importance of having a balanced, diverse, experienced and cohesive Board. The nucleus of the Board is in its composition. A Board that encapsulates diversity would be able to face the challenges headstrong and view the opportunity as well as business risks in a collective manner. Currently, there are six Independent Non-Executive Directors (“INED”), three Non-Independent Non-Executive Directors (“NINED”) and one Executive Director (“ED”) serving on the Board.

We continued to invest time and effort to improve the composition of the Board by ensuring the Board constituted a majority of INEDs. On 28 November 2018, the Board, supported by the Board Nominating and Remuneration Committee (“BNRC”), appointed Mr Lim Cheng Teck as an INED. Mr Lim’s appointment to the Board ensured the Board complied with Bank Negara Malaysia’s Corporate Governance Policy Document and the MCCG, both of which advocate for the Board composition to encapsulate a majority of INEDs.

Besides the facet of board independence, we continued our journey to improve the Board’s gender diversity, an effort we embarked since 2016. Two women Directors, namely Tan Sri Dr Rebecca Fatima Sta Maria, the Senior Independent Non-Executive Director and Ms Ong Ai Lin, an INED, were initially appointed to improve the dynamics within the Board. This was then further strengthened in 2019 with the appointment of Puan Sharifatu Laila Syed Ali, also as an INED, ensuring the Board achieved its target of having 30% women Directors in line with the MCCG.

The Board is well pleased with the current established composition as it is an important driver of our effectiveness. The current composition allows a breadth of perspective to be shared by its members and is viewed as optimal for a company of RHB’s size and intricate operations. The BNRC, in supporting the Board, ensures factors such as mix of skills, calibre, competency, character and experience are taken into consideration in nominating candidates for Board appointments.



OUR GROUP POLICIES, PROCESSES AND PROCEDURES

An essential part of our corporate and sustainability governance approach is the establishment of policies, processes and procedures that institutionalise certain values we hold true. We highlighted below some of the key governance policies, procedures and guidelines of the Group as they relate to our sustainability material matters. This list is not meant to be comprehensive, but to provide an overview of the governance mechanisms in place such as our key policies and procedures. Moving forward, we will endeavour to further enhance how we manage our environmental matters and work towards the development of an environmental policy.



Code of Ethics and Business Conduct



Group Whistleblowing Policy



Group Anti-Bribery and Corruption Policy



Anti-Money Laundering and Counter Financing of Terrorism Policy



Group Compliance Management Framework & Policy



Gifts and Hospitality Guidelines



Group Fraud Risk Management Policy



Group Corporate Sponsorship & Donation Policy



Fit & Proper Policy

Accorded the **Top 30 Association of Southeast Asian Nations ("ASEAN")** Public Listed Companies (Top 11 – 30) for good corporate governance disclosures by the ASEAN Capital Markets Forum ("ACMF")

RHB has satisfied the requirements to become a constituent of the **FTSE4Good Bursa Malaysia Index Series** with an improved rating from 2.9 in 2017 to 3.4 in 2018



A complete list of our Group policies can be found in Section B of RHB's Corporate Governance Report.

Good Business Governance

CODE OF ETHICS AND CONDUCT FOR EMPLOYEES

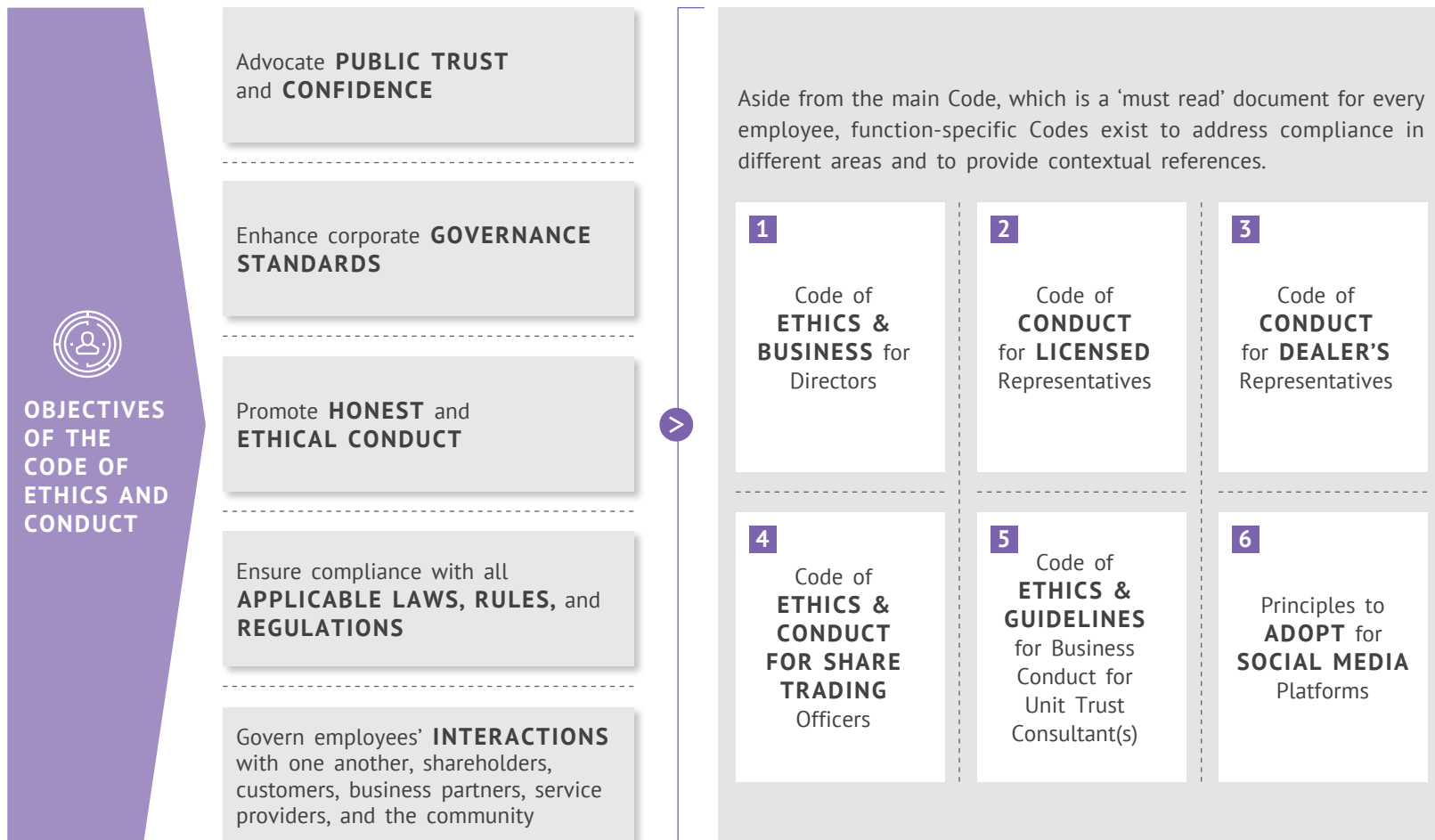
The Group is committed to maintaining the highest standards of ethical and professional conduct. Our Code of Ethics and Conduct for Employees (“the Code”) was established to provide the policies and guidelines for employees on professional and personal conduct in their day-to-day activities. The Code serves as an addition to the Code of Ethics as set out in the BNM/GP7-Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry. Employees are expected to carry out business activities and represent the company with the highest standards of conduct in the spirit of the Code.

To raise awareness and encourage adoption of the Code, new and existing employees undergo training on our policies and procedures for them to appreciate the organisational culture and practices as well as to take full accountability for their actions and behaviour.

Periodic communications are sent out to employees to reinforce the principles and standards of the Code. Supporting resources are available through which information on the above Code, guidelines, and policies are communicated to employees.

My1Portal is the Group’s intranet, a hub for references, guidance, and knowledge materials on ethics, integrity, and governance topics, accessible to all our employees across the region.

RHB Academy, the Group’s dedicated learning and development body, offers courses on “Ethics at Work” under the Harvard ManageMentor platform, and classroom training on “Introduction to Ethics in Banking” by the Asian Banking School.



WHISTLEBLOWING POLICY

A Group Whistleblowing Policy was first established in 2007, revised in 2014 and last updated in 2018. The purpose of this policy is to provide a formal mechanism and set a standard to be adopted and adhered by the Group at every level in dealing with disclosure on questionable actions or wrongdoing by personnel within the Group.

The policy provides any internal or external party with an avenue to report suspected fraud, corruption, dishonest practices or other similar circumstances. Whistleblowers can report such matters in good faith, with the confidentiality of the person making such reports protected from reprisal in the best possible manner.

Objectives of the Whistleblowing Policy



Guide all personnel within the Group on steps to take upon facing concerns over unlawful conducts, unethical behaviour or questionable practices by employees of the Group and Senior Management as well as Non-Executive Directors of the Group.



Encourage internal or external parties to raise their concerns on malpractice or corporate misdeeds, which they feel the Group should know about.



Help nurture the culture of accountability, integrity and transparency among employees within the Group.



Enable the Management to be informed of any unlawful conduct, unethical behaviour, corruption or questionable practices at an early stage.

To supplement the Group Whistleblowing Policy in promoting integrity and transparency amongst the Group's employees, the Group Anti-Bribery and Corruption Policy and the Group Gifts & Hospitality Guidelines were established. The Policy and Guidelines are aligned to the existing Group Code of Ethics and Business Conduct for Directors and Employees on giving and receiving gifts as well as transparency and openness about gifting.

A whistleblowing channel is available on the RHB corporate website for internal and external stakeholders to raise complaints regarding unethical activity. The complaints raised are investigated by the designated recipients with the support from Group Compliance or Group HR depending upon the nature of the complaints. Under the Group Whistleblowing Policy, the Senior Independent Director is the main point of contact for receiving complaints from the stakeholders including whistleblowing reports. Tan Sri Dr Rebecca Fatima Sta Maria, Senior Independent Non-Executive Director of RHB Bank Berhad is the focal point for receiving any complaints on unethical activity from the stakeholders. Other channels of escalation are highlighted on our corporate website, such as complaints to be forwarded to Malaysia, Securities Commission Malaysia and the Malaysian Anti-Corruption Commission ("MACC").

In 2018, eight cases from whistleblowers were reported, investigated, and duly pursued. Some of these cases are still under investigation. There were seven cases reported in 2017 and six in 2016.

The Group Whistleblowing Policy is made available on the Group's internal portal for reference of the Group's employees. To raise awareness on the revised policy, a circular was sent to all employees in the Group along with reminders via RHB's Facebook Workplace. The public may access our whistleblowing channel that is made available on RHB's website.

Good Business Governance

GROUP ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM POLICY

The Group Anti-Money Laundering and Counter Financing of Terrorism (“AML/CFT”) Policy is drawn up in accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Bank Negara Malaysia’s standards on AML/CFT. It takes a risk-based approach to customer acceptance and implementation of

the AML/CFT Compliance Programme framework, which addresses customer due diligence, monitoring of customer activities, reporting of suspicious transactions, record keeping, AML/CFT training, protection of customer information, and enforcement actions for non-compliance.

GROUP ANTI-BRIBERY & CORRUPTION POLICY

During the year under review, a new Group Policy on Anti-Bribery and Corruption was formulated and approved to ensure that the Board, Management and all employees of RHB Banking Group were edified of their responsibility and the repercussion of any unethical conduct.

Additionally, the Group Statement on Integrity and Conduct provides information to all stakeholders on the anti-corruption practices within the Group. The statement is available on the Group’s corporate website.

GROUP CORPORATE SPONSORSHIP & DONATION POLICY

RHB formulated a new Group policy on Corporate Sponsorship and Donation that governs process and procedures for evaluating and granting sponsorship requests. The policy which came into effect during the Q1 2019 satisfies the new Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 (Amendments 2018). It is designed to prevent conflict of interest through direct or indirect financial, legal, or political affiliation, and effectively extends the Group’s anti-bribery ethics to comprehensively include pro bono contributions and donations.

Financial aid or sponsorships given by the Group to enhance business relationships or undertake corporate social responsibility activities are allowed only when the recipient is non-discriminatory, not politically connected and not involved in unhealthy activities.

GIFTS & HOSPITALITY GUIDELINES

The Gifts & Hospitality Guidelines educate employees on accepting gifts from business partners, vendors, customers or investors and circumstances that may give rise to conflict of interest. Violation of the Guidelines with intent for personal gain is considered as an act of corruption which is punishable by law. We take instances of bribery and corruption seriously as we work to preserve the integrity of our relationship with all our stakeholders.

E-learning modules on “Gifts and Hospitality” as well as on ethics and integrity are made available to those who are unable to attend classroom training in-person.

These are supported by awareness sessions conducted on RHB’s Gifts & Hospitality Guidelines during the onboarding of new employees and also during other occasions periodically.

FIT & PROPER POLICY

A review of the existing Fit & Proper Policy was conducted by the Board in line with the Bank Negara Malaysia's Fit and Proper Criteria. This review ensures that the Board is constituted of capable and ethical individuals. The Policy was benchmarked against local and international

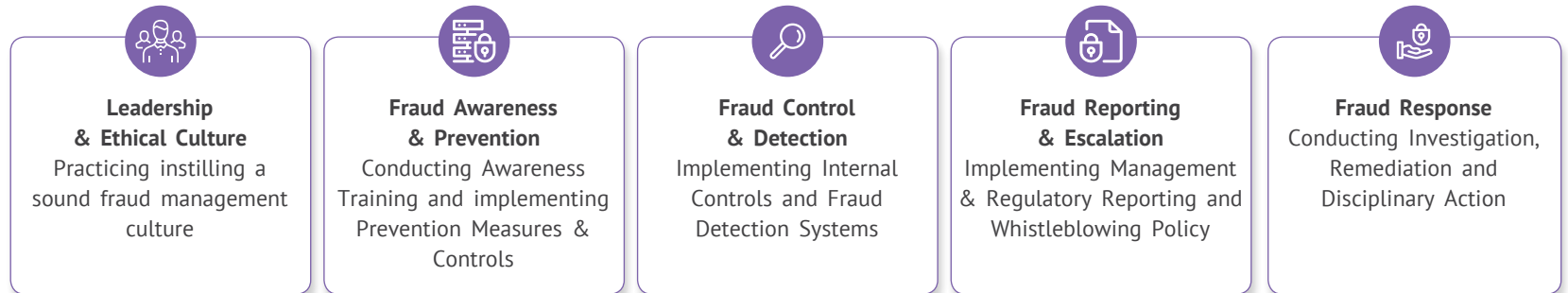
requirements to ensure the policy provided sufficient guidance to Directors as well as Senior Management personnel. All Directors and senior officers of the Group are required to adhere to this Policy.

GROUP FRAUD RISK MANAGEMENT POLICY

Our approach to fraud risk is 'prevention first'. The Group Fraud Risk Management Policy consists of a set of core governing principles for fraud prevention, detection and response strategies, with an overriding aim to prevent the occurrence of fraud in the first instance. The policy

hedges the business against fraudulent activity and should an incident arise, mechanisms shall be in place to minimise the damage through early detection and controls tailored to manage the risks. The Group Fraud Risk Management Policy is premised on five principles:

Fraud Management Principles



Further information can be found in our Risk Management Report in the RHB Bank Berhad Annual Report 2018.

GROUP COMPLIANCE

An effective compliance culture fosters a stable business environment suited to the organisation's risk appetite and encourages employees to embrace professional business ethics and be self-adherent to internal and external requirements.

The Group's compliance function comes under the direct oversight of the Board of Directors with an appointed Group Chief Compliance Officer ("GCCO") overseeing the compliance risk management of the RHB Banking

Group. The GCCO is further supported by six direct reports responsible for managing the respective subject matter areas in Group Compliance.

As a reporting institution, the Group is committed to upholding good governance principles and regulatory requirements. These principles are further outlined in the Group's Compliance Management Framework which serve as an important guide for the Group to enable incorporation of compliance best practices throughout the Group's business.

Good Business Governance

Some of the key measures that are put in place by Group Compliance to enable a strong compliance culture across the Group are:



Development and implementation of comprehensive and clear policies and procedures vis-a-vis regulatory requirements to assist employees in undertaking their business activities.



Compliance reviews and risk assessments to identify high risk areas and/or lapses and provide timely solutions to address the same.



Investment in knowledge empowerment through focused compliance trainings and awareness programmes to keep employees abreast of regulators' expectations.



Timely reporting of compliance activities to the Group Management Committee and Board Risk Committee and ultimately to the respective Boards of the Group to update on the Group's state of compliance with applicable laws and regulations. The platform is also used to highlight any concerns/material risks.

Individual accountability is important in top-down governance. Every employee has a responsibility to carry out their day-to-day functions in accordance with the highest standards of integrity through professional, honest, and ethical behaviour.

Our performance evaluation structure takes into consideration behavioural risks by incorporating a penalty in the final rating of employees performance for non-compliance with legal and regulatory requirements. The penalty is to encourage compliance and to disincentivise risky behaviour as well as promoting governance for responsible decision-making.

In a bid to increase transparency, members of senior management of grade R10 and above are required to declare their assets.

Individual incentives are recalled if any mismanagement of sales is discovered among client-facing employees. Performance appraisals are measured against internalisation and demonstration of RHB P.R.I.D.E. values.



For more information on Group Compliance's initiatives in managing the Group's compliance risks, please refer to the Compliance Statement in the RHB Bank Berhad Annual Report 2018.

BUSINESS CONTINUITY MANAGEMENT ("BCM")

The Group recognises and is fully committed to the need to provide uninterrupted critical services to its customers, ensure the safety of its employees, protect its assets and data, and safeguard the interests of its key stakeholders that collectively ensure the viability of the organisation. The Group is aware of the importance of a sound Business Continuity Management ("BCM") Framework and Programme to build organisational resilience and an effective response and recovery mechanism to safeguard the interest of key stakeholders, reputation and brand. The Group's BCM Programme is based on good business continuity practices, Bank Negara Malaysia and other regulatory guidelines and international standards.

The Board has oversight on the Group's BCM readiness through the Board Risk Committee and Group Capital and Risk Committee. The Group Business Continuity Committee, which reports to the Group Capital and Risk Committee ("GCRC"), is the management committee established to oversee the Group's business continuity framework, policies, budget and plans.

The Group has an ongoing and actively managed BCM programme. Periodic BCM awareness and training is provided which includes simulation exercise and drills conducted for RHB employees. To ensure effective crisis management and preparedness, incident response teams are established at Head Office and regional levels, with clear lines of reporting and communication in the event of crisis.



Read more on our Business Continuity Management in the RHB Bank Berhad Annual Report 2018.

Data Protection & Cyber Security

Rapid digitalisation and the need for technological transformation of banks is changing the dynamics of our business. As an organisation that is transforming itself for the digital age, the Group regards Information Technology (“IT”) Security as a high priority. To ensure confidentiality, integrity, and availability of the Group’s information assets and IT infrastructure, RHB endeavours to strengthen its capability in cyber security. Protection of individual data continues to be a top concern for RHB.

BLUEPRINT FOR IT SECURITY

E-commerce is the engine for growth in the Malaysian economy. The BNM’s Financial Sector Blueprint 2011-2020 has driven Malaysia towards electronic payment and increased the efficiency of the nation’s payment system. RHB Group has pledged full commitment to realise the government’s endeavour with the implementation of technologies that support and secure the ecosystem of financial payments. To this end, we have established the RHB IT Security Blueprint which encompasses a three-pronged strategy covering people, process, and technology.



People

- Employee sharing sessions and communications to build awareness and competency on cyber security; special awareness sessions for the Board and GMC
- Strengthening IT Compliance team, which engages with the business units and Group IT to evaluate and advise on technology and cyber threats
- Mandatory e-learning for employees on Secrecy & Information Protection, Chinese Wall and Insider Trading, IT Security Awareness, and Personal Data Protection Act (“PDPA”) 2010
- PDPA Privacy Notice disseminated to the public and briefing for employees



Processes

- Implementation of ISO:27001 Information Security Management System (“ISMS”) and Identity Access Management Governance
- Group IT Security Policy & Standards and Information Systems Security Policies dealing with banking secrecy and personal data



Technology

- Simplification and automation via our Identity & Access Management System
- Automated Network Admission Control
- Secure Mobile Device & Mobile Application Management
- Unified Cyber Threat Protection & Vulnerability Management Systems
- Data leakage protection solution to ensure confidentiality of customer data

Responsible Financing

RHB views responsible financing as imperative to the growth of our business. Our products and services are aligned to Bank Negara Malaysia's aim to promote financial prudence and reinforce lending practices that support growth of the economy in a sustainable manner. We are responsible for conducting due diligence in our financing choices, whether to protect our business, our customers, or third-party stakeholders.

SUSTAINABLE FINANCING

Green bonds and impact investing that integrate investment and financing decisions with ESG considerations are emerging areas for the financial community.

At RHB, we have extended support to standalone projects with positive ESG elements. Testament to this were the numerous sustainable and responsible investments ("SRI") collaborative deals made in 2017 such as Sukuk Ihsan and the Merdeka ASEAN Green SRI Sukuk. We were a participating financial institution for the Green Technology and Financing Scheme ("GTFS") established by the Malaysian government. The scheme

was established in order to facilitate lending to green technology companies and has closed, with its fund size of RM3.5 billion fully utilised. Throughout the scheme, we financed 11 projects with a total disbursement of RM236 million.

Moving forward, we will progressively explore and incorporate ESG factors as part of our core businesses, investment and financing decisions. This will form part of our strategy towards minimising our exposure to ESG risks.

VALUE BASED INTERMEDIATION

RHB Islamic operates on Shariah-compliant principles, offering solutions in Retail Banking, Corporate & Investment Banking, Business Banking, Islamic Treasury, and Transaction Banking. RHB Islamic is guided by BNM's Shariah Governance Framework for Islamic Financial Institutions in carrying out independent advisory duties for our Islamic operations.

RHB Islamic Bank is committed to advancing itself as a value-based bank. In 2018, we adopted the Value Based Intermediation ("VBI") approach introduced by Bank Negara Malaysia.

Establishing the VBI approach is about going beyond the boundaries of Shariah compliance and becoming Shariah-based. Other than economic profit, the VBI approach also emphasises the well-being of the *Ummah* (i.e. people) through the preservation of wealth, faith, lives, posterity,

and intellect, and by caring for the planet. For that matter, VBI acts as the building block towards creating a wholesome value proposition not only to financial customers, but also stakeholders within the society and the economy at large.

VBI will benefit the Islamic finance sector, giving it a distinct identity and character. In due course and for the purpose of transparency, we will subscribe to the VBI Scorecard adopted by the Islamic Banking Industry in Malaysia to gauge our progress in being a true value-based bank.

Although our "People, Planet and Profit" focus is a new introduction in 2018, we shall strive for further improvements and innovation in other VBI areas in time to come.

In 2018, five new Shariah products were launched that contribute to the underlying principles of VBI:

 <p>CMTF-i for Home/Property Financing (Plain/Full Flexi)</p> <p>The commodity Murabahah product is a Tawarruq arrangement that allows customers to purchase or refinance property with the option of withdrawal when extra payment is made in a Commodity Murabahah transaction</p>	 <p>CMTF-i for My 1st Home Cagamas (Plain) (Rumah Mampu Milik)</p> <p>In collaboration with Cagamas, RHB offers affordable financing tailored to low-income customers who dream of owning a home</p> <hr/>  <p>CMTF-i for BNM Commitment Home (Rumah Mampu Milik)</p> <p>In support of the government's aspiration to increase home ownership amongst the rakyat, RHB offers financing to low income first-time homebuyers</p>	 <p>CM Savings and Current Account-i (Retail/Commercial/Corporate)</p> <p>Based on Commodity Murabahah ("CM") concept, CM depositors can opt to donate their CASA profit to charity. RHB has partnered with a state-owned university as a beneficiary of this initiative</p> <hr/>  <p>Range Accrual Murabahah Negotiable Certificate of Deposit-i (RAMNCD-i)</p> <p>Depositors can choose to donate to charity profits from all deposit products that are based on Commodity Murabahah concept</p>
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We have rolled out several other products and initiatives with a sustainable dimension:

Convert card points into donations

Under our e-banking services, RHB Islamic credit cardholders are given the opportunity to monetise their reward points to be donated to charity. Launched in late 2018, we currently have one collaboration with an NGO as a recipient for donation. We will continue to create new collaborations with other charitable organisations, as well as continuous engagement with customers via account statements, the website, and SMS blasts.

