

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 2488  
**COMPANY NAME** : Alliance Bank Malaysia Berhad  
**FINANCIAL YEAR** : March 31, 2022

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("Board") of the Bank has the overall responsibility of promoting the sustainable growth and financial soundness of the Bank and for ensuring reasonable standards of fair dealing, without undue influence from any party. This includes a consideration of the long-term implications of the Board's decisions on the Bank and its customers, employees and the general public.</p> <p>In discharging its duties and responsibilities, the Board has established a governance structure where Board Committees have been established to support the Board. The delegation of authority is clearly spelt out in the Terms of Reference of the respective Board Committees. As of to-date, the Board has five (5) Board Committees as follows:</p> <ul style="list-style-type: none"><li>• Executive Committee ("EXCO")</li><li>• Group Audit Committee ("Group AC")</li><li>• Group Nomination &amp; Remuneration Committee ("Group NRC")</li><li>• Group Risk Management Committee ("Group RMC")</li><li>• Group Sustainability Committee ("Group SC")</li></ul> <p>The Board sets strategies, approves budget and business plans, reviews and monitors the performance of the Management. In total, the Board met 15 times during the financial year ended 31 March 2022 ("FY2022") where it approved strategies, budget, Group corporate scorecard, business plans and significant policies; reviewed and monitored the Bank's business and financial performance.</p> <p>At the annual Board strategy and budget meeting, the Board, together with the Senior Management, reviewed the Bank's strategy and budget to ensure that it aligns with the Bank's mission, vision, core values and key customer engagement principles.</p>

	<p>The Board through the EXCO provides oversight on the Bank's credit matters and implementation of strategic initiatives.</p> <p>The Board through Group NRC oversees the selection, performance, remuneration and succession plans of the Directors, Group Chief Executive Officer ("Group CEO") and members of the Senior Management team such that the Board is satisfied with the collective competence of Senior Management to effectively lead the operations of the Bank.</p> <p>The Board through Group RMC and Group AC provides oversight on the Bank's risk management and internal control systems. Given the increasing complexity and prevalent use of technology in the provision of financial services, the Board has designated Group RMC as the board-level committee to provide holistic and comprehensive oversight on technology-related matters of the Bank Group.</p> <p>The Board through Group SC provides oversight on setting sustainability strategies, priorities and targets to ensure that the Group's strategies goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.</p> <p>The Board continues to promote, together with Senior Management, a sound corporate culture within the Bank which is "Tone from the Top" to reinforce ethical, prudent and professional behaviour. The Board adopts a zero tolerance stance against any act of bribery and corruption and has put in place an Anti-Bribery and Corruption Policy which outlines the key guiding principles and mitigating controls in place with regards to anti-bribery and corruption.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	: <div></div>

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dato' Ahmad bin Mohd Don is the Independent Chairman of the Bank. He was appointed to the Board on 1 February 2017.</p> <p>Tan Sri Dato' Ahmad provides leadership to the Board and exercises his authority as the Chairman to ensure the effective functioning of the Board. During Board meetings, he ensures that discussion on each agenda item is kept to the point at hand. He also ensures that Management provides the Directors with sufficient and appropriate information on a timely manner for sound and well informed decisions by the Board.</p> <p>Tan Sri Dato' Ahmad promotes a culture of openness and transparency. He encourages healthy discussion among Board members, and ensures Board members freely express their views, including dissenting views and shows respect for the ideas and opinions given by each Board member.</p> <p>Tan Sri Dato' Ahmad takes a long term view on the Bank for a sustainable growth and development. He engages with the Group CEO proactively and is supportive of Senior Management by sharing strategic insights as well as giving constructive feedback to Management to effectively manage the operations of the Bank.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Tan Sri Dato' Ahmad bin Mohd Don is the Chairman while Mr Joel Kornreich is the Group CEO of the Bank.</p> <p>The roles of Tan Sri Dato' Ahmad as Board Chairman and Mr Kornreich as Group CEO are separated, consistent with the principle of good corporate governance to promote accountability and facilitate division of responsibilities between them.</p> <p>Tan Sri Dato' Ahmad, in leading the Board, is responsible for the effective overall functioning of the Board. He maintains a close professional relationship with the Group CEO and his Senior Management team and acts as a mentor as required. He chairs Board meetings as well as general meetings of the Bank and concerns himself with the good order and effectiveness of the Board and its processes.</p> <p>Mr Joel Kornreich as Group CEO, in leading Senior Management, bears the primary responsibility over the day-to-day management of the Bank.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Tan Sri Dato' Ahmad Bin Mohd Don is the Independent Chairman of the Bank and he has been a member of the Group NRC since he was first appointed to the Board on 1 February 2017.</p> <p>Tan Sri Dato' Ahmad has been an effective contributor to the Group NRC with a reflective and thoughtful approach. He would ask Management tough questions on substantive issues and offer considered advice based on sound judgment. With his breadth of experience, Tan Sri Dato' Ahmad is able to provide intelligent and strategic advice on a wide range of issues.</p> <p>The Board is of the view that the value that Tan Sri Dato' Ahmad brings to the Group NRC is greater than any potential self-review risk as to prevent him from being a member of the Group NRC might deprive him from the deliberations and nuances that arise. This may prevent him from become more actively engaged and fully utilise his experience and to make the most informed decision that he would be capable of.</p> <p>As such, the Board will adopt the approach of transitioning to this Practice within 3 years.</p> <p>Tan Sri Dato' Ahmad does not chair any of the Board committees of the Bank and is not a member of other Board committees other than Group NRC.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will adopt the approach of transitioning to Practice 1.4 within 3 years.
<b>Timeframe</b>	:	Within 3 years

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is currently supported by the Group Company Secretary, Mr Lee Wei Yen Simon, who has more than 30 years of experience in corporate secretarial practice. He is a Practicing Secretary registered with Suruhanjaya Syarikat Malaysia and is an Associate of The Malaysian Institute of Chartered Secretaries and Administrators. He holds a Master of Business Administration in Finance from University Putra Malaysia and a Master of Advanced Business Practice from University of South Australia.</p> <p>Mr Simon Lee provides counsel to the Board on governance matters and facilitates effective information flows between the Board, Board Committees and Senior Management. He renders effective support to the Chairman of the Board/Chairmen of Board Committees and Directors in the discharge of their roles and responsibilities; and facilitates effective communication of decisions and policies made by the Board/Board Committees to the Management. He also ensures Board procedures; applicable rules and regulations; and relevant laws are followed and complied with.</p> <p>Mr Simon Lee constantly keeps himself abreast with changes in relevant laws; rules and regulations; and industry development through continuously attending trainings and regular interactions with various stakeholders.</p> <p>The Board assesses the fitness and propriety of Mr Simon Lee annually in accordance with the Group's Policy on Fit and Proper. For FY2022, the Board is satisfied with the performance and support rendered by him as Group Company Secretary.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		



## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board met 15 times during FY2022 to review progress reports on the Bank's business and financial performance including Management's actions and measures in managing the impact of the COVID-19 pandemic, approve budget, strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. All Directors are informed of the scheduled dates of Board meetings before the start of each calendar year. Ad-hoc Board meetings are held to deliberate and consider issues that require the Board's immediate consideration and decision. The Board also meets without presence of Management regularly.</p> <p>All Directors are supplied with information on a timely manner. The agenda for each Board/Board Committee meeting, together with detailed reports and proposal papers are made available on a secured board portal well in advance of the date of meetings to provide sufficient time for the Board members' prior reading.</p> <p>Minutes of Board and Board Committees meetings are circulated to the Board members on a timely manner for their review to ensure that the minutes accurately record the deliberations and decisions of the Board and Board Committees.</p> <p>Senior Management and advisers are invited to attend Board/Board Committees meetings, where necessary, to provide the Board/Board Committees with detailed explanations and clarifications on proposals tabled to enable the Board/Board Committees to make informed decisions.</p> <p>The Board may also at any time interact directly with, or request further explanation, information or updates on any aspect of the Bank's operations or business concerns from the Management.</p> <p>The Board may have access to independent advisers when it sees a need. If it became appropriate for a Director to obtain external professional advice, separate from advice obtained on behalf of the Bank, this would be arranged in consultation with the Chairman and the advice so obtained would ordinarily be provided to all Directors.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has a Board Charter that sets out the mandates, responsibilities and procedures of the Board and Board Committees including matters reserved for the Board's decision.</p> <p>The Board has established Board Committees to assist and complement the Board in the execution of its responsibilities. These Board Committees operate within clearly defined roles and responsibilities as set out in the terms of reference of each of the committees. The Board Committees review and assess the adequacy of their respective terms of reference every two (2) years, or as and when necessary. Any proposed changes to the terms of reference of the Board Committees are subject to the approval of the Board.</p> <p>The Board's approach is that major policy decisions are matters for the Board as a whole. The matters reserved for the Board's decision include, among others, key proposals/issues related to strategy and management, structure and capital, financial reporting and controls, communication with shareholders and on regulatory issues, Board membership and other appointments, remuneration and delegation of authority.</p> <p>The roles of the Chairman, Senior Independent Director, Non-Executive Directors and Group CEO are clearly identified and set out in the Board Charter.</p> <p>The Board Charter is reviewed by the Board every two (2) years, or as and when necessary, with the last revision being made on 25 November 2021.</p> <p>The Board Charter is published on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank has a Code of Conduct that sets out the principles and standards of business and ethical conduct required to be observed by the Directors and the employees individually in order to promote and uphold the highest standard of professionalism and exemplary code of conduct at all times.</p> <p>Core areas of conduct set out in the Code of Conduct include, among others:</p> <ul style="list-style-type: none"><li>(a) compliance with laws, regulations, internal policies and procedures;</li><li>(b) avoidance of conflict of interest;</li><li>(c) misuse of position;</li><li>(d) misuse of information and insider trading;</li><li>(e) reject bribery and corruption;</li><li>(f) respect customer confidentiality and data privacy; and</li><li>(g) stay alert to money laundering, terrorism and fraud.</li></ul> <p>To underscore the importance of adherence to and observance of the Bank's Code of Conduct, our employees refresh their knowledge and understanding of the Code of Conduct by way of e-learning annually.</p> <p>The Code of Conduct is published on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p> <p>The Directors also adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia and the Group's Conflict of Interest Policy for Directors.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Bank's strive for sustained ethical business practices, the Bank has put in place a Whistleblower Policy that is designed to provide a platform for employees to report instances of unethical behaviour, abuse, actual or suspected fraud, harassment, discrimination, misappropriation of assets, bribery or other misconduct or illegal activities within Alliance Bank.</p> <p>The Whistleblower Policy is also an avenue for employees to raise concerns in relation to specific issues that are in the interest of integrity and justice.</p> <p>Employees who utilise the whistleblower platform are ensured of anonymity (if applicable) and are protected against work related retaliation to a certain extent, when the concerns are raised in good faith.</p> <p>In addition to the internal reporting channels, employees could also direct their whistleblower complaints to external regulators and/or law enforcement agencies such as Bank Negara Malaysia ("BNM") and Securities Commission Malaysia.</p> <p>The Chairman of the Group NRC, who is an Independent Director, is the designated person appointed to be responsible for the effective implementation of the Whistleblower Policy. The Group NRC also has regular oversight of the whistleblower complaints and investigation carried out.</p> <p>Together with the Chairman of the Group NRC, the Chairman of the Board, Chairman of the Group AC, and the Group CEO are also involved in the whistleblower processes. The Bank Board and the Board of the respective principal subsidiaries are informed of any relevant whistleblower investigation/findings.</p> <p>The Bank is also committed to ensuring that third parties are provided with an avenue to raise complaints as whistleblowers. To this end, the "ALLIANCE Speak up", being a whistleblower channel for third parties,</p>

