

Building a sustainable *future*

OUR APPROACH TO SUSTAINABILITY

March 2020

Together We Progress



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Introduction

RHB Bank Berhad (“RHB Banking Group” or “the Group”) formally embarked on its sustainability journey in 2018 and institutionalised the Group Sustainability Framework (“Sustainability Framework” or “the Framework”) in 2019.

This document sets forth the Group’s Framework and approach towards embedding sustainable practices into the Group’s business and operations in line with our sustainability vision of *Building a Sustainable Future*.

The Framework outlines the Group’s approach to better respond to changing stakeholder concerns, consider the wider context of market conditions and measure value or impact.

The Framework, approach and this document will be continuously enhanced based on the Group’s evolving sustainability journey. We welcome feedback from our stakeholders on our sustainability efforts. For this, please contact sustainability@rhbgroup.com



**Sustainability
Principles**

Sustainability Principles

The Group’s Sustainability Principles outline our commitment towards sustainable practices, integration of environment, social and governance (“ESG”) considerations into decision-making processes, contribution to sustainable development and our Islamic banking business’ journey towards being a Value-based Intermediation (“VBI”) bank. These principles set out the conduct and practices expected of RHB Banking Group, its employees and key stakeholders in embedding sustainability as part of our business and operations.

SUSTAINABILITY PRINCIPLES	
<p>Principle 1: Align and Integrate</p> <p>Align and integrate sustainability/ESG and VBI components as part of our business strategy and decision making process, enabling us to minimise harm and negative impact as well as create and deliver value for our shareholders, customers, employees and all other stakeholders.</p>	<p>Principle 6: Employees and Workplace</p> <p>Build a dynamic, diverse, inclusive and safe workplace for employees as well as promote good sustainability/ESG practices as part of the Group’s culture.</p>
<p>Principle 2: Ethics and Integrity</p> <p>Maintain the highest level of governance and ethical practices in conducting our business and operations.</p>	<p>Principle 7: Suppliers and Vendors</p> <p>Operate in a sustainable and responsible manner through our procurement practices and make active decisions on who and how we procure. To this end, we seek to collaboratively promote better sustainable/ESG practices amongst our suppliers and service providers.</p>
<p>Principle 3: Stakeholder Engagement</p> <p>Have continuous and meaningful engagement with all our stakeholders to better understand their evolving expectations and concerns; and to put in place a mechanism to respond to their needs appropriately and effectively.</p>	<p>Principle 8: Environment</p> <p>Exercise due care and diligence where possible in managing the Group’s direct and indirect environmental impacts as well as promote environmental awareness and advocacy amongst our network of stakeholders.</p>
<p>Principle 4: Customers and Clients</p> <p>Have an understanding of our customers and clients, their evolving needs and risk profiles in order to build trust, enabling them to make better financial choices and achieve shared prosperity.</p>	<p>Principle 9: Community</p> <p>Enrich and empower the community within which we operate with a focus towards Nurturing Future Generations.</p>
<p>Principle 5: Sustainable Financing</p> <p>Embed sustainability/ESG factors into the core delivery of the Group’s financial services, balancing profitability with financial inclusion and contributing towards sustainable development.</p>	<p>Principle 10: Disclosure and Transparency</p> <p>Keep our shareholders, customers, employees and all our stakeholders informed on the development and impact (positive and negative) of the Group’s sustainability/ESG initiatives and contribution to sustainable development.</p>



Sustainability Pillars

Sustainability Pillars

There are 3 thematic pillars to our Sustainability Framework – **Sustainable & Responsible Banking**, **Embedding Good Practices** and **Enriching & Empowering Communities**. Within each pillar we have identified key focus areas that are important to our business and operations as well as to our stakeholders.

Sustainability Vision, Pillars and Focus Areas



* RHB Banking Group will align and integrate VBI components across the Group's Sustainability Framework

SUSTAINABLE & REPOSIBLE BANKING

The parameters:

- Carry out our role as a financial services provider by integrating ESG factors and risks into our business strategies, decision-making processes as well as lending, advisory and investment activities
- Identifying opportunities that will leave a positive impact and contribute to sustainable development
- Provide products and services that promote positive impact and minimise negative impacts to the environment and society

Key Capital(s):

- Financial
- Intellectual
- Manufactured

Primary SDGs:



EMBEDDING GOOD PRACTICES

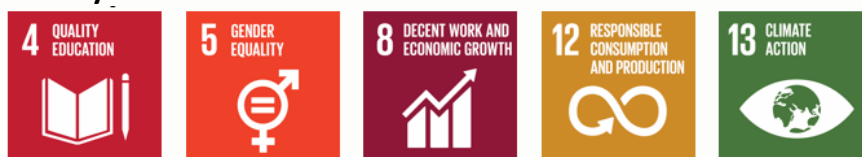
The parameters:

- Foster sustainable practices and responsible behaviour across the Group
- Integrate responsible values and ESG consideration into the core of the Group's vision, values, strategy and goals, policies, existing business tools and processes, product design and operations
- Nurture a sustainable culture through awareness-building, learning and development and on-ground initiatives

Key Capital(s):

- Financial
- Human
- Social & Relationship
- Natural

Primary SDGs:



ENRICHING & EMPOWERING COMMUNITIES

The parameters:

- Carry out meaningful, diverse and inclusive initiatives that deliver benefits and produce positive social impact for communities
- Enrich the lives of the underserved and the underprivileged focusing on children and youth
- Promote the spirit of volunteerism thereby instilling positive values among employees and society as a whole
- Elevate the levels of financial literacy and promote responsible financial behaviour and healthy attitudes towards financial management

Key Capital(s):

- Human
- Social & Relationship

Primary SDGs:



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**Pillar 1: Sustainable &
Responsible Banking**

ESG Risk Management

We promote sustainable financing¹ by ensuring that our risk management processes integrate ESG considerations. The Group Risk Management Framework sets out the strategic direction for the management of risks within the Group. ESG-related guidelines and assessments have been incorporated as part of our ESG risk management processes and will be reviewed and enhanced periodically over time as we continue to strengthen our sustainability practices together with our stakeholders.