SyuQR

SyuQR (e-Sadaqah) is a new app launched by RHB Islamic that enables individuals to donate to mosques and Islamic institutions via QR Code, internet banking, and JomPay. These channels provide a fast, easy, and seamless 24/7 customer experience without compromising security. At the same time, *SyuQR* adds further value by recording all transactions in real-time, reducing administrative work for the recipient. Besides its charitable dimension, *SyuQR* is part of our efforts to support BNM's aspiration towards creating a cashless society. At the end of December 2018, 27 mosques have signed-up with RHB Islamic under the *SyuQR* initiative.

Cha Break (financial literacy for bumiputera SMEs)

In collaboration with Unit Peneraju Agenda Bumiputera ("TERAJU"), we designed and managed year-round Cha Break activities nationwide where we conducted financial awareness programs to educate TERAJU's underserved *bumiputera* SMEs with the aim of improving their financial and credit standing. Cha Break increases financial literacy in support of the country's *bumiputera* economic participation.

Zakat redistribution

The zakat redistribution initiative has helped our customers who are facing difficulties with loan repayment. In one case, a borrower is the sole breadwinner of a family with three children, two of whom suffer from critical illnesses. The eldest (8-year old son) has pneumonia and lung disease while the youngest (3-year old daughter) was diagnosed with a heart disease. The borrower was a mechanic who had to resign to attend to his two children who require special care and are frequently hospitalised. RM50,500 was distributed to the family to ease their financial burden.

In 2018, RHB Islamic took on the role as *Wakeel* (Agent) for State *Zakat* Authorities ("SZAs") in distributing the allocation of *zakat* refunds approved by SZAs. RHB Islamic will distribute *zakat* refunds to eligible recipients in line with the requirements set by RHB Islamic. For example, RHB Islamic distributed to *Asnaf* under the *Gharimin* (in debt) category to settle their financial obligations. To manage this, each application is evaluated based on merit.

Waqf

RHB Islamic will be launching a *waqf* initiative, which is part of AIBIM's strategic collaboration with State Islamic Religious Councils ("SIRC") nationwide. RHB Islamic is at the forefront of this industry initiative to empower the community at large to contribute through *waqf* for charity. RHB Islamic has been collaborating closely with an SIRC in East Malaysia on a *waqf* project to refurbish selected educational institutions.



ECONOMIC

Promote Sustainable Business

This section outlines the Group's economic contributions, business performance, and industry competitiveness. It is structured into seven sub-sections according to our material topics.

- 45 Financial Performance
- 46 Digital Transformation Journey
- 49 Customer Relationship Management
- 54 Fair Dealing
- 55 Financial Inclusion
- 62 Indirect Economic Impacts
- 63 Sustainable Supply Chain

In Support of UN SDGs



Financial Performance

The Group maintained a strong track record from last year's performance, ensuring our continued ability to care for our employees, investors, suppliers and business partners, and the communities that we serve. Our five-year strategic plan, FIT22 has been designed to drive business excellence, including positive financial performance.

Below is a representation of how the Group, through its sustainable initiatives, has contributed to value creation for various stakeholders. The positive 'economic value distributed' refers to our capabilities and

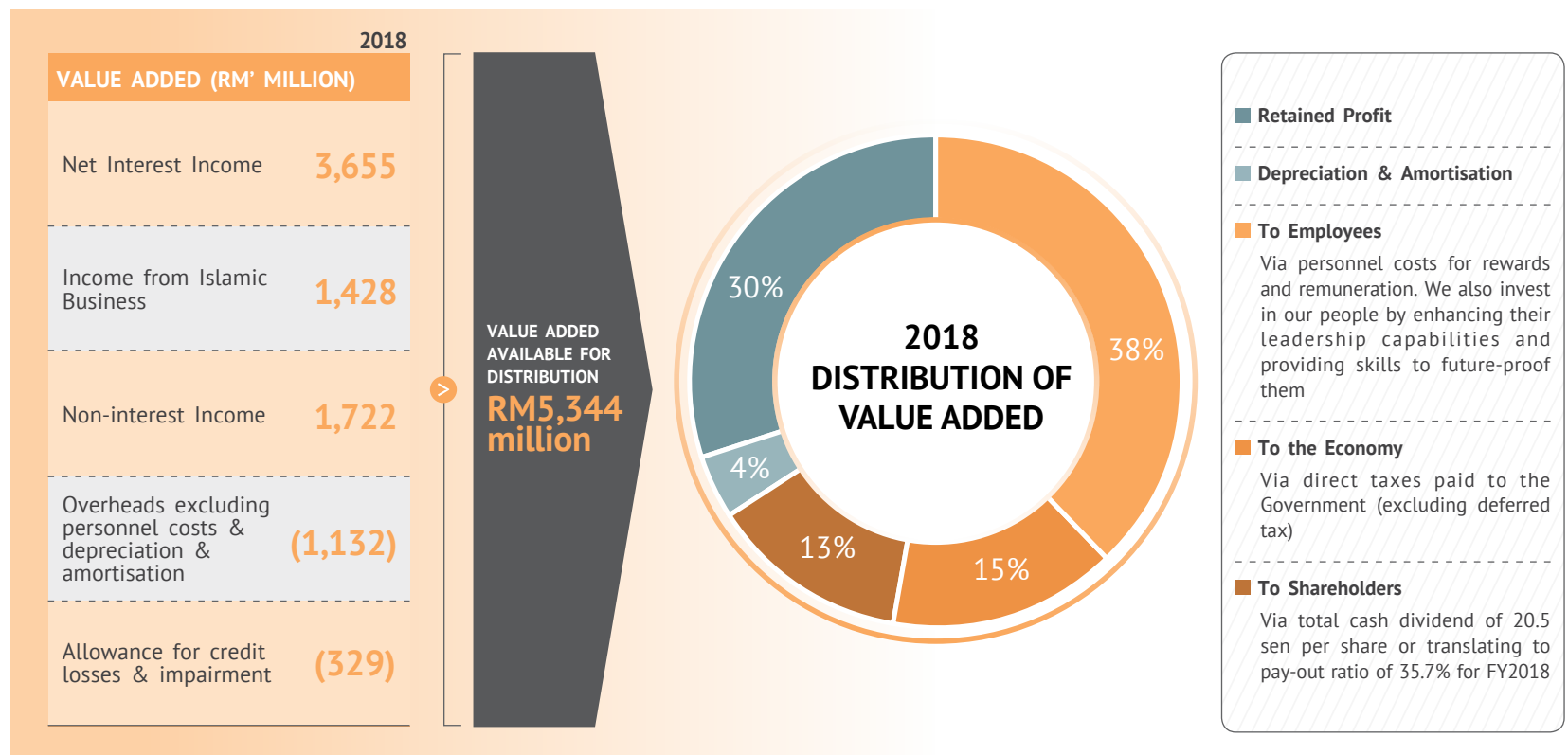
capacity to deliver to the expectations of our customers, employees, and the community, while fulfilling our primary responsibility to the shareholders and investors. In 2018 and beyond, while we remain committed to fulfilling our FIT22 objectives and aspirations, we will endeavour to create economic, environmental, and social impact in the communities and markets where we operate.

In 2018, the Group recorded RM5,344 million in economic value distributed, compared to RM4,544 million in 2017.

DISTRIBUTION OF VALUE ADDED

We Create Sustainable Value

We are committed to helping our customers, communities and our people grow



Digital Transformation Journey

Digital disruption is the single most important game changer in the financial sector. Cloud technology, automation, chatbots, and blockchain are posing threats as well as opportunities to marked increases in efficiency and accuracy. We are already witnessing many of these disruptions, with immense opportunities for financial institutions to create added value for customers.

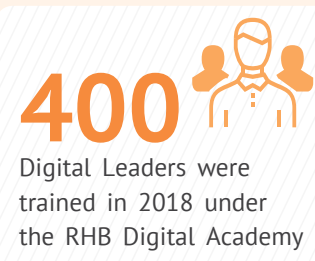
At RHB, digital plays an enabling role across multiple functions and is closely tied to customer journeys. To meet future growth needs, digitalisation and automation are solutions to enhance revenue, retain existing customers and attract new customers in the long run. Digitalisation will help us achieve the ultimate end goal – deliver convenience and create value for our customers. Innovative digital solutions will also extend our reach and presence to communities while minimising our environmental impact.

The Group's Digital Strategy Roadmap was approved by the Board in 2016 and was rolled out the same year, with various digital initiatives being implemented across the key business segments.

With four main strategies that will build our future-ready digital and technological capabilities, the Digital Strategy Roadmap supports two of the three FIT22 objectives, namely 'Invest to Win' and 'Transform the Organisation'.

In 2017, Group Digital Transformation was established to kick-start digitalisation of customer journeys and deployment of advanced analytics. 400 Digital Leaders were trained in 2018 under RHB Digital Academy to adopt Agile in the workplace. DevOps was fully implemented and adopted in Digital, with the integration of productivity tools to speed up development. Both Agile and DevOps are process-centric approaches to nurturing our human capital in keeping with the third FIT22 objective, 'Transform the Organisation'.

Data and information from digital analytics were used to formulate business strategies and offer rich customer insights. RHB's new big data and marketing automation platform was implemented in October 2018 to enable deeper capabilities to accelerate our analytics value creation.








Read more on our digital journey in the RHB Bank Berhad Annual Report 2018.

FINTECH HACKATHON

Group Digital Transformation ("GDT") organised the RHB Digital Hackathon 2018, a 48-hour hackathon challenge to build internal capabilities and equip participants with knowledge in digital. The hackathon, themed 'Big Data', is also to support the Group's aspiration in scaling up the culture of innovation across the organisation. More than 100 internal participants co-created solutions for superior digital banking customer experiences, with a total of 72 dedicated hours on idea conceptualisation and prototyping.



KEY DIGITAL TRANSFORMATION INITIATIVES & RESULTS

Initiative	Achievement Highlights
 <p>Implement Robotics and Artificial Intelligence (“AI”) to enhance efficiency and productivity</p>	<ul style="list-style-type: none"> Established and implemented Robotic Process Automation (“RPA”) Centre of Excellence for the Group Deployed the first bot
 <p>Institutionalise analytics & big data to boost revenue</p>	<ul style="list-style-type: none"> Doubled the number of analytics use cases from 7 in 2017 to 16 in 2018 Implemented new big data analytics and marketing automation platform in Oct 2018 Increased the percentage of revenue from analytics from 2.5% to 7% Increased the percentage of new business that originated digitally from 0.6% to 10% Increased revenue from analytics to RM34.1 million
 <p>Anchor customer journey mapping and customer centricity to foster innovation and customer excellence</p>	<ul style="list-style-type: none"> Launched 3 new apps: Mortgage Referral app, Motor Insurance app, and DCP Mobile Increased percentage of transactions via digital channels by 3% to 68% (FY18) Doubled the online FD placement rate from 2.3% to 5.17% Estimated incremental value from customer journeys at RM15 million
 <p>Implement New Gen Digital Channel Platforms (“DCP”) for delivery of holistic customer journey and ecosystem</p>	<ul style="list-style-type: none"> Launched Mobile Banking platform to pilot users on 27 November 2018. The platform will be slowly ramped up among internal users with public launch scheduled for April 2019
 <p>Implement key IT projects to support digital offerings</p>	<ul style="list-style-type: none"> Delivered key IT business and regulatory projects Strengthened IT security Increased revenue from IT projects at RM84.3 million Improved turnaround time, FTE & cost savings

DIGITAL RISKS AND MITIGATION MEASURES

Digital products and services are reviewed and signed-off by the respective functional units in these areas:

- Risks and mitigation measurement for related digital products and services (e.g. product risk assessments)
- Technology Risk Assessment (“TRM”) and mitigation measurement by RHB Group Technology Architecture Committee/Group Technology Leadership Committee
- Process Risk & Control Assessment (“PRCA”)

These are applicable for digital initiatives such as Customer Journey squads, Digital Channel Platforms project, and big data and multi-channel campaign management projects.

Digital Transformation Journey

2018 DIGITAL MILESTONES

As part of our key digital transformation initiatives, New Gen Digital Channel Platforms (“DCP”) were set up as a common platform for mobile banking and internet banking, with a drive for digital innovation, enhanced customer experience, empowered businesses, and connected communities, all this underpinned by a digital-savvy workforce.



Improving Customer Convenience

- The **RHB Insurance app** has garnered more than **25,000 downloads** since its launch in June. Customers can renew their motor insurance within 3 minutes and enjoy 10% rebate on the app.
- The new **RHB Mobile App** delivers a superior and secure mobile banking experience. The app features one-click pay, transaction signing, and seamless user-friendly interface.
- The **RHB MyHome app** represents the first ASEAN mobile app that enables real-time mortgage-related access features. As at December 2018, **4,840 applications** were approved via the app and **3,505 accepted**, comprising 16% of mortgage sales acceptance.



Empowering Businesses Digitally

- **SME Online Financing** enables online SME loan applications and disbursement within 5 days, allowing for accelerated processes that facilitate SME growth in Malaysia. Launched in June, the platform has recorded **225 online applications** with a combined value in excess of **RM47.5 million**.
- Our **Reflex** system is a digital cash management solution for businesses. Our Reflex customer base has increased by **15%** in 2018.



Connecting Our Communities

- **e-AngPow/e-Duit Raya** is an innovative cashless transfer service that brings convenience to our communities during festive celebrations. It facilitates money transfers in lieu of physical angpow or duit raya
- **SyuQR app**, launched under RHB Islamic, lets users donate to mosques by scanning a QR code or via internet banking and JomPay.
- The **RHB Partner (Mortgage Referral App)** has helped us to connect with our business partners online within the mortgage ecosystem, enabling our external business partners to do business with us more efficiently. Since launch, the app has garnered more than **9,047 downloads** and generated 823 leads, making up 8.6% of total mortgage leads during the same period.



Reskilling and Empowering Our People

- The **RHB i-Smart** web app helps our SME salesforce work on-the-go. It raised the productivity of sales representatives by 6% as at December 2018 with **RM239 million** in incremental loan acceptance value.
- Trained **400 RHB employees** to be Digital Leaders on digital-related topics such as Agile, design-thinking and analytics through Digital Academy.
- Rolled out e-learning to train **14,425** RHB employees on digital knowledge.



Awards

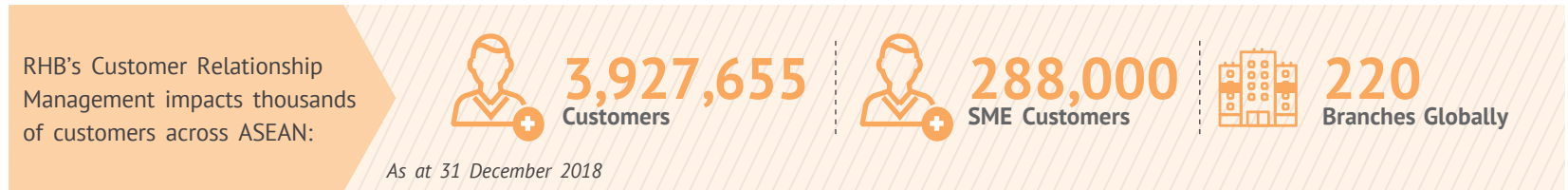
- **Best Customer Experience** (Direct Debit) Malaysia e-Payments Excellence Award
- **Excellence in SME Banking** (9th Retail Banker International Asia Trailblazer Awards)
- **Excellence in SME Banking** (Global Retail Banking Innovation Awards 2018)
- **Excellence in Mortgage Offering** (Asia Trailblazer Awards 2018)
- **Excellence in IT/Digital Implementation** (Share/Guide ICT Award 2018, Malaysia Domestic Technology & Operations of the Year 2018)

Customer Relationship Management

Our customers are at the forefront of everything that we do. We will strive towards ensuring that we continue to create value, deliver convenience and build trust with our customers.


Our customer relationship management team at RHB strives to be a trusted partner in helping customers and businesses to achieve their financial and business goals.


In 2018, our Net Promoter Score (“NPS”) improved to 0 from -9, growing +9 points. RHB outpaced industry growth of +8. We are revisiting our customer experience (“CX”) strategy that would redefine the quality of our service delivery. By 2020, we aspire to meet and exceed industry standards by rolling out RHB Way, a service culture transformation initiative that emphasises service excellence as the key value proposition.





RHB WAY


We strive for a customer-first culture. Our Customer Service Charter is focused on delivering better engagement through transparent and personalised service, delivering convenience for customers’ peace of mind through accessible banking, reliability through timely and efficient service, and building trust by meeting and exceeding customer expectations and delivering value. This is embodied through RHB Way, a culture of service excellence. Built on the brand promise of Together We Progress, the three service commitments under RHB Way are to Build Trust, Deliver Convenience, and Create Value. RHB Way aims to transform our service culture into a superior experience that meets the needs of our customers at all our branches. The RHB Way model is anchored on 5 key blocks to build our brand of service culture:

- 

Service Branding & Tone of Voice
Defined our service identity that is signature to RHB
- 

The Right People
Ensure our customer-facing employees and leaders are cultural fit for the CX role in terms of personality, talent and drive
- 

Co-creation
Listening and focusing on our employees and customers’ needs to co-create the experience
- 

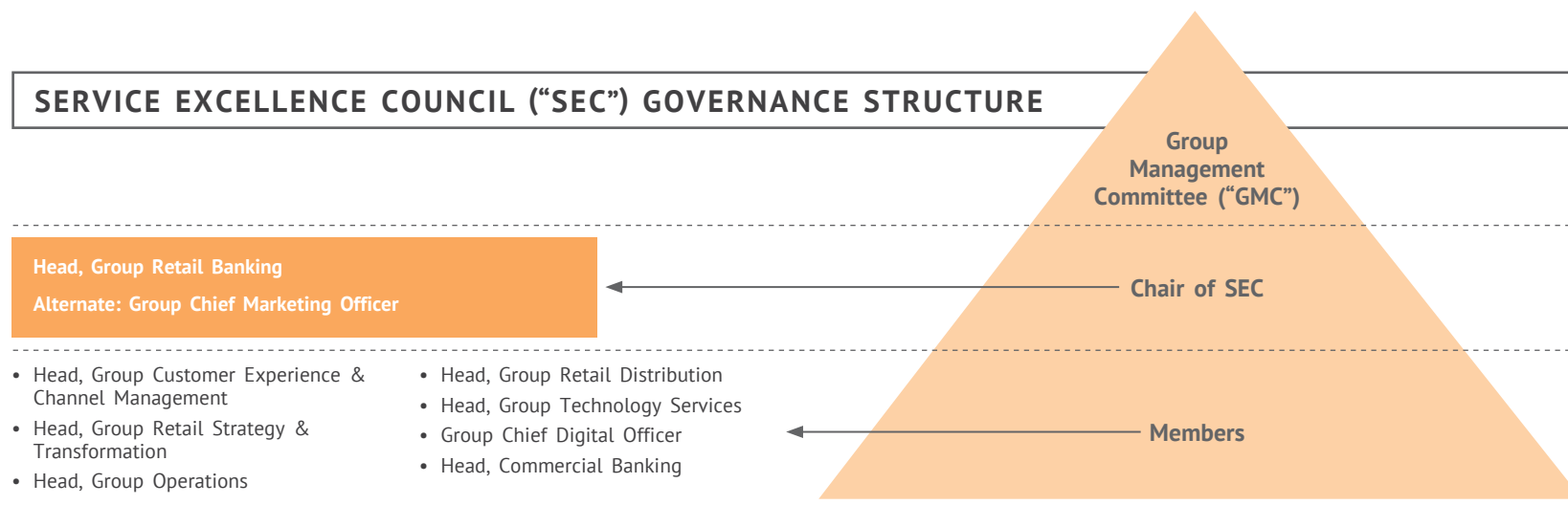
Make it Easy
Make banking easy for our customers and empower our employees to simplify work
- 

Standard of Excellence & Signature CX
Set minimum service quality standards and differentiated experience

Customer Relationship Management

Governance of RHB Way

RHB Way is governed by the Service Excellence Council (“SEC”) that was created to drive our customer experience agenda. SEC meets on a monthly basis and reports to the GMC. It comprised of leaders from various functional and business groups.



Embedding the RHB Way Service Culture

The Group strives towards embedding ‘RHB Way’ as a pervasive culture throughout the organisation. More than 1,000 Leaders from our branches, call centre and Head Office, including the senior management team, went through a programme to internalise RHB Way Service Culture.

To ensure customers experience a consistent signature experience in our network of branches, we continue to use the Model Adherence Checklist (“MAC”), which scores branches on a set of service standards ranging from branch organisation to sales planning. The MAC is integral to ensuring consistent service quality at all branches.

Recognising that creating a signature experience is a two-way process, RHB endeavours to include customers in designing the experience. Two key initiatives were executed in 2018 to gather customer insights and feedback:

1 Engagement with Partners Sessions (“EPS”)

We conducted 38 Engagement with Partners sessions (“EPS”) in 38 branches throughout the country, attended by 404 customers. The main objective of these informal chat sessions over *teh tarik* is to engage customers and encourage them to exchange views on customer service and areas of improvement with our branch and customer service employee.

Through EPS, RHB has collected more than 1,000 feedback from customers. The top feedback were related to service waiting time and user-friendliness of digital channels. In response to the feedback, we implemented the following counter-measures:

- Rolled out RHB Way at all branches, aimed at establishing a common service culture to ensure superior customer experience
- Branches to attend to customers enquiries and requests at their first touchpoints without referrals to Call Centre or other units at Head Office through enhanced processes, upgraded skills, and easier access to information.
- Branches are able to solve enquiries on RHB Now internet banking, including resetting passwords, forgotten username, and reactivation of blocked internet banking account.
- Installed Cash Recycle Machines in branches to facilitate self-service banking. Approximately 60 machines were installed in 2018 and an additional 82 machines will be installed in 2019.

2 Turning Negative Feedback into Opportunities

We engage with customers after their issues are resolved to get their feedback on our complaints management approach, which is to go above and beyond simply fixing the problem. We strive to convert ‘unhappy’ customers into ‘promoters’ through these planned engagement exercises.

On a ‘close the loop’ principle, we conduct follow-up calls to all complainants after their issue has been resolved. The objective is to get feedback from our customers on their satisfaction level in the bank’s handling of their complaints as well as to solicit Net Promoter Score (“NPS”) and convert ‘detractors’ to ‘promoters’. Our follow-up call rate is 100%, with unsatisfactory cases being reopened and escalated on a case-by-case basis.