	has been made available for public viewing and information through the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a> .	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the key roles of the Board is to promote sustainability through appropriate environmental, social and governance ("ESG") considerations in the Bank's business strategies.</p> <p>In this respect, the Board has set up a Group Sustainability Committee ("Group SC") on 1 July 2021, comprising three (3) members, all of whom are Independent Directors of the Group to support the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.</p> <p>At management level, a Sustainability Steering Committee ("SSC") comprising Senior Management staff and chaired by Group CEO was established to drive the Group's sustainability efforts and climate agenda in line with the Group's sustainability strategies.</p> <p>The SSC is supported by the Group Sustainability team (led by a Head of Sustainability), and 5 key sustainability work streams comprising cross-functional team members, to :</p> <ul style="list-style-type: none"><li>• Improve ESG Profile</li><li>• Enhance Risk Management Infrastructure</li><li>• Improve own ESG practices</li><li>• Improve capability and engagement</li><li>• Enhance disclosure and communications</li></ul>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Bank's sustainability purpose is to help business owners adopt ESG practices in a way that creates value for the business, the community and environment in which they operate. We aim to create a meaningful impact on sustainability in collaboration with our people and our community.</p> <p>Our topline goals by financial year ending 31 March 2026 are to have RM5 billion sustainable banking business, provide and assist our customers transition towards sustainable business practices, and reduce the Bank's carbon emissions.</p> <p>Our sustainability strategies, targets, initiatives and statuses are updated to the following stakeholders per the respective modalities and frequencies:</p> <ul style="list-style-type: none"> <li>• Shareholders → Annual General Meeting, Annual Reports (annually beginning 2022 Annual Report)</li> <li>• Investor/analyst community → Analysts briefing (quarterly), ESG Day (annually), Sustainability microsite (24/7 availability), and via responses to specific information requests (ad-hoc)</li> <li>• Regulators → briefings (ad-hoc)</li> <li>• Public → Sustainability microsite (24/7 availability), various mediums based on sustainability communications plan (according to plan timeline)</li> </ul> <p>Internally, we have employees communication programmes to create employee understanding and awareness, such as Group Chief Executive</p>

	<p>Officer vlog/Blog, Quarterly Business Updates, Quarterly Huddles, Staff Communications/ videos and Sustainability Microsite.</p> <p>To complement the communication efforts with our employees, and to drive buy in/ participation into the sustainability agenda, activities such as staff quizzes, virtual Treasure Hunt, Cross functional Sustainability Challenge are organized. Employees are also encouraged to join as volunteers as project for sustainability projects and other sustainability related initiatives.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>For Board members to have a better understanding and knowledge of sustainability issues that are relevant to the Bank and its business, an in-house programme for the Board was held in November 2021 for an external consultant to give the Board an overview of the current landscape and business case for ESG and sustainable finance, regulatory expectations, integrating risk, strategy and product development in this area and the roles and responsibility of the Board in the area of sustainability.</p> <p>The Group SC, which was set up by the Board in July 2021 to promote sustainability through appropriate ESG considerations in the Bank's business strategies, assists the Board in executing its role. The Group RMC also complements the Group SC in assisting the Board in the assessment and management of sustainability risk of the Bank.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>At Board level</u></p> <p>In the FY2022 Board Effectiveness Evaluation exercise of the Bank which was facilitated by an external consultant, KPMG Management &amp; Risk Consulting Sdn Bhd, Directors were assessed, among others, on the following in relation to Sustainability :</p> <ul style="list-style-type: none"><li>• Their skills and knowledge for the integration of ESG factors to bring about sustainable financing and sustainable development outcomes, including mitigating and adapting to the adverse effects of climate change.</li><li>• The ability of Group SC in distilling sustainability-related risks facing the Group which have a material bearing to the businesses and strategies which includes a clear understanding of the time-horizons of sustainability-related risks.</li><li>• The ability of Group SC members to articulate and exercise robust deliberations of the Groups ESG taxonomy.</li><li>• The extent to which the Group SC members enrich and enhance their understanding and knowledge surrounding emerging sustainability issues in the financial services industry by attending supplemental trainings and educational forums.</li><li>• In terms of monitoring Sustainability KPIs and their implementation, whether the Group SC is able to monitor key ESG markers and bring “data to life”.</li></ul> <p><u>At Senior Management level</u></p> <p>From FY2022, the balanced scorecard of Senior Management includes ESG-related KPIs on financing, investment, policy, carbon footprint and helping customers make the transition to ESG compliance.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	<p>Given the focus and intensity in the sustainability agenda, a Group SC comprising three (3) Independent Directors and Sustainability Steering Committee comprising the Group CEO and Management Committee (“ManCo”) members were established to provide oversight and to lead the sustainability agenda respectively.</p> <p>A Head of Sustainability was appointed on 24 June 2022.</p> <p>Before the appointment of the Head of Sustainability on 24 June 2022, the CEO of Alliance Islamic Bank Berhad together with the Group Chief Risk Officer and other ManCo members, have, in the interim provided leadership on the Group Sustainability efforts. These efforts have included:</p> <ul style="list-style-type: none"><li>○ The development of the Group Sustainability Strategy Framework</li><li>○ The rollout of the 5 sustainability work stream deliverables :<ul style="list-style-type: none"><li>▪ Solar panel financing programs for consumers and businesses</li><li>▪ Sustainability Assistance Program for SMEs</li><li>▪ ESG screener and ESG Risk Acceptance Criteria (“RACs”)</li><li>▪ Greenhouse Gas (“GHG”) Reduction Plan</li><li>▪ Sustainability training and development for Board, ManCo, and targeted subject matter experts</li><li>▪ Enhanced sustainability disclosures</li></ul></li></ul>

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC is responsible for assessing the appointment of new Directors, re-appointment of existing Directors and annual re-election of Directors.</p> <p>The Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Directors. The Group Board Succession Plan comprises the guiding principles for effective succession planning as well as the procedures in ensuring a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board.</p> <p>Group NRC takes into account the strategic directions of the Group when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointments, the Group NRC considers the diversity of skills, knowledge and experience, as well as the gender of the candidates.</p> <p>The Group NRC also assesses all Directors' performance and contribution to the Board annually to ensure that they continue to be fit and proper.</p> <p>The Bank has adopted a policy which limits the tenure of its Independent Directors to nine (9) years, and Non-Independent Non-Executive Directors to twelve (12) years. As at the date of this Report, none of the Bank's Independent Directors and Non-Independent Non-Executive Directors has served for a cumulative period of more than nine (9) years and twelve (12) years in the Group, respectively.</p> <p>The Group NRC ensures that the composition of the Board is refreshed periodically to bring in new skills and perspective to the Boardroom. During FY2022, a new Director Mr. Wong Yuen Weng Ernest was appointed in place of Mr Ho Hon Cheong who retired upon conclusion of the Bank's 39th Annual General Meeting held on 25 August 2021.</p>



	<p>The Group NRC also reviews and evaluates the tenure, performance and contribution of each Director, including those retiring at the Annual General Meeting prior to making any recommendations to the Board and shareholders for their re-election.</p> <p>At the forthcoming 40th Annual General Meeting of the Bank to be held on 4 August 2022, the following Directors are subject to retirement in accordance with the Bank's Constitution :</p> <ol style="list-style-type: none"> <li>1) Tan Sri Dato' Ahmad bin Mohd Don</li> <li>2) Datuk Wan Azhar bin Wan Ahmad</li> <li>3) Lee Ah Boon</li> <li>4) Wong Yuen Weng Ernest</li> </ol> <p>The Group NRC, having reviewed their performance and contribution, was satisfied that each of the above retiring Directors, has performed and contributed to the effectiveness of the Board as a whole.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently has nine (9) members, comprising entirely Non-Executive Directors, seven (7) of whom are Independent Directors.</p> <p>The presence of a majority of Independent Directors on the Board provides the necessary check and balance to ensure that the interests of all stakeholders and the general public are given due consideration in the Board’s decision-making process.</p> <p>The Independent Directors are not involved in the day-to-day management of the Bank nor participate in any of the Bank’s business dealings to remain free of any conflict of interest in undertaking their roles and responsibilities as Independent Directors effectively.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	:  The Board has adopted a policy which limits the tenure of its Independent Directors to nine (9) years.  The Board Charter does not allow any Independent Director to continue serving on the Board as an Independent Director upon completion of the 9-year term.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC supports the Board in the following matters concerning Directors, Shariah Committee members, members of Senior Management and the Company Secretary:</p> <ul style="list-style-type: none"><li>i. Appointment and removals;</li><li>ii. Composition of the Board;</li><li>iii. Performance evaluation and development; and</li><li>iv. Fit and proper assessments</li></ul> <p>It takes into account the strategic directions of the Group when evaluating candidates to fill any Board vacancy. In assessing candidates for new Board appointment, the Group NRC looks for diversity of skills, knowledge, experience and gender of the candidates. To ensure a candidate has the character, experience, integrity and competency to effectively discharge his/her role as a Director, the Group NRC also assesses the candidates on the following criteria:</p> <ul style="list-style-type: none"><li>(a) Not be disqualified under section 59(1) of the Financial Services Act 2013;</li><li>(b) Comply with the fit and proper requirements of the Bank;</li><li>(c) Not have any competing time commitments that impair his/her ability to discharge his/her duties effectively;</li><li>(d) Not be an active politician;</li><li>(e) Not be a partner of a firm which has been appointed as the external auditors of the Bank or any of the firm's officers directly involved in the engagement until at least three (3) years after:<ul style="list-style-type: none"><li>(i) he/she ceases to be an officer or partner of that firm; or</li><li>(ii) the firm last served as an auditor of the Bank; and</li></ul></li><li>(f) Preferably at a minimum, holds a degree qualification and/or other equivalent qualification(s) and with at least five (5) years in senior managerial position.</li></ul>