Environmental risk is incorporated in the Group's Material Risk Assessment. Environmental risk is defined as risk of credit loss, revenue loss or loss from RHB's own operations arising from environmental issues including climate risk (i.e. physical or transition risk) or man-made environmental disasters (e.g. pollution). These risks may also arise indirectly through our customers, clients or investee operations.

The list of ESG risk-related activities under prohibited credits and the list of sectors defined as ESG Sensitive Sectors is to be first implemented for RHB Banking Group operations in our dominant market, Malaysia. We will progressively roll out the integration of ESG in risk management for our regional operations.

Prohibited Credit

As part of the Group's ESG risk management and in accordance with the Group's enhanced Credit Policy, the Group shall not knowingly finance and shall be selective in conducting its business and dealings with customers or counterparties whose activities contravene local and international standards, law, regulations, as well as activities that could have a significant adverse impact on the environment, social and governance. A list of ESG risk related activities have been identified and this has been categorised under Prohibited Credits. For existing customers whose business activities fall within the category of Prohibited Credits, appropriate mitigation action shall be taken, which includes capping and reducing the exposure.

List of ESG risk related activities under Prohibited Credits:

- Individuals or corporations whose activities contravene the law.
- Individuals or corporations charged with or found guilty of an offence under the anti-money laundering (AML) laws/regulations.
- Individuals or corporations suspected to be involved in money laundering/Counter Financing of Terrorism (CFT) and has been established to have AML/CFT risk following enhanced due diligence.
- Individuals or corporations involved in trade of wildlife or wildlife products regulated under country or international standards (e.g. CITES²).

¹ Sustainable financing means financing solutions and product offerings that integrate ESG considerations and contribute towards sustainable development.

² Convention on International Trade in Endangered Species of Wild Fauna and Flora

- Individuals or corporations involved in production or trade in or use of unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Individuals or corporations involved in production or activities involving harmful or exploitative forms of forced labour³ / harmful child labour⁴.
- Individuals or corporations involved in production or trade in radioactive materials. This does not apply to purchase of medical equipment, quality control (measurement) equipment and any other equipment which are permissible according to local or national law or regulations.
- Individuals or corporations involved in the production or trade in firearms, weapons and munitions, with the exception for Malaysian national defence purposes.
- Individuals or corporations involved in the production or trade in pornography and prostitution.
- Individuals or corporations involved in activities that could damage any heritage sites listed under country national heritage or UNESCO World Heritage Sites.

ESG Sensitive Sectors

Sixteen (16) sectors that have ESG vulnerabilities are classified as ESG Sensitive Sectors. In identifying the ESG Sensitive Sectors, we are guided by the sectors that has been categorised by International Finance Corporation (“IFC”) / World Bank as “High Risk” and sectors that have been under intense spotlight on ESG issues within the region.

The ESG Risk Assessment (“ERA”) tool comprising General and Industry Specific Criteria are developed for these sectors.

The General ERA is applicable to all 16 ESG Sensitive Sectors and shall focus on the following:

- Legal issues associated with the clients’ ESG performance;
- Material adverse environmental issues faced;
- Material adverse occupational health & safety issues;
- Establishment of safe and proper working conditions and labour practices;
- Implementation of good corporate governance practices; and
- Environmental impact studies conducted for projects (where required).

Industry Specific ERAs have been developed for the following sectors – Palm Oil, Oil & Gas, Manufacturing of Iron, Steel & Other Metals, Power Producer and Manufacturing of Cement.

³ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁴ Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or physical, mental, spiritual, moral, or social development.

Sector	Our Approach
Palm Oil	<p>Support sustainable palm oil in line with national and international standards.</p> <ul style="list-style-type: none"> • For customers with plantation size of 100 acres and above: <ul style="list-style-type: none"> - Must be Malaysian Sustainable Palm Oil (“MSPO”) certified or in the process of obtaining certification - Customers with regional presence may opt for other sustainable certification such as Roundtable on Sustainable Palm Oil (“RSPO”) and Indonesian Sustainable Palm Oil (“ISPO”) • For palm oil estates and smallholdings: <ul style="list-style-type: none"> - Adherence to Malaysian Palm Oil Board’s (“MPOB”) Code of Good Agricultural Practice for Palm Oil Estates and Smallholdings • To avoid virgin forest, aboriginal or heritage land and land prone to flooding • Peatland is to be avoided, unless it is in accordance to the guidelines for best practices on peatland developed by MPOB • For palm oil mill: <ul style="list-style-type: none"> MPOB’s Code of Good Milling Practice
Oil & Gas	<p>Proactively engage our borrowers and support their effort towards sustainable practices such as:</p> <ul style="list-style-type: none"> • Managing Greenhouse Gases (GHG) emissions • Reduce reliance on conventional fuels and increase the share of renewable energy in the energy generation mix • Improve energy efficiency • Treating wastewater discharges • Responsible disposal methods of solid waste/sludge • Prevention of oil spills
Manufacturing of Iron, Steel & Other Metals	<p>Proactively engage our borrowers and support their effort towards sustainable practices such as:</p> <ul style="list-style-type: none"> • Managing GHG emissions • Improve energy efficiency • Treating wastewater discharges • Responsible disposal methods of solid waste/sludge • Prevent fire and explosion hazards
Power Producer	<p>Proactively engage our borrowers and support their effort towards sustainable and/or responsible practices such as:</p> <ul style="list-style-type: none"> • Manage GHG emissions from coal-fired power plants • Treating wastewater discharges • Responsible disposal methods of solid waste / sludge • Reducing reliance on conventional fuels and increase the share of renewable energy in the energy generation mix • Improving combustion and conversion efficiency

Sector	Our Approach
Manufacturing of Cement	Proactively engage our borrowers and support their effort towards sustainable and/or responsible practices such as: <ul style="list-style-type: none"> • Managing GHG emissions • Treating wastewater discharges • Responsible disposal methods of solid waste / sludge • Improve energy efficiency • Water efficiency initiatives

We assign an ESG risk rating of “Low”, “Medium”, or “High” to our clients that reflect the extent to which they have met the General ERA and Industry Specific ERAs. Further time-bound mitigation action plans may be imposed on clients, depending on the ESG risk rating being assigned.

Industry Specific ERAs for the remaining ESG Sensitive Sectors with material and significant exposures will be progressively developed and will take into consideration development of local/regional standards.

