



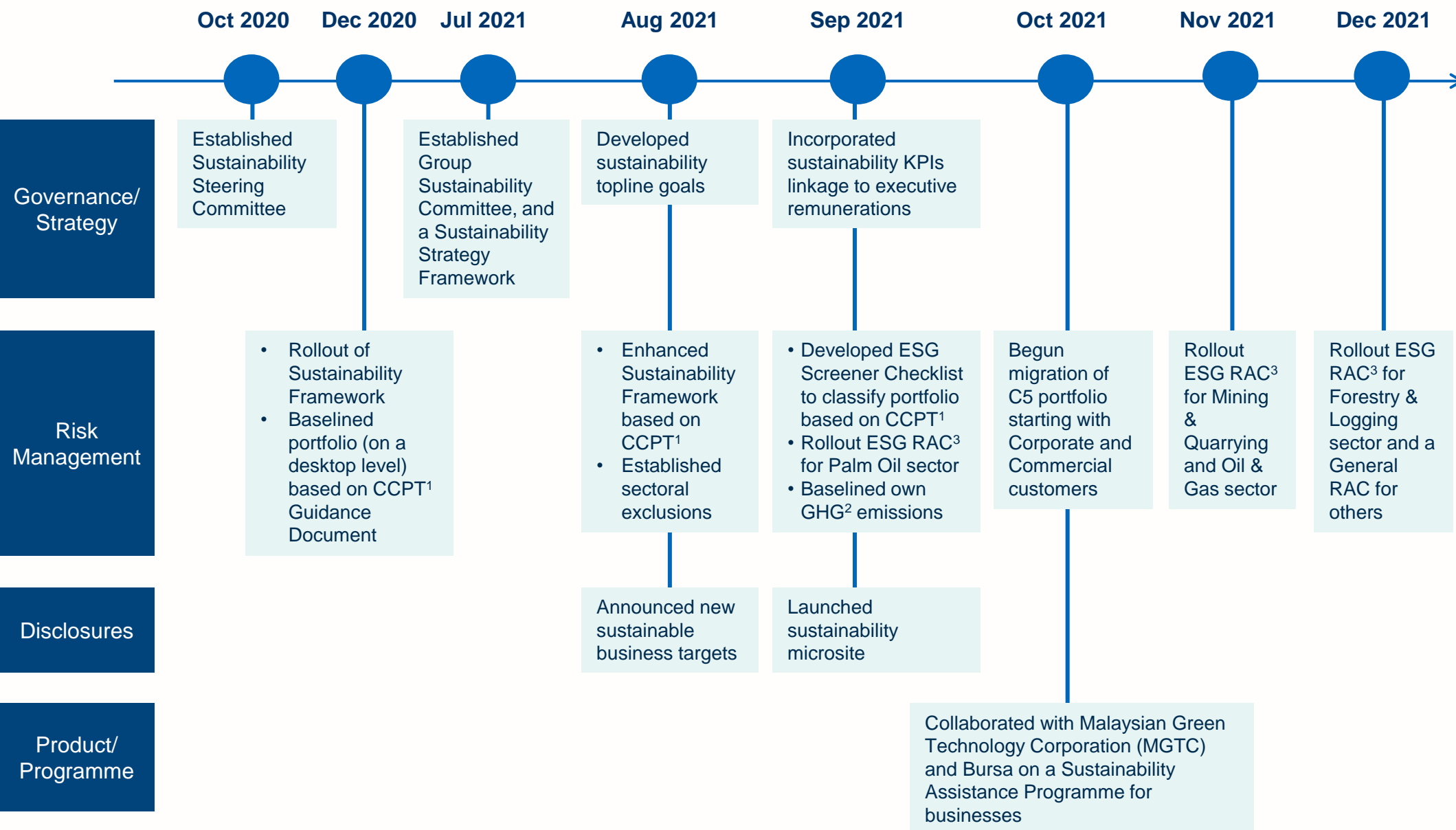
ALLIANCE BANK

Sustainability Strategy Briefing

19 January 2022



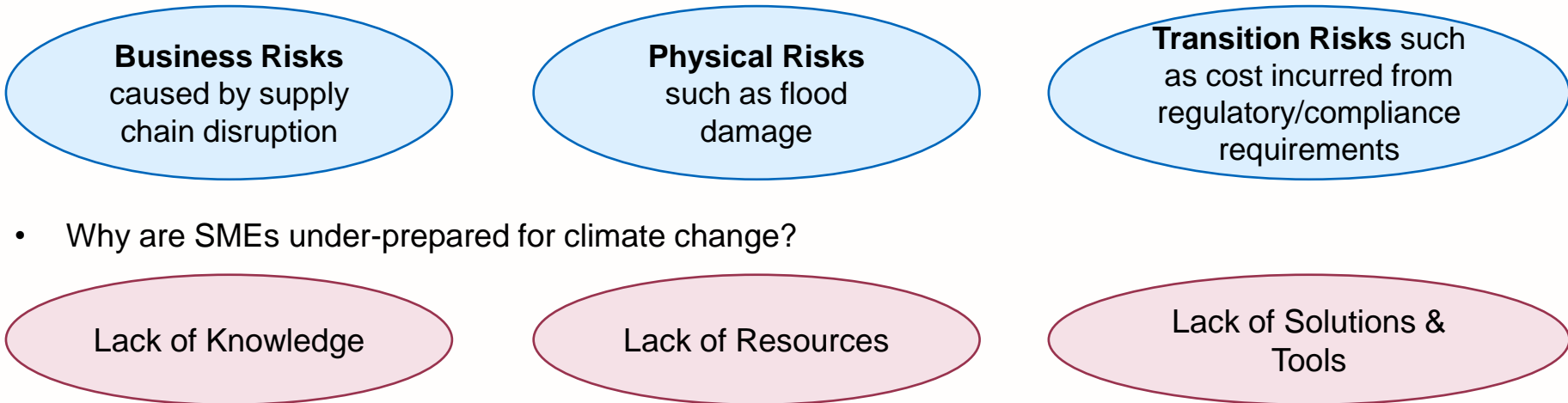
ABMB Sustainability Journey – The Story So Far



1. Climate Change and Principle-based Taxonomy
2. Greenhouse gas
3. Risk Acceptance Criteria

Alliance Bank: Our Focus on SMEs and Business Owners

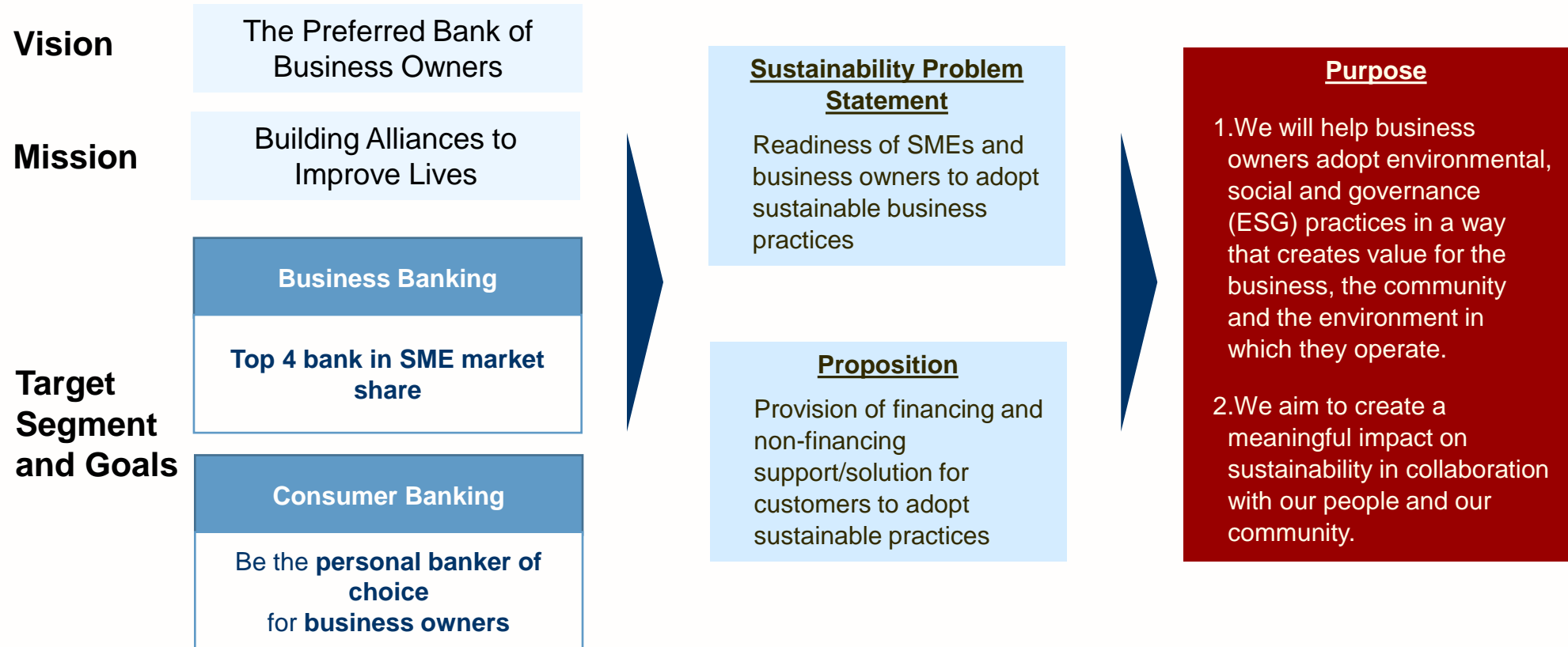
- Over the past 20 years, Malaysia faced more than 50 natural disaster events caused by climate change, accounting for RM8bil (USD 2bil) of total damage¹.
- Estimated losses for recent 2021 floods stood at RM6.5 billion².
- Despite being the backbone of the Malaysian economy with 38% contribution to GDP³ and 48% of total employment³, SMEs remain the most vulnerable group to any impact arising from climate change events.
- The climate change risks for SMEs include:



ABMB is focused on helping SMEs with sustainability risk and opportunities by providing **financial** and **non-financial** assistances to ensure long-term business viability. We adopt a nurturing approach for SMEs and business owners to transition towards sustainable practices.

1. As presented by BNM at the IFC Satellite Seminar on 9 July 2021
2. According to Minister in the Prime Minister's Department (Economic Affairs), Datuk Seri Mustapa Mohamed.
3. Extracted from the Department of Statistics Malaysia's Small and Medium Enterprises (SMEs) Performance 2020

Sustainability purpose is an extension of Alliance Bank's vision and mission



Sustainability Agenda

Our sustainability purpose leads to key priorities in the Environment and Social space

Sustainability Purpose

1. We help business owners adopt ESG practices in a way that creates value for the business, the community and environment in which they operate.
2. We aim to create a meaningful impact on sustainability in collaboration with our people and our community.

FY2025 TOPLINE GOALS

Grow RM5 billion in new sustainable banking business
 Help customers adopt sustainable lifestyles and business practices
 Reduce the Bank's greenhouse gas (GHG) emission footprint

Key Priorities:

Driving Sustainability (Environment)

1
 Implement ESG practices in our business strategy and operations

2
 Provide sustainable financing opportunities to customers

3
 Help customers adopt sustainable practices

Empowering Communities (Social)