	<p>The Group NRC is also guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Directors.</p> <p>To ensure that Directors have the time to focus and be effective Board members, the number of listed Boards that a Director of the Bank can sit on is limited to 5.</p> <p>Despite the above, the Directors are expected to know the extent of their commitments and they must be prepared to devote sufficient time to the affairs of the Bank.</p> <p>Directors' time commitment to devote the required time to serve the Board, including a Directors' other board positions, is one of the criteria for their re-appointment to the Board.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC is guided by the Group Board Succession Plan and the Board Gender Diversity Policy in identifying potential candidates for nomination as Director.</p> <p>In accordance with the Group Board Succession Plan, other than relying on recommendations of potential board candidates from existing Directors, officers and major shareholders, the Group NRC also procures suitably qualified candidates for board appointments from external independent sources such as the Directors Register maintained by FIDE Forum and other leadership development and consulting organisations.</p> <p>During the FY2022, the Board has appointed Mr. Wong Yuen Weng Ernest as a Non-Independent Non-Executive Director on 1 September 2021 to fill the Non-Independent Non-Executive Director position vacated by Mr. Ho Hon Cheong from his retirement upon the conclusion of the last Annual General Meeting held on 25 August 2021.</p> <p>Mr. Wong was nominated by the Bank's major shareholder, Fullerton Financial Holdings Pte Ltd ("FFH") to represent their interest on the Board. He is currently the Chairman of FFH.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Shareholders are kept informed of the changes to the Board through the Bank's announcements to Bursa Malaysia. The Directors' details are also made available on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>.</p> <p>The following Directors will be standing for re-election at the forthcoming 40th Annual General Meeting of the Bank to be held on 4 August 2022:</p> <ol style="list-style-type: none"><li>1) Tan Sri Dato' Ahmad bin Mohd Don</li><li>2) Datuk Wan Azhar bin Wan Ahmad</li><li>3) Lee Ah Boon</li><li>4) Wong Yuen Weng Ernest</li></ol> <p>Based on the Board Evaluation Exercise for FY2022 facilitated by an external consultant, KPMG Management &amp; Risk Consulting Sdn Bhd, the Board was satisfied with each of the above Directors' performance and contribution, and the Board recommends and supports their re-election at the forthcoming 40th Annual General Meeting to be held on 4 August 2022.</p> <p>The details of Directors standing for re-election at the forthcoming 40<sup>th</sup> Annual General Meeting are included in the notes accompanying the notice of the Annual General Meeting.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group NRC is chaired by Ms Susan Yuen Su Min, an Independent Director of the Bank.</p> <p>As chair of the Group NRC, her role includes the following :</p> <ul style="list-style-type: none"> <li>• lead the succession planning and appointment of Directors, and oversee the development of a diverse pipeline for Board and Management succession, including the future Chairman and CEO; and</li> <li>• lead the annual review of board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board are independently assessed.</li> </ul>
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	As at the date of this report, the Board has two (2) female Directors making up 22% women of the Board. The Board will continue in its endeavour to meet the gender diversity target of 30% women's participation.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Group NRC has identified a suitable woman candidate for appointment to the Board to meet the 30% target, pending her availability which is expected by end of the year 2022 and subject to regulatory approval.
<b>Timeframe</b>	:	Within 3 years

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a Board Gender Diversity Policy that calls for women candidates to be given priority consideration in the selection and recruitment process of identifying suitable candidates. This is to ensure that the Bank's gender diversity target of having women representing 30% on the Board is achieved.</p> <p>The Board Gender Diversity Policy is disclosed in the Corporate Governance Overview Statement of the 2022 Annual Report.</p> <p>In respect of employees, the Bank is committed to equipping its people with the right skills, knowledge and tools to perform their roles effectively. We advocate open and transparent communication and promote a strong culture of appreciation at the workplace. To maintain a highly productive workplace, we encourage a healthy work-life balance and foster continuous learning in our employees.</p> <p>A diverse workforce equipped with different skill sets and experiences is important to help achieve the Bank's business goals. Diversity and equal opportunities in a workforce promote creativity and stronger relationships among employees.</p> <p>We promote mutual respect for our employees and applicants alike. We hire and promote based on merit and assess all candidates fairly. Employees are evaluated based on behavioural and professional criteria for career progression. A diverse committee of senior management decides on promotions and monetary compensation. We adopt a stance of Equal Opportunity Employer, and recruitment is conducted in a fair and just manner regardless of nationality, race, religion, gender, age, sexual orientation and disability.</p> <p>In pursuit of diverse and equal gender participation, over 60% of our workforce are women, of which about 79% hold management positions (Senior Executives and above) while 18% are part of Senior Management (Senior Vice President and above).</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board has adopted a policy in the Board Charter that calls for the Bank to engage external consultants at least every three years to assist in and lend objectivity to the annual board evaluations.</p> <p>For FY2022, the Board engaged an external consultant, KPMG Management &amp; Risk Consulting Sdn Bhd (“KPMG MRC”) to conduct the Annual Board Effectiveness Evaluation (“BEE”) exercise.</p> <p>There were four (4) phases in the BEE exercise for FY2022 as follows :</p> <p>Phase 1 : Assessment Questionnaire</p> <ul style="list-style-type: none"><li>• Questionnaires were circulated by KPMG MRC to Directors for evaluation of the Boards, Board Committees, and individual Directors.</li><li>• Directors returned the duly completed questionnaires to KPMG MRC.</li></ul> <p>Phase 2 : Interview Sessions</p> <ul style="list-style-type: none"><li>• All Board members and selected Senior Management personnel were interviewed by KPMG MRC.</li></ul> <p>Phase 3 : Document Review</p> <ul style="list-style-type: none"><li>• Selected documents were reviewed by KPMG MRC to identify focus areas and corroborate preliminary observations.</li></ul>

	<p>Phase 4 : Final Reporting and Presentation</p> <ul style="list-style-type: none"> <li>The Board Chairman and Group NRC Chairman were briefed by KPMG before the Report was presented to the Group NRC and the Board respectively.</li> </ul> <p>Findings from the BEE exercise for FY2022 show that the Board is governed by a clear-cut, pragmatic and effective group governance framework and that Board deliberations are conducted with a high level of rigour, professionalism and candour. In terms of the Board skill set mix, the Board is made up of highly skilled and experienced individuals from the respective areas of banking, finance, accounting, professional services, and IT consulting.</p> <p>The suggested actions to be taken are mainly on process improvement and will not influence the Board composition.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Directors' Remuneration</b></p> <p>The objective of the Group's Policy on Directors' remuneration is to attract and retain Directors needed to steer the Bank towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole and that it is linked to their roles and responsibilities.</p> <p>All Non-Executive Directors are paid fixed annual director/Board committee fees and sitting allowance for each meeting attended. In addition, Non-Executive Directors also receive other benefits including outpatient medical reimbursement, Group Hospitalisation &amp; Surgical coverage and Directors &amp; Officers Liability Insurance coverage, provided that such Director has not acted negligently, fraudulently or dishonestly, or is in breach of his/her duty of trust.</p> <p>During FY2022, the remuneration of the Non-Executive Directors was reviewed by the Board with the advice from an external independent consultant, Willis Tower Watson. The proposed revised fee structure of the Non-Executive Directors will be tabled to the shareholders of the Bank for approval at the forthcoming Annual General Meeting ("AGM") to be held on 4 August 2022.</p> <p><b>Senior Management</b></p> <p>The Bank has established a Remuneration Policy that governs the design and management of remuneration for employees. The Remuneration Policy is elaborated in Section B of this Corporate Governance Report.</p> <p>The Remuneration Policy is reviewed and endorsed by the Group NRC and approved by the Board on a periodic basis and whenever material</p>