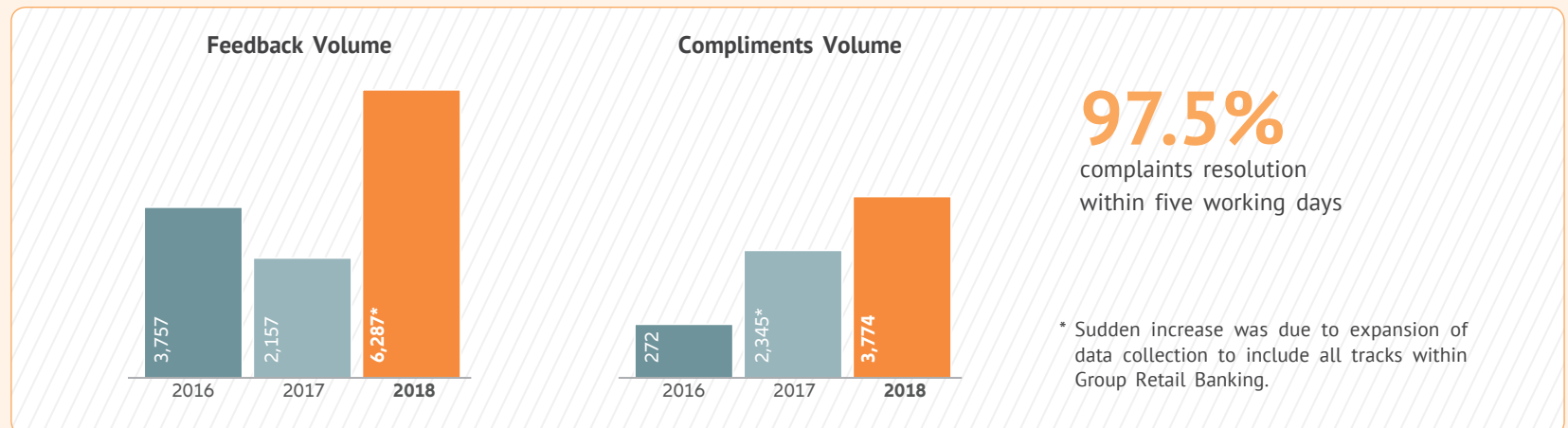
OUR COMMITMENT TO CUSTOMERS

Customers are at the heart of everything we do, and customer service is the defining factor for their experience with the RHB brand. In order to promote service excellence and a customer-centric approach to service, we launched My Service Commitment, an ongoing award for employees who have demonstrated outstanding service to customers.

Employees are encouraged to submit stories of customer experience on a weekly basis. Each story is circulated and recognised while most voted stories are awarded with a gift. 54 stories have been featured since My Service Commitment commenced in mid-July 2018 and 18 weekly winners have since been rewarded. Group Total Rewards is also looking into launching a separate Recognition and Points System on Workplace for employees.

We actively solicit feedback from our customers, through transactional surveys and the annual customer survey. Net Promoter Score (“NPS”) and Customer Effort Score are measured at every customer touchpoint. Customer feedback is continuously analysed from various channels and across key service indicators such as customer waiting time, serving time, the loan application and remittance turnaround time, etc. We benchmark these indicators against internal and industry standards.

Customer feedback is passed on to appointed recipients and addressed within the stipulated timeline, guided by the Complaints Management Manual.



Our independent review team ensures customers are treated fairly in the complaint resolution process. In the event that a customer remains unhappy with the outcome of a complaint, an escalation option is offered. Our Customer Advocacy Team will review the complaints and offer mediation where necessary.

Through phone line recognition, we are able to route incoming calls from the Premier segment to a dedicated line, resulting in 8,000 to 9,000 calls per month to the Premier line. In 2018, 90% of our Premier customers were served by the dedicated line, with a target to capture the remaining 10% in 2019.

Customer Relationship Management

Service Levels

Service Level/Year	2017	2018
Self-Service Terminal uptime	98%	98.50%
Call Centre (calls to be answered within 20 seconds)	80%	81.75%
Internet Banking uptime	98%	100%

To achieve service excellence, we are building contact centre capabilities and improving our productivity with Agile and automation, with a focus on:



In the interim, active measures have been taken to reduce agent attrition by restructuring and transforming them into Agile teams, and to achieve voice calls reduction by 20,000 calls per month by diverting them to self-service and using bot support in Live Chat.

Contact Centre Achievements				
Abandon Call Rate	Overall		Mass Line	
	Jan-18	Oct-18	Jan-18	Oct-18
	4.3%	1.2%	14.7%	2.9%
SLA (20 secs)	77%	92%	36%	80%

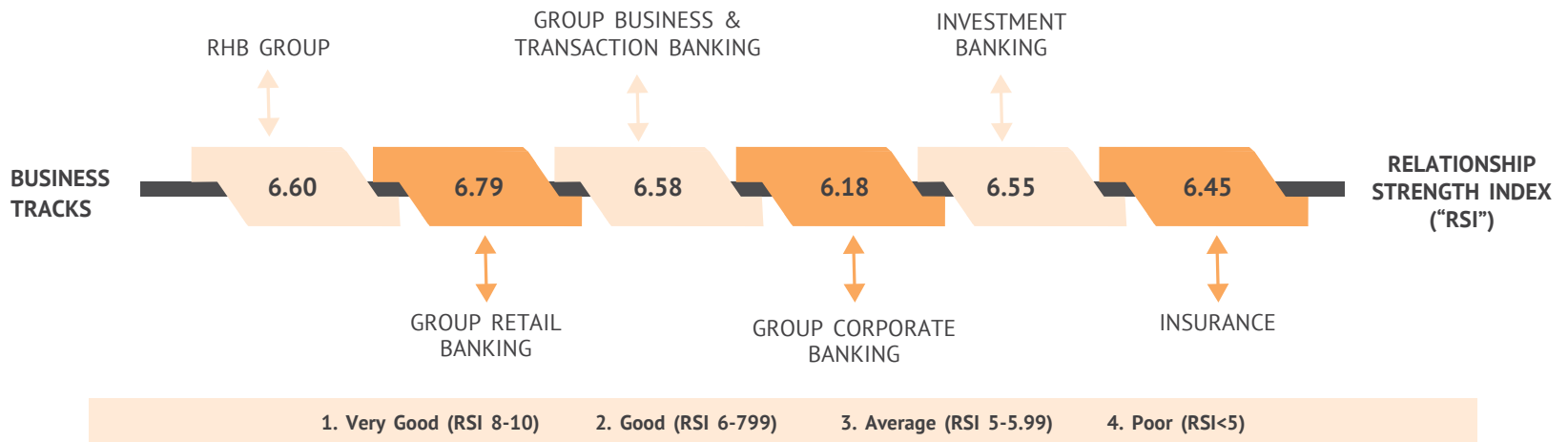
As a further commitment to build customer experience bench strength, the Group is planning to set up a customer service centre of excellence comprised of 20 to 30 customer experience specialists. The CX Specialists will be assigned to 'tribes', where they will transfer knowledge to the tribe members to build a community of 100 Design Thinkers and Customer Experience experts.

CUSTOMER SURVEY

To understand the effectiveness of our customer relationship management, we conduct an annual customer survey, the Relationship Strength Index (“RSI”). The Relationship Strength Index measures relationship strength and customer loyalty levels. In 2018, we appointed independent research agency, the Nielsen Company, to conduct the survey. The survey population was 815 of our selected customers based on internal parameters. The survey was conducted via a computer-assisted telephone interview. Survey questions were developed by RHB and advised by Nielsen, focusing on the drivers that impact relationships. Results were benchmarked against the industry.

We participate in the biennial Customer Satisfaction Index (“CSI”) industry-wide survey that measures customer satisfaction among Malaysian banks. In 2017, we scored a CSI of 75, higher than the industry average of 74.

A summary of the 2018 Relationship Strength Index results is presented below. Overall improvements were marginal, with the average remaining in the ‘Good’ range.



CX RECOGNITION

Our efforts in managing and building positive customer relationships have been recognised by the industry through the following awards:

 <p>At Customer Experience in Financial Services (CXFS) 2018, we were awarded:</p> <ul style="list-style-type: none"> • Best CX Business Model (Winner) – Service Excellence Council & RHB Way • Best Customer Experience (Highly Commended) – Customer Call Centre (“CCC”) Premier Elite Team • Best Client On-Boarding Initiative (Banking-At-Your-Doorstep/Rider) 	 <p>At CX Asia Excellence Awards 2018, we received:</p> <ul style="list-style-type: none"> • Best CX Personality (CX Rockstar) – Michelle Liew • Best Employee Engagement (Bronze) – RHB Way 	 <p>2018 Frost & Sullivan Malaysia Excellence Awards in Customer experience</p> <ul style="list-style-type: none"> • Self-Service Experience In Retail Banking – Winner  <p>CCAM Awards 2018</p> <ul style="list-style-type: none"> • Best Business and Data Analysis 2018 Individual – 3rd Place
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Fair Dealing

At RHB, we recognise our duty to fully disclose to customers relevant information on products and services, and to recommend the most suitable options to them based on their lifestyle needs and circumstances. The Customer Satisfaction Index (“CSI”) revealed that transparency of product information and the ease of acquiring new and additional products and services are the lowest performing areas for Malaysian banks, a major deficiency in banking communications and processes. This is an area which RHB strives to fully comply with when presenting its products and services to customers.

Following BNM’s financing guidelines, we conduct suitability and affordability assessments for each new and additional financing facility, ensuring customers are offered products that are appropriate to their financial circumstance, and that they have the ability to repay by observing a prudent debt service ratio. We evaluate and verify the stability of the customer’s primary source(s) of income, with consideration of their deposits, assets and/or investments in excess of RM1 million.

Our representatives are required to provide to customers a product disclosure sheet to facilitate comparison and decision-making, based on customer’s primary source of income, with consideration of their performance track record, commitments, risk mitigations and/or feasibility of investment. An early termination fee reflective of the costs to be incurred by the bank as a direct result of early termination is imposed on customers.








RHB disseminates a comprehensive Product Disclosure Guideline to sales and servicing employees at the front-lines. Group Compliance conducts Mystery Surveys at branches to see whether the relevant product disclosure sheets are shared. Bank Negara also conducts random audits as part of due diligence.

Product marketing collaterals are updated to reflect timeliness and availability, informed by a branch merchandising checklist. Promotional materials for limited-time products are removed at the end of their lifecycle while year-long products are updated as needed.

Regular internal training on product information is conducted with refresher courses and updates tailored to the type of products and services.

For RHB Insurance in particular, agents form the ecosystem for RHB Insurance and act as the intermediary between customers and RHB. Hence, product responsibility and flow of information relies heavily on agents. Hence in 2018, frequent engagement sessions were held with agents to ensure their familiarity with products and services that are being offered by RHB Insurance.

The following materials are made publicly available on the Group’s various communication channels and branches:

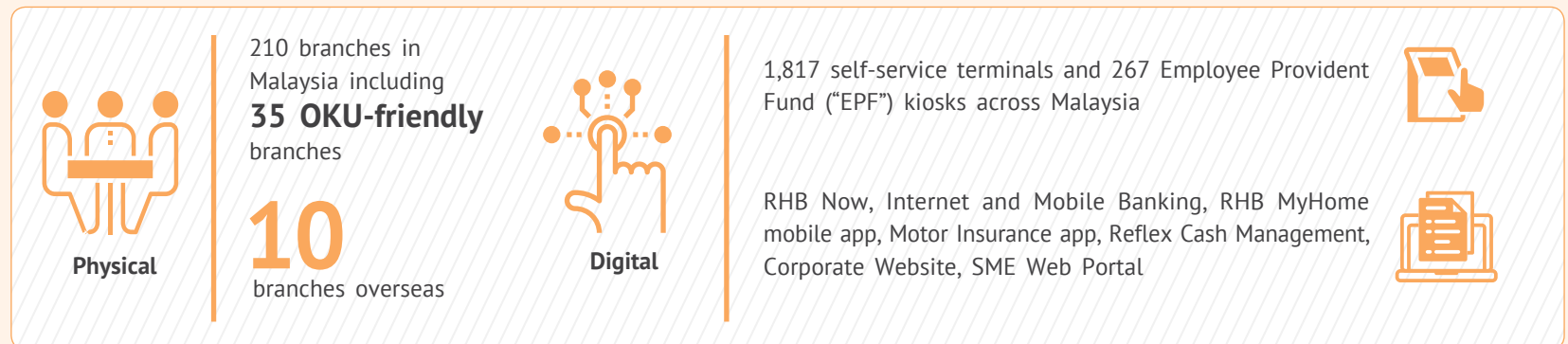
- 
 Contracts and agreements
- 
 Fees and charges (interest rates for deposit schemes, eligibility, applicable interest rates, service charges for loan products)
- 
 Penalties and late payment charges
- 
 Compensation and relevant interest/profit rates
- 
 Purchase/selling price and obligations in the use of a banking product or service
- 
 Product-related details such as product disclosure sheets, terms and conditions at point of sale
- 
 Detailed product information with account opening and card application forms

Financial Inclusion

It is our responsibility to help customers from all segments of society to have access to quality financial products and services. This includes enhancing financial literacy and access to banking among members of the community living in unbanked and underserved areas.

For us, financial inclusion goes hand-in-hand with one of our other material topic, Digitalisation and Investment in Technology. Our digitalisation strategy provides opportunity to improve access to financial services and promote financial inclusion through RHB's digital solutions and platforms. Digital solutions have the potential to reach segments that are otherwise inaccessible due to physical or geographic limitations.

RHB-CUSTOMER TOUCHPOINTS



IMPROVING ACCESS TO FINANCE FOR SMEs

98.5% of businesses in Malaysia are SMEs – the key drivers of the economy. The rest of the ASEAN economies are made up of a majority SMEs, which are responsible for creating jobs, providing livelihoods and catalysing development. Over the years, financing for SMEs has gained traction, but inclusivity is a 'work in progress', constrained by limited access to capital and information. RHB will continue to bring value to SMEs and strive to include them in the financing mainstream.

SMEs have traditionally been a stronghold for RHB. The SME segment plays a crucial role in delivering the Group's FIT22 strategy. The Group aims to be in the top three in the SME category by performance by 2022.

In 2018, RHB continued to make good progress in our financial targets in the SME space achieving RM27.2 billion in loans to SMEs.

Collaborations with state-led institutions are meaningful for promoting SME growth. In 2018, RHB offered financing to SMEs under a government-guaranteed scheme by Syarikat Jaminan Pembiayaan Perniagaan ("SJPP"). We were accorded Top Performer Award for being the bank with the highest market share of SJPP loans at 20.1% and a value of RM1.43 billion.

RHB played a role in co-managing the SME Micro Financing ("IMProUD3") and Facilitation Fund ("IMProUD1&2") worth RM11.5 million in collaboration with Iskandar Regional Development Authority ("IRDA"). The fund provides micro financing with low financing cost.

We also partnered with Funding Societies Malaysia in 2017 to ensure the security of investor's funds and conduct due diligence on funded SMEs.

Financial Inclusion

Working with the Credit Guarantee Corporation Malaysia Berhad (“CGC”), we became the first bank in Malaysia to offer Wholesale Guarantee Islamic (“WG-i”) Bumi, a financing scheme for *Bumiputera* SMEs.

Since 2012, 500 SMEs have received financing and/or advisory services from RHB Islamic under the collaborative scheme with Unit Peneraju Agenda Bumiputera (“TERAJU”). Loans provided to *bumiputera* SMEs amounted to RM3.9 billion in 2018 of which RM480 million is under the TERAJU Financing collaboration.

RHB also collaborated with FinTechs to leverage on the mutual benefits of such partnerships. In December 2018, RHB partnered with Ringgit Plus for a referral programme to RHB’s Online Financing. Since the programme started, we have received 80 leads and 27 pending and completed submissions. We also participated in two Shopee workshops for merchants, where we reached out to small-scale business owners

who can benefit from special rates as an SME Online Financing customer. In the pipeline for 2019 is a referral programme with Fave to onboard their merchants to our system.

These collaborations are important in advancing Malaysian SME growth through partnerships, with RHB contributing its area of expertise in finance.

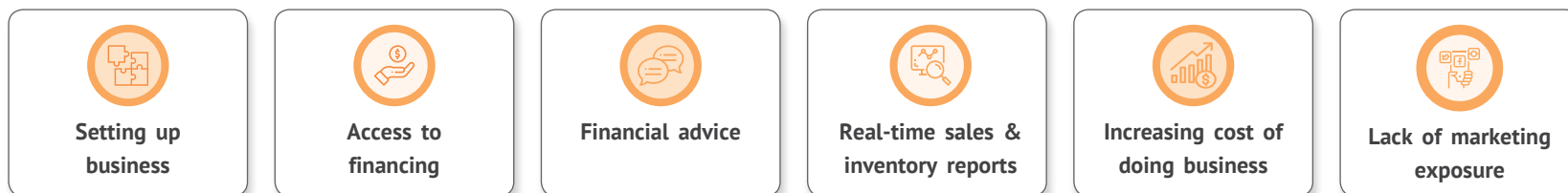


Awards

- Excellence in SME Banking (Highly Commended) 9th Retail Banker International Asia Trailblazer Awards
- Excellence in SME Banking Global Retail Banking Innovation Awards 2018

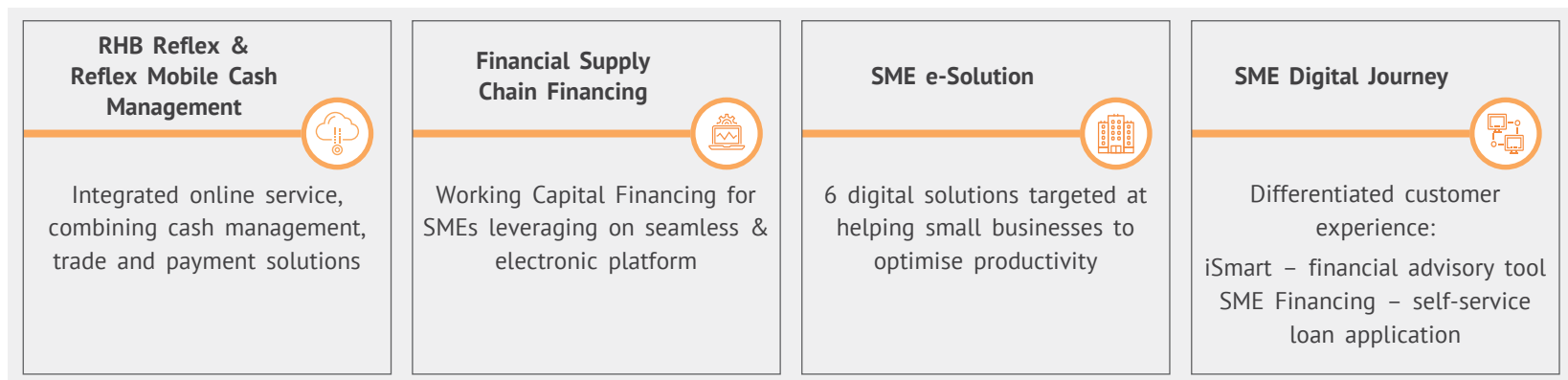
SME ECOSYSTEM

SMEs face a set of challenges unique to their small-business status:



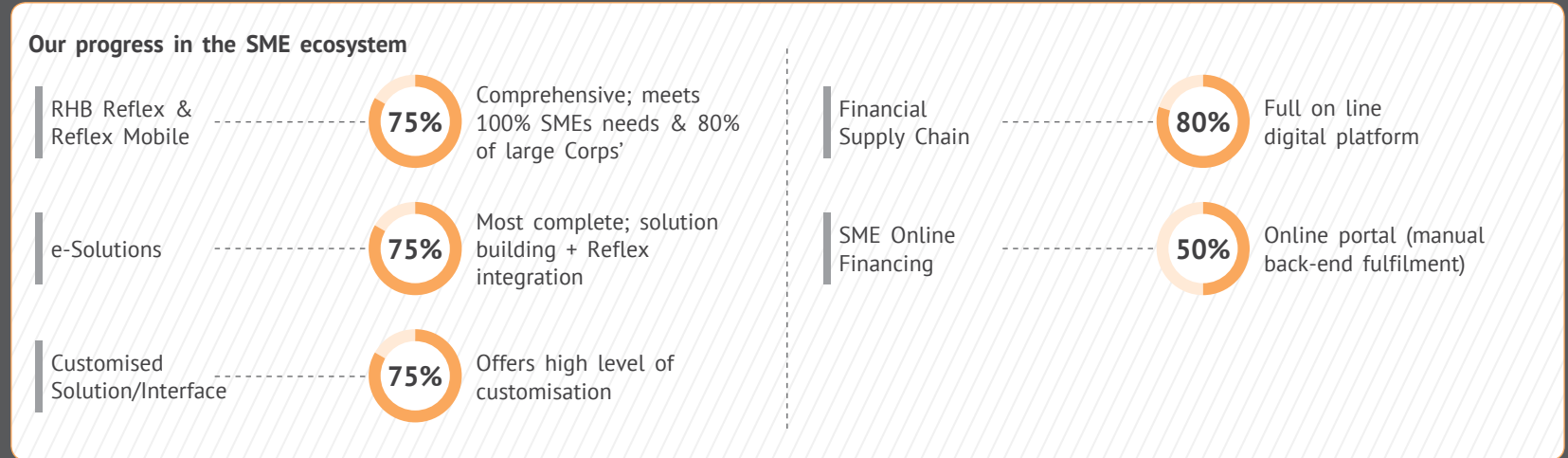
The creation of a SME ecosystem will benefit the target community by creating a conducive environment for SME growth. The SME Web Portal, offering information, application features, and business tools, was launched in 2017 as part of a wider SME Digital Journey. We will push deeper into this segment by providing better access to SME-specific information, tailored products, and addressing specific pain points. Instead of a piecemeal approach, we have envisioned a connected ecosystem featuring four integrated solutions that will together satisfy all the needs of SMEs.

Features of SME Ecosystem



In our effort to be the best SME ecosystem bank by 2022, we will make a concerted shift from product proposition to ecosystem play, involving partnerships with technology solutions providers. With the first such holistic ecosystem in Malaysia, RHB is leading the market in integrated connectivity between SME solutions and ecosystem partners.

In 2019, the SME Ecosystem is targeted to contribute RM500 million in sales through analytics, RM300 million in incremental CASA, and 13,700 new connected SMEs.



PROMOTING FINANCIAL LITERACY

Financial literacy is all about improving the quality of lives by enabling the underserved to take control of their financial destiny. It is our investment in the future generation of financially smart and responsible citizens. RHB engages many small or lower segments of businesses in Malaysia, including self-employed business owners. Our longstanding involvement with SMEs culminated in the formalisation of a series of financial management workshops for SMEs in 2018.

We ran three workshops in Klang Valley since December 2018 and plan to have at least one per month for the whole region. 90 companies attended the three workshops with 68 sign-ups. We plan to conduct workshops on how digitisation can help SMEs grow their business and

also from an operational perspective. RHB works closely with our partners, Storehub, Kakitangan, and Financio to run these workshops.

We also collaborated with the founder of Siti Khadijah, Puan Padzillah Enda, to tell her story of progress and entrepreneurial spirit in a Raya video. This was to improve our reach into the SME segment as a bank that creates opportunities for small business income, especially targeting single mothers. During this period, the drive for SME outreach was supplemented by a series of workshops across key market centres in Malaysia to educate and equip SMEs with the right knowledge to be successful. Workshop attendance exceeded our target by 300%.