[Sustainable Lending, Advisory and Investment \(including Islamic Financing\)](#)

The Group is committed to contribute and create positive impact through identified opportunities in the area of sustainable development. Our key focus is to **support green activities**. The Group is committed to extend RM5 billion by 2025 to support green activities and transition to a low carbon and climate resilient economy, through either lending, advisory and/or investments activities.⁵

Lending

The Group strives to provide sustainable financial solutions to our customers and engage them on key matters, including but not limited to ESG considerations as well as advocating for the adoption of more sustainable practices and green activities.

The Group will continue to support the Green Technology Financing Scheme (“GTFS”) in Malaysia as a participating financial institution to facilitate lending to green technology companies.

Our approach to financial inclusion involves empowering our customers and businesses through the products and services that we offer. In that respect, the Group utilises digitalisation as a way to enable access to finance, where feasible.

⁵ Eligibility of identified green activities are based on the examples provided by Green Bond Principles, Green Loan Principles or Sustainable and Responsible Investment (“SRI”) Sukuk Framework

We aspire to help our customers to realise their dream of owning a home and attain successful homeownership. We do this by empowering our customers through RHB Homeowners Ecosystem that provides customers with end-to-end access to solutions for buying and owning a home on a single platform. Our Homeowners Ecosystem helps ease our customers' homeownership journeys, especially for first time house buyers.

The small and medium enterprises ("SME") segment plays a crucial role in driving economic growth in the Association of Southeast Asian Nations ("ASEAN") region. In our effort to promote financial access and inclusion, we are committed to support SME in going beyond traditional banking solutions through our SME ecosystem which enable our SMEs to perform their daily transactions seamlessly and provide them access to finance on a single platform.

Through our participation in government schemes in our main market, Malaysia, the Group continues to assist deserving SMEs to have access to finance through our partnerships with Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") and Credit Guarantee Corporation Malaysia Berhad ("CGC").

Advisory and Investment

We aim to increase the establishment and issuance of green bonds/sukuk as well as sustainable and responsible investment ("SRI") bonds/sukuk in the Malaysian capital market space. The Group's involvement in green and SRI bonds/sukuk market is guided by the following publicly endorsed principles or frameworks:

- Green Bond Principles ("GBP") developed by the International Capital Market Association
- ASEAN Green Bond Standards ("ASEAN GBS") developed by the ASEAN Capital Markets Forum
- Sustainable and Responsible Investment ("SRI") Sukuk Framework developed by the Securities Commission of Malaysia ("SC")

The above approach is in line with and supports SC [SRI Roadmap for the Malaysian Capital Market](#).

Our Asset Management Business embeds ESG considerations into its investment process in order to make an informed investment decision as investors, both retail and institutional, look more and more into how they can connect financial returns with purpose.

As a first step, we utilise an Internal ESG Scorecard which is further supplemented with an external scoring system in evaluating the Global Equity Buylist. This scorecard complements fundamental investment research and forms part of the ongoing review for all investee companies. We take a continuous engagement approach with investee companies on ESG concerns, with greater emphasis on corporate governance.

We are currently developing an ESG Investment Framework, which will formalise the incorporation of ESG factors into our investment evaluation process and will be aligned to the Group's Sustainability Framework.

The Group will also strive to advocate thought leadership through its engagement with various stakeholders on sustainability and ESG matters.

Islamic Financing

RHB Islamic Bank Berhad (RHB Islamic) is RHB Banking Group's Islamic banking arm, providing Shariah-compliant financial services. Our Islamic banking business is guided by BNM's Shariah Governance Framework for Islamic Financial Institutions in carrying out independent advisory duties for our Islamic operations.

The Islamic Shariah Committee was established under RHB Islamic with the following main objectives:

1. To provide objective and sound advice to the Bank to ensure that its aims, operations, business, affairs, and activities are Shariah-compliant.
2. To ensure effective working arrangements are established between the Shariah Committee, the Shariah Advisory Council ("SAC") of Bank Negara Malaysia ("BNM") as well as that of the Securities Commission of Malaysia.
3. To ensure the establishment of appropriate procedures in leading to the prompt compliance with Shariah principles.

We have aligned ourselves with BNM's call to adopt the principles of the [Value Based Intermediation](#) ("VBI"). The VBI approach requires us to go beyond the requirements of Shariah compliance or of an Islamic bank as we seek a holistic approach to banking that prioritises the well-being of the *Ummah* (i.e. people and society), leaning towards sustainability considerations. Some of the major thrusts include wealth preservation, making a positive social impact and caring for the planet. 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.

As of May 2019, RHB Islamic was admitted as the 10th member of the Malaysian VBI Community of Practitioners.

Focus Area: Customer Centric Banking

Our customers are at the heart of everything we do. We provide an inclusive customer experience by treating our customers fairly and advocating customer rights. Service and operational excellence is one of the core components of our FIT22 strategic roadmap and is aligned with our Brand Promise ‘Together We Progress’, our [Customer Service Charter](#) and our culture of service - RHB Way, which outlines our commitments in delivering superior service excellence to customers.

In projecting our fundamental promise to customers, we are guided by our brand promise of ‘**Together We Progress**’.

RHB Way

RHB Way transforms our service culture into a superior experience that meets customers’ needs at all branches and across all business segments. We are committed to Building Trust, Delivering Convenience and Creating Value for our customers. The RHB Way model is anchored on 5 key building blocks:

Service Branding & Tone of Voice	The Right People	Co-Creation	Make it Easy	Standard of Excellence & Signature CX
Defined our service identity that is signature to RHB	Ensure our customer-facing employees and leaders are cultural fit for the CX role in terms of personality, talent and drive	Listening and focusing on our employees and customers’ needs to co-create the experience	Make banking easy for our customers and empower our employees to simplify work	Set minimum service quality standards and differentiated experience