	<p>changes are required. The Remuneration Policy review included input from the Risk and Control functions.</p> <p>The Group NRC and Board also approve the Bank's risk adjusted performance bonus pool, utilisation of the provision for annual salary increments and any long-term incentives.</p> <p>The Remuneration Policy of Non-Executive Directors and Summary of the Bank Remuneration Policy are available on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a></p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	One of the objectives of the Group NRC established by the Board is to support the Board in actively overseeing the design and operation of the Bank's remuneration system; and to periodically review the remuneration of Directors on the Board, particularly on whether remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.  The Terms of Reference of the Group NRC are disclosed on the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Ahmad bin Mohd Don	Independent Director	285	50	Input info here	Input info here	29	Input info here	364	285	50	Input info here	Input info here	29	Input info here	364
2	Lee Boon Huat	Independent Director	205	72	Input info here	Input info here	-	277	Input info here	205	72	Input info here	Input info here	-	Input info here	277
3	Lee Ah Boon	Non-Executive Non-Independent Director	200	74	Input info here	Input info here	-	274	Input info here	380	95	Input info here	Input info here	-	Input info here	475
4	Datuk Wan Azhar bin Wan Ahmad	Independent Director	225	86	Input info here	Input info here	-	311	Input info here	405	109	Input info here	Input info here	-	Input info here	514
5	Tan Chian Khong	Independent Director	205	62	Input info here	Input info here	-	267	Input info here	205	62	Input info here	Input info here	-	Input info here	267
6	Susan Yuen Su Min	Independent Director	208	57	Input info here	Input info here	-	265	Input info here	208	57	Input info here	Input info here	-	Input info here	265
7	Lum Piew	Independent Director	155	54	Input info here	Input info here	-	209	Input info here	155	54	Input info here	Input info here	-	Input info here	209
8	Cheryl Khor Hui Peng	Independent Director	155	33	Input info here	Input info here	-	188	Input info here	155	33	Input info here	Input info here	-	Input info here	188
9	Wong Yuen Weng Ernest	Non-Executive Non-Independent Director	113	26	Input info here	Input info here	-	139	Input info here	113	26	Input info here	Input info here	-	Input info here	139
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board is of the opinion that such disclosure would not be to the Bank’s advantage in view of the competitive market for talents in the financial industry.	
		As an alternative to the recommended disclosures, the remuneration of key management personnel i.e. the Group CEO and CEOs of subsidiaries are disclosed on a named basis in the Audited Financial Statements of the Bank for FY2022. Senior Management’s remuneration is disclosed on a group basis in Section B of this Corporate Governance Report.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will closely observe the market practice on such disclosures for future consideration.	
Timeframe	:	Others	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of Group AC is not the Chairman of the Bank Board.  Mr Tan Chian Khong is the Chairman of Group AC while Tan Sri Dato' Ahmad bin Mohd Don is the Chairman of the Board and that he is not a member of the GAC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Terms of Reference of the Group AC sets out, among others, that any former key audit partner of the External Auditors shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Group AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group AC is guided by the Policy on Appointment/ Re-Appointment of External Auditors for Audit and Non-Audit Services and the External Auditors Suitability &amp; Independence Assessment Policy in its assessment on the suitability, objectivity, performance, and independence of the External Auditors. These policies have been drawn up with reference to BNM Policy Document on External Auditor.</p> <p>In accordance with the aforesaid policies, the Group AC reviews and assesses the External Auditors' performance, independence and objectivity based on the following factors on an annual basis: -</p> <ul style="list-style-type: none"><li>(a) Qualification criteria;</li><li>(b) Level of knowledge, capabilities, experience and quality of previous work;</li><li>(c) Level of engagement with Board and Group AC;</li><li>(d) Ability to provide constructive observations, implications and recommendations in areas which require improvements;</li><li>(e) Appropriateness of audit approach and the effectiveness of audit planning;</li><li>(f) Ability to perform the audit work within the agreed duration given;</li><li>(g) Independence, objectivity and professional scepticism;</li><li>(h) Ability to demonstrate unbiased stance when interpreting the standards/policies adopted by the Bank; and</li><li>(i) Rotation of audit partners every five (5) years which complies with the Group's internal policy.</li></ul>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Group AC comprises entirely Independent Directors.</p> <p>The members, the Group AC are as follows:</p> <ol style="list-style-type: none"><li>1. Tan Chian Khong - Chairman / Independent Director</li><li>2. Datuk Wan Azhar bin Wan Ahmad – Member /Independent Director</li><li>3. Cheryl Khor Hui Peng – Member /Independent Director</li></ol>

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group AC is led by Mr Tan Chian Khong, who was appointed as Chairman of the Group AC on 19 August 2020. He is a Fellow of the Institute of Singapore Chartered Accountants and of CPA Australia and a Member of the American Institute of Certified Public Accountants with 35 years of experience in the audit industry.</p> <p>Collectively, all the Group AC members have experience and skills in the areas of banking, finance, economic and accounting which have equipped them with the capability to discharge their functions as set out in the Terms of Reference of the Group AC.</p> <p>The Group AC members have attended continuous professional development programmes to keep themselves abreast of relevant developments in the financial services industry, including accounting and auditing standards, practices and rules during FY2022.</p> <p>For detailed trainings attended by the Group AC members, please refer to Section B of this Corporate Governance Report.</p> <p>The Group AC also receives regular updates from Management and External Auditors on new/revised financial reporting standards as well as development in law and regulations affecting the financial services industry.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has an overall responsibility in maintaining a system of internal controls covering not only financial controls but also controls relating to risk management. However, such system can only provide reasonable but not absolute assurance against the risk of material financial/management information misstatements, fraud or financial losses from occurring. The rationale of the system of internal controls is to enable the Bank to achieve its corporate objectives within an acceptable risk profile and it is not expected to totally avoid or eliminate all the risks but is aimed at minimising and managing the risks.</p> <p>On-going reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls.</p> <p>The Group AC provides an independent oversight of the internal control system of the Bank. In this regard, all findings on control issues raised by the Internal Auditors, External Auditors and Bank Negara Malaysia and the agreed recommendations to enhance the control system are highlighted to the Group AC for monitoring until fully implemented.</p> <p>To ensure that a sound system of internal control is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system which includes:</p> <ul style="list-style-type: none"><li>• Regular and comprehensive management reports are made available to the Board on a regular basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;</li><li>• Clearly defined delegation of responsibilities to Committees of the Board and to Management including organisation structures and appropriate authority levels;</li><li>• An operational risk management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;</li></ul>

	<ul style="list-style-type: none"> <li>• A Shariah Compliance Framework which governs the operations of AIS and outlines the roles of key functionalities within AIS, including but not limited to the Shariah risk management process;</li> <li>• An Information Technology Risk Management Framework and Data Management Policies and controls to manage information and cyber risks; supported by a Business Continuity Management Framework for contingencies;</li> <li>• Regular update of internal policies and procedures to reflect changing risks profiles or resolve operational deficiencies; and</li> <li>• Regular review of the business processes by the Group Internal Audit to assess the effectiveness of the control environment and highlight significant risks impacting the Group.</li> <li>• Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and</li> <li>• Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.</li> </ul> <p>Further details on the Bank's risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control and Risk Management Report in the 2022 Annual Report.</p>
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The Board has assessed the adequacy and effectiveness of the risk management and internal control system of the Bank, and is of the view that it is operating adequately and effectively, in all material aspects. The risk management framework and system of internal controls are disclosed in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2022 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established a Group RMC comprising a majority of Independent Directors.</p> <p>The Group RMC oversees the Senior Management's activities in managing (which cover, among others, credit, market, liquidity, operational, compliance, legal, IT/Cyber, sustainability and other risks). as well as ensures compliance with regulations. This includes ensuring a sound risk strategy and that the risk management framework is in place and functioning effectively according to its purpose. It also actively promotes a consistent compliance; and a risk awareness and management culture within the Group. Its oversight role includes deliberating and approving risk and compliance strategies, policies and methodologies, as well as related matters.</p> <p>Its primary roles and responsibilities include:</p> <ul style="list-style-type: none"><li>• Reviewing risk management strategies, policies and risk tolerance.</li><li>• Reviewing and assessing adequacy of risk management policies and framework as well as Information Technology (IT) policies and procedures in identifying, measuring, evaluating, monitoring and controlling the extent to which these are operating effectively, prudently and in compliance with all regulatory guidelines.</li><li>• Ensuring that infrastructure, resources and systems are in place for risk management and compliance functions, and that the staff responsible for implementing risk management and compliance functions perform those duties independently of the Bank's risk taking activities.</li><li>• Reviewing management's periodic reports on risk exposure, risk portfolio composition and risk management activities to ensure that the risk reports facilitate understanding and the determination of appropriate risk responses.</li><li>• Ensuring that the effectiveness of the Group's overall management of compliance risk is evaluated at least annually, and that adequate time and priority is provided in the agenda to deliberate on compliance issues to ensure that such issues are resolved effectively and expeditiously.</li></ul>

	<ul style="list-style-type: none"> <li>• Supporting the Board in meeting the expectations on risk management as set out in BNM's policy document on Risk Governance, Compliance and Technology Risk.</li> <li>• Assisting the implementation of a sound remuneration system, examine whether incentives provided by the remuneration system take into consideration risks, capital, liquidity and the likelihood and timing of earnings, without prejudice to the tasks of Group NRC.</li> </ul> <p>The Group RMC is also responsible for overseeing technology-related matters, which include the following responsibilities among other things:</p> <ul style="list-style-type: none"> <li>• Formulating the long term strategic IT plan and ensure the IT strategic plan supports the Group's strategic business plan.</li> <li>• Approving and monitoring the performance of major IT initiatives and plans.</li> <li>• Ensuring the establishment of key performance indicators and service level agreements in measuring the performance of IT services delivered or received.</li> </ul>
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### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The purpose, authority, scope, independence and responsibilities of Group Internal Audit ("GIA") function is provided in the Internal Audit Charter, which is approved by the Group AC.</p> <p>The Group Chief Internal Auditor ("GCIA") reports functionally to the Group AC and administratively to the Group CEO.</p> <p>To ensure independence and effectiveness of the GIA, the Group AC is empowered under its Terms of Reference to:</p> <ul style="list-style-type: none"><li>• Oversee the Internal Audit function and ensure compliance with requirements of regulators;</li><li>• Review internal audit reports and ensure that appropriate actions are taken by Senior Management in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit;</li><li>• Appoint, set compensation, evaluate performance and decide on the transfer and dismissal of the GCIA;</li><li>• Ensure the compensation scheme of the internal auditors is consistent with the objectives and the demands of the internal audit function;</li><li>• Note any significant disagreements between the GCIA and the rest of the Senior Management irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;</li><li>• Ensure the internal audit function is effective by establishing a mechanism to assess its performance and effectiveness; and</li><li>• Be able to convene meetings with the internal auditors, excluding the attendance of other Directors and employees of the Bank and its subsidiaries.</li></ul> <p>The Group AC also reviews and approves GIA's annual audit plan.</p> <p>Details of the Group AC's oversight over the GIA function are disclosed in the Group AC Report in the 2022 Annual Report.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><u>Independence of Group Internal Audit Personnel</u></p> <p>Group Internal Audit (GIA) is an independent appraisal function set up by the Board to objectively examine and evaluate the Bank's activities; and make recommendations to improve the effectiveness of the risk management and governance processes, internal control &amp; compliance framework and information systems.</p> <p>The GIA function is guided by the Internal Audit Charter, which sets out its purpose, authority, scope, independence and responsibilities. The Internal Audit Charter is endorsed by the Group AC and approved by the Board.</p> <p>To maintain objectivity and independence, the Group Chief Internal Auditor ("GCI") is responsible to the Group AC and Board. The appointment, remuneration, performance appraisal, transfer and dismissal of the GCI are to be decided by the Group AC. GIA personnel do not have any authority or responsibility for the activities they audit. They are required to report to the GCI any situation in which a conflict of interest or bias is present or may reasonably be inferred. Assignments are allocated so that potential and actual conflicts and bias are avoided. In addition, annual declaration of conflict of interest is obtained from all internal auditors to confirm that they have not provided any audit services which would result in actual or perceived conflict(s) of interest.</p> <p><u>Group Internal Audit Resources</u></p> <p>GIA currently has thirty-three (33) audit personnel.</p> <p><u>Group Chief Internal Auditor</u></p> <p>The GIA function is currently headed by Ms Shamita Atputharaja, the GCI. Shamita took over this role in January 2022. She has more than twenty (20) years of external and internal audit experience. Shamita is an Association of Chartered Certified Accountants ("ACCA") (UK) qualified accountant, a Chartered Accountant with the Malaysian Institute of Accountants and a Chartered Banker with the Asian Institute</p>