Financial Inclusion

ENHANCING FINANCIAL ACCESS THROUGH COMMUNITY BANKING

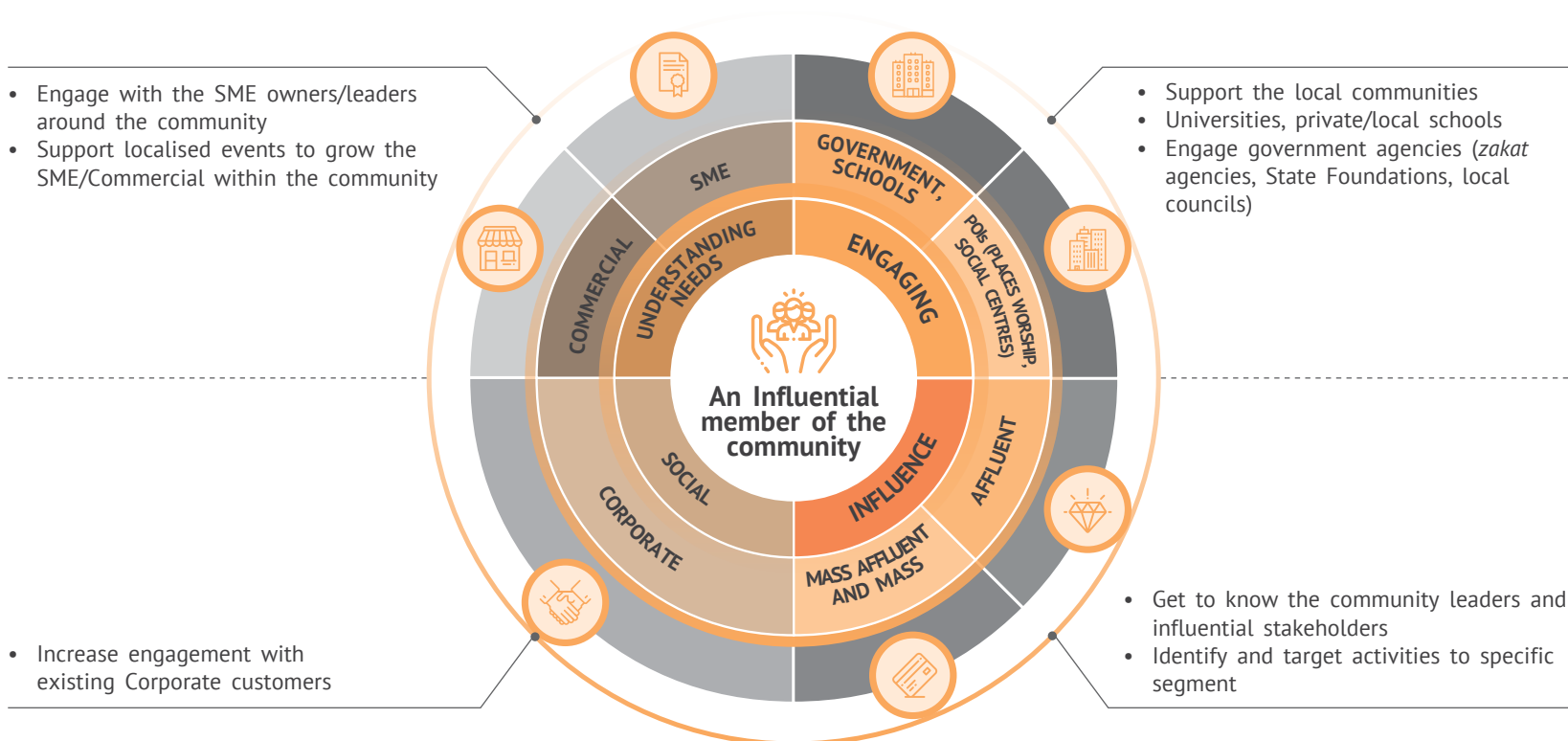
As part of our efforts towards driving financial inclusion, we have redefined the role of our branches in order to reach out to a wider segment of the community. We have put in place an inclusive and personalised community banking model which will cater to the different needs of the various segments of the communities within which we operate.

Increase adoption of alternative channels and the use of digital technology which have resulted in lower over-the-counter transactions. Shifting banking habits show a very clear pattern: banking transactions via internet banking and mobile banking rose 48% and 256% respectively, while over-the-counter transactions decreased 28%.

Despite these trends, human touchpoints are still necessary and desired by certain segment of customers. Our Affluent customer segment ranks Relationship Managers as the top reason for switching their main accounts. Physical branches and ATMs remain the top drivers in choosing a main bank. Customers still assume that they get better rates if they make the effort to visit the branch as well as quicker issue resolution at the branch. Hence, both digital platforms and physical touchpoints without play an important role in enhancing customer journey.

The evolution of RHB branches from single channel to segmented channels in the last few years signals a need to transform our branches. Community banking, by our definition, is to understand the local businesses and the needs of the surrounding communities, expanding reach beyond retail customers to include other segments. Community banking will be the model upon which the Bank of the Future Bank will be built.

Our Community Banking Model



Through community banking, we will focus not only on retail customers but also explore opportunities to heighten other community constituents' access to finance, such as SMEs, corporates, government agencies, schools, universities, and trade associations.

The RHB Way Building Partners Programme is one of the various channels for branches to engage with the local community and obtain feedback. These engagements allow the community to serve as our 'eyes' and 'ears' on the ground, which in turn enables RHB to better cater to community needs.

'Paint the Town Blue' is another community engagement initiative to understand more about the community where our branches are located, which will strengthen RHB's community banking agenda to evolve into a Bank of the Future.

Community banking will be driven at the management level, with GMC members adopting key branches to engage on the topics of customer experience and community banking. The Community Banking Implementation Office is responsible for continuous feedback and enhancements, with Branch Managers leading all implementation.

Branch Managers are expected to meet high standards on quantitative and qualitative aspects of customer relationship management, as well as product knowledge. They will undergo training on the technical competencies in products and relationship management or leadership, and specific training to shape them into community bankers.

Community Banking Targets

The Group will ensure that branch employees understand their roles within the community banking framework. We will relook at the current policy for Branch Managers' rotation every five years to eliminate redundancies and maintain performance within the community. When successfully implemented, the new community banking model will help communities realise greater financial access and inclusion.



Our employees from the branches across Malaysia during the 'Paint the Town Blue' initiative promoting our products and services to customers.

Financial Inclusion

MAKING HOMEOWNERSHIP A REALITY FOR YOUNG MALAYSIANS

Many young working adults dream of owning a home of their own. With mortgage growth far outpacing household income increase, homeownership seems to be an unsustainable investment for the younger generation (source: The Edge). For many struggling to find a footing, homeownership will remain a dream for the foreseeable future.

RHB has made it a continuous mission to empower Malaysian homebuyers by extending financing to those for whom homebuying is otherwise unattainable. For instance, in 2017, we provided personalised financial products and higher financing assistance for PR1MA homebuyers with lower instalments. The initiative helped 786 homebuyers in 2017.

The BNM Fund for Affordable Homes provides financing for low-income first-time homebuyers. RHB Bank played a pivotal role in the launch of Bank Negara's Fund for Affordable Homes and is proud to be appointed as one of the panel banks to extend the subsidised home financing to the intended customer segment. The product was successfully launched with the offering encompassing both conventional and Islamic products.

The product proposition focuses on assisting the targeted segment by offering low fixed rate mortgage, and promoting financial literacy through an online portal which has been exclusively developed by Credit Counseling and Debt Management Agency ("AKPK"). The aforementioned segment encompasses households with maximum income of RM2,300 per month, and that are purchasing their first homes.

Our focus on empowering homebuyers is further strengthened by a homeowner ecosystem that RHB is currently developing to cross-sell and upsell in the homebuyer category, making the homeownership journey from start to finish a seamless experience. The ecosystem coupled with our mortgage offering under the BNM Fund for Affordable Homes contribute to the national agenda of making housing within reach for all Malaysia, helping citizens build their dream homes.

EASING THE HOMEOWNERSHIP JOURNEY

Homeownership journey



The Homeowners Ecosystem allows homeowners to access a breadth of products and services for buying and owning a home, from the discovery phase to the upgrade/refinancing phase. Besides differentiating RHB from other banks in the mortgage space and potentially generating new revenue, the ecosystem will benefit homeowners in Malaysia who might incur other home-related expenditures besides mortgages.

A Homeowners Ecosystem will create additional value for customers. The strategy capitalises on the entire journey of homeownership, from the pre-purchase to post-purchase phases. It will leverage on ecosystem partnerships throughout the journey to cross-sell and upsell.

The pre-purchase ecosystem will enable RHB to receive mortgage referrals from other major players in the developer and media industries. This will be further supported by advertisement placements leading to microsites and outreach kiosks at developers’ sales galleries. Partnership with housing developers enables us to match more homes to potential buyers.

The post-purchase ecosystem offers a holistic journey to our mortgage customers. Our internal advanced analytics will personalise customer journeys according to individual customers’ needs during their homeownership journeys, offering them their preferred home products or services such as home renovation and interior decoration that are in our partner ecosystem.

The RHB MyHome app provides click-easy access to mortgage eligibility, simplified application and tracking, and rate information. It is the only mortgage app currently available among Malaysian banks, placing the RHB value proposition in a slightly more advantageous position with convenience, channel, and pricing overriding the standard pricing and turnaround time (“TAT”) factors.

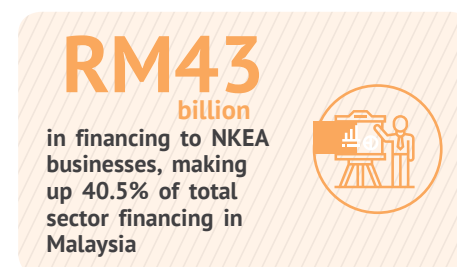
The Homeowners Ecosystem will create a single point of reference for homeowners’ needs, easing their home ownership journeys at the household level and sharing benefits for our partners in connected industries.

Indirect Economic Impacts

Our financial inclusion initiatives are one part of a bigger picture of creating valuable indirect economic impacts for the country, especially for the SME sector and homeownership, but financial inclusion alone is not our sole contribution. Our business positively affects the wider economy by providing capital to finance the development of National Key Economic Areas (“NKEAs”). NKEAs are important drivers of economic activity that contribute towards the Malaysian Economic Growth measurable by the National Gross Income (“GNI”) indicator. NKEAs also creates more job opportunities for the economy.

In 2018, RHB provided a total of RM43 billion in financing to Malaysian NKEA businesses, making up 40.5% of total sector financing. The top financed sectors are financial services followed by ICT and business services.

RHB as a leading bank drives indirect economic impacts by providing the capital needed for the growth of the NKEA sectors, which in turn generate economic prosperity and employment for the nation.



Financing of NKEAs

NKEA Sector Breakdown	Total Limit (RM' Million)	Total Asset O/S (RM' Million)	
Oil & Gas	1,817.4	1,020.2	
Palm Oil	1,573.7	710.7	
Financial Services	8,612.3	6,763.1	
Tourism	240.8	216.3	
Business Services	4,176.5	2,039.6	
Electronics and Electrical	191.8	56.0	
Wholesale and Retail	2,824.4	1,486.4	
Information and Communication Technology	3,869.0	3,388.4	
Education	1,555.6	1,536.5	
Health	248.8	173.7	
Agriculture	191.3	74.4	
TOTAL NKEA Sector	25,301.6	17,465.3	40.5%
Others	40,905.7	25,697.0	59.5%
Total	66,207.4	43,162.3	100.0%

Sustainable Supply Chain

While we closely monitor and manage our ESG impact in the conduct of our business and operations, we also aspire to map our value chain to better understand the impacts of our suppliers on the economy, environment and the society. At RHB, we strive to operate sustainably through our operations and make active decisions on who and how we procure.

SOURCING TRANSPARENTLY

RHB maintains a transparent and open tender selection process, using public tender announcements, centralised storage of contracts, and an open bid system. Internal controls, guidelines and procedures are fully complied with and confidential information is held in the strictest of confidence in accordance with the laws of Malaysia.

We have in place a Group Tender Committee that is responsible for the review, evaluation and recommendation of the procurement of all items and services in accordance to the Group Procurement Guideline.

The Group Tender Committee ensures the following:



RHB Bank’s procurement activities are based on open and ethical trade. Selection of suppliers is conducted through objective supplier performance evaluation and all tendering suppliers are required to declare any connections they may have with RHB.

In selecting new suppliers, the Company takes into consideration additional requirements including environmental awareness and compliance to legal and regulatory requirements. We assess the supplier’s performance through a set of criteria, which are reviewed periodically.



Appointed suppliers are screened for compliance. All suppliers go through compliance checks for AMLA and Politically Exposed Person (“PEP”). A 100% compliance check is conducted on the company, shareholders, and directors.

Guiding the integrity of RHB’s supplier relations are the Procurement Code of Integrity and No Gift Policy. Even before the tender process begins, potential suppliers are required to acknowledge and sign the Procurement Code of Integrity and No Gift Policy/Corruption pack that outlines anti-corruption conduct, subsequent steps to address any misconduct, and grounds for disqualification from the tender process.

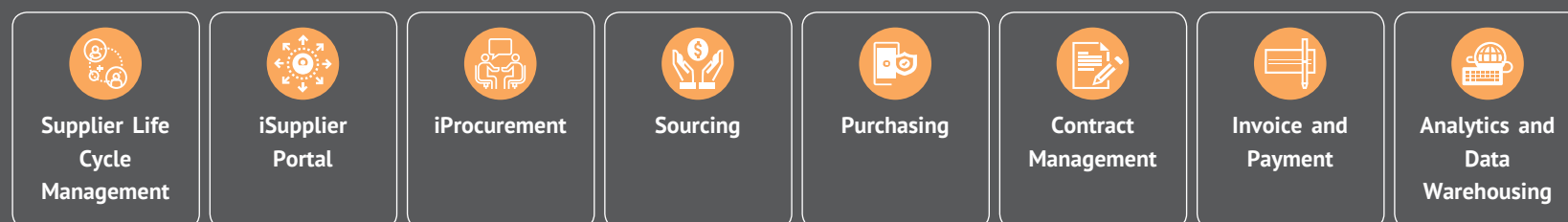
A grievance channel, which can be found on the RHB corporate website, is available to internal and external parties for reporting cases of misconduct.

Sustainable Supply Chain

DIGITAL SUPPLY CHAIN

e-Procurement

RHB's end-to-end procurement process has been completely digitised since 2014. Digitisation of the process has the added benefit of greater transparency in our procurement activities, ensures zero human interference, shorter processing time for tender and payment processes, easier tracking and monitoring, and improved efficiency in meeting requirements to understand Group Procurement's spending. Group Procurement uses electronic means to manage the following areas:



The Group Procurement's preferred payment terms is generally designed to help suppliers with their cash flow. The standard preferred payment terms is 30 days for all suppliers, from the date of invoice submission. Preferred payment terms for suppliers offering discounts varies from 3, 7 and 14 days depending on the discount.

SUPPORTING LOCAL SUPPLIERS

The choices we make have the potential to foster the growth of local industries. At RHB, a decentralised model for sourcing suppliers allows branches to source their own local suppliers rather than from a centralised database, thus supporting local networks. We extend equal opportunities to small, independent suppliers – even RM2.00 set-up companies are considered in the selection process to promote small or micro companies and trading companies. The number of sole proprietors who make up our local suppliers rose 2% from 8% in 2017 to 10% in 2018.

In Malaysia, 100% of non-IT procurement is from local suppliers. For procurement of the latest technologies, we engage with multinational organisations preferably with local presence to strike a balance between global acquisition and local support.

Supplier training is a part of the support infrastructure that we provide for RHB's network of suppliers. In 2018, 24 training sessions were conducted for local suppliers to help them remain competitive in the digital age. RHB also takes part in product presentation sessions organised by suppliers to stay abreast of latest technologies and market offerings. Engagement sessions with employees and suppliers are held throughout the year, covering topics on guideline and procedures, the goods and services tax, supplier performance, payment-related matters and contract renewal. In the same educational vein, solutions presented by our suppliers are shared with other internal departments through formal presentations for the benefit of all.

To further drive business for the bank, the empanelled suppliers are required to open an RHB bank account. Currently, 81% of active suppliers have an account with us or are in the process of opening one.



Group Procurement procured **RM378 million** in value from local suppliers in 2018 equivalent to **90%** of total procurement spend



Percentage of our suppliers who are **local businesses** increased by 1% to **94%** in 2018



ENVIRONMENT

Promote Environmental Practices

This section addresses the Group's environmental footprint and looks at ways we are growing the business without compromising the state of the environment. It is structured into two sub-sections according to material topic.

66 Environment Stewardship

69 Emission Management

In Support of UN SDGs



Environment Stewardship

As a financial services provider with extensive reach, we embrace our role as a responsible consumer and corporate citizen, committed to manage our environmental footprint through resource and operational efficiencies. In the long-term, we aim to minimise our impact on the environment, by not only reducing our direct and indirect emissions, but also by driving green initiatives and programmes.

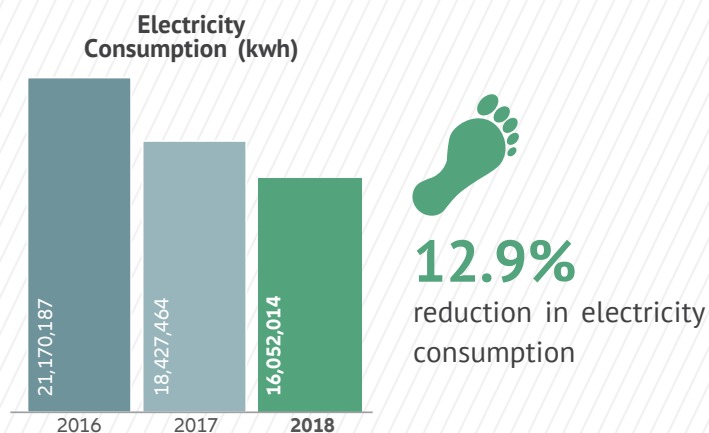
We are mindful of the environmental impact that RHB inadvertently creates from its business and operations. The Group closely monitors its resource utilisation, in an effort to consume and produce responsibly (SDG 12). We adopt a 'do what we can' approach to manage our footprint. Internally, this translates into efficient management of energy, water, and paper consumption – three of the most commonly used resources within the organisation.

ELECTRICITY CONSUMPTION

Several energy-saving measures were adopted and continue to be implemented until completion. Initiatives to control energy consumption include:

- Control and limit the installation of split unit air conditioners in offices to ensure optimisation of energy usage; especially in Head Office buildings with centralised air conditioning system
- Installation of LED lighting
- Optimised chiller operation
- Inspection on lighting switch-off protocol

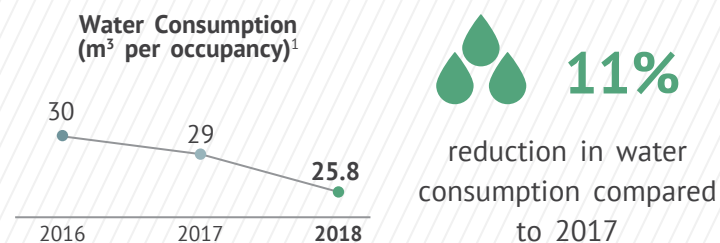
The total electricity consumption at RHB Banking Group Headquarters and RHB Bank Complex Bangi was 16,052,014kWh, a 12.90% reduction from 2017. In 2018, we began reporting our carbon footprint based on electricity consumption at the aforementioned branch locations. In 2018, our year-on-year carbon footprint (Scope 2) reduced by 672,419kg CO₂e.



WATER CONSUMPTION

Throughout the year, we consumed 25.8m³ of water per occupancy, the lowest recorded in the last three years. We achieved a record 11% reduction in water consumption from 2017 to 2018 at RHB Banking Group Headquarters and RHB Bank Complex Bangi combined.

Our initiative to avoid wastage was done progressively by replacing water faucets/closets with water-saving types.



Note:

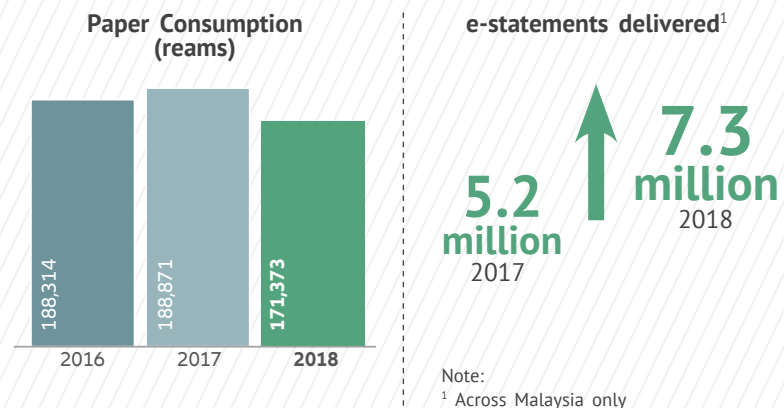
¹ Total occupancy at RHB Banking Group Headquarters and RHB Bank Complex Bangi combined are as follows 6,100 (2018); 6,000 (2017) and 5,300 (2016)

PAPER CONSUMPTION

Apart from operational practices, we have institutionalised green banking practices that contribute to environmental conservation from within our core businesses. Digitisation has made it even easier to incorporate environmental considerations into our business.

In 2018, RHB Group consumed 171,373 reams of paper. Compared to 2017, there was a reduction in quantity used of 17,498 reams, equivalent to 8.7 million pieces of paper.

We are continually encouraging customers to switch from paper billing to e-statements and e-banking. Our e-statement penetration increased from 5.2 million e-statements delivered in 2017 to 7.3 million in 2018.



GREEN DATA CENTRE

RHB Data Centre consumes large amounts of energy while being the heart of the most vital systems that sustain our daily operations. In addition to being in compliance with the Uptime Institute DC Tier III requirements, the Data Centre was designed to efficiently optimise energy usage and reduce emissions, and is being continuously enhanced into a Green Data Centre.



Our Data Centres undergo quarterly professional cleaning and annual certification to ensure the cleanliness of the controlled environment and the air inside. RHB Data Centres at Bangi, RHB Centre, Menara AA and Kuching are certified with ISO 14644-1:2015 Airborne Particle Count, which classifies the air as clean and dust-free under 0.5 micron. Control of air quality ensures our mechanical devices and electrical components, motherboard and heat sink are able to perform to their maximum design capabilities with optimum airflow and cooling, thus optimising energy use.

Moving forward, we plan to use Data Centre Infrastructure Management (“DCIM”) tool to capture and store power utilisation in the electrical infrastructure to compute the Power Usage Effectiveness (“PUE”) of the Data Centre.

Environment Stewardship

ENVIRONMENTAL VOLUNTEERING PROGRAMMES

We encourage our employees and the core businesses across the Group to think innovatively and explore ways in which they can promote environmental awareness at work and beyond. Through RHB Touch Hearts Programme, RHB employees have undertaken several environmental initiatives that also double up as community outreach:

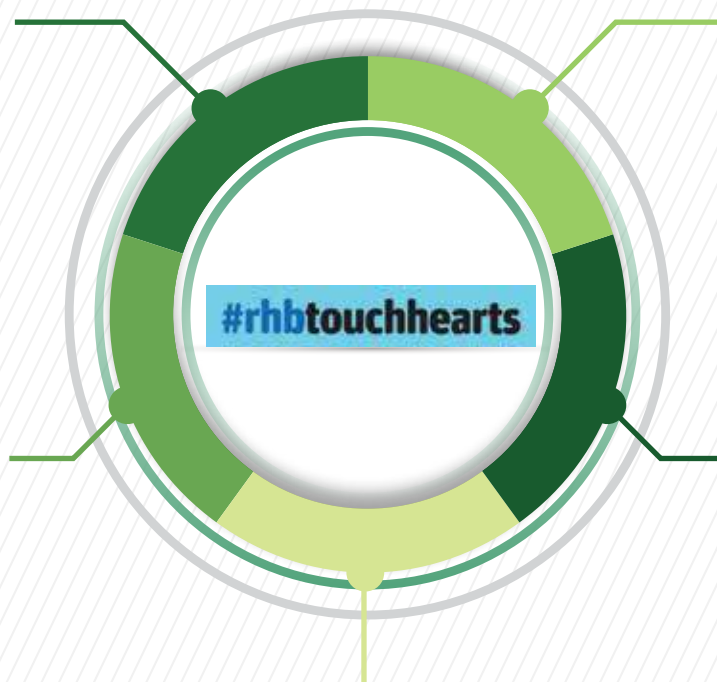
Built a 400sqm playground using recycled materials for special needs children at SK Sri Kepong

Upgraded a hydroponic garden into an educational corner for special needs children at SK Sri Kepong

Enhanced turtle hatching and turtle nesting management, raising awareness on turtle nesting ecology in the East Coast of Malaysia

Mangrove clean-up at Pulau Ketam; donated three recycling bins and raised awareness on the recycling process

Assembled and installed solar lights at an *Orang Asli* village



Read more on RHB Touch Hearts on page 92 to 94 of this Report.