Fair Treatment of Financial Consumers

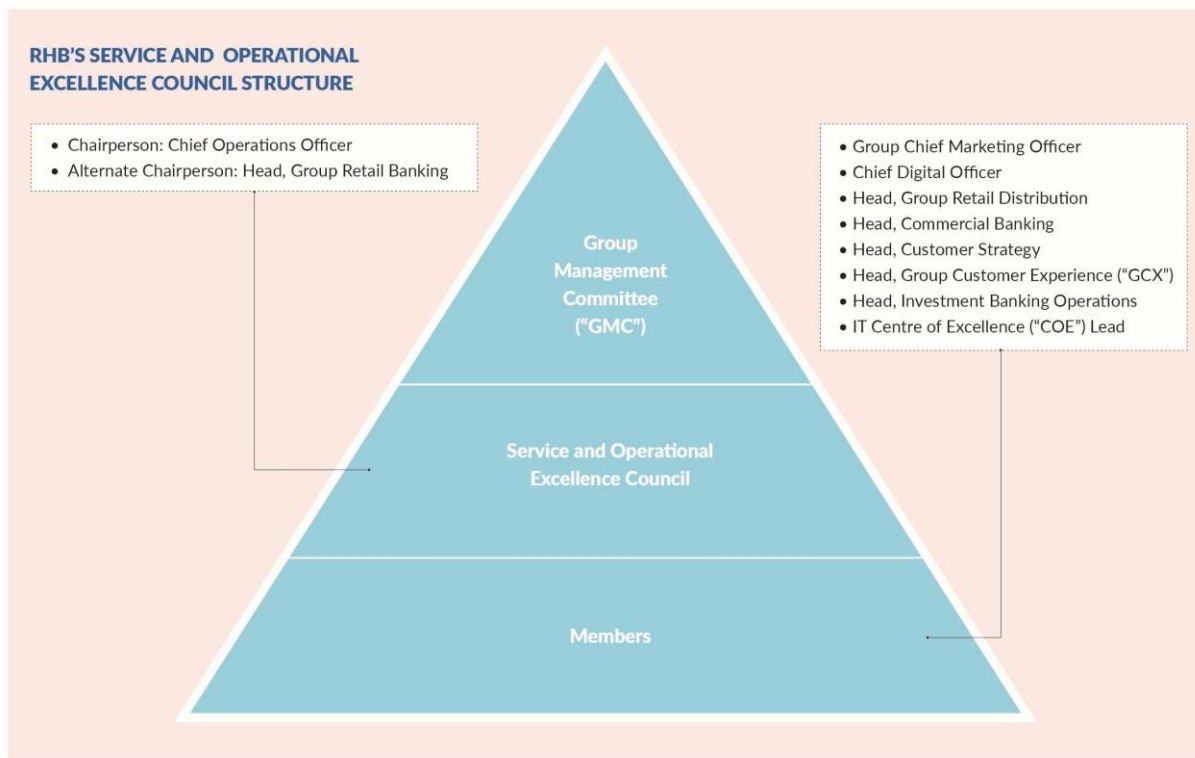
We are committed to the fair treatment of financial consumers in conducting our business and we give priority to consistently deliver fair dealing outcomes to our customers.

The Group is guided by BNM’s policy on [Fair Treatment of Financial Consumers](#).⁶ This entails the establishment of a policy and a service charter on the principles of fair treatment of financial consumers. RHB Banking Group is committed to continue ensuring financial consumers are provided with clear, relevant and timely information as well as fair terms and conditions in the products and services that the Group offers.

⁶ The Policy was released in November 2019. Current practices of our fair treatment practices among other includes conducting suitability and affordability assessments for each new and additional financing facility, providing customers with a product disclosure sheet to facilitate comparison and decision-making, comprehensive Product Disclosure Guideline to sales and servicing employees and Mystery Surveys at branches by Group Compliance.

Governance of Service and Operational Excellence

Service and Operational Excellence Council (“SOEC”) drives Service and Operational Excellence by providing oversight and strategic directive on key elements and matters that affect RHB Banking Group’s service and operations. The SOEC focuses on transforming the end-to-end customer experience across a wide range of products and delivery channels. The SOEC reports to the Group Management Committee and comprises of relevant senior leaders from various Functional and Business Groups.



The RHB Customer Advocacy Team is an independent unit established to facilitate resolution/management between customers and the relevant business and functional units across the Group. The Customer Advocacy Team receives and reviews customers’ feedback and offer mediation, where necessary. Our Customer Advocacy Team’s objectives are:

- Improve turnaround time for customer resolution
- Improve the quality of our responses and communication with customers
- Change the mindset of complaint handlers to embrace complaints as ‘Golden Opportunities for the Bank to Move from “Good” to “Great”’
- Engage with customers after the issue has been resolved to obtain their feedback on satisfaction levels for improvement

Traditional financial services as well as delivery channels have evolved from brick and mortar to digital. The expansion of financial services to digital means provides convenience to customers as it enables greater access to a wide range of products and services.⁷

Our digital transformation plan, which is part of the Group's FIT22 five-year strategic roadmap comprises a robust digital adoption and innovation plan, which will enhance our service and operational excellence, strengthen our presence and deepen our relationships with our customers as well as our reach to the underserved.

As part of our Digital Transformation Plan, we have formulated and invested in our employees training and development in order to prepare them for the new digital age through up-skilling and enhancement programmes such as essential soft skills, digital and Agile learning series. This aligns with our aspiration to nurture a workforce of the future.

Digital Banking and Adoption

In recent years, we have seen an increase in digital adoption and online transactions through our digital channels and digital solutions comprising internet banking, mobile banking, Reflex, e-solutions, e-broking, ATM Non-cash Withdrawal, cash deposit machines (CDM) as well as credit and debit cards.

The Group enhances financial access to our retail customers through our Mobile Banking App, which enable them to conduct banking transactions anywhere and delivers a superior and secure mobile banking experience. The app features one-click pay, transaction signing, and seamless user-friendly interface.

SME Ecosystem

RHB Banking Group brings value to SMEs and strives to include them in the financing mainstream. We aspire to be the preferred SME bank in Malaysia by 2022.

The Group established the first holistic SME ecosystem in Malaysia with integrated connectivity by partnering technology solution providers with ecosystem partners. Our approach in the SME ecosystem is premised on three planks:

- Improve access to financing
- Increase efficiency and reduce cost of operations
- Enable SMEs to focus on growing their business

⁷ Digital financial services include the use of mobile phones or other digital technology to access formal financial services. Information referred to from World Bank's publication on [Digital Financial Inclusion](#).