	<p>of Chartered Bankers (“AICB”) and the Chartered Banker Institute (UK). Shamita has also completed the Certificate in Internal Auditing for Financial Institutions (“CIAFIN”) and Certification For Bank Auditors (“CBA”) from the AICB.</p> <p><u>Internal Audit Framework</u></p> <p>GIA’s processes and activities are governed by policies established by the Group AC and regulatory guidelines as well as the International Standards for the Professional Practices Framework (Standards) issued by the Institute of Internal Auditors (“IIA”) Malaysia.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges the importance of regular communication with its stakeholders. In addition to timely and comprehensive announcements, the Board endeavours to maintain constant and effective communication through the following platforms amongst others:</p> <p><u>General Meetings</u> The Board regards the Annual General Meeting ("AGM")/Extraordinary General Meeting ("EGM") as an opportunity to communicate directly with shareholders and encourages shareholders' attendance and participation. Shareholders who are unable to attend the AGM/EGM may appoint proxies to attend and vote at the AGM/EGM on their behalf. Shareholders and their proxies are given the opportunities to raise questions on the Bank and the Directors and Senior Management Officers of the Bank are available to address any questions raised. Questions from shareholders and their proxies as well as the Minority Shareholders Watch Group ("MSWG") on the Bank or other pertinent governance issues were raised prior to the meeting as well as Alliance Bank's responses to the same were shared with all shareholders during the meeting. Minutes of AGM/EGM including significant matters discussed at the meetings were also published on the Bank's website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a></p> <p><u>Press conference</u> The Bank conducts a press conference immediately after the AGM to communicate with media and other stakeholders on the Bank's key financial performance highlights, major corporate development and business initiatives.</p> <p><u>Analyst briefing</u> The Investor Relations team engages the financial community, stakeholders and other key constituencies of the Bank to provide consistent, accurate, transparent and timely information. Briefings for analysts are conducted every quarter in conjunction with the release of the quarterly financial results to facilitate consistent dialogue between the Bank's Key Senior Management and the investment community. The Bank also participates in meetings and webinars to share the latest</p>

	<p>updates and pertinent information on the Bank's progress with the investment community.</p> <p>These platforms enable the investment community to express their views on the Bank's performance and in turn, the Bank has the opportunity to manage investors' expectations and strengthen their understanding of the Bank.</p> <p>The investing public can contact the Head, Investor Relations, Mr Tan Hong Ian at 03-2604 3333 or <a href="mailto:investor_relations@alliancefg.com">investor_relations@alliancefg.com</a>, for any investor relations matters.</p> <p><u>Corporate website</u></p> <p>Stakeholders can access the Bank's corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a> for information of the Bank. There is a dedicated section for corporate governance on the Bank's corporate website where information such as the Board Charter; Code of Conduct; Conflicts of Interest Policy for Directors; Board Gender Diversity; Annual Reports; Minutes of General Meetings; Constitution of the Bank and Terms of Reference of the Board Committees are made available to the public. A corporate calendar on material events such as entitlement dates, ex-dividend dates and payment dates for dividend payments; all announcements made by the Bank to Bursa Malaysia Securities Berhad including quarterly results and dividend information; and presentation slides for analyst briefings are also available on the Bank's corporate website under the Investor Relations section for the benefit of the investing public.</p> <p><u>Social media</u></p> <p>In addition, the Bank also leverages on social media as a communication channel with stakeholders as this channel allows immediate and easy access to the latest information on the Bank's products and services as well as serves as a platform to obtain feedback from the stakeholders.</p> <p><u>Internal employee portal</u></p> <p>Internally, the Bank strives to maintain an open and two-way communication with employees. Through the Bank's internal employee portal i.e. InAlliance Portal, employees are kept up-to-date on the Bank's performance, strategies, corporate development and business accomplishment; internal policies and procedures; occupational safety, health and well-being updates; employees' engagement activities, etc. Employees are encouraged to actively provide their feedback and ideas through the InAlliance Portal.</p> <p>Stakeholders may also convey their concerns and enquiries to Mr Lee Boon Huat, the Bank's Senior Independent Non-Executive Director, as an alternative to the formal channel of communication. All correspondence to the Senior Independent Director can be sent via email to <a href="mailto:sid@alliancefg.com">sid@alliancefg.com</a> or by mail to the registered office of the Bank at 3rd Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.</p>
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The FY2022 will be the Bank's inaugural integrated Annual Report which is made reference to the integrated reporting (&lt;IR&gt;) framework.</p> <p>The Bank's unique value creation business model provides a clear and concise articulation of the Bank's short, medium and long term business value and stewardship to empower our key stakeholders.</p> <p>The Board is committed in communicating value creation in a transparent method as a key element in the Bank's effectiveness in corporate governance practices.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Notice of the Bank’s 2022 Annual General Meeting (AGM) to be held on 4 August 2022 is given to the shareholders 29 clear days prior to the AGM date.</p> <p>The shareholders can have an immediate access to the Bank’s Annual Report 2022 including the notice of AGM and proxy form from the Bank’s corporate website at <a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a> on the notice issuance date on 4 July 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All Directors have attended the 39th Annual General Meeting of the Bank held on 25 August 2021 which was conducted virtually. Shareholders, corporate representatives and proxies attended the 39 <sup>th</sup> AGM via remote participation.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Bank has facilitated voting in absentia and remote participation by shareholders at general meetings.</p> <p>The Bank has leveraged technology to facilitate shareholders' participation and voting at the 39th Annual General Meeting. The shareholders cast their votes through online voting platform administered by ShareWorks Sdn Bhd, as the Poll Administrator. BDO Consulting Sdn Bhd was the appointed Scrutineer in verifying the poll results.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 39th Annual General Meeting (AGM) was held on 25 August 2021 on a fully virtual basis. The key proceedings of the 39th AGM were as follows:</p> <ul style="list-style-type: none"><li>i) Introduction of all Board members, Group CEO, Group CFO and Group Company Secretary.</li><li>ii) Group CEO's presentation of the FY2022 Financial Performance.</li><li>iii) Minority Shareholders Watch Group's questions and answers ("Q&amp;As")</li><li>iv) Presentation of Audited Financial Statements for the financial year 31 March 2021</li><li>v) Tabling of Resolutions (1) to (6)</li><li>vi) Q&amp;As session</li><li>vii) Voting and poll results</li><li>viii) Verification of poll results by the scrutineer, BDO Consulting Sdn Bhd.</li></ul> <p>Following the 39th AGM, Minutes of the 39th AGM as well as Q&amp;As posed by shareholders were made available on the Bank's website (<a href="http://www.alliancebank.com.my">www.alliancebank.com.my</a>) within 30 business days of the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Shareworks Sdn Bhd was appointed as the Poll Administrator and Agmo Studio Sdn Bhd as Remote Participation and voting service provider for the Bank's 39th AGM which was held on a fully virtual basis. To enable the shareholders to participate and vote remotely, shareholders were invited to register online at Vote2U online platform at <a href="https://alliancebank.vote2u.app/">https://alliancebank.vote2u.app/</a> prior to the AGM. The shareholders can pose and submit questions, before the meeting by selecting "submit question".</p> <p>Questions received from the shareholders were read by an external independent moderator.</p> <p>During the meeting, shareholders were also provided with messaging window facility via Vote2U portal for them to submit their questions. The minutes of the 39th AGM and Q&amp;As posed by the shareholders were posted on the Bank's corporate website within 30 business days of the 39th AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the 39th AGM was duly signed by the Chairman and published on the Bank's Corporate website (www.alliancebank.com.my) within 30 business days of the 39th AGM.
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	
	:	

## SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

### BOARD OF DIRECTORS

#### Board composition

The members of the Board are as follows:

1. Tan Sri Dato' Ahmad bin Mohd Don – Independent Chairman
2. Lee Boon Huat – Senior Independent Director
3. Lee Ah Boon – Non-Independent Non-Executive Director
4. Datuk Wan Azhar bin Wan Ahmad – Independent Director
5. Tan Chian Khong – Independent Director
6. Susan Yuen Su Min – Independent Director
7. Lum Piew - Independent Director
8. Cheryl Khor Hui Peng – Independent Director  
(Appointed on 1 June 2021)
9. Wong Yuen Weng Ernest – Non-Independent Non-Executive Director  
(Appointed on 1 September 2021)
10. Ho Hon Cheong – Non-Independent Non- Executive Director  
(Retired on 25 August 2021)

The key personal details and background of the Directors are disclosed in the 2022 Annual Report.