4
 Empower SMEs via education, upskilling and financing

5
 Promote financial literacy to vulnerable communities

6
 Support digital transformation via digital solutions

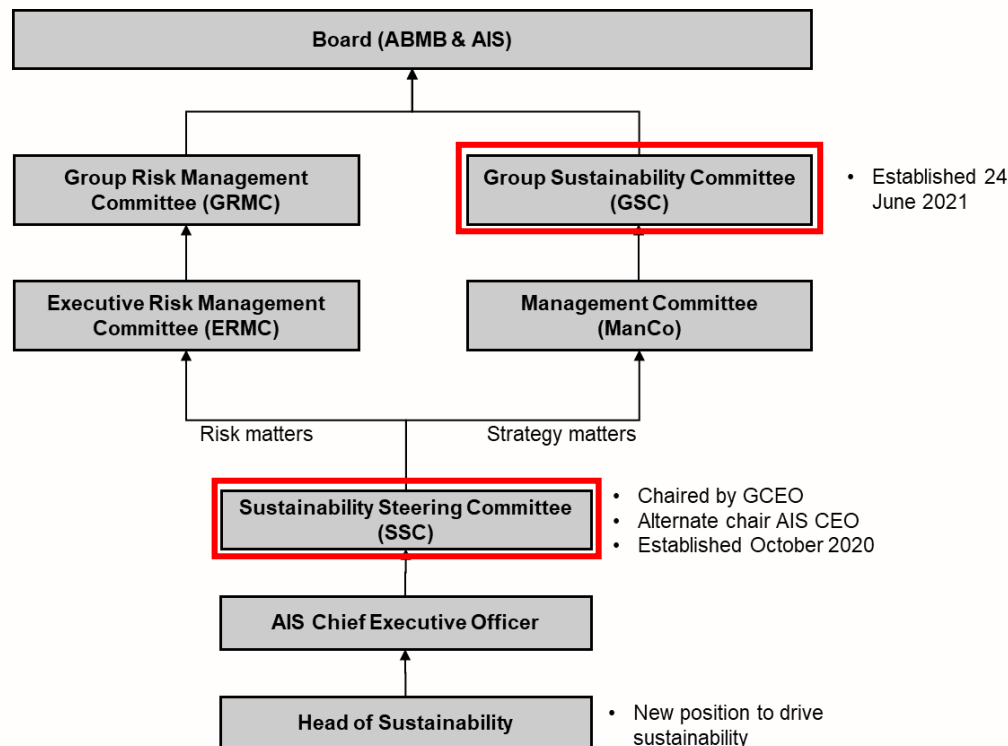
Enhanced Sustainability Disclosures

Driving Sustainability (Environment)

1 Implement ESG practices in our business strategy and operations

Sustainability Governance

The Group Sustainability Committee assists the Board of Directors in providing oversight on sustainability matters and promoting sustainability through ESG considerations in the Group's business strategies.



Group Sustainability Committee (GSC)

Comprising Independent Directors of ABMB and AIS. The GSC's responsibilities include:

- Review and approve sustainability strategies, priorities and targets
- Provide oversight and input to management on sustainability strategy and initiatives
- Review issues relating to sustainability arising from independent audits, assurance reports, and any matters on sustainability

Sustainability Steering Committee (SSC)

Comprising senior management. The SSC's responsibilities include:

- Develop and recommend sustainability policies and statements
- Review the Group's material sustainability issues
- Monitor and oversee the implementation of sustainability strategies and initiatives
- Recommend the evaluation criteria and use relevant measures to evaluate the sustainability initiatives
- Oversee sustainability disclosures

Driving Sustainability (Environment)

1 Implement ESG practices in our business strategy and operations

Enhanced risk management infrastructure to encompass ESG parameters

1. Developed a **Sustainability Framework** and rolled out **ESG Screener** to categorise all accounts according to CCPT*

2. Prohibited lending to the following sectors:
- **Coal-fired power plant** & coal mine
 - **Unconventional O&G** (shale O&G/oil or tar sand and extraction using hydraulic fracturing)
 - Projects or activities that cause **severe environmental damage**
 - **Arms trading**
 - **Entertainment sectors**, bars & pubs, nightclubs, video arcades, karaoke's, cybercafes, reflexology centers and massage parlours
 - Financing of **hostile takeover** of company

3. Developed **ESG Risk Acceptance Criteria (RAC)** to evaluate customers upon on-boarding and annual review. On top of a General RAC, specific RACs were developed for sectors identified as ESG sensitive:
- Palm Oil
 - Mining & Quarrying
 - Oil & Gas
 - Forestry & Logging

*BNM's Climate Change and Principle-based Taxonomy

Driving Sustainability (Environment)

1 Implement ESG practices in our business strategy and operations

ESG Focus Areas of General and Palm Oil RAC

General

All lending/financing activities are subject to the General RAC that covers areas such as:

- Addressing material environmental issues
- Share of renewable energy in the energy consumption mix
- Establishment of safe and fair working conditions
- Establishment of fair and effective labour management
- Exploitation of the local community
- Establishment of anti-bribery and corruption policies
- Legal issues or non-compliance with regulatory requirements, including pollution prevention legal requirements
- Establishment of clear distribution of roles & responsibilities
- Women representation on the board for public-listed companies

Palm Oil

Customers with palm oil estates and smallholding millers and refineries are required to meet the following standards:

- Obtained Roundtable on Sustainable Palm Oil (RSPO) or Malaysian Sustainable Palm Oil (MSPO) or are in the process of obtaining one of the two certifications. Customers that have obtained the said certifications are expected to have complied with MPOB's Code of Good Milling Practice
- Have no prior cases pertaining to environmentally-damaging burning practices
- New plantations must not convert or degrade High Biodiversity Value/High Conservation