RHB SME-ecosystem offers the following features:

- **RHB SME e-Solutions**

The first Malaysian bank to offer direct Application Programming Interface (“API”) connectivity with third party solution providers for seamless user experience. [SME e-Solutions](#) offers value-added features to our SME customers such as point-of-sale, payroll and accounting and cash management solutions by collaborating with cloud-based technology partners.

- **RHB SME Online Financing and Online Business Current Account Opening**

A customer self-initiated online loan application portal that allows small businesses to apply for financing in a few minutes and receive cash within a few days.

- **RHB Reflex & Reflex Mobile Cash Management**

An integrated online service, combining cash management, trade and payment solutions.

- **RHB Financial Supply Chain (“FSC”)**

Offers business solutions that optimise working capital and provide liquidity to businesses through ecosystem financing. Suppliers and retailers can also perform payments for goods and services through RHB’s platforms.

Homeowner Ecosystem

RHB Banking Group adopts a holistic design thinking approach in charting the homeowner journey. The Homeowner Ecosystem provides potential homeowners end-to-end access to a breadth of products and services for buying and owning a home through two distinct platforms encompassing pre-purchase and post-purchase journeys.

1) RHB MyHome App

The first innovation of its kind in ASEAN, the [RHB MyHome App](#) enables customers to apply for a housing loan online, receive approval-in-principle of their loan applications, submit supporting documents and track their application status. The mobile app doubles up as an educational tool to provide key information such as pricing, financing eligibility and purchase of properties.

2) RHB MyHome Partner

The first website of its kind in the industry, the [RHB MyHome Partner Website](#) is an all-in-one platform designed to ease the moving-in experience for a homebuyer. RHB collaborates with established home solution providers to offer home packages at special prices to existing RHB mortgage customers



**Pillar 2: Embedding
Good Practices**

Corporate Governance

The Board of Directors is guided by the Board Charter, which sets out the roles, duties and responsibilities of the Board. The Board Governance Manual is in place to guide the Board on the following matters:

- Approval Framework on Directors' Expenses
- Boardroom Diversity Policy
- Nomination Framework
- Group Fit and Proper Policy
- Guidelines on Tenure of Non-Executive Directors' Appointment/Re-appointment
- Procedures for Independent Professional Advice
- Procedures on Directors' In-House Orientation & Continuing Education Programme

The Group's key policies, position statements and guidelines that set our stance and guide our responses to matters that are important to our stakeholders are listed. The list is non-exhaustive and will be updated from time to time.

No.	Title	Description
1	Group Code of Ethics & Business Conduct for Directors	The Group places importance of top down compliance culture within the organisation. Directors' adherence to ethical values demonstrates their commitment to responsible leadership and creation of an ethical culture which strengthens the confidence of employees and the public at large.
2	Group Code of Ethics and Business Conduct for Employees	Articulates the high standards of conduct and behaviour that should be adopted by the employees as good ethical business practices.
3	Core Shared Values ("P.R.I.D.E.")	<p>Professional: We are committed to maintaining a high level of proficiency, competency and reliability in all that we do.</p> <p>Respect: We are courteous, humble and we show empathy to everyone through our actions and interactions.</p> <p>Integrity: We are honest, ethical and we uphold a high standard of governance.</p> <p>Dynamic: We are proactive, responsive and forward thinking.</p> <p>Excellence: We will continuously achieve high standards of performance and service deliverables.</p>

No.	Title	Description
4	Group Anti-Bribery & Corruption Policy	The Board is responsible for active oversight to curb acts of bribery and corruption, enhancing existing internal control mechanisms and improving anti-corruption awareness throughout the Group. This ensures RHB Banking Group remains free from the contagion of corruption.
5	Group Corporate Sponsorship & Donation Policy	The processes and procedures for evaluating and granting sponsorship requests received by the Group ensures the prevention of conflict of interest through direct or indirect financial, legal or political affiliation.
6	Fraud Risk Management Policy	The core governing principles for fraud management within the Group include leadership and ethical culture, fraud awareness, detection, reporting and escalation, as well as fraud response with appropriate corrective actions. The Group aims to promote consistent organisational behaviour through the development, implementation, and regular review of fraud prevention, detection and response strategies.
7	Policy on Related Party Transactions ("RPT")	The reporting and review process for RPTs are aligned with the Bursa Malaysia's Listing Requirements, Companies Act 2016 and Capital Markets and Services Act 2007. The guiding principles are to avoid conflicts of interest, promote transparency and accountability in its related party transactions by conducting RPTs on an arm's length basis.
8	Gifts and Hospitality Guidelines	The standards of conduct of giving and acceptance of gifts and hospitality, including business entertainment are designed to help the Group and its employees understand respective parties' obligations in upholding corporate integrity.
9	Group Fit & Proper Policy	The requirements to assess and determine the fitness and propriety of key responsible persons in RHB Banking Group.

No.	Title	Description
10	Group Whistleblowing Policy	<p>A proper mechanism and minimum standards are in place to guide all employees facing concerns over unlawful conducts, unethical occurrences or questionable practices which may adversely affect to a material extent the financial position or reputation of the Group. Furthermore, it helps nurture the culture of accountability, integrity and transparency among employees within the Group.</p> <p>Under the Group Whistleblowing Policy, the Senior Independent Director is tasked as the main point of contact to receive complaints from the stakeholders including whistleblowing reports.</p> <p>In line with the spirit of transparency, RHB Banking Group’s corporate website provides an avenue for staff and external stakeholders to raise their concerns through the Group’s whistleblowing channel. The complaints raised are investigated by the designated recipients with the support from the senior management.</p> <p>There are also other channels and avenues for any stakeholder to escalate reports to regulators and local enforcement agencies such as BNM, SC and the Malaysian Anti-Corruption Commission (“MACC”).</p>

Integrity

As a financial services group, upholding a high level of integrity and ethical standards is critical in the daily management of its business and operations. As part of our commitment to uphold integrity, the Group has established a Group Integrity and Governance Division, which oversees integrity, ethics and corruption matters. The Group Chief Integrity and Governance Officer who reports directly to the Board Audit Committee, is responsible towards ensuring the practice of excellent work culture with strong moral values and ethics amongst the Group’s employees as well as to curb acts of corruption, abuse of power and malpractices from occurring within the Group.