#### Roles and responsibilities of the Board

The key responsibilities of the Board are disclosed under Practice 1.1 of Section A of this Corporate Governance Report.

#### Number of meetings convened by the Board and attendance of each Director

During FY2022, the Board met fifteen (15) times. Fourteen (14) meetings were scheduled meetings while one (1) meeting was ad-hoc meetings to consider exigency matters. All Board and Board Committee meetings were held by way of video calls to limit face-to-face contact with each other to reduce the spread of COVID-19 during the pandemic period.

All Directors have demonstrated that they are able to allocate sufficient time to the Bank in discharging their duties and responsibilities and their commitment is affirmed by their excellent attendance records at the Board meetings held during FY2022 as reflected below:

No.	Name of Directors	Attendance	Percentage
1.	Tan Sri Dato' Ahmad bin Mohd Don	15/15	100%
2.	Lee Boon Huat	15/15	100%
3.	Lee Ah Boon	15/15	100%
4.	Datuk Wan Azhar bin Wan Ahmad	15/15	100%

5.	Ho Hon Cheong	5/5	100%
6.	Tan Chian Khong	15/15	100%
7.	Susan Yuen Su Min	15/15	100%
8.	Lum Piew	15/15	100%
9.	Cheryl Khor Hui Peng	12/12	100%
10.	Wong Yuen Weng Ernest	9/9	100%

### Board training and development

Continuous training is vital for the Directors to gain insights and keep abreast with the development in the industry to further enhance their skills and knowledge in discharging their roles and responsibilities effectively. The training needs of the Directors are assessed on a yearly basis by the Group NRC and a Board Development Plan is recommended to the Board for approval and adoption. This is to ensure the Directors are accorded the appropriate training required.

While the Directors are expected to have personal development skills to improve themselves, they are encouraged to attend a minimum of three (3) training programmes related to relevant areas within a financial year, taking into consideration emerging trends in the financial services industry. In addition, each Board Committee member is encouraged to attend a minimum of two (2) training programmes relevant to the respective areas of the Board Committees in each financial year to keep abreast with latest developments.

The Bank has put in place an in-house Directors' Orientation Programme for newly appointed Directors to familiarise themselves with the Bank's operations in addition to the regulatory and mandatory training programmes such as the Mandatory Accreditation Programme, the FIDE Core Programme and Islamic Finance for Board Programme. Upon appointment, a new Director will attend an in-house orientation programme within three (3) months of the appointment where he/she will be briefed on the Bank's operations and business strategies by the Senior Management to familiarise him/her with the Bank and the Group. Directors also receive guidance from the Group Company Secretary on the Bank's governance framework and associated policies, as well as their duties as Directors of the Bank.

The Directors are provided with the opportunity to attend relevant training programmes on an on-going basis in areas relating to Islamic banking, corporate governance, compliance, risk management, anti-money laundering, anti-bribery and corruption, climate change, strategic issues, cyber and emerging risks and sustainability, as well as the latest development, innovation and disruptive technology in the financial services industry to keep abreast with the latest industry developments. All Directors are also regularly being updated on new requirements affecting their responsibilities and are constantly reminded of their obligations.

During FY2022, the Directors attended various training programmes as follows virtually:

Directors	Training programmes attended by Directors
Tan Sri Dato' Ahmad bin Mohd Don	<ol style="list-style-type: none"> <li>1. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>2. In-house Training on Cyber Security &amp; Resiliency</li> <li>3. In-house Training on ESG and Sustainable Finance</li> <li>4. Iclif: Sustainability and Its Impact on Organisations: What Directors Need to Know</li> <li>5. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>

Lee Boon Huat	<ol style="list-style-type: none"> <li>1. Iclif: Risk Management in Technology (RMiT) &amp; Digital Transformation - What they mean for Governance and Strategy of Bank and Insurance Boards</li> <li>2. KPMG: Asia-Pacific Board Leadership Centre I Board and Audit Committee Priorities 2021</li> <li>3. In-house Training on Cyber Security &amp; Resiliency</li> <li>4. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>5. IERP: Qualified Risk Director Program-Directors guide to Risk Management in Technology (RMiT)</li> <li>6. In-house Training on ESG and Sustainable Finance</li> <li>7. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>
Lee Ah Boon	<ol style="list-style-type: none"> <li>1. Iclif: Risk Management in Technology (RMiT) &amp; Digital Transformation - What they mean for Governance and Strategy of Bank and Insurance Boards</li> <li>2. Iclif: Implementing Amendments in the Malaysia Code on Corporate Governance</li> <li>3. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>4. Iclif: Climate Change: Impact on Banks &amp; Role of the Board</li> <li>5. In-house Training on Cyber Security &amp; Resiliency</li> <li>6. In house Training on ESG and Sustainable Finance</li> <li>7. BNM-FIDE Forum My Fintech Week Masterclasses</li> <li>8. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>
Datuk Wan Azhar bin Wan Ahmad	<ol style="list-style-type: none"> <li>1. Iclif: Risk Management in Technology (RMiT) &amp; Digital Transformation - What they mean for Governance and Strategy of Bank and Insurance Boards</li> <li>2. In-house Training on Cyber Security &amp; Resiliency</li> <li>3. Iclif: Corporate Governance Regulatory Updates for the Capital Markets</li> <li>4. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>5. Iclif: Governance in Groups</li> <li>6. BNM-FIDE Forum Dialogue: Climate Risk Management and Scenario Analysis</li> <li>7. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>
Tan Chian Khong	<ol style="list-style-type: none"> <li>1. SASB: Future of Sustainability Disclosures: Where SASB May Fit In</li> <li>2. SID: The Insolvency and Restructuring Regime in Singapore</li> <li>3. Iclif: Risk Management in Technology (RMiT) &amp; Digital Transformation - What they mean for Governance and Strategy of Bank and Insurance Boards</li> <li>4. NEMS Virtual Update &amp; Engagement Event</li> <li>5. SID: Looking Beyond the Pandemic-Important Role of the AC</li> <li>6. SID: Driving Climate Change Through Executive Compensation</li> <li>7. SID: Singapore Government and Transparency Forum 2021</li> </ol>

	<ol style="list-style-type: none"> <li>8. SID: AN Insider Guide to Cryptocurrency and Blockchain</li> <li>9. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>10. In-house Cyber Security &amp; Resiliency</li> <li>11. SID: Directors Conference 2021</li> <li>12. KPMG: Geopolitics Risks</li> <li>13. GCNS : Roadmap to mandate Climate-related Disclosures</li> <li>14. Hong Leong Group Sustainability Forum</li> <li>15. SID: Tax Function of Tomorrow</li> <li>16. CPD: Getting Started with Climate-Related Financial Reporting</li> <li>17. KPMG Board &amp; Governance Institute-Date Ethics, Enhanced Analytics &amp; Artificial Intelligence</li> <li>18. CDP: Building Experience in Climate-Related Financial Reporting</li> <li>19. Securities Commission Audit Oversight Board Conversation with Audit Committees</li> <li>20. BNM-FIDE Forum Dialogue with Governor of BNM</li> <li>21. Temasek Roundtable 2022</li> <li>22. Iclif: Climate Change: Impact on Insurance Companies &amp; Role of the Board</li> <li>23. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> <li>24. SID: Global Virtual Roundtable 3: Evaluating the Impact of ESG</li> </ol>
Susan Yuen Su Min	<ol style="list-style-type: none"> <li>1. KPMG: Sales Tax and Service Tax: The Journey So Far</li> <li>2. Iclif: Risk Management in Technology (RMiT) &amp; Digital Transformation - What they mean for Governance and Strategy of Bank and Insurance Boards</li> <li>3. KPMG: Asia-Pacific Board Leadership Centre - Board and Audit Committee Priorities 2021</li> <li>4. BNM-FIDE Forum Dialogue: The Role of Independent Director in Embracing Present and Future Challenges</li> <li>5. ASB: Digital Transformation Executive Program</li> <li>6. Iclif: Nominating and Remuneration Committee: Beyond Box-Ticking and Enhancing Effectiveness</li> <li>7. Iclif: Climate Change: Impact on Banks &amp; Role of the Board</li> <li>8. In-house Training on Cyber Security &amp; Resiliency</li> <li>9. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>10. Iclif: Understanding Board Decision-Making Process</li> <li>11. BURSA-FIDE Forum Dialogue with CEO of Bursa on Sustainability</li> <li>12. MICG: Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and Their Subsidiaries ('SC Guidelines')</li> <li>13. In house Training on ESG and Sustainable Finance</li> <li>14. BNM-FIDE Forum Dialogue with Governor of BNM</li> <li>15. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>
Lum Piew	<ol style="list-style-type: none"> <li>1. ISRA: Islamic Finance for Board of Directors Programme</li> <li>2. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>3. Iclif: FIDE Core Programme (Module B)</li> <li>4. In-house Training on Cyber Security &amp; Resiliency</li> </ol>

	<ol style="list-style-type: none"> <li>5. Iclif: Sustainability and Its Impact on Organisations: What Directors Need to Know</li> <li>6. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> </ol>
Cheryl Khor Hui Peng	<ol style="list-style-type: none"> <li>1. Iclif: Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>2. ISRA: Islamic Finance for Board of Directors Programme</li> <li>3. MIA: Minimising Liabilities of Corporate Services Providers</li> <li>4. Iclif: FIDE Core Programme (Module B)</li> <li>5. MIA: A Comprehensive Review of Latest Developments in MFRS</li> <li>6. Iclif: Climate Change: Impact on Banks &amp; Role of the Board</li> <li>7. In-house: Cyber Security &amp; Resiliency</li> <li>8. In-house Anti-Bribery &amp; Corruption eLearning Programme FY2022</li> <li>9. Iclif: Understanding Board Decision-Making Process</li> <li>10. In house ESG and Sustainable Finance</li> <li>11. BNM-FIDE Forum Dialogue with Governor of BNM</li> <li>12. FIDE Core Programme (Module A)</li> <li>13. ICDM: Masterclass: Climate Governance from a Risk Viewpoint</li> <li>14. In-house Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) Training</li> <li>15. Iclif: Sustainability for the Palm Oil Sector</li> </ol>
Wong Yuen Weng Ernest	<ol style="list-style-type: none"> <li>1. In house Orientation Programme for New Director</li> <li>2. Temasek Ecosperity Conference - Tomorrow Start Today: From Crisis to Opportunity</li> <li>3. Singapore Sustainable Investing and Financing Conference 2021</li> <li>4. Iclif: Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>5. BNM-FIDE Forum Dialogue with Governor of BNM</li> <li>6. BNM-Fide Forum My Fintech Week Masterclasses</li> <li>7. ISRA: Islamic Finance for Board of Directors Programme</li> </ol>

The Directors also received briefings on relevant new laws, rules and regulations, risk management updates and changes in accounting standards at Board/Board Committee meetings from time to time.