Emission Management

Anthropogenic climate change is well-regarded as one of the biggest challenges facing our generation today in modern human history. The bulk of our aggregate greenhouse gas (“GHG”) emissions can be traced to large scale industrial activity by the world’s largest corporations. It is estimated that 100 major companies in the world are responsible for 70.6% of global industrial GHG emissions since 1988, according to the Carbon Majors Report by the Carbon Disclosure Project. This finding points to the immense responsibility corporates have towards mitigating climate change as well as reducing our contribution to the global carbon footprint.

Here at RHB, we aim to manage and reduce our carbon footprint in good faith, also in support of Malaysia’s commitment to the Paris Agreement to reduce GHG emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. Currently, our efforts are to standardise our methodology, narrow down on the scope and boundary for measuring and mitigating emissions, in keeping with internally acceptable environmental standards and protocols.

We acknowledge that climate change and the transition to a low carbon economy brings with it certain risks but also opportunities. Moving forward, we will look into strengthening our sustainability practices in order to manage future risks and opportunities, including climate-related risks and opportunities.

As part of its most recent initiative to tackle GHG emissions, RHB has installed an electric and hybrid car charging station at its Head Office, which is expected to encourage the use of hybrid cars as well as reduce the carbon footprint of our employees.

Other initiatives contribute to lessening our indirect emissions. RHB Insurance has converted some policy documents into electronic copies, giving customers the option of choosing the e-copy or physical copy. A Motor Insurance app was rolled out in 2018, containing a Mobile Customer Application feature to give customers the flexibility of purchasing motor insurance and roadtax online.





SOCIAL

Foster Talent Development

This section addresses the Group's approach to succession planning, attracting and retaining talent, nurturing skillsets for a future-ready workforce, and protecting the interests of RHB employees. It is structured into four sub-sections according to material topic.

- 71 Talent Management
- 76 Employee Training & Education
- 81 Employee Health & Safety
- 84 Diversity & Equal Opportunity

In Support of UN SDGs



Talent Management

Our workforce is our most valuable asset. Our 14,000 plus employees in ASEAN contribute to the success and growth of RHB. We aim to build a workforce of the future that is equipped to meet the challenges posed by the fast evolving and disruptive marketplace. Our current focus is on strengthening our talent development initiatives, and attract and retain the best talent, recognising that by growing our employees, RHB will continue to grow.

Our focus is on retaining, developing, and attracting a diverse workforce, through our employee value proposition (“EVP”) and specific initiatives

such as differentiated approaches to remuneration or local hiring. Performance review applies to all RHB employees excluding temporary employees in accordance with our internal policies.

Talent management is essential for achieving the Group’s aspirations to be a preferred employer. RHB is supported by a highly productive, Agile and engaged workforce that delivers exceptional services to customers. The Group prioritises talent development and management as this is also a major element of succession planning and building the leadership pipeline.



Investing in talent development and leadership competencies for a sustained competitive advantage to drive innovation and better decision-making

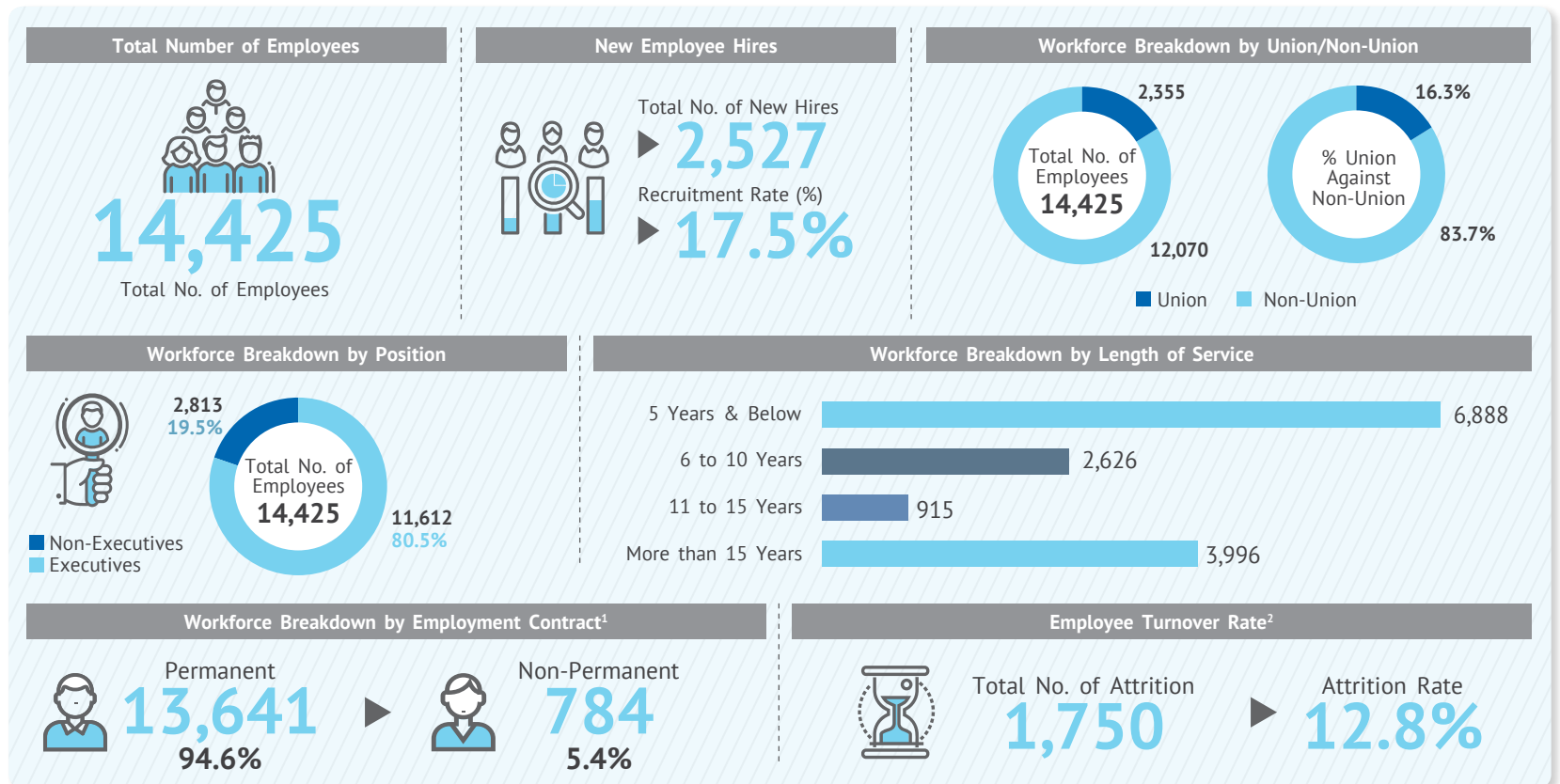


Building a culture of diversity and inclusivity for our dynamic workforce



Reinforcing shared values to boost organisational results

OUR WORKFORCE COMPOSITION



Data as at 31 December 2018.

¹ Non-permanent consists of contract and temporary employees.

² Data is for permanent RHB employees.

Talent Management

EMPLOYEE VALUE PROPOSITION (“EVP”)

EVP encapsulates our aspiration to Foster Talent Development and create a diverse workplace based on five pillars – RHB Cares, RHB Leads, RHB Inspires, RHB Progresses, and RHB Rewards.

Through EVP and its activities, we are able to motivate our employees to embed our core values (P.R.I.D.E.), and remain customer-centric and future-ready.



- | RHB Cares | RHB Leads | RHB Inspires | RHB Progresses | RHB Rewards |
|---|--|---|--|--|
| <ul style="list-style-type: none"> Employee Engagement Budget Jom Sihat Campaign (Staircase Day, Health Talks, Blood Donation) Flexible Work Arrangements (Flexi-Hours & Telecommuting) Corporate Responsibility (RHB Touch Hearts) Indoor/Outdoor Sports & Recreational Activities Flexi-Hours for pregnant ladies (3rd trimester) FIFA e-World Cup Tournament RHB Wellness Programme | <ul style="list-style-type: none"> Chat with GMD and GMC Group Sr. Leadership Forum Formal Mentoring for Talents Maximising Employee Performance (“MEP”) Programme Quarterly Town Hall Meetings FIT22 Communication Sessions Branch Adoption/Visits by GMC and L4 Leaders | <ul style="list-style-type: none"> Leadership Talk Series Employee Engagement Survey (“EES”) (Pulse) Internal Customer Effectiveness Survey (“ICES”) (Pulse) Leaders/Talents/High Performers Sharing Sessions Workplace by Facebook RHB Youth Council RHB FIT22 Amazing Race | <ul style="list-style-type: none"> Leadership & Technical/Functional Learning Series Harvard ManageMentor® Talent Mobility/Job Rotation (incl. regional rotations) Learning Week Signature Leadership Programme Series e-Performance Management for Malaysia Operations Toastmasters Club | <ul style="list-style-type: none"> Employee Awards RHB Idol RHB Annual Dinner RHB Movie Night Differentiated Rewards Benefits Review RHB Way Awards |

ADOPTION OF AGILE@SCALE

We are building a sustainable competitive advantage through a winning operating model premised on Agile values. Agile is fundamentally about instilling customer-centricity, becoming output-oriented, adapting amidst uncertainty and empowering teams.

Agile is adopted to:

- Drive better and faster response to changing customer needs
- Improve employee engagement to attract and retain talent needed in the digital world
- Increase efficiency and effectiveness by breaking down silos

The Agile culture provides our employees with greater autonomy, better flexibility and higher employee engagement in the workplace. RHB employees are encouraged to share their ideas, exchange feedback and take full ownership over their work in an open and collaborative environment.

At the core of our operating model are the Agile teams:- multi-disciplinary and autonomous teams built around distinct customer journeys in order to best serve the wants and needs of our customers. They are also the drivers of the 'Workplace of the Future', spearheading the new collaborative, empowered and purpose-driven working culture under Agile. In Q4 2018, we rolled-out the initial wave of AGILE@Scale to 4 teams. In 2019 and 2020, we will be undergoing a fundamental transformation in our operating model by rolling out Agile to the remaining parts of the bank, covering all customer journeys.

“AGILE@Scale helps us deliver our strategic priorities to customers more effectively. In the long term, our aim is to embed Agile in our DNA.”

Dato' Khairussaleh Ramli
 Group Managing Director

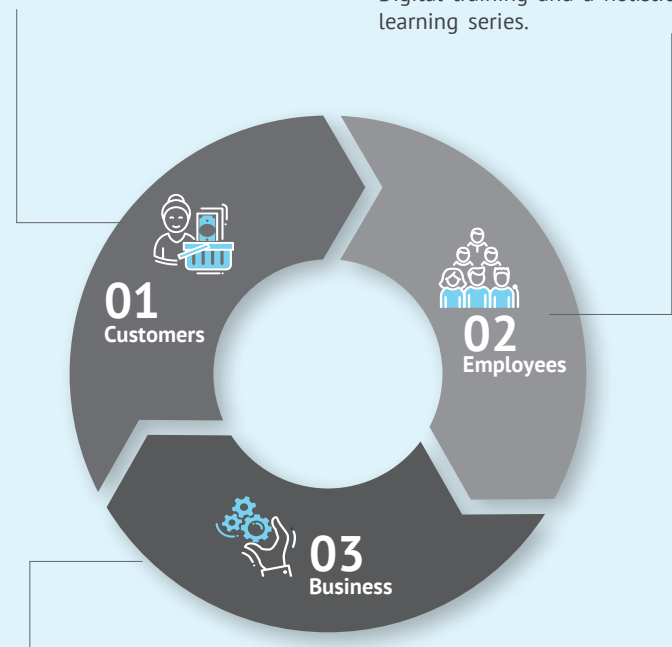


To read more on our progress and achievements on Agile, refer to RHB Bank Berhad Annual Report 2018 at Page 11 to 15.

Benefits of AGILE@Scale

Customer needs are addressed more quickly and completely. Cultivating a customer-centric culture ensures that we enhance customer journeys, improve end-to-end customer experiences and produce superior solutions.

We invest in our people, future-proofing them for the digital age, and developing purpose-driven, inspired employees through up-skilling and enhancement programmes such as the Harvard Manage Mentor e-learning modules, fundamental Digital training and a holistic Agile learning series.



The full potential of our teams is unleashed, delivering business outcomes with faster speed-to-market, higher customer centricity, increased employee engagement and empowerment.

We have seen tangible benefits from our Pilot tribes, who have reported higher employee engagement and higher productivity than before. Working in an Agile way has led to greater customer centricity in producing products and services and a shorter turnaround time in deployment.

Through the Agile ways of working, we are able to produce higher quality products such as the RHB MyHome app, which attained approximately 16% of the total year-to-date mortgage origination within just one year-reflecting the positive take-up rate from our customers. Agile has also contributed to an improvement in customer experience, as seen by an increase in our Net Promoter Score (“NPS”) by 9 points in 2018.

Talent Management

EMPLOYEE ENGAGEMENT

Employee engagement is important to the Group as it embarks on transformation projects such as AGILE@Scale and the RHB Way. Our engagement efforts aim to nurture an engaged workforce across the region that deliver the Group's vision.

Employee Engagement Survey ("EES")

The annual Employee Engagement Survey ("EES") solicits feedback from employees on satisfaction and engagement levels. The EES and Internal Customer Effectiveness Survey ("ICES") for the year 2018 were converted into a smaller, random pulse survey involving 5,200 invited employees. This was a change from previous surveys which were launched for Group-wide participation involving over 14,000 employees. For 2019, we will continue with a Group-wide EES.

Of the 5,200 participants invited, 4,183 responded. The response rate was 80%, a drop from the previous year's 93%. However, employee engagement score improved to 84% from 80%, charting a consistent 4% year-on-year increase since 2016. Results from the EES revealed that our most improved categories were in communication with employees to keep them informed of matters affecting them, our customer focus as well as supervision with good teamwork-building across the organisation. Areas of further improvement are rewards and recognition, work organisation and growing room for closer relations between management and employees, and how both parties can benefit from realigning their objectives to be in line with the organisation.

The EES brings to light areas which we have attempted and will continue to address via numerous people-oriented initiatives to nurture talent and foster individual development.

2018

Response Rate



80%



Employee Engagement Score



84%



Sustainability Engagement



82%

Employee Engagement Initiatives

In 2017, the Group introduced High Performance Culture ("HPC") Champions in various businesses and functions to drive employee engagement and customer service. These Champions organised Results-Sharing sessions and Results-to-Action workshops where they worked with employees to identify key actions in addressing their concerns, contributing to the 4% increase in employee satisfaction.

We launched RHB Workplace by Facebook in August 2017. It is a communication platform for management to reach out to employees with updates and announcements as well as to encourage the sharing of best practices among employees and executives from RHB's branch

network. Workplace by Facebook has put connectivity at the fingertips of our people. We are the first bank in Malaysia to roll out Workplace as an additional engagement tool.

We currently have 12,500 employees who use Workplace or have claimed their account on Workplace. For instance, we had 9,405 monthly active users, 6,913 weekly active users, and 4,280 daily active users on 13 December 2018.

Part of our engagement initiatives is to promote a safe, inclusive, and supportive workplace, where grievance channels are available for employees to voice their concerns.

AWARDS & RECOGNITION 	Excellence in HR Team Collaboration HR Excellence Awards 2018	HR Asia Best Companies to Work for in Asia 2018 HR Asia Awards Malaysia 2018	Excellence in Recruitment (Silver) HR Excellence Awards 2018
	Excellence in Talent Management (Silver) HR Excellence Awards 2018		
HR Leader of the Year HR Excellence Awards 2018	Best Candidate Experience by a Corporate HR Team HR Asia Recruitment Awards 2018	Best On Boarding Experience (Bronze) HR Asia Recruitment Awards 2018	
	In-House Recruitment Team of the Year (Silver) HR Asia Recruitment Awards 2018		
Best Use of Digital Media HR Asia Recruitment Awards 2018	Best Utilisation of Spatial Awareness (Bronze) HR Asia Recruitment Awards 2018	Recruitment Personality of the Year Malaysia Best Employer Brand Awards 2018	
Excellence in CSR Strategy (Silver) HR Excellence Awards 2018			
Best Employer Brand Award Malaysia Best Employer Branding Awards 2018	Award for Talent Management Malaysia Best Employer Brand Awards 2018	Award for Excellence in Training Malaysia Best Employer Brand Awards 2018	

Employee Training & Education

As a multinational employer, we are responsible for the professional growth of our employees. Our employee training and educational initiatives are intended to prepare employees to face the challenges of the workplace and provide the space for them to achieve their individual aspirations.

Various learning and development programmes are provided to RHB employees through internal and external trainings and enhancement of employee skills based on RHB's Learning Needs Analysis provided by line managers. These programmes also encompass the provision of

training to assist employees transition to new career paths upon retirement or termination.

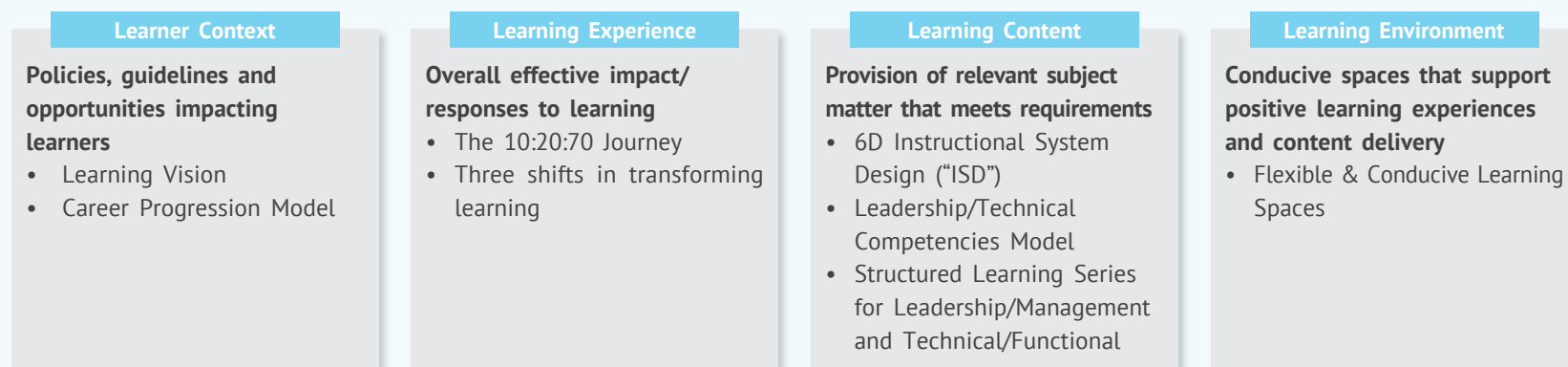
Our focus is on developing talent to ensure our people are equipped with relevant skills and tools to achieve their fullest potential. The Group's Learning & Development strategy is designed to develop RHB employees in a structured and holistic manner that will contribute to the Group's business sustainability and competitiveness.

THE RHB LEARNING ARCHITECTURE

RHB Academy established RHB Learning and Development Architecture in 2016 as a platform to drive learning and development programmes and initiatives. The Learning Architecture is a transformative shift in learning approach:

- From a 'Learning Event' to 'Learning Journey'
- From 'Skill-Based' to 'Competency-Based Curriculum' content
- From 'Instructor-Centric' to 'Learner-Centric' for learning experience and environment

The Four Components of the RHB Learning and Development Architecture



The RHB Learning and Development Architecture revolves around the above four components to address the Who, What, and How questions of our learning and development approach:



Who is involved?

Individuals within an organisation who are subject to developmental activities i.e. senior leadership, mid-level leaders, front-line managers, high potentials, and others

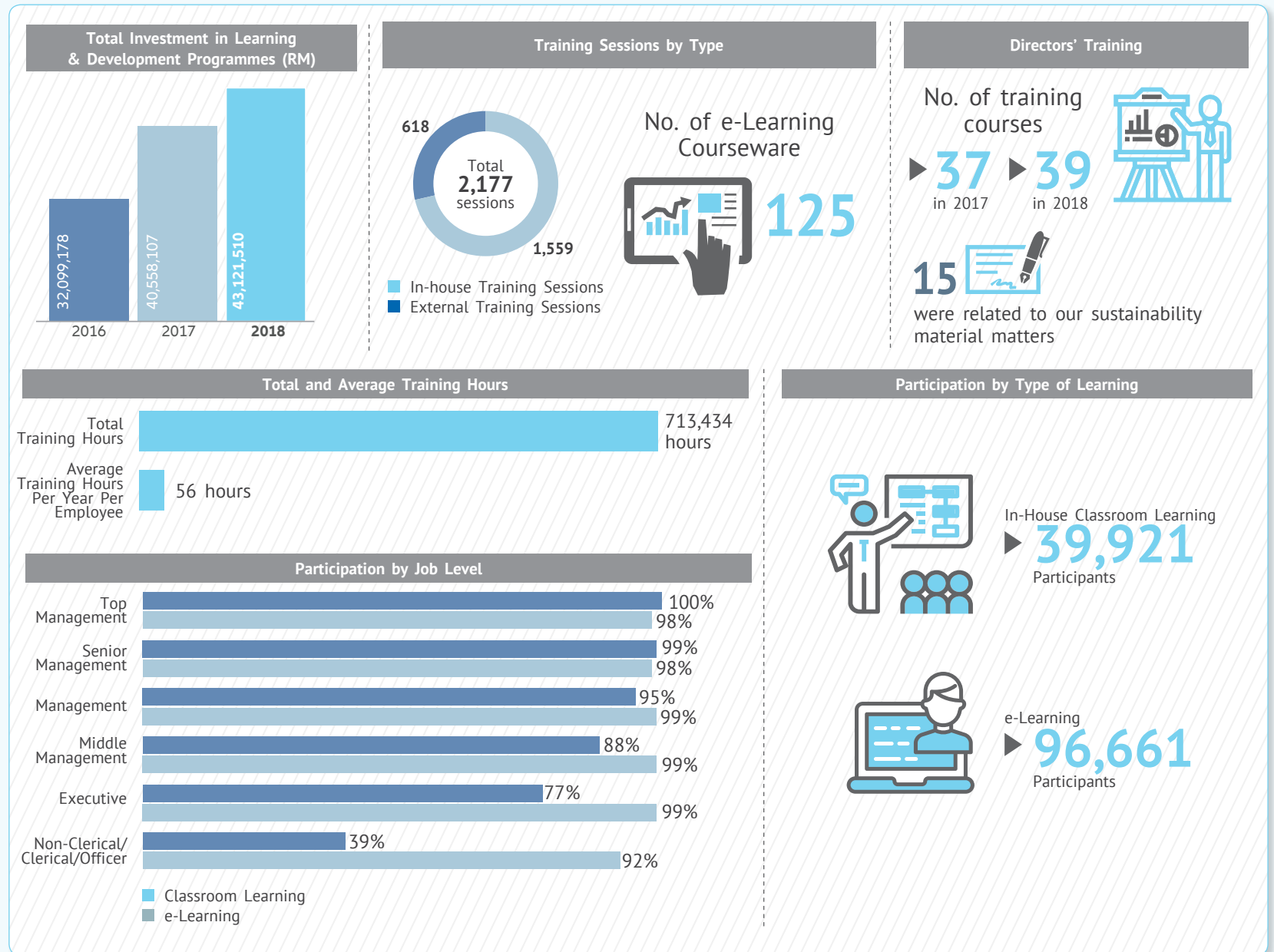
What do they need to know, do, and believe differently?

Individual and organisational capabilities needed to attain the organisation's objectives

How will it be accomplished?

Learning programmes, job rotations, coaching, stretch assignments

A total of **RM43.1 million** was invested in training and development programmes in 2018. We ran a total of 2,177 sessions for 997 programmes. There was an increase of 7% in classroom learning and we achieved 95% participation rate for e-learning in Malaysia.



Employee Training & Education

ENHANCED LEADERSHIP & MANAGEMENT DEVELOPMENT FRAMEWORK

Talents at RHB are identified by:

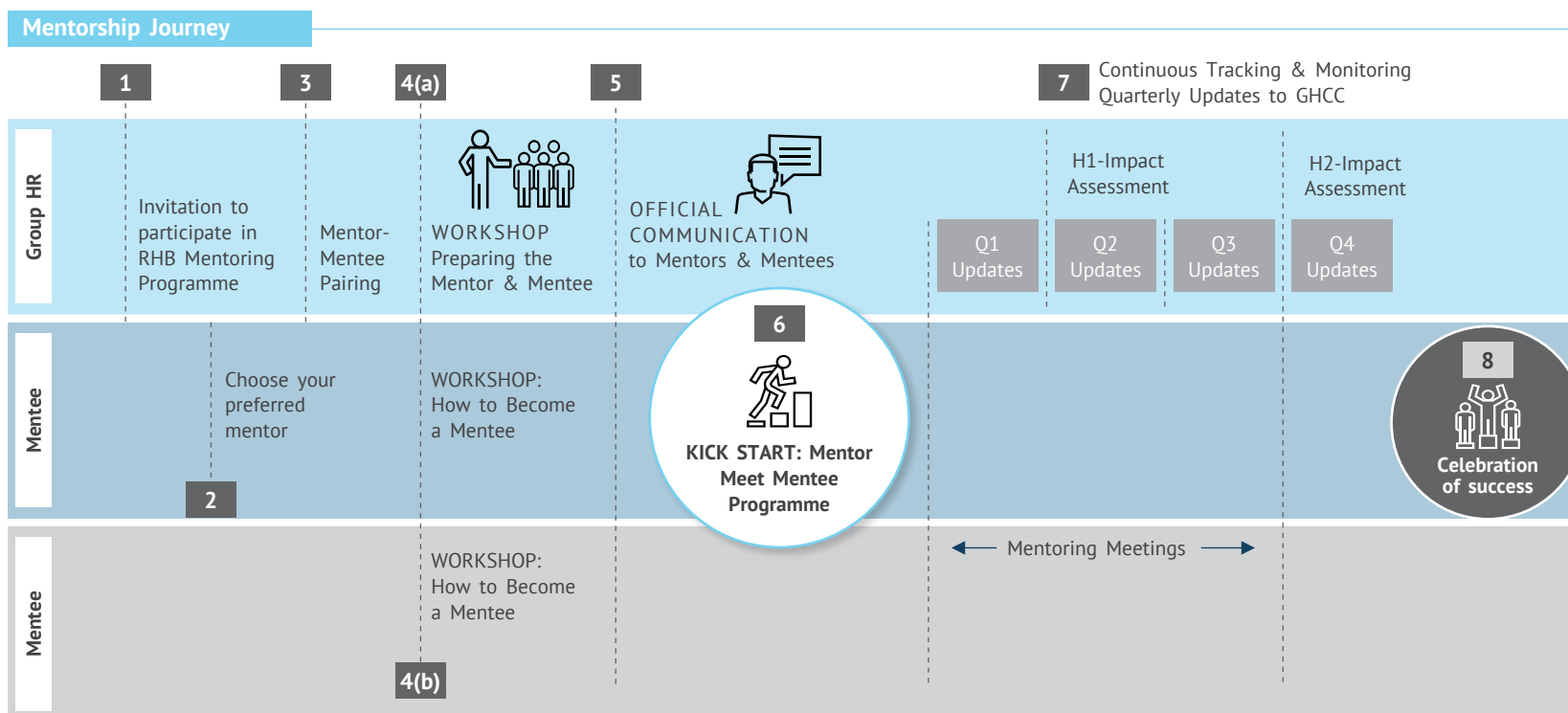
- **Performance** – the ability to achieve superior results and demonstrate behaviours that are aligned to the Group’s core values.
- **Potential** – the capacity to take on increasingly critical, complex and/or challenging roles.

The Enhanced Leadership & Management Development Framework is a structured programme which covers formal learning, mentoring, and on-the-job training at a 10:20:70 ratio. Formal learning makes up 10% covering curriculum-focused Practical, Foundational Programmes, and Signature Programmes. Progress is constantly monitored with opportunity for secondment to regional offices and branches. Each talent has his or her own Individual Development Plan (“IDP”) to identify and address any learning gaps specific to the individual.

To further support succession planning and RHB’s leadership pipeline, talent management is one of the Key Performance Indicators (“KPIs”) of the Group Managing Director and his direct reports, which is measured against a Talent Management Index.

Identified talents are paired with a mentor and put through a mentorship programme with periodic assessments and tracking. The RHB Mentoring Programme has the following objectives:

- Significant improvement in RHB leadership competencies
- Better realisation by talents of their professional and personal development goals
- Improvement in the capability of the organisation to build talent internally



 <p>Mentors 2018: 109 2017: 35 2016: 11</p>	 <p>Mentees 2018: 147 2017: 128 2016: 18</p>	<p>The Net Promoters Score (“NPS”) for the mentorship programme was 59% in 2018, considered excellent by global standards.</p>
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LEARNING & DEVELOPMENT

Continuous enrichment is essential for creating a workforce of the future. We offer year-round learning and development opportunities that are streamlined into two key areas for our employees in multiple functions at various levels:



Leadership & Management



Technical & Functional capabilities

23

new Leadership & Management courses were introduced in 2018 (20 in 2017).



LEADERSHIP & MANAGEMENT

Leadership & Management Programmes		Participation	
		2017	2018
Foundation Programmes	Advanced Management Development Programme (enrolment at renowned business schools)	11	4
	Maximising Employee Performance (“MEP”) Programme	1,064	191*
	RHB Culture Connection Workshop	N/A	1,514
Signature Programmes	Senior Leadership Development Programme (“SLDP”)	34	63
	RHB Leadership Signature Programme	131	201
RHB Leadership Talk Series		>200 per session	>200 per session
Core Programme for Front Liners (Sales Channel) – Islamic Finance Core Products (“ICFP”) programme		743	825

**Most relevant participants have been covered in 2017 when the programme was launched.*

FORWARD Programme

One of our learning and development priorities in 2018 was to build a workforce of the future through implementation of the FORWARD programme. FORWARD: Future-Oriented and Ready Workforce – Advancing, Reskilling, and Developing, aims to up-skill and re-deploy employees at risk of replacement, helping them with their next transition in their career. With FORWARD, all employees are put through a mass up-skilling programme that includes digital and Agile skills as well as soft skills of the future. Selected employees then go through a process of redeployment.

FORWARD was developed in response to factors that are changing future workforce needs: FinTech innovation, regulatory reforms, regional and international integration, and shifts in consumer demographics and preferences. FORWARD will help our people to be better equipped to respond to these influences. Since November 2018, 3,361 employees have participated in FORWARD.

Employee Training & Education

TECHNICAL & FUNCTIONAL PROGRAMMES

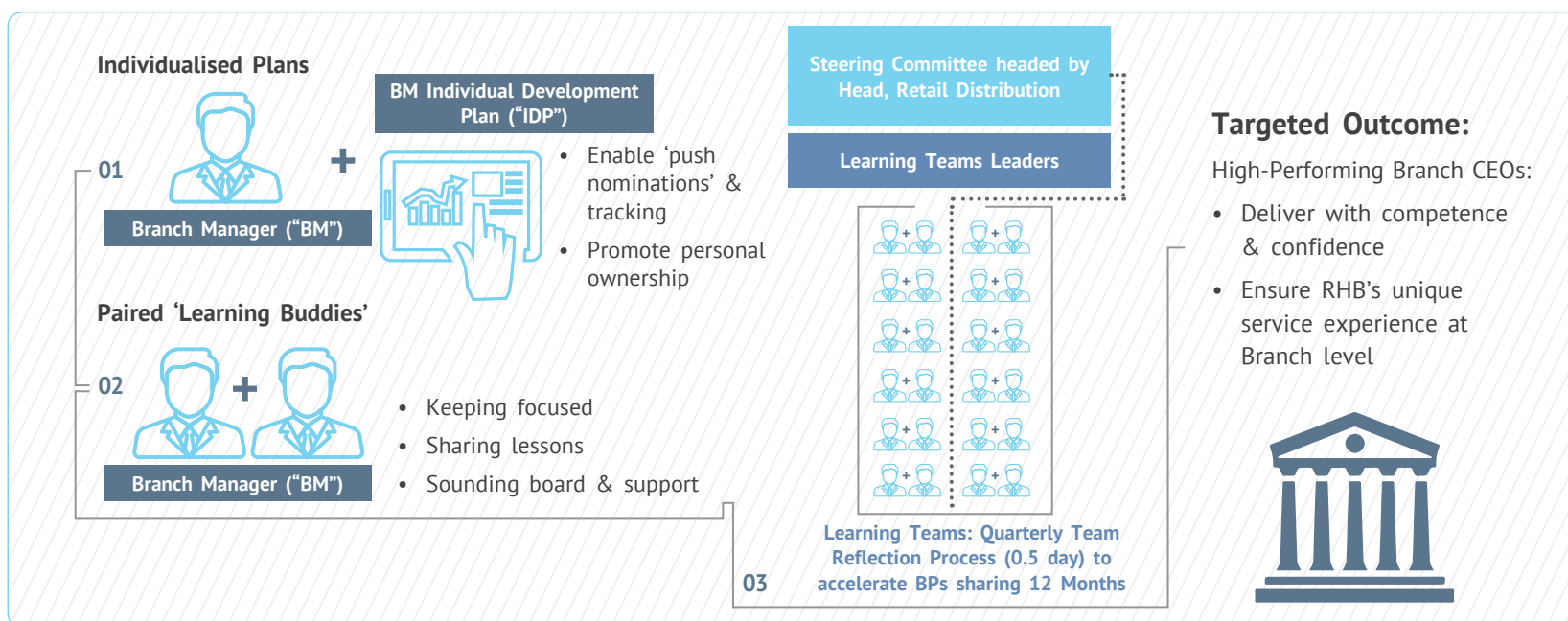
We added 44 new Technical & Functional courses. The following are the major programmes conducted throughout the year.

Branch Manager Development Programme

This programme grooms branch managers to become technically competent with sound business acumen and strong leadership, so as to be well-respected by employees and the local business community leaders. Outstanding performers will have the potential to be moved up to become senior leaders within RHB Group.

The journey starts with an individual development plan followed by placement in a 'Learning Team' pair arrangement. Learning Teams gather quarterly for a team reflection.

In 2018, 125 new and potential branch managers completed the competency assessment for the Branch Manager Development Programme.



Development Framework for Shariah Business

This framework helps Shariah Business employees gain relevant qualifications for their line of work. In 2018, 38 employees were awarded with the Associate Qualification in Islamic Finance ("AQIF") certification and 13 more were awarded the Intermediate Qualification in Islamic Finance – Banking ("IQIF") certification.



38 employees
Associate Qualification in Islamic Finance ("AQIF")



13 employees
Intermediate Qualification in Islamic Finance – Banking ("IQIF")

Chartered Banker Programme

The programme trains selected employees to become qualified Chartered Bankers. Currently, 64 employees are enrolled in the 2018 programme while a total of 52 have completed the programme, compared to 27 as at 31 December 2017.

Level	Number of Qualified Chartered Bankers	
	As at 31 December 2017	As at 31 December 2018
Chartered Banker ("CB")	3	6
Professional Banker ("PB")	12	35
Executive Banker ("EB")	12	11

Employee Health & Safety

Employee Health and Safety is a priority at RHB and it is our responsibility to ensure that our employees are working in a safe environment. The management is also committed to keeping our employees motivated and active in the work place.

In light of this, we have put in place standards and regulations as well as programmes and facilities that promote employee safety and well-being. The RHB Fit@6 gym was launched in early 2019 with state-of-the-art equipment to encourage a fitter and healthier workforce.

RHB WELLNESS PROGRAMME

RHB rolled out the RHB Wellness Programme in November 2018 and is designed to motivate participants to adopt a healthier lifestyle through an informal, practical, and fun approach. The programme consists of 12 sessions ranging from physical training, diet consultation, and wellness education.

A total of 337 employees in Malaysia participated in the inaugural programme which we subsidised more than 80% of the programme fee to make participation affordable to employees.

OCCUPATIONAL HEALTH & SAFETY

Health, Safety and Environment (“HSE”) standards and regulations throughout RHB Group operations are based on absolute compliance with regulatory requirements, notably the OSHA 1994 and FMA 1967. The Occupational Safety and Health (“OSH”) Committee oversees compliance programmes in Malaysia. The Committee, chaired by the Group Chief Human Resource Officer, consists of nine Employer Representatives and nine Employee Representatives, six of whom are unionised.

The OSH Committee Training programme trains and certifies representatives from the Branch Safety Committee network to promote safety awareness at their respective branches. The training is mandatory for nominated individuals in branches throughout the region. The programme is facilitated by trainers who are certified by the Department of Occupational Safety and Health (“DOSH”).

OSH Committee Training (Branch)	Date
Main OSH Committee Training	25-26 April 2018
Southern West Region Office	12-13 Sep 2018
Sabah Region Office	18-19 Sep 2018
Southern Region Office	24-25 Sep 2018
Sarawak Region Office	15-16 Oct 2018
Klang Valley South	22-23 Oct 2018
Klang Valley West	24-25 Oct 2018
East Coast Region Office	07-08 Nov 2018
Perak Region Office	12-13 Nov 2018
Klang Valley North	15-16 Nov 2018
Northern Region Office	03-04 Dec 2018
Total Participants	249



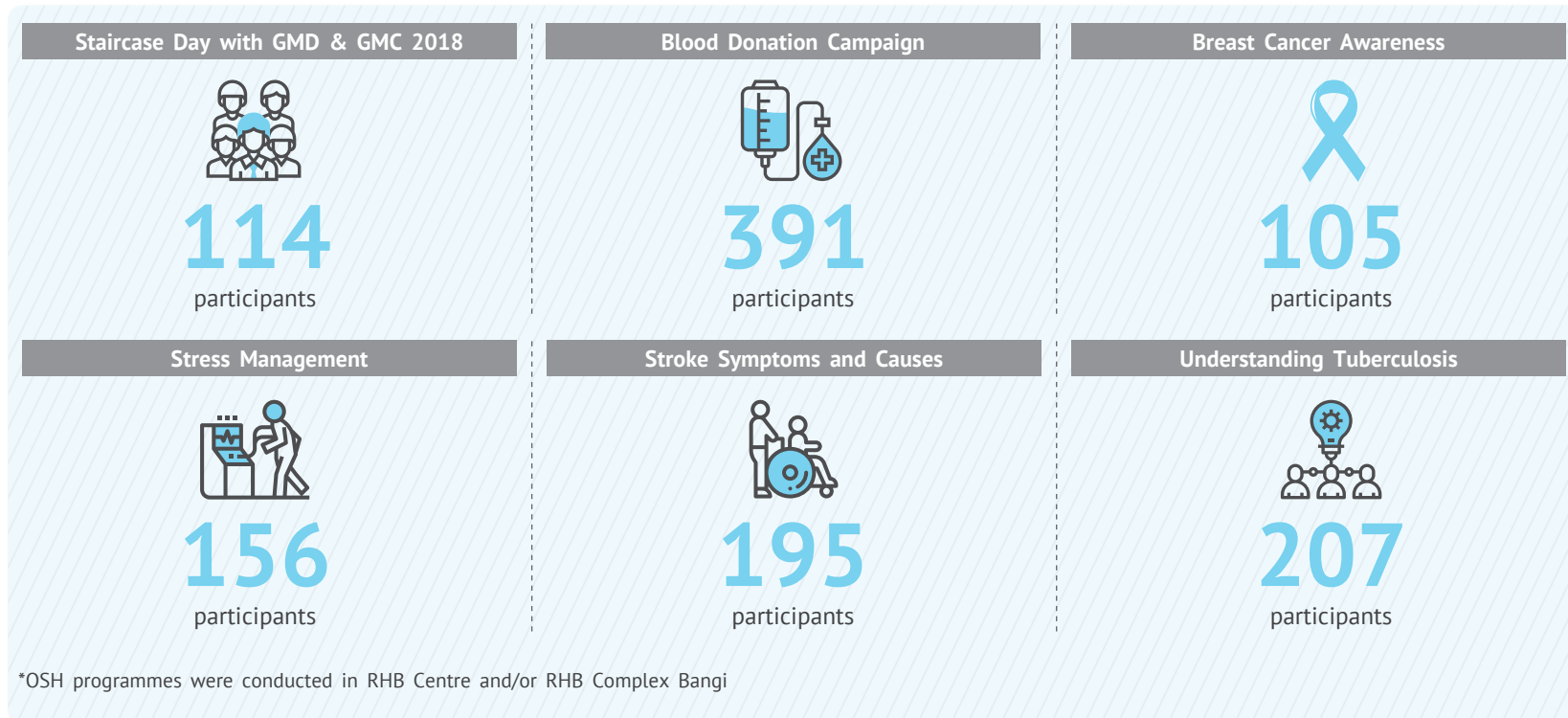
249

involved in OSH
Committee Training
across Malaysia

Employee Health & Safety

OSH Programmes & Training

Throughout the year, the OSH Committee conducted a series of OSH-related talks, campaigns, and safety drills for employees at RHB Centre and RHB Complex Bangi.



RHB's FIT22 Amazing Race saw more than 1,000 RHBians participating in the event. It was a 6-hour long street challenge and race which required them to go through obstacles and unlock riddles.

OSH Incident Reports

As of 2018, we expanded our reporting to include a more comprehensive incident reporting.

Type of Incident	Total Number
Fatality Cases	0
Lost Workday Cases ("LWC")	91 cases*
No. of Days Lost	2,574 Days
Absenteeism	0
Work Commuting Accident	54
Workplace/Office Accident	19
Occupational Disease	25
Dangerous Occurrence	2
Near Miss Accident	2
Others	1
* Incidents/accidents with medical certificates	

EMPLOYEE WELFARE FUND

The Employee Welfare Fund was set up in June 2000 to serve as a safety net in the event of an unfortunate incident such as natural disasters, medical emergencies, or death of family members. The fund pools financial contributions from participating employees, channeling a portion to those who are in need.

Contributors	5,678
Financial aid disbursement for natural disasters	RM22,000.00
Financial aid disbursement for medical assistance	RM124,188.00
Financial aid disbursement for demise of immediate family members	RM86,900.00

Diversity & Equal Opportunity

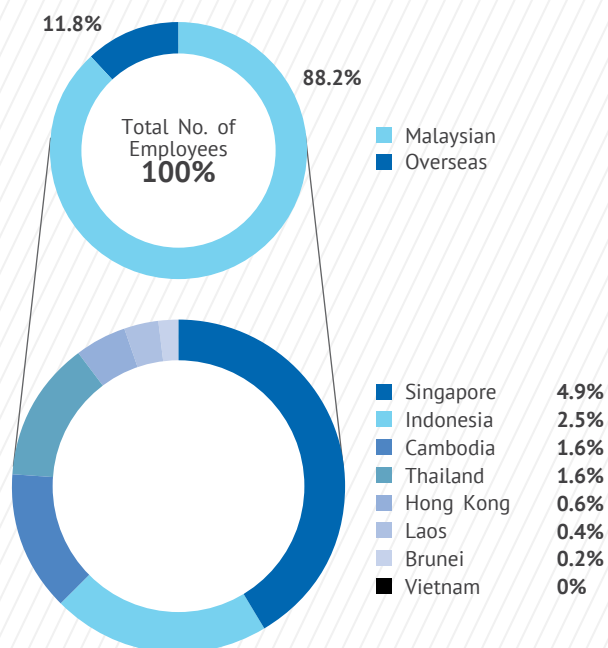
Diversity contributes to revenue growth and a dynamic culture. Our merit-based hiring practices are oriented towards inclusion and equal opportunity where possible.

There have been no recorded incidents of discrimination or risk to freedom of association and collective bargaining at any time in the company's history. There were also no incidents or risks reported of child, forced, or compulsory labour. The Group has recorded no violations of human rights involving the rights of indigenous people.

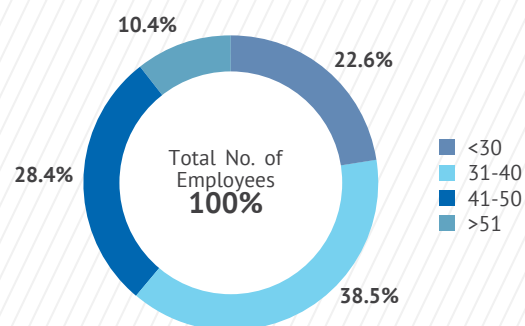
Our diversity indicators include age, gender, ethnicity, and nationality. The following is a breakdown of our workforce by these indicators.

DIVERSITY OF WORKFORCE

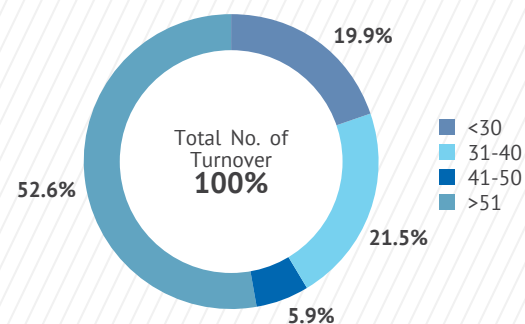
Workforce Breakdown by Country



Workforce Breakdown by Age

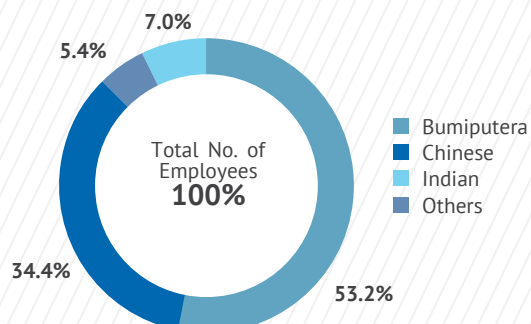


Percentage Turnover by Age



Workforce Breakdown by Ethnicity

In 2017, we reported on ethnic breakdown for Malaysia only. For year 2018, we are expanding the boundary to cover all employees Group-wide, within Malaysia and in our overseas operations.



Workforce Breakdown by Gender



REPRESENTATION OF WOMEN IN LEADERSHIP

Gender diversity is a key narrative in the diversity discourse. The tide is changing, with companies instituting practices that empower women’s participation in the workplace.

Women’s representation is not merely measured by the ratio of men to women, but also how the representation is distributed at different levels of the organisation, the gender pay gap, learning and development opportunities, career advancement, and work-life balance. For the year 2018, we are reporting on percentage of women in the workforce and in management and top management, benefits for working mums (work-life balance), and turnover rates.

RHB managed to achieve the 30% target set by the Malaysian Code of Corporate Governance (“MCCG”) on women directors on the Board with the addition of a new female Board Director.

In promoting an inclusive and family-friendly workplace, employees are furnished with nursing rooms, 3 months maternity leave, and flexi-hour work arrangements.

Percentage of Women in Management

Total No. of Employees **3,992**
 % against Total Management **49.9%**



Percentage of Women in Top Management

Total No. of Employees **214**
 % against Total Management **27.6%**



Percentage of Training Participation by Gender



Employee Turnover by Gender



YOUTH EMPOWERMENT

In keeping up with changing times, RHB needs to attract, retain and empower youth within the Group so we may grasp the opportunities ahead and build an inclusive workplace.

The RHB Gen-Y Youth Council promotes youth empowerment amongst employees and nurtures future leaders of RHB. It was formed in May 2018, in our pursuit to enhance and boost engagement levels amongst younger leaders within the Group with the following key objectives:

- To provide a platform for young leaders to engage, exchange ideas and have their voices heard on matters that will shape their future and career within the Group
- To spur innovation and creativity towards achieving the Group’s aspiration of becoming a digital-centric bank
- To provide opportunities for young RHB leaders to be involved in problem-solving and decision-making processes
- To serve as a showcase to the rest of the organisation about our intent towards greater empowerment and dynamism amongst the youth.

The Council acts as a ‘sandbox’ or ‘think tank’ for our young leaders to drive change and contribute towards the progress of the Group. This is in line with the Group’s overall efforts to nurture our talents in preparation for change and in managing future challenges in our journey to be amongst the Top 3 banks by performance in 2022.

The Youth Council has, thus far, been tasked to spearhead and participate in several key projects, which include the following:

- To instil awareness on FIT22 through the RHB F.I.T Challenge – an employee engagement and enculturation event
- To revisit the current processes and requirements for the RHB Internship Programme with the objective of attracting more young talents to RHB
- To help review existing employees benefits and assess the feasibility of introducing a Points Programme



SOCIAL

Enriching and Empowering Communities

This section addresses the Group's corporate responsibility initiatives that generate social impact. The material topic identified for this section is 'Nurturing Future Generations'.

87 Enriching & Empowering Communities

In Support of UN SDGs



Enriching & Empowering Communities

RHB FOUNDATION

RHB Foundation drives the Group’s community engagement and development initiatives, focusing on the underserved and underprivileged members of the community with particular focus on children and youth.



VISION
Enriching and Empowering the Community


Our Philosophy



To carry out sustainable initiatives that deliver benefits and produce positive impact for all our stakeholders




To undertake initiatives that cut across and impact communities, transcending cultural and religious differences




To promote the spirit of volunteerism, thereby instilling positive values among the Group’s employees and society as a whole

Our Key Pillars



Nurturing Future Generations


Children & Youth
Nurture and empower children and youth to achieve their fullest potential



Arts & Cultural Heritage


Preservation
Promotion of Malaysian arts and development of a vibrant cultural heritage

Enrich & Empower the Community




Health & Wellness

Healthy Living
A coordinated approach towards promoting healthy living



Community Well-Being

Compassion
Lending a helping hand to deserving members of the community who are in need of aid



Board of Trustees

Chairman
Non-Executive Member
Dato’ Khairussaleh Ramli

Independent
Non-Executive Member
Tan Sri Dato’ Dr. Yahya Awang

Independent
Non-Executive Member
Datin Yap Siew Bee

Chief Executive Officer
Norazzah Sulaiman

Enriching & Empowering Communities

RHB Foundation undertook several key initiatives under its four pillars. The Foundation rolled out long-term programmes that bring sustainable benefits to the communities where we have a presence through these pillars: Nurturing Future Generations, Health & Wellness, Arts & Cultural Heritage and Community Well-Being. RHB is committed to long-term sustainable growth and giving back to society, where our initiatives focus on empowering communities in a responsible and accountable manner.

NURTURING FUTURE GENERATIONS

RHB is committed to educating our future generations to become financially-savvy and responsible citizens of the future. To this end, RHB has put in place two flagship programmes to assist in the development of our youth in their formative years.

RHB Money Ma\$ter – Financial Education/Literacy Programme

Launched in February 2018, RHB Money Ma\$ter Programme is a Financial Education/Literacy Programme aimed at providing children and youth with knowledge and skills as well as building their confidence to effectively manage their finances and understand the importance of savings from a young age.

It is a 90-minute interactive session covering topics such as savings tips, opening of account and financial scams and how to avoid them.

In 2018, we reached out to 10,407 children and youth. In an Effectiveness Survey, 56% of students found the programme to be 'Excellent' and 34% found it 'Good'.


“
It was a great experience! They taught us about managing money, what would happen if we don't use our money correctly, about scams and even loans.
– Nalima, SMK(P) Air Panas”



2018 Impact

- > **10,407** students engaged
- > across **5** states in Malaysia
- > benefitting **48** schools
- > **2** universities
- > **90%** students found the programme to be beneficial

Plans for 2019: Reach out to 16,000 students and youth from 100 schools and 10 universities



RHB X-Cel Academic Excellence Programme

RHB X-Cel is an Academic Excellence Programme for children and youth from underprivileged backgrounds, aimed at providing them with equal opportunity to excel in their studies and have access to higher education, ultimately improving their families' socio-economic standing. This programme was endorsed by the Ministry of Education, Malaysia in July 2018.

The programme offers tuition classes in selected core subjects and other activities such as mentorship, motivational activities, workshops and field trips as well as performance incentives for schools, teachers and students.

“
Dengan adanya program ini saya dapat meningkatkan prestasi pembelajaran saya, terutama dalam subjek yang paling saya lemah untuk saya menghadapi SPM pada tahun ini.
– Mohd Haziq Mastor, SMK Seri Perak”

2018 Impact

805 students

across

18 schools nationwide



Plans for 2019: Reach out to 1,000 students and 25 schools nationwide annually. Also, to introduce new programmes for the well-being of B40 students and scholarship programme.

In addition to the RHB X-Cel Programme, RHB Foundation has also introduced RHB X-Cel Star – a scholarship programme that provides opportunities to the high potential students selected from the students who participated in the RHB X-Cel Programme, to continue their undergraduate studies at institutions of higher learning in Malaysia.

These students will also be given the opportunity to gain employment with RHB Banking Group upon successfully completing their undergraduate studies.



Enriching & Empowering Communities



HEALTH & WELLNESS

Good health is a basic human right. At RHB, we have made this a priority and took the first step by adopting diabetes as a cause to champion.

Highlights

Impact to date of RHB-NADI Diabetes Awareness and Education Programme

- > **895** RHB employees and their families as well as members of the community attended a health talk and diabetes health screening
- > **75** children suffering from Type 1 Diabetes attended a boot camp on self management and control of diabetes
- > **77** T-1 children and **90** parents and caregivers attended two in-house health talks on diabetes Type 1 management and care
- > **180** students and teachers participated in a Diabetes Health Talk in 2017



ARTS & CULTURAL HERITAGE

The RHB Art with Heart (“AWH”) Exhibition is an initiative to showcase the works of local emerging artists through our annual exhibition. A portion of the proceeds from artwork sold at the event is distributed to selected charities or underprivileged.

Impact to Date

- > **56** artworks sold
- > **RM401,000** raised. Of this, RM57,010 was donated to charity and the remaining went back to the artists
- > **2016**
Theme – “Images of Life”
Number of artists: 11 artists
Artworks sold: 25 pieces
- > **2017**
Theme – “Act of Kindness”
Number of artists: 28 artists
Artworks sold: 31 pieces



COMMUNITY WELL-BEING

The Community Well-being pillar is distributed across three focus areas:

Financial assistance to the poor during festive occasions



Enhance facilities that enrich the underserved and underprivileged



Humanitarian aid in the event of natural disasters

Impact to Date

- > **RM441,000** donated to needy families during festive periods benefitting more than 1,750 underprivileged groups (2017-2018)
- > **RM653,060** donated to mosques and surau throughout Malaysia during *Hari Raya Qurban* (2016-2018)
- > **USD\$30,000** distributed to neighbouring countries for disaster relief (2018)

RHB TOUCH HEARTS

RHB Touch Hearts is a Group-wide community enrichment programme, organised over one selected weekend each year. The groundwork such as planning, preparation and fundraising activities start a few months prior. The specific volunteer project is conceptualised by the teams within the respective Business Sectors within the Group, centred on a specific theme and key focus areas in line with the Group’s Community enrichment philosophy.

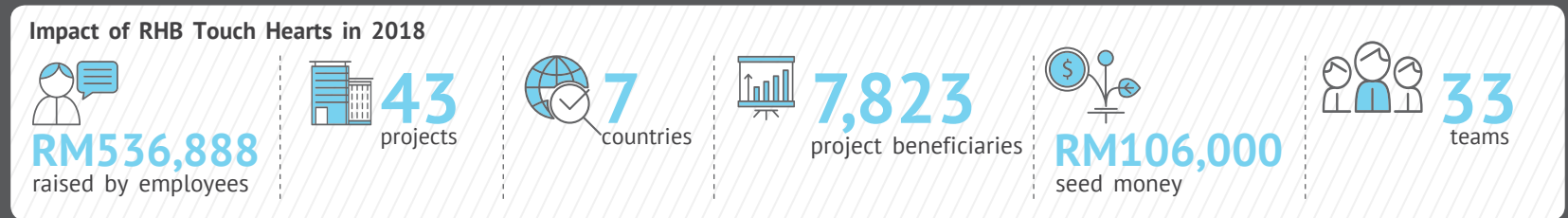
In 2018, for the third year in a row, RHB Touch Hearts took place on 6th and 7th October 2018, and the theme was ‘Enrich & Empower the Community’. The key focus areas were:

- Education
- Infrastructure
- Community/Family Well-being
- Health and Wellness
- Environment

We mobilised our employee network of more than 14,000 in 33 teams across Malaysia, Singapore, Indonesia, Thailand, Cambodia, Laos, and Brunei to participate in this programme.

Each Strategic Business Group/Strategic Financial Group (“SBG/SFG”) at RHB, including International Operations, were given seed money to kick-start the community project of their choice. Teams were also encouraged to use their own creativity to raise funds for their chosen initiatives. RM106,000 in seed money provided by the Bank and RM536,888 raised by RHB employees were invested in 43 RHB Touch Hearts projects, compared to RM476,000 raised in 2017 with 35 projects.

The teamwork and commitment that contributed to the success of RHB Touch Hearts is testament to a growing spirit of volunteerism at RHB, where the programme is eagerly anticipated by our employees every year.



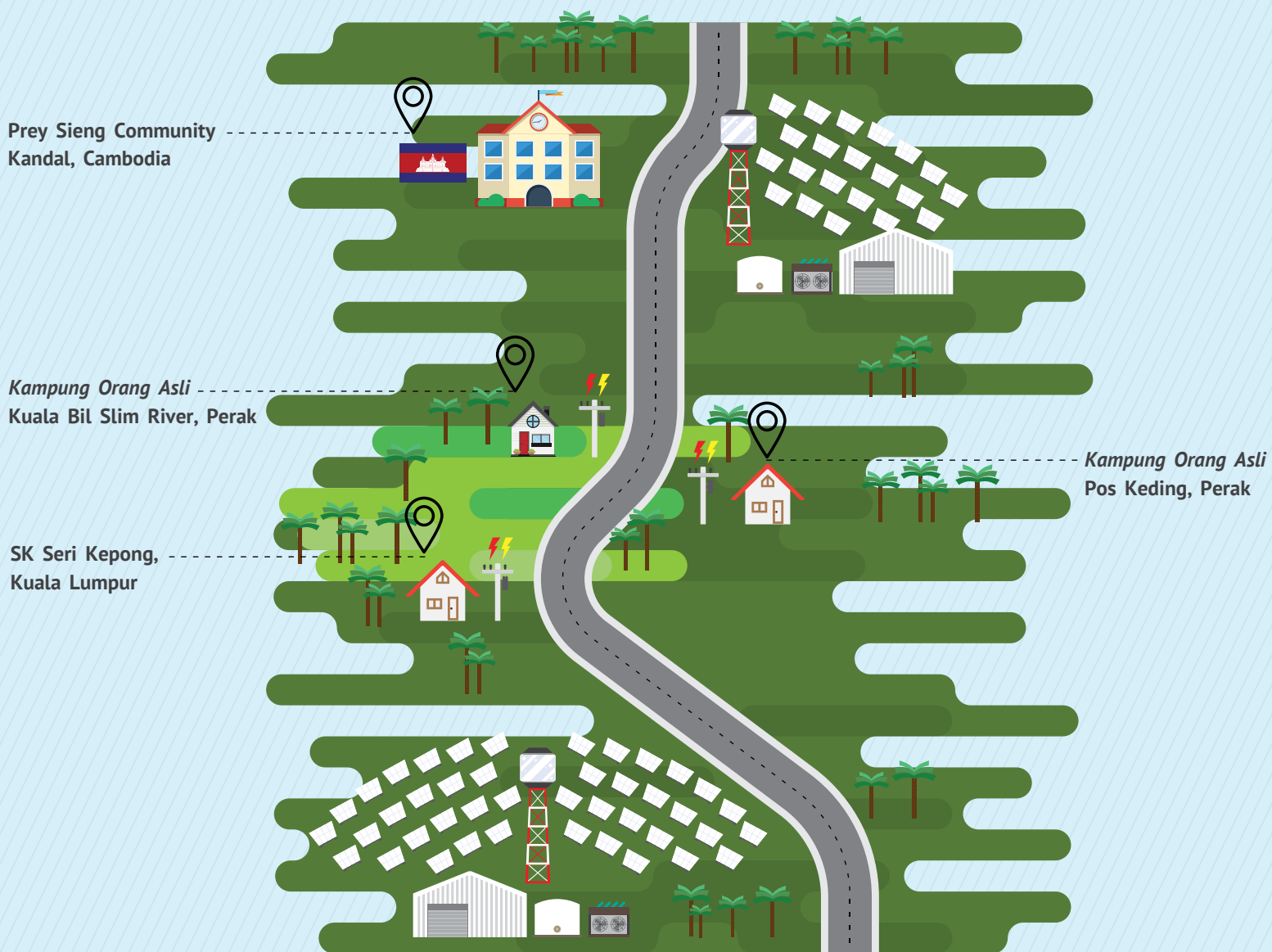
RHB Touch Hearts won several awards for the impact of its community development initiatives:



Enriching & Empowering Communities

#rhbtouchhearts

Among the Touch Hearts projects implemented in 2018, a few stood out with the scale and depth of their impact, echoing the Group's aspiration to enrich and empower communities and nurture future generations.




Facilitating Better Amenities for *Orang Asli*

More than 180 volunteers gathered at Kampung Orang Asli Kuala Bil, Slim River in Perak to upgrade a number of public amenities for the residents. The project addressed three main issues faced by the *Orang Asli*:


Family Well-being	To improve the quality of life by helping them generate additional income from donation of rubber trees
Education	To enhance knowledge in finance and general education through the Money Ma\$ter Programme and a new Reading and Speech Corner
Infrastructure	To improve the quality of water and accessibility in and out of the village



Built a proper drainage system measuring **153 metres** in length, preventing dengue due to stagnant water and alleviating flooding which happens 4-5 times a year and causes extensive damage to the houses




Installed tube well with a submersible automatic water pump. The well pumps water from **65 feet** underground to supply to common toilets, addressing the lack of toilets in half of the households and improving hygiene



Repaired and flattened an alternative road that is **1.5km** in length, increasing accessibility to and from the village



Upgraded existing badminton court with a new net, poles, line, and cement floor, encouraging a healthy and active lifestyle



Donated **500** rubber trees that will provide an extra **source of income** for the village and its future generations



Championing Education for the Rural Population in Cambodia

In Kandal province of Cambodia, our RHB Indochina team constructed a preschool in the Prey Sieng community of Sa Ang District. This is part of the Early Childhood Development School Programme aimed at equipping the community's young with all the basic necessities needed to keep them in school for an uninterrupted education, thus, reducing the chance of dropouts and incidences of child labour.

The preschool consisted of a classroom, toilets, and a playground. The new facility was supplied with whiteboard, tables and chairs, reading materials, and educational toys. It is the third preschool that RHB Indochina has built through RHB Touch Hearts. The local team donated school uniforms, school bags, books and stationery. They also organised a nutrition programme and medical and dental check-ups during their visit. The Prey Sieng preschool has benefitted 80 children.

3 schools have been built by RHB

Benefitting **280** students and up to **4,000** households within the three areas where the schools were built



Enriching & Empowering Communities

Improving the Lives of the Urban Poor and Special Needs Children

SK Seri Kepong was selected as a school to benefit from a transformation project that combined learning and sustainability. Three facilities were either upgraded or newly introduced:

Fun corner:

A 400sqm playground built from recycled materials

Hydroponic garden:

Upgraded the existing garden into an educational corner where special needs children can learn urban farming and harvest organic vegetables

Gym room:

Repainted the room and added equipment such as trampoline, ball pit, play mat, and mirror that contributes to the students' physical development

A hydroponics workshop and garden deco workshop were conducted to complement the above facilities.

Impacted **500** pre-school, primary-level, and special needs children and teachers

Improved engagement rate as children stayed back after school and became more involved

Harvested more than **10kg** of organic vegetables per month for self-consumption and fundraising

50% of the students are now passionate about hydroponics



Watch the video at <https://youtu.be/A3LFbE25h98>

Brightening Lives with Solar Powered Lights

Our intent to enhance the living standards of the *Orang Asli* brought us to Kampung Orang Asli Pos Keding, Perak. There, we assisted to construct and assemble 16 solar light panels along the only access road within the *kampung*. The solar lights have increased visibility by 80% from only 30% previously, and has improved the security of the community. Additionally, four solar light panels were installed at the badminton court, which encourages more engagement in healthy sports. We also organised a community-centric telematch as part of our engagement activities with the residents.



150

Orang Asli suku Semai

From

30% to 80%

visibility from solar lights

Improved **security** and **social bonding**



Performance Data

	2017				2018			
	# of suppliers	%	Total Spend (RM'Mil)	%	# of suppliers	%	Total Spend (RM'Mil)	%
Breakdown of Suppliers								
Foreign	40	7%	47.2	9%	36	6%	41.9	10%
Local	547	93%	483.8	91%	541	94%	378.1	90%
Total	587	100%	531.0	100%	577	100%	420.1	100%
Breakdown of Local Suppliers								
Private Limited	502	92%	481.2	99%	485	90%	374.7	99%
Sole Proprietor	45	8%	2.6	1%	56	10%	3.4	1%
Total	547	100%	483.8	100%	541	100%	378.1	100%
Breakdown of non-IT Suppliers								
Sole Proprietor	44	13%	2.6	4%	55	16%	3.3	4%
Private Limited	301	87%	63.2	96%	293	84%	80	96%
Foreign	0	0%	0	0%	0	0%	0	0%
Total	345	100%	65.8	100%	348	100%	83.3	100%

	2016	2017	2018
Total No. of Employees	14,525	14,435	14,425
New Employee Hires			
Total No. of New Hires	3,286	2,924	2,527
Recruitment Rate (%)	22.6%	20.3%	17.5%
Workforce Breakdown by Union/Non-Union			
Union	2,753	2,512	2,355
Non-Union	11,772	11,923	12,070
Total No. of Employees	14,525	14,435	14,425
Union against Total Employees (%)	19.0%	17.4%	16.3%
Union against Total Non-Executives (%)	83.8%	83.5%	83.7%

Performance Data

Workforce Breakdown by Position

Position/Year	2016		2017		2018	
	No.	%	No.	%	No.	%
Executives	11,241	77.4%	11,428	79.2%	11,612	80.5%
Non-Executives	3,284	22.6%	3,007	20.8%	2,813	19.5%
Total	14,525	100.0%	14,435	100.0%	14,425	100.0%

Workforce Breakdown by Employment Contract

Status/Year	2016		2017		2018	
	No.	%	No.	%	No.	%
Permanent	13,232	91.1%	13,347	92.5%	13,641	94.6%
Non-Permanent	1,293	8.9%	1,088	7.5%	784	5.4%
Total	14,525	100.0%	14,435	100.0%	14,425	100.0%

Employee Turnover Rates¹

	2016	2017	2018
Total No of Attrition	2,064	1,887	1,750
Attrition Rate (%)	15.6%	14.1%	12.8%

Employee Length of Service

Years of Service	2016	2017	2018
5 Years & Below	7,698	7,274	6,888
6 to 10 Years	2,051	2,377	2,626
11 to 15 Years	768	776	915
More than 15 Years	4,008	4,008	3,996
Total	14,525	14,435	14,425

¹ Data is for permanent RHB employees

Workforce Breakdown by Country

Country/Year	2016		2017		2018	
	No.	%	No.	%	No.	%
Malaysia	12,803	88.1%	12,750	88.3%	12,719	88.2%
Overseas Operations Total	1,722	11.9%	1,685	11.7%	1,706	11.8%
Singapore	693	4.8%	676	4.7%	703	4.9%
Indonesia	346	2.4%	357	2.5%	364	2.5%
Cambodia	248	1.7%	245	1.7%	234	1.6%
Thailand	242	1.7%	221	1.5%	227	1.6%
Hong Kong	123	0.8%	99	0.7%	87	0.6%
Laos	45	0.3%	62	0.4%	64	0.4%
Brunei	23	0.2%	23	0.2%	26	0.2%
Vietnam	2	0.01%	2	0.01%	1	0.0%
Total	14,525	100.0%	14,435	100.0%	14,425	100.0%

Workforce Breakdown by Ethnicity

Diversity/Year	2016		2017		2018	
	No.	%	No.	%	No.	%
Bumiputera	7,602	52.3%	7,681	53.2%	7,673	53.2%
Chinese	5,141	35.4%	4,971	34.4%	4,958	34.4%
Indian	764	5.3%	776	5.4%	774	5.4%
Others	1,018	7.0%	1,007	7.0%	1,020	7.1%
Total	14,525	100%	14,435	100.0%	14,425	100.0%

Workforce Breakdown by Age

Age Group/Year	2016		2017		2018	
	No.	%	No.	%	No.	%
≤30	3,971	27.3%	3,604	25.0%	3,262	22.6%
31 – 40	5,621	38.7%	5,540	38.4%	5,560	38.6%
41 – 50	3,632	25.0%	3,892	27.0%	4,098	28.4%
≥51	1,301	9.0%	1,399	9.7%	1,505	10.4%
Total	14,525	100.0%	14,435	100.0%	14,425	100.0%

Performance Data

Employee Turnover by Age Group

Age Group/Year	2016		2017		2018	
	HC	%	HC	%	HC	%
≤30	987	45.0%	813	43.1%	349	19.9%
31 – 40	871	39.7%	805	42.7%	377	21.5%
41 – 50	221	10.1%	175	9.3%	104	5.9%
≥51	115	5.2%	94	5.0%	920	52.6%
Total	2,194	100.0%	1,887	100.0%	1,750	100.0%

Employee Turnover by Gender

Gender/Year	2016		2017		2018	
	HC	%	HC	%	HC	%
Male	1,196	54.5%	929	49.2%	824	47.1%
Female	998	45.5%	958	50.8%	926	52.9%
Total	2,194	100.0%	1,887	100.0%	1,750	100.0%

Percentage of Women in Management

Gender/Year	2016	2017	2018
Male	1,848	1,885	1,998
Female	1,641	1,755	1,994
Total No. of Employees	3,489	3,640	3,992
Against Total Management (%)	47.0%	48.2%	49.9%

Percentage of Women in Top Management

Gender/Year	2016	2017	2018
Male	170	162	155
Female	60	61	59
Total No. of Employees	230	223	214
Against Total Management (%)	26.1%	27.4%	27.6%

Participation by Type of Learning

	2016	2017	2018
In-House Classroom Learning Participation	31,384	37,433	39,921
e-Learning Participation	41,969	52,148	96,661

Participation by Job Level

Job Level	Classroom Learning Participation	e-Learning Participation
Top Management	100%	98%
Senior Management	99%	98%
Management	95%	99%
Middle Management	88%	99%
Executive	77%	99%
NCL/CL/OFF	39%	92%

Training Sessions by Type

	2016	2017	2018
In-house Training Sessions	1,249	1,443	1,559
External Training Sessions	517	590	618
No. of e-Learning Courseware	101	102	125

Total and Average Training Hours

	2016	2017	2018
Total Training Hours	517,225	571,521	713,434
Average Training Hours Per Year Per Employee	37	40	56

Total Investment in Training

	2016	2017	2018
Total Investment in Training	32,099,178	40,558,107	43,121,510

GRI Content Index

The RHB Sustainability Report 2018 was prepared 'In Accordance' with GRI Standards: Core option

The following GRI Content Index refers to the information disclosed in the RHB Bank Berhad Sustainability Report 2018.

GENERAL DISCLOSURES			
GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Corporate Profile			
102-1	Name of the organisation	Sustainability Report 2018: Page 6 RHB Banking Group	Full
102-2	Activities, brands, products, and services	Sustainability Report 2018: Page 6-8 We are a leading regional financial services provider with core services in Retail Banking, Transaction Banking, Wholesale Banking, Insurance, and Shariah Business.	Full
102-3	Location of headquarters	Sustainability Report 2018: Page 2 Level 8, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur.	Full
102-4	Location of operations	Sustainability Report 2018: Page 10, 11 RHB Banking Group operates in 10 countries across ASEAN and Greater China.	Full
102-5	Ownership and legal form	Refer to "Group Corporate Structure" (page 32) in RHB Bank Berhad Annual Report 2018 .	Full
102-6	Markets served	Sustainability Report 2018: Page 6 RHB's financial solutions serve over 3 million consumer, commercial, and corporate customers in Malaysia, Singapore, Thailand, Cambodia, Brunei, Indonesia, Laos, Myanmar, Vietnam, and Hong Kong.	Full
102-7	Scale of the organisation	Sustainability Report 2018: Page 6, 8, 10, 11, 71, 95-97 14,425 employees; seven businesses. Sustainability Report 2018: Page 12 RM6.8 billion total income; RM21,213 million market capitalisation; RM243.2 billion total assets; RM3.1 billion pre-tax profit.	Full
102-8	Information on employees and other workers	Sustainability Report 2018: Page 71, 96-97 14,425 total employees; 13,641 permanent and 784 non-permanent. *Non-permanent consists of contract and temporary employees.	Full
102-9	Supply chain	Sustainability Report 2018: Page 63-64, 95 Our Group Procurement spent RM420.1 million on 577 IT & non-IT suppliers. In support of local suppliers, 90% of total procurement spend or RM378 million was spent on local suppliers.	Full
102-10	Significant changes to the organisation and its supply chain	There were no significant changes to RHB and RHB's supply chain in 2018.	Full
102-11	Precautionary Principle or approach	Sustainability Report 2018: Page 39 The Group Fraud Risk Management Policy is a prevention-first approach to fraud with the overriding aim to prevent fraud from occurring. Our risk management system is further outlined in the "Statement of Risk Management & Internal Control" (page 179) of RHB Bank Berhad Annual Report 2018 .	Full
102-12	External initiatives	Sustainability Report 2018: Page 9, 42 RHB adopted the Value Based Intermediation ("VBI") approach that emphasises 'People, Planet and Profit' dimensions for financial institutions.	Full
102-13	Membership of associations	Sustainability Report 2018: Page 9 RHB is a member of various industry associations including signatory member to United Nations Global Compact ("UNGC") Local Network Malaysia.	Full

GENERAL DISCLOSURES			
GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Strategy			
102-14	Statement from senior decision-maker	<p>Sustainability Report 2018: Page 16, 17 Statement from Chairman of RHB Banking Group.</p> <p>Sustainability Report 2018: Page 18, 19 Statement from Chairman of Board of Trustees, RHB Foundation.</p>	Full
Ethics & Integrity			
102-16	Values, principles, standards, and norms of behaviour	<p>Sustainability Report 2018: Page 7, 36 RHB P.R.I.D.E. values and Code of Ethics and Conduct govern the integrity of behaviour in the organisation.</p>	Full
102-17	Mechanisms for advice and concerns about ethics	<p>Sustainability Report 2018: Page 37 A whistleblowing channel is available to RHB employees and the public. Further information on reporting channels is available under “Speak Up” at RHB’s corporate website: https://www.rhbgroup.com/others/about-us/index.html</p> <p>Refer also to “Corporate Governance Overview Statement” (page 176) in RHB Bank Berhad Annual Report 2018.</p>	Full
Governance			
102-18	Governance structure	<p>Sustainability Report 2018: Page 33, 87 RHB Banking Group’s corporate governance structure and RHB Foundation governance structure. Refer also to “Corporate Information” (page 30) and “Corporate Governance Overview Statement” (page 166) in RHB Bank Berhad Annual Report 2018.</p>	Full
102-23	Chair of the highest governance body	The chair of the Board of Directors is a non-executive.	Full
102-26	Role of highest governance body in setting purpose, values, and strategy	<p>Sustainability Report 2018: Page 22 The Board of Directors is responsible to promote sustainability through ESG consideration in the Company’s business strategy.</p> <p>Refer to RHB’s online Board Charter: https://www.rhbgroup.com/files/others/about-us/corporate-governance/rhb-bank-berhad/board-charter.pdf</p>	Full
102-29	Identifying and managing economic, environmental, and social impacts	<p>Sustainability Report 2018: Page 22 The Board of Directors has oversight and decision-making authority over all sustainability-related matters. Stakeholders were not consulted to support their approval of economic, environmental, and social impacts, risks, and opportunities.</p>	Full
102-31	Review of economic, environmental, and social topics	<p>Sustainability Report 2018: Page 22 Sustainability is a recurring matter in Board discussions at least once every six months.</p>	Full
Stakeholder Engagement			
102-40	List of stakeholder groups	<p>Sustainability Report 2018: Page 25, 26 RHB’s external stakeholders as tabled.</p> <p>Refer also to “Engagement with Stakeholders” (pages 54-57) in RHB Bank Berhad Annual Report 2018.</p>	Full
102-41	Collective bargaining agreements	<p>Sustainability Report 2018: Page 95 16.3% of our total employees are covered by collective bargaining agreements.</p>	Full
102-42	Identifying and selecting stakeholders	<p>Sustainability Report 2018: Page 25, 26 Our stakeholders include shareholders and investors, business partners, customers, employees, regulatory bodies, communities, government bodies, NGOs, suppliers, service providers and vendors.</p>	Partial

GRI Content Index

GENERAL DISCLOSURES			
GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Stakeholder Engagement			
102-43	Approach to stakeholder engagement	Sustainability Report 2018: Page 25, 26 We engaged with stakeholders on a daily, weekly, monthly, or yearly frequency through existing engagement channels. None of the engagements were undertaken specifically as part of the report preparation process.	Full
102-44	Key topics and concerns raised	Sustainability Report 2018: Page 25, 26 Stakeholder groups raised concerns that can be categorised into 17 sustainability material topics. Refer also to "Engagement with Stakeholders" (pages 54-57) in RHB Bank Berhad Annual Report 2018 .	Full
Reporting Practice			
102-45	Entities included in the consolidated financial statements	Refer to RHB Bank Berhad Financial Report 2018 .	Full
102-46	Defining report content and topic boundaries	Sustainability Report 2018: Page 2, 30, 31 The content of this Report was defined by the material matters and their boundaries as per the Management Approaches table, with Principles for Defining Report Content as a guide.	Full
102-47	List of material topics	Sustainability Report 2018: Page 27-29 17 material matters were identified for 2018.	Full
102-48	Restatements of information	No restatements of information have been made.	Full
102-49	Changes in reporting	Sustainability Report 2018: Page 29 Five additional material topics were identified and redefined for clarity. Topic boundaries are a new disclosure.	Full
102-50	Reporting period	Sustainability Report 2018: Page 2 The RHB Sustainability Report 2018 covers the period from 1 January 2018 to 31 December 2018.	Full
102-51	Date of most recent report	Sustainability Report 2018: Page 2 The last edition of the RHB Sustainability Report was published in May 2017.	Full
102-52	Reporting cycle	Sustainability Report 2018: Page 2 The RHB Sustainability Report is published annually.	Full
102-53	Contact point for questions regarding the report	Sustainability Report 2018: Page 2 SUSTAINABILITY MANAGEMENT Group Corporate Communications RHB Bank Berhad Level 8, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur. sustainability@rhbgroup.com	Full
102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report 2018: Page 2 This report has been prepared 'in accordance' with the GRI Standards Core option.	Full
102-55	GRI content index	Sustainability Report 2018: Page 100-110 This table is the GRI content index.	Full
102-56	External assurance	No external assurance has been conducted for this report.	Partial

TOPIC-SPECIFIC DISCLOSURES: ECONOMIC				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Financial Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 45 Refer to the Management Approach table and “Financial Performance” topic.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 45 Refer to “Financial Performance” topic. Refer also to “Performance Review by Group Chief Financial Officer” (pages 81-89) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Sustainability Report 2018: Page 12, 45 RM6.8 billion in total income; RM5.3 billion in economic value distributed; Refer also to “Value Creating Business Model” (page 52), “Performance Review by Group Chief Financial Officer” (pages 81-89 and pages 90-97) in RHB Bank Berhad Annual Report 2018 .	Full
Material Topic: Digitalisation & Investment in Technology				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 46 Refer to the Management Approach table and “Digital Transformation Journey”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 46-48 Refer to “Digital Transformation Journey”. Refer also to “Digitisation Across Our Group” (pages 60-61) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 404: Training & Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2018: Page 79 400 Digital Leaders trained in Agile methodology; rolled out e-learning to train 14,425 RHB employees on digital knowledge. Refer also to “Digitisation Across Our Group” (pages 60-61) in RHB Bank Berhad Annual Report 2018 .	Full
Material Topic: Customer Relationship Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 49 Refer to the Management Approach table and “Customer Relationship Management”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 49-53 Refer to “Customer Relationship Management”. Refer also to “Transforming Customer Experience” (pages 62-63) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Sustainability Report 2018: Page 58, 59 Our community banking model engages the local community at the branch level through service excellence and proactive outreach, and our service approach assists disabled customers with their banking needs.	Full

GRI Content Index

TOPIC-SPECIFIC DISCLOSURES: ECONOMIC				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Fair Dealing				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 54 Refer to the Management Approach table and “Fair Dealing”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 54 Refer to “Fair Dealing”.	Full
GRI 417: Marketing & Labelling 2016	417-1	Requirements for product and service information and labelling	Sustainability Report 2018: Page 54 In line with BNM’s Guidelines on Product Transparency and Disclosure, RHB disseminates a comprehensive Product Disclosure Guideline to employees, who are required to provide product disclosure sheets to customers to facilitate decision-making.	Full
Material Topic: Financial Inclusion				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 55, 88 Refer to the Management Approach table, “Financial Inclusion” and “Enriching and Empowering Communities”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 55-61, 88 Refer to “Financial Inclusion” and “Enriching and Empowering Communities”.	Full
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Sustainability Report 2018: Page 55-61, 88 In a drive to promote financial inclusion, RHB provided RM27.2 billion in loans to SMEs; improved the financial knowledge of SMEs through financial management workshops; launched mortgage products for affordable home financing in support of BNM’s Fund for Affordable Homes. Through RHB’s financial literacy programme, Money Ma\$ter, we reached out to 10,407 children and youth in 2018.	Full
Material Topic: Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 62 Refer to the Management Approach table and “Indirect Economic Impacts”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 62 Refer to “Indirect Economic Impacts”.	Full
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Sustainability Report 2018: Page 55-62 RHB provided RM43 billion in financing to NKEAs; stimulated the growth of SMEs with various collaborations to provide SME financing; and eased the homeownership journey through the creation of a Homeowners Ecosystem while offering affordable mortgage products.	Full

TOPIC-SPECIFIC DISCLOSURES: ECONOMIC				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Sustainable Supply Chain				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 63 Refer to the Management Approach table and “Sustainable Supply Chain”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 63, 64 Refer to “Sustainable Supply Chain”.	Full
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sustainability Report 2018: Page 64 90% of total Group Procurement spending was spent on local suppliers in Malaysia, or RM378.1 million.	Full

TOPIC-SPECIFIC DISCLOSURES: ENVIRONMENT				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Environment Stewardship				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 66 Refer to the Management Approach table and “Environment Stewardship”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 66-68 Refer to “Environment Stewardship”.	Full
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Sustainability Report 2018: Page 67 171,373 reams of paper used in 2018.	Full
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Sustainability Report 2018: Page 66 Combined electricity consumption of 16,052,014kWh at RHB Banking Group HQ and RHB Bank Complex Bangi.	Full
	302-4	Reduction of energy consumption	Sustainability Report 2018: Page 66 2,375,450kWh or 12.9% reduction in electricity consumption.	Full
GRI 303: Water 2018	303-5	Water consumption	Sustainability Report 2018: Page 66 Total water consumption at RHB Centre and RHB Bank Complex was 157,380m ³ , or 157.38ML.	Full
Material Topic: Emission Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 69 Refer to the Management Approach table and “Emission Management”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 69 Refer to “Emission Management”.	Full
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	Sustainability Report 2018: Page 66 672,419kgCO ₂ e (Scope 2) Y-o-Y reduction from 2017.	Partial

GRI Content Index

TOPIC-SPECIFIC DISCLOSURES: SOCIAL				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Foster Talent Development				
Material Topic: Talent Management				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 71 Refer to the Management Approach table and “Talent Management”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 71-75 Refer to “Talent Management”. Refer also to “Highly Productive, Agile and Engaged Workforce” (pages 68-69) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Sustainability Report 2018: Page 71, 95, 96 The total new employee hires as at 31 st Dec 2018 was 2,527 with 17.5% recruitment rate. Total number of attrition was 1,750 with 12.8% attrition rate. *The above is for permanent employees only.	Full
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report 2018: Page 81, 85 Flexi-work arrangement, nursing rooms, gym facility.	Full
Material Topic: Employee Training & Education				
GRI 103: Management 2016 Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 76 Refer to the Management Approach table and “Employee Training & Education”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 76-80 Refer to “Employee Training & Education”.	Full
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Sustainability Report 2018: Page 77, 99 Average training hours per year per employee is 56 out of total training hours 713,434.	Full
	404-2	Programmes for upgrading employee skills and transition assistance	Sustainability Report 2018: Page 79, 80 RHB Learning and Development Architecture is a platform to drive learning and development programmes & initiatives. 23 new Leadership & Management courses and 44 Technical & Functional courses were introduced in 2018. 3,361 employees participated in the FORWARD programme which reskills and up-skills them for redeployment as workforce of the future.	Full
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance review applies to all RHB employees excluding temporary employees for the 2018 assessment period in accordance with our internal policy.	Partial

TOPIC-SPECIFIC DISCLOSURES: SOCIAL				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Employee Health & Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 81 Refer to the Management Approach table and "Employee Health & Safety".	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 81-83 Refer to "Employee Health & Safety".	Full
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2018: Page 81 The Occupational Safety and Health ("OSH") Committee, chaired by the Group Chief Human Resource Officer, is comprised of nine employer representatives and nine employee representatives, six of whom are unionised.	Partial
	403-5	Worker training on occupational health & safety	Sustainability Report 2018: Page 81, 82 OSH Committee trainings and OSH programmes are provided to OSH branch representatives and employees throughout Malaysia to spread OSH awareness and culture.	Full
	403-6	Promotion of worker health	Sustainability Report 2018: Page 81, 82, 90 RHB has conducted the Beat Diabetes Campaign two years in a row and introduced the RHB Wellness Programme in addition to other health-related OSH programmes.	Full
	403-8	Workers covered by an occupational health and safety management system	Sustainability Report 2018: Page 81 RHB Group operations are based on Health, Safety and Environment ("HSE") standards and regulations; in absolute compliance with regulatory requirements of the OSHA 1994 and FMA 1967. The OSH Committee is chaired by the Group Chief Human Resource Officer and comprises of employer and employee representatives.	Full
	403-9	Work-related injuries	Sustainability Report 2018: Page 83 This year we have expanded our reporting to include a more comprehensive breakdown of incident reports in 2018.	Partial
	403-10	Work-related ill health	Sustainability Report 2018: Page 83 We reported 0 fatality cases, 25 cases of occupational diseases and 2 dangerous occurrences in 2018.	Full

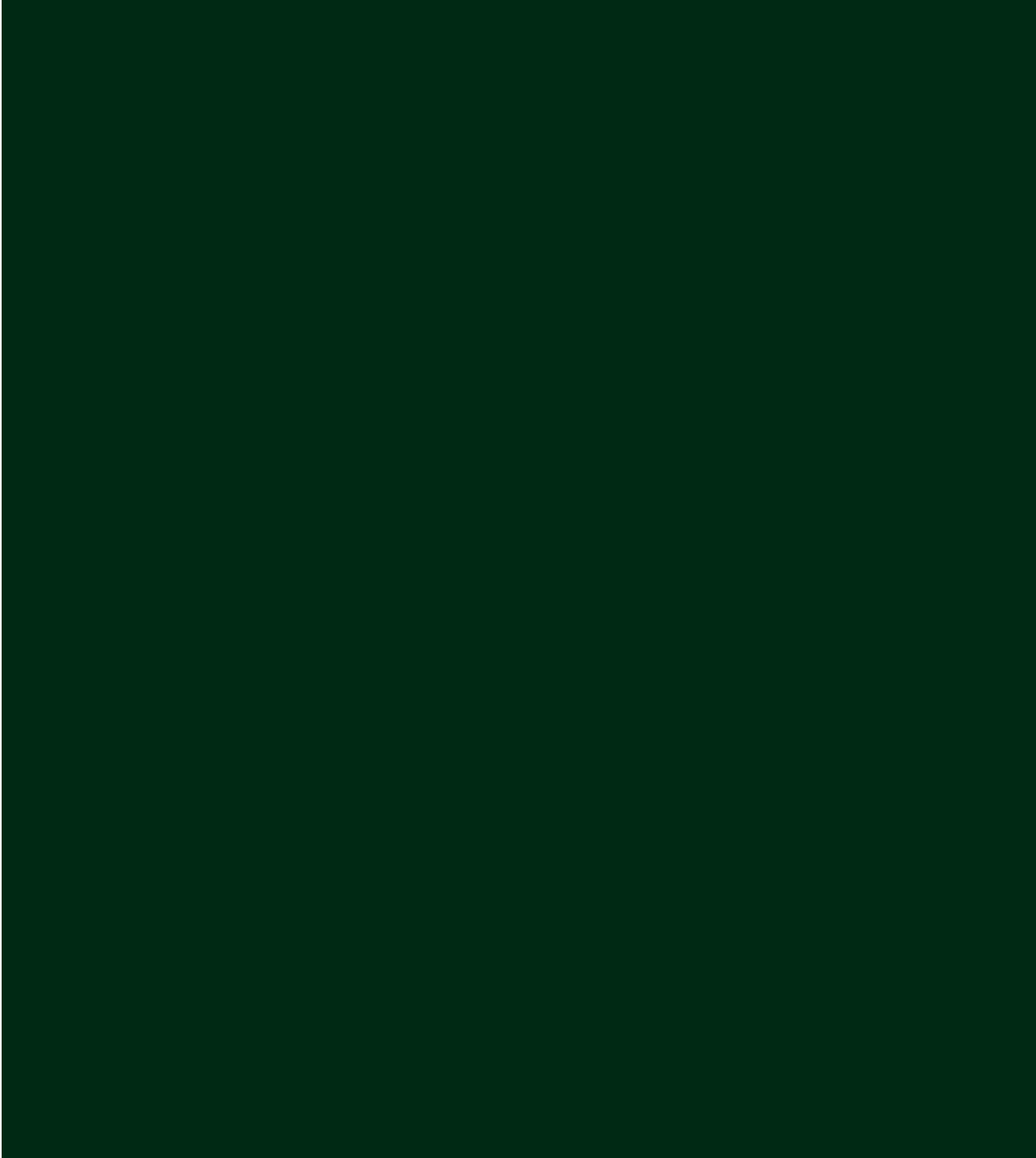
GRI Content Index

TOPIC-SPECIFIC DISCLOSURES: SOCIAL				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Diversity & Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 84, 85 Refer to the Management Approach table and “Diversity & Equal Opportunity” topic.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 84, 85 Refer to “Diversity & Equal Opportunity” topic.	Full
GRI 401: Employment 2016	401-3	Parental leave	Sustainability Report 2018: Page 85 In promoting an inclusive and family-friendly workplace, employees are given 3-months maternity leave.	Partial
GRI 405: Diversity & Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Sustainability Report 2018: Page 34, 84, 85, 97, 98 At RHB, we value diversity at our workplace and the indicators disclosed in this report include age group, gender, ethnicity and country. 49.9% of our management and 27.6% of top management are women respectively. We have also formed a Gen-Y Youth Council that gives young leaders at RHB an opportunity to drive change.	Full
Enriching & Empowering Communities				
Material Topic: Nurturing Future Generations				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 87 Refer to the Management Approach table and “Nurturing Future Generations”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 87, 88-94 Refer to “Nurturing Future Generations”. Refer also to RHB Foundation’s website: https://www.rhbgroup.com/community-engagements/index.html	Full
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Sustainability Report 2018: Page 91-94 In 2018, through our pro-bono RHB Touch Hearts programme, we provided better facilities for, among others and not limited to: i. Kampung Orang Asli Kuala Bil, Slim River in Perak. A drainage system measuring 153m was built, a tube well with automatic water pump installed and 1.5km road was repaired and flattened. ii. Kampung Orang Asli Pos Keding, Ulu Slim in Perak. A total of 16 solar light panels were constructed and assembled along the access road, and increased visibility to 80% from 30%.	Full
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Sustainability Report 2018: Page 87-94 RHB Foundation creates positive impact for communities through various development initiatives, including disaster relief, health campaigns, and support for the arts. In 2018, RM10 million was pledged to community development programmes. As part of RHB Touch Hearts, regional teams carry out localised projects for their communities.	Full

TOPIC-SPECIFIC DISCLOSURES: GOVERNANCE				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Good Business Governance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 33 Refer to the Management Approach table and “Good Business Governance”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 33 Refer to “Good Business Governance”. Refer also to “Governance” chapter (pages 166-210) in RHB Bank Berhad Annual Report 2018 ; and online Corporate Governance Report : https://www.rhbgroup.com/files/others/about-us/corporate-governance/rhb-bank-berhad/corporate-governance-report.pdf	Full
GRI 102: Governance 2016	102-22	Composition of the highest governance body and its committees	Sustainability Report 2018: Page 33, 34 Governance model and Board composition. Refer to “Leadership” chapter (pages 140-165) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 205: Anti-Corruption 2016	205-1	Communication and training about anti-corruption policies and procedures	Sustainability Report 2018: Page 36 All employees of RHB Banking Group were encouraged to undertake e-learning courseware on RHB’s guidance on gifts and hospitality as well as the Group’s existing practices that dehort the proffering or the acceptance of bribes. The Board and Senior Management attended training on AML/CFT & Regulatory Compliance.	Full
Material Topic: Data Protection & Cyber Security				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 30, 41 Refer to the Management Approach table and “Data Protection & Cyber Security”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 41 Refer to “Data Protection & Cyber Security”. Refer also to “Material Matters” (page 58-59) in RHB Bank Berhad Annual Report 2018 .	Full
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report 2018: Page 41 We established a blueprint for IT Security covering people, process and technology. We use data leakage protection solution to ensure confidentiality of customer data, and policies are in place to protect customers information and integrity. No substantiated complaints were made in 2018.	Partial

GRI Content Index

TOPIC-SPECIFIC DISCLOSURES: GOVERNANCE				
GRI Topic	GRI Standard	Disclosure	Brief Description, Page Number	Full/Partial Disclosure
Material Topic: Responsible Financing				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Sustainability Report 2018: Page 31, 42 Refer to the Management Approach table and “Responsible Financing”.	Full
	103-2	The management approach and its components	Sustainability Report 2018: Page 42, 43 Refer to “Responsible Financing”. Refer also to “Responsible Financing Practices” in Sustainability Report 2017 as this still applies: https://www.rhbgroup.com/~media/files/malaysia/investor-relations/annual-reports/rhb_sr_website.ashx	Full
GRI 417: Marketing & Labelling 2016	417-1	Requirements for product and service information and labelling	Sustainability Report 2018: Page 54 RHB practices responsible financing by ensuring customers are offered products and services which are appropriate to their financial circumstances. We provide a product disclosure sheet to customers in line with BNM’s Product Transparency & Disclosure Guideline.	Full



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