Compliance Culture

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

RHB Banking Group's compliance function, which acts as the second line of defence, comes under the direct oversight of the Board of Directors with the Group Chief Compliance Officer overseeing the compliance risk management of the Group for Malaysia and its overseas operations.

The Group is committed in upholding good governance principles and regulatory compliance. These principles are further outlined in the Group's Compliance Management Framework and Policy which serve as an important guide for the Group and its employees to enable incorporation of compliance best practices throughout the Group's business.

Stakeholder Engagement

We engage our key stakeholder groups through various communication channels. The Board of Directors ensures there is effective, transparent and regular communication with its Shareholders and all other stakeholders, in line with Practice 11.1 of Section A – Disclosure on Malaysian Code on Corporate Governance. This is done through the following methods – general meetings, RHB's corporate website, investor briefing sessions, analysts briefings, media briefings/press releases, timely disclosure via Bursa announcements, of our financial performance as well as any material development within the Group.

Our Strategic Business Segments and Strategic Functional Segments engages with our customers, business partners and vendors on a regular basis and through a structured engagement platform.

We strive to share our progress on sustainability and exchange our views on local and regional sustainable developments as part of our ongoing stakeholder engagement activities. We actively participate and contribute our views and provide feedback at workshops organised by regulators, think tanks and industry associations.

Data Protection & Cybersecurity

Protection of client data and information is paramount in the financial services industry. We are committed to ensuring that our Information Technology (“IT”) and Cyber Security systems and processes are adequate, efficient and effective in protecting the Group’s information assets and client information.

RHB Banking Group is guided by its Group IT Security Framework, Policy & Guidelines as well as Technology Risk Management and Cyber Resilience Framework. These govern our approach to banking secrecy and personal data. We are also guided by an overall Group Risk Management Framework and have appointed a Chief Information Security Officer. External independent auditor are also appointed to conduct annual reviews of our IT processes and systems.

To promote a stronger governance in the management of cybersecurity, the Group’s IT Security Operations, IT Security Risk Management and IT Security Audit are separately operated to facilitate a three (3) Line of Defence structure. Our IT systems have ISO/IEC: 27001 certification, which covers RHB Internet Banking, Mobile Banking, Reflex and Payment System.

Focus Area: People & Workplace

Our people are our most valuable assets and are key in ensuring that the Group remains competitive. The Group continues investing in talent development and leadership competencies as well as reinforcing shared values to boost organisational excellence.

Employee Value Proposition (“EVP”)

Effective employee engagement will help to drive organisational goals and achieve results which leads to increased productivity. Our workplace is built on the following five pillars of our EVP:

	<p>RHB Cares We are a responsible employer that actively responds to and recognises the needs of our stakeholders, and diligently practises transparent communication</p>
	<p>RHB Leads Our visionary leaders are passionate about sponsoring a culture of inclusiveness, aligning all employees with common goals</p>
	<p>RHB Inspires We strive towards a high-performance culture that empowers employees to discover their true potential</p>
	<p>RHB Progresses We offer accelerated growth and progression, with focus on a continuous learning experience coupled with regional mobility for a holistic experience via our comprehensive talent management practices</p>
	<p>RHB Rewards We reward competitively through a robust pay-for-performance policy that is benchmarked against the industry</p>

Diversity and Inclusivity

As a regional financial services provider, diversity and inclusivity are vital to enable us to maintain a dynamic workplace. We know that it is always the little things that make all the difference, so we make sure that every aspect of our work culture provides for a diverse and inclusive workforce.

We are committed to promoting and maintaining a diverse and inclusive workplace across gender, age, ethnicity, religion, differently-abled and nationality.

For this purpose, we are committed towards :

- Providing equal opportunity to a diverse workforce based on skills and expectation to enhance our ecosystem;
- Creating a safe and comfortable working environment which fosters collaboration, co-creation and a supportive employee network;

- Seeking out diverse opinions and feedback to deliver better informed decisions;
- Encouraging open discourse on diversity and being inclusive at the workplace to promote internal engagements and foster a sense of belonging; and
- Recognising cultural differences and special needs of our workforce and effect measurable change to address them.

Together, our journey to create, encourage and support an even more diverse and inclusive culture continues in line with our belief that progress is indeed, for everyone.

Occupational Safety and Health (“OSH”) and Wellness

We are committed to provide a safe and healthy work environment for our employees. The Group has in place the OSH Policy which reaffirms the Group’s commitment to comply with the requirements of the Occupational Safety and Health Act 1994 and other applicable laws and regulations of Malaysia.

The OSH Committee manages the OSH compliance programmes for the Group’s operations in Malaysia. The OSH Committee, comprises the following members:

- Chairman: Group Chief Human Resources Officer
- Secretary: OSH Secretary, Employee Experience
- Employer representatives: Nine (9) representatives from Group Property & Administration Management, RHB Kawal, Business Continuity Management and OSH
- Employee representatives : Nine (9) representatives with a minimum of 6 union representatives (i.e. National Union of Bank Employees (NUBE) and Association of Bank Officers Malaysia (ABOM))

The Group provides an e-OSH reporting system, which facilitates the employees’ accident / incident reporting process and submission of incident reports electronically.

Inspired by RHB Cares, one of the five pillars of the EVP, the RHB Wellness Programme promotes a holistic wellness culture amongst RHBians. The programme aims to increase employee awareness and engagement in health and wellness as well as cultivating a healthy lifestyle among employees.

RHB Wellness Programme			
<p>Relational</p> <ul style="list-style-type: none"> • Occupational • Lifelong learning • Spiritual • Family • Safety 	<p>Emotional</p> <ul style="list-style-type: none"> • Psychological • Mind • Resilience • Intellectual 	<p>Environmental</p> <ul style="list-style-type: none"> • Community • Career • Social • Volunteerism 	<p>Physical</p> <ul style="list-style-type: none"> • Food/nutrition • Body • Sleep health

Focus Area: Environmental Stewardship

The Group focuses on managing its consumption of energy, water and paper as well as implementing efficient internal processes to conserve natural resources. We strive to implement eco-friendly practices within the workplace and improve on our environmental reporting and monitoring processes.

Climate Change

As a regional financial services group, we acknowledge the role we can play in addressing climate change issues, supporting the transition to a low-carbon economy and assisting to meet the targets outlined in the [Paris Agreement](#).

RHB Banking Group's approach to climate change is through the management of our own operational footprint, supporting our customers in the transition to a low carbon economy and seizing opportunities created as a result of climate change. We will continue to enhance our approach to climate change in line with local and regional development as well as the Group's sustainability journey.

Climate-related Disclosure	Description
Governance	We view climate-related matters as evidently being part of sustainability and falls under the purview of the Board of Directors, as part of our Sustainability Governance.
Strategy	We will evaluate the potential impacts of climate-related risks and opportunities on our operations, products and services as well as on our business strategy.
Risk Management	ESG considerations including climate-related risks are progressively integrated into our risk management processes.
Metrics and Targets	We strive to expand our scope of measurement and reporting on Greenhouse Gas (GHG) emission, establish baseline data and targets where applicable.

Environmental Disclosure

We monitor and report on our energy (electricity), water and paper consumption for RHB Centre and RHB Complex Bangi in the Klang Valley, Malaysia. As we move forward, we strive to expand our scope of measurement and reporting to include our branch network and regional operations. This includes streamlining the collection of data and establishing baselines and targets of our environmental footprint at the Group level.

Encouraging an Eco-Friendly Lifestyle

RHB Banking Group aims to encourage an eco-friendly lifestyle and habits amongst employees, which includes awareness communications and progressive implementation of environmental initiatives which support an eco-conscious culture in the workplace.

RHB Banking Group's procurement activities are guided by the Group Procurement Guidelines which ensures dealings with suppliers are conducted with the highest level of transparency, ethical standards and fairness. The Group Procurement Guidelines, Terms & Conditions and Operational Manuals will progressively incorporate selected ESG considerations, with a focus on good corporate governance.

The Group has a robust e-procurement system that ensures responsible procurement practices underpin governance, fairness and transparency.

To uphold the integrity of RHB's supplier relations, potential suppliers / vendors are required to acknowledge and sign the Procurement Code of Integrity and the No Gift Policy/Corruption undertaking prior to the start of the tender process. The code and policy outlines the practice of anti-corruption as well as guidelines to address any misconduct and also justifications for the disqualification of suppliers from the tender process.

Procurement Code of Integrity

- Commitments of the parties
The parties commit to take all measures necessary to prevent corruption in their dealings
- Reporting violations
If any Party obtains knowledge of conduct of the other Party, or of an employee, agent, representative or an associate of that Party which constitutes corruption, or if any Party has substantive suspicion in this regard, that Party will inform the same to the Malaysian Anti-Corruption Commission

Our internal procurement process is managed by the Group Tender Committee which comprises senior management. This Committee oversees the procurement process according to the Group Procurement Guidelines and ensures the following:

- Ethical, fair and transparent procurement processes
- A qualified, responsible and diverse range of suppliers
- Procurement activities are based on open and fair trade
- Suppliers are selected objectively based on quality, cost, delivery and stability of supplies
- Comprehensive evaluation criteria including supply consistency, environmental awareness and compliance with legal and regulatory requirements when selecting new suppliers

The Group supports small, independent suppliers by adopting a decentralised model which allows branches to locally source their own suppliers.⁸ This is part of the Group's effort to support and foster the growth of local, small and medium size businesses.

⁸ In Malaysia's context, local suppliers mean local entities that registered its business in Malaysia.



**Pillar 3: Enriching
& Empowering
Communities**

Focus Area: Community Enrichment

Community Engagement

RHB is committed to creating long-term positive impacts in the community through the Group's community engagement initiatives spearheaded by RHB Foundation ("RHBF"). The Group's initiatives reflect RHB's commitment to giving back to society while ensuring sustainable business growth and enriching the lives of the communities within which we operate.

Our Philosophy

- To carry out sustainable initiatives that deliver benefits and produce positive impacts 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

CR and Foundation Pillars

Pillar	Nurturing Future Generations	Health & Wellness	Community Well-Being
Objective	Nurture and empower children and youth to achieve their full potential	A coordinated approach towards promoting healthy living	Enrich and empower vulnerable members of the community

THE RHB FOUNDATION

[RHB Foundation](#) leads the Group's community engagement and development initiatives, focusing on the underserved and underprivileged members of the community with an emphasis on children and youth.



Focus Area: Financial Education

We continue our pursuit of financial education for children and youth as well as our customers with the intent of empowering them to better manage their financial position and take control of their financial destiny. Reaching out to the underserved will also contribute to a financially strong and secure society and improve the country's socio-economy.

Financial Education among Children and Youth

The Money Ma\$ter Programme ("MMP") is one of our core programmes under the Group's community engagement efforts to reach out to students aged 13 to 19. It is a financial literacy programme aimed at equipping youth with the knowledge, skills and confidence to effectively manage their finances, instilling the importance of savings at a young age.

The MMP which is a 90-minute interactive session, is the only structured financial literacy programme being undertaken by a Banking Group with students, teachers and parents in secondary schools. The sessions cover key topics such as savings tips, opening of accounts, usage of debit cards and awareness on financial scams. Moving forward, we aim to bring financial literacy to colleges and university students in Malaysia and Cambodia.

Financial Education among Customers

RHB Banking Group extends financial education programmes to our customers and aligns our efforts in increasing financial knowledge with the National Strategy for Financial Literacy 2019-2023.

Hinging on our community banking programme, our employees are empowered to become effective business leaders in the community by understanding the needs of the various segments in the community, engaging with them consistently and structurally, as well as successfully penetrating the businesses of the relevant segments.

We organise various educational programmes through the community banking programme to enhance our customers' financial knowledge and help them to make informed financial decisions.



**Sustainability
Governance**

Sustainability Governance


The Board of Directors (“the Board”) of RHB Bank Berhad has the ultimate responsibility for oversight on sustainability. The Board oversees the Group’s sustainability journey and its execution, ensuring accountability and transparency of its ethical and social responsibility footprints. The Board discusses and receives updates on material issues, developments and progress reports on sustainability at least once every six months. For more information on the roles and responsibilities of the Board including on sustainability / ESG integration, please refer to RHB Bank Berhad’s [Board Charter](#).

At the senior management level, the Group Managing Committee (“GMC”) led by the Group Managing Director (“GMD”) has delegated authority by the Board on decision-making and implementation on embedding ESG considerations within the Group’s business and operations and in line with the Group’s corporate strategy.

In driving the Group’s Sustainability Focus Areas, a network of Sustainability Sponsors and Champions comprising members of the senior management have been identified to lead and embed sustainability in their respective business and functional areas.

The Group’s Sustainability Management unit (“SM”) reports to the Group Chief Communications Officer as the champion for RHB Banking Group’s Sustainability Framework. The SM unit provides strategic support and collaborates with Sustainability Sponsors, Sustainability Champions and others across the Group to implement sustainability initiatives. Part of SM’s role and responsibilities include promoting awareness amongst the Group’s employees on the Group’s sustainability initiatives.

Sustainability Governance Structure

Roles & Responsibilities	
<p>Board of Directors</p>	<ul style="list-style-type: none"> • Ensure alignment and integration of sustainability/ESG components into the Group's Strategy • Oversight on the progress of the Group's sustainability journey and execution
<p>GMC <i>Chaired by GMD</i></p>	<ul style="list-style-type: none"> • GMC possesses delegated authority on decision-making and implementation by the Board • The GMD chairs the GMC as it supplements the Board's effort by providing direct initiatives to promote sustainability and incorporate ESG considerations in organisation
<p>Sustainability Management</p>	<ul style="list-style-type: none"> • Provides strategic support in developing and executing RHB's sustainability vision, pillars and sustainability materiality matters • Serves as the "go-to" team on sustainability matters as well as monitors emerging sustainability trends • Formulates, coordinate and communicates on sustainability initiatives to publicise the Group's sustainability effort and promote awareness of initiatives, both internally and externally
<p>Sustainability Champions</p> 	<ul style="list-style-type: none"> • Comprise of identified Sustainability Champions from respective Focus Areas • Responsible for providing input, implementing initiatives for respective Focus Areas and material matters • Driving performance through target setting and measure of KPIs • Engage internal and external stakeholders as well as compilation of Sustainability Report
<p>Strategic Business Groups (SBGs) / Strategic Functional Group (SFGs)</p>	<ul style="list-style-type: none"> • 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 their materiality and initiatives undertaken



**Contribution
to the United
Nations
Sustainable
Development
Goals**

Contributing to the United Nations Sustainable Development Goals

Businesses play an ever-increasing role to address these goals by reducing their negative impact and increasing their positive contribution towards sustainable development. As a financial institution, we are also in a unique position to drive change amongst our stakeholders and for the real economy to contribute towards realising the SDGs.

Priority SDGs

These represent SDGs that the Group actively aims to support and reflects the Group's position, beliefs and aspirations; and are based on the Group's most impactful activities. RHB Banking Group has identified 6 priority SDGs:

- Quality Education (SDG 4)
- Gender Equality (SDG 5)
- Decent Work and Economic Growth (SDG 8)
- Industry, Innovation and Infrastructure (SDG 9)
- Responsible Consumption and Production (SDG 12)
- Climate Action (SDG 13)

Despite the fact that other SDGs were not identified as key focus areas at a Group level, it must be noted that as a financial institution, RHB Banking Group is in a unique position to contribute and create significant impact to the other SDGs through its activities and practices.



SDG	Global SDG Target	RHB – Focus Area / Contribution
SDG 4: Quality Education	4.3 Ensure equal access to affordable and quality technical, vocational and tertiary education	<ul style="list-style-type: none"> • Community Enrichment • People & Workplace
	4.4 Increase the number of youth and adults with relevant skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> • Community Enrichment • People & Workplace
SDG 5: Gender Equality	5.1 End all forms of discrimination against all women and girls	<ul style="list-style-type: none"> • People & Workplace
	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making	<ul style="list-style-type: none"> • People & Workplace
	5.7 Undertake reforms to give women equal rights to economic and natural resources, access to land ownership, financial services, and inheritance	<ul style="list-style-type: none"> • Sustainable Financing • People & Workplace
SDG 8: Decent Work & Economic Growth	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation	<ul style="list-style-type: none"> • Digitalisation
	8.3 Support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-SMEs	<ul style="list-style-type: none"> • Sustainable Financing • Financial Education
	8.5 Achieve full, productive employment, with equal pay for work of equal value for all humans	<ul style="list-style-type: none"> • People & Workplace
	8.6 Reduce the proportion of youth not in employment, education or training	<ul style="list-style-type: none"> • People & Workplace • Community Enrichment
	8.7 Eradicate forced labour, modern slavery, human trafficking and secure the prohibition of the worst forms of child labour	<ul style="list-style-type: none"> • Sustainable Financing • People & Workplace
	8.8 Protect labour rights and ensure safe working environments	<ul style="list-style-type: none"> • People & Workplace
	8.10 Strengthen capacity of domestic financial institutions to provide financial inclusion for all	<ul style="list-style-type: none"> • Sustainable Financing • Customer Centric Banking • Digitalisation • Financial Education

SDG	Global SDG Target	RHB – Focus Area / Contribution
SDG 9: Industry, Innovation & Infrastructure	9.3 Increase the access of small-scale industrial and other enterprises , in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	<ul style="list-style-type: none"> • Sustainable Financing
SDG 12: Responsible Consumption & Production	12.2 Achieve sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> • Environmental Stewardship
	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> • Environmental Stewardship
	12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> • Sustainable Financing • Environmental Stewardship
	12.8 Ensure people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	<ul style="list-style-type: none"> • Sustainable Financing • People & Workplace • Environmental Stewardship • Sustainable Procurement
SDG 13: Climate Action	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	<ul style="list-style-type: none"> • Sustainable Financing • Environmental Stewardship
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	<ul style="list-style-type: none"> • Sustainable Financing • People & Workplace • Environmental Stewardship • Sustainable Procurement



RHB Bank Berhad 19650100373 (6171-M)
Level 10, Tower One, RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: 603 9287 8888 Fax: 603 9281 9314
[facebook.com/RHBGroup](https://www.facebook.com/RHBGroup)
twitter.com/RHBGroup