#### **BOARD COMMITTEES**

To enhance the effectiveness of the Board in discharging its duties and responsibilities, the Board has established the following Board Committees which operate within specific delegated authority and functions to complement the Board in the execution of its responsibilities and the exercise of its oversight role:

- Executive Committee (“EXCO”)
- Group Nomination & Remuneration Committee (“Group NRC”)
- Group Audit Committee (“Group AC”)
- Group Risk Management Committee (“Group RMC”)



- Group Sustainability Committee (“Group SC”)

The Group NRC, Group AC, Group RMC and Group SC operate on a Group basis covering the Bank and its two (2) principal subsidiaries, namely Alliance Islamic Bank Berhad (“AIS”) and Alliance Investment Bank Berhad (“AIBB”).

The Terms of Reference, approved by the Board for each Board Committee, are reviewed every two (2) years or as and when necessary. Any proposed changes to the Terms of Reference of the Board Committees are subject to the approval of the Board. The Terms of Reference of the Group NRC, Group AC, Group RMC and Group SC are available on the Bank’s website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

## **EXCO**

The EXCO supports the Board in credit matters. It reviews/vetoes loan/financing applications with total Group exposure which are above the defined threshold of Group Management Credit Committee. It also reviews new/incremental AIS financing that exceeds the threshold of the AIS Management Credit Committee; and make recommendations to the AIS Board.

In addition, the EXCO reviews and approves credit transactions/exposures with connected parties classified under BNM Guidelines on Credit Transactions and Exposures with Connected Parties (“BNM/GP 6”). The EXCO also reviews strategic investments or divestments as well as the Bank’s strategies and business plans for recommendation to the Board where applicable, and oversees their implementation.

The members of the EXCO are as follows:

1. Wong Yuen Weng Ernest- Chairman (Appointed on 1 October 2021)
2. Lee Ah Boon (Redesignated as member on 1 October 2021)
3. Datuk Wan Azhar bin Wan Ahmad
4. Lee Boon Huat
5. Tan Chian Khong

During FY2022, the EXCO met twelve (12) times. Ten (10) were regular meetings while two (2) meetings were ad-hoc meetings convened to consider exigency matters. Details of each EXCO member’s attendance during FY2022 are as follows:

No.	EXCO members	Attendance	Percentage
1.	Wong Yuen Weng Ernest (Chairman)	6/6	100%
2.	Lee Ah Boon	12/12	100%
3.	Datuk Wan Azhar Bin Wan Ahmad	12/12	100%
4.	Lee Boon Huat	12/12	100%
5.	Tan Chian Khong	12/12	100%

## **Group NRC**

The Group NRC is responsible to support the Boards in carrying out their functions in the following matters concerning the Boards, Shariah Committee, Senior Management and Group Company Secretary:

- Appointments and removals;

- Composition of the Boards;
- Performance evaluation and development; and
- Fitness and propriety assessments.

The Group NRC also actively oversees the design and operations of the Bank's remuneration system. It periodically reviews the remuneration of Directors on the Board, and whether the remuneration remains appropriate to each Director's contribution, taking into account the level of expertise, commitment and responsibilities undertaken.

The functions of the Group NRC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group NRC are as follows:

1. Susan Yuen Su Min - Chairman
2. Tan Sri Dato' Ahmad bin Mohd Don
3. Datuk Wan Azhar bin Wan Ahmad
4. Lee Ah Boon  
(Stepped down as a member on 31 October 2021)
5. Wong Yuen Weng Ernest

(Appointed to Group NRC as a member on 1 October 2021)

During FY2022, the Group NRC met eighteen (18) times. Ten (10) were regular meetings while eight (8) meetings were ad-hoc meetings convened to consider exigency matters. Details of each Group NRC member's attendance during FY2022 are as follows:

No.	Group NRC members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	18/18	100%
2.	Tan Sri Dato' Ahmad bin Mohd Don	18/18	100%
3.	Datuk Wan Azhar bin Wan Ahmad	18/18	100%
4.	Lee Ah Boon	10/10	100%
5.	Wong Yuen Weng Ernest	9/9	100%

## Group AC

The Group AC is principally responsible to support the Board in ensuring that there is a reliable and transparent financial reporting process within the Bank and its principal subsidiaries.

The functions of the Group AC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group AC are as follows:

1. Tan Chian Khong – Chairman
2. Datuk Wan Azhar bin Wan Ahmad
3. Cheryl Khor Hui Peng (appointed to the Group AC on 1 June 2021)
4. Ho Hon Cheong  
(Ceased to be a member of Group AC following his retirement from the Board on 25 August 2021)

The Group AC met eleven (11) times during FY2022, including a joint meeting with Group RMC.

Details of each Group AC Member's attendance during FY2022 are as follows:

No.	Group AC Members	Attendance	Percentage
1.	Tan Chian Khong (Chairman)	11/11	100%
2.	Datuk Wan Azhar bin Wan Ahmad	11/11	100%
3.	Cheryl Khor Hui Peng	8/8	100%
4.	Ho Hon Cheong	4/4	100%

### Group RMC

The principal objectives of the Group RMC are to support the Board in meeting the expectations on risk management and compliance as set out in the BNM Policy Document on Risk Governance, BNM Policy Document on Compliance and BNM Policy Document on Risk Management in Technology respectively.

The functions of the Group RMC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group RMC are as follows:

1. Lee Boon Huat - Chairman
2. Ibrahim bin Hassan
3. Mazidah binti Abdul Malik
4. Lum Piew
5. Lee Ah Boon (Appointed to Group RMC on 1 October 2021)
6. Ho Hon Cheong  
(Ceased to be a member of Group RMC following his retirement from the Board on 25 August 2021)

During FY2022, the Group RMC met nineteen (19) times, including a joint meeting with the Group AC.

Details of each Group RMC member's attendance during FY2022 are as follows:

No.	Group RMC members	Attendance	Percentage
1.	Lee Boon Huat (Chairman)	19/19	100%
2.	Ibrahim bin Hassan	19/19	100%
3.	Mazidah binti Abdul Malik	19/19	100%
4.	Lum Piew	19/19	100%
5.	Lee Ah Boon	10/10	100%
6.	Ho Hon Cheong	8/8	100%

### Group SC

The Group SC is principally responsible to support the Board in the oversight of setting sustainability strategies, priorities and targets, to ensure that the Group's strategies, goals and principles pertaining to sustainability are aligned with, promote and encourage the Group's commitment towards sustainability.

The functions of the Group SC are set out in its Terms of Reference which is published on the Bank's corporate website at [www.alliancebank.com.my](http://www.alliancebank.com.my).

The members of the Group SC are as follows:

1. Susan Yuen Su Min – Chairman
2. Dato' Ahmad Hisham bin Kamaruddin
3. Cheryl Khor Hui Peng

During FY2022, the Group SC met five (5) times. Details of each Group SC member's attendance during FY2022 are as follows:

No.	Group SC Members	Attendance	Percentage
1.	Susan Yuen Su Min (Chairman)	5/5	100%
2.	Dato' Ahmad Hisham bin Kamaruddin	5/5	100%
3.	Cheryl Khor Hui Peng	5/5	100%

## INTERNAL CONTROL FRAMEWORK

The Statement on Risk Management and Internal Control is set out in the 2022 Annual Report.

The Bank operates a holistic internal control framework, which is intended to safeguard the Bank's assets, and customers' information and deposits. To do so, the internal control framework operates on a system of checks and balances. Examples of such controls include:

- Board oversight over Management actions/decisions;
- Segregation of duties;
- Authorisation controls;
- Transactional limits;
- Portfolio/concentration limits;
- Verification/validation checks;
- Reconciliation checks;
- Physical security/access controls;
- Automated, system-based controls and password controls; and
- Documentation controls.

The above are supplemented with policies, limits and procedures to govern the Bank's various products, services and activities. The Board and Senior Management are responsible for setting the 'Tone from the Top'; backed by staff training/orientation and on-going supervision. Incident handling is reinforced through performance management and consequence management. The Board, Board Committees and Management Committees periodically review and update these policies and procedures in accordance with the operational and business needs of the Bank, changes in regulations and industry development.

The internal control framework is embedded within the Bank's three Lines of Defence, the details of which are disclosed in the Risk Management Report set out in the 2022 Annual Report.

### Frontline units – 1st Line of Defence

Business Units, aided by Business Support functions, including Business Risk and Credit Underwriting functions and Risk Control Officers form the 1st Line of Defence.

In addition to the departmental controls within the respective 1st Line business and support units, the Bank also conducts supervisory checks and independent reviews, to assess whether these controls are functioning effectively as intended. This framework is further augmented by independent audits carried out on the 1st Line and 2nd Line functions.

#### **Risk control functions – 2nd Line of Defence**

Group Risk Management and Group Compliance (which includes the Shariah Review unit) form the 2nd Line of Defence.

Group Risk Management is responsible for formulating, implementing and reviewing Risk Management frameworks, as well as recommending risk policies, risk appetite parameters, risk methodologies and risk control measures.

Group Compliance has established the Group Compliance Framework to ensure effective management of compliance risks in a structured manner. The key principles outlined in the framework provides that the Board and Senior Management are responsible to oversee and ensure the effective management of compliance risks across the Group, compliance is the responsibility of all employees within the Group and the Group should hold itself to high standards in carrying on business, and at all times observe both the spirit and the letter of the laws and regulations.

Group Compliance is responsible for ensuring that controls to manage compliance risks are adequate and operating as intended. It is also responsible for assessing and monitoring of compliance risk faced by the Group.

The Shariah Review Team conducts review on the operations of AIS to ensure the products offered are in compliance with Shariah principles. Review results and non-compliances, if any are reported to the Shariah Committee of Alliance Islamic Bank Berhad.

Details on the risk management framework and internal control system are explained in the Statement on Risk Management and Internal Control, and Risk Management Report in the 2022 Annual Report.

#### **Internal audit – 3rd Line of Defence**

As the 3rd Line of Defence, the Group Internal Audit (GIA) performs regular independent reviews on the Bank's activities to evaluate and make recommendations to improve the effectiveness of governance, risk management and control processes. The reviews are conducted in accordance with the 3-year rolling audit plan, which is developed based on the GIA's risk-based audit planning methodology and approved by the Group AC. More detailed description on the internal audit function is highlighted in the Group AC Report as set out in the 2022 Annual Report.

### **REMUNERATION**

#### **Board**

The Bank's Policy on Directors' Remuneration is disclosed under Practice 8.1 of Section A of this Corporate Governance Report.

The details of remuneration of each Director of the Bank received/receivable from the Bank and the Group in respect of FY2022 are disclosed on pages 220 and 222 of the 2022 Annual Report.

## Performance management

The Group's performance is measured using the balanced scorecard approach. It encompasses metrics that are based on the Bank's key financials and franchise-building efforts, with a focus on medium- to longer-term strategic initiatives that cover human capital, and culture and leadership development. The longer-term sustainability agenda is also incorporated in the balanced scorecard in the form of developing a new sustainable banking business, helping our customers adopt sustainable lifestyles and business practices as well as reducing the Group's carbon footprint. The Board sets the tone from the top by reviewing and approving the Group's balanced scorecard.

The Group's balanced scorecard is cascaded to the various functional units and employees to ensure alignment with its aspirations. This element is measured in its Voice of Employees survey. In FY2022, we have incorporated ESG-related KPIs for senior management and key staff which reflect our commitment to develop and drive compelling ESG values.

The Bank actively manages the performance of employees to ensure a robust link between the achievement of the Bank's objectives and remuneration outcomes. Formal assessments occur biannually, at the middle and end of each performance year.

Employee performance is assessed against what an employee achieves and how he/she achieves it. Individual objectives or Key Performance Indicators represent "what" the employee is expected to achieve. Overall individual performance is calculated based on a ratio of 80% from Objectives and 20% from Key Behaviours and Values. In addition, the overall performance is subject to penalties that are based on risk, compliance and control outcomes.

To safeguard the independence and authority of employees engaged in Risk and Control functions that cover Compliance, Risk Management and Internal Audit, the performance of employees in Risk and Control functions are assessed independently of the performance of any business areas they oversee. The performance metrics of these employees are based principally on the achievement of the objectives of their job functions, rather than on the financial performance of the Bank. The remuneration of these risk and control functions' employees is positioned at a higher fixed pay component and reviewed annually.

ESG elements are inculcated in the Bank's Total Rewards approach through performance management and risk management considerations. By incorporating ESG related KPIs for senior management and key staff with the robust linkage between KPIs achievement and the variable remunerations, the Bank strives to drive and reward compelling ESG values within the organization.

The Group Remuneration Policy covers all employees, including Senior Management of the Group. Employees covered by collective agreements or subject to labour union negotiations are bound by the terms and conditions of such agreements.

The Bank's total rewards approach is made up of the following components:

<b>Fixed pay</b>	Consists of base salary, and where applicable, cash allowance	Determined based on roles and responsibilities, individual experience and skill sets, the Bank's legal obligations and market competitiveness.
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<b>Variable rewards</b>	Consists of Cash Bonus and Deferred Cash/Share	<p>These are not guaranteed and subject to the Bank's results and performance of the work unit and individual employee. This is aligned with prudent risk-taking and incorporates adjustments to reflect:</p> <ul style="list-style-type: none"> <li>i. Financial and non-financial measures of business performance; and</li> <li>ii. The risks related to the business activities, taking into account, where relevant, of the cost of the associated capital.</li> </ul> <p>Deferred Cash/Share is also used to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>i. Retain top performers and critical employees;</li> <li>ii. Provide market competitive total compensation; and</li> <li>iii. Align the interest of employees with long- term sustainability.</li> </ul> <p>Variable remuneration is categorised into Short Term Incentive and Long Term Incentive.</p> <p><b>Short Term Incentive</b> Consists of performance bonus and sales commission and incentives which are subject to deferred payments.</p> <p><b>Long Term Incentive</b> Consists of share option, performance shares and restricted shares. The employee share plans have expired and pending review for new plans.</p>
<b>Employee Benefits and Well Being</b>	Indirect and non-cash compensation paid to an employee	<p>Employee benefits are used to foster employees' sense of being valued and improve their quality of life. Benefits help employees pay for healthcare, save for retirement, purchase home and car and take time off work when needed focused at delivering flexible and cost-effective programmes that are of value to employees.</p> <p>Fit@Alliance initiatives brings wellness themes of physical, emotional, financial and social to promote healthy lifestyles among employees and by extension to their colleagues and family</p>
<b>Career Development &amp; Progression</b>	Conducive environment and opportunities for learning and self development	<p>Development plan is part of our annual appraisal to identify employees' career aspirations, strengths and development needs.</p> <p>Career conversations, targeted development interventions, accelerated progression and mentoring form part of key talent's individual development plan. Robust learning curriculum coupled with Learning Roadmap for each Division enables upskilling and</p>

		<p>reskilling set the path towards a future-proofed workforce. Our Learning &amp; Development curriculum outlines 5 key learning priorities to build future-ready skills and competencies as well as establishing a sustainable business:</p> <ol style="list-style-type: none"> <li>1. A Systematic Way of Approaching Customers</li> <li>2. Harnessing Digital to Improve Customer Value Proposition &amp; Scale Up</li> <li>3. Leveraging Technology to Streamline Processes</li> <li>4. Managers Enabling Teams to Succeed</li> <li>5. Keeping the Bank Safe and Sustainable</li> </ol> <p>Coaching and continuous feedback promote learning from others. Project assignments, rotation and relief assignment that provide valuable practical exposure to new areas of work</p>
<p><b>Determining variable remuneration</b></p> <p>The Board approved the Short-Term Incentive Framework in 2017 to ensure the variable remuneration complies with the BNM Policy Document on Corporate Governance. The Group bonus pool is determined based on the overall Group performance and is subject to risk adjustments. The Group NRC takes into consideration collective input from Internal Audit, Risk Management and Compliance on both quantitative and qualitative risk outcomes to determine need for moderation to the Group Bonus Pool. The final bonus pool is approved by the Board.</p> <p>Individual employees are also accountable to keep the Bank safe via their daily contribution to risk, compliance and control measures. A consequence management framework is in place to keep employees informed of the consequences of significant breaches or non-compliance which includes disciplinary actions and impact to remuneration.</p> <p>The Bank has identified Material Risk Takers comprising the Senior Management and other officers who are not members of the Senior Management whose responsibilities have a material impact on the Group's performance and risk profile. The variable remuneration of Material Risk Takers and other highly remunerated employees is subject to deferral policy. The deferral serves to align remuneration payment schedules with the time horizon of risks and the potential for financial risks to crystallise over a longer period of time. Under the deferral policy, the variable remuneration is subject to a progressive deferral rate of up to 40%. The deferral rate increases with the higher amount of variable remuneration payable to the eligible employees. The deferred portion or award will vest equally over a period of three (3) years. The deferred awards, both unvested and vested portions, are subject to forfeiture and clawback in the event of a material restatement of the Bank or business unit's financials or significant deterioration in the Bank or business unit's financial health and/or if the employee has committed misconduct or resigned.</p> <p>The following depicts the total value of remuneration awarded to the Senior Management and Other Material Risk Takers ("MRTs" of the Bank in respect of FY2022.</p> <ul style="list-style-type: none"> <li>• Senior Management ("SMs") of the Group are defined as the Group CEO and members of the Group Management Committee. There were seventeen (17) SMs in FY2022.</li> <li>• In addition to all SMs who were identified as MRTs, there were twenty one (21) Other MRTs in FY2022.</li> </ul>		



Table 1: Remuneration awarded to SMs and Other MRTs in FY2022

Category	SMs (RM'000)	OMRTs (RM'000)
Fixed pay	20,063	11,082
Variable pay – cash based	7,772	2,657
Deferred Variable Pay – cash based	4,075	123

Table 2 : Breakdown of deferred remuneration

Category	SMs	OMRTs
<b>Total amount of outstanding deferred remuneration</b>		
• Cash (RM'000)	5,919	572
• Shares (RM'000)	-	-
<b>Total amount of deferred remuneration paid out during the financial year</b>		
• Cash (RM'000)	3,543	393
• Shares (RM'000)	-	-
<b>Outstanding deferred remuneration (performance adjustments):</b>		
• Of which exposed to ex-post adjustments	100%	100%
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-
<b>Outstanding retained remuneration (performance adjustments)</b>		
• Of which exposed to ex-post adjustments	-	-
• Reductions in current year due to ex-post adjustments (explicit)	-	-
• Reductions in current year due to ex-post adjustments (implicit)	-	-

*Examples of explicit ex-post adjustments include malus, clawbacks or similar reversals or downward revaluations of awards.*

*Examples of implicit ex-post adjustments include fluctuations in the value of shares or performance units.*

Table 3: Guaranteed Bonuses, Sign-on Awards and Severance Payment for FY2022

Category	SMs	OMRTs
Number of guaranteed bonuses	-	-
Number of sign-on awards	1	1
Number of severance payments	-	-
Total amounts of above payment made for the financial year (RM'000)	247	66

**Group CEO and Employee Remuneration Data**

Remuneration Data Disclosure (Annual Pay)	Group Chief Executive Officer
Total Pay (RM '000)	7,764

Remuneration Data Disclosure (Annual Pay)	All Employees (exclude Group CEO)
Mean Pay (RM '000)	92
Median Pay (RM '000)	70
Lowest Total Pay (RM '000)	36
Highest Total Pay (RM '000)	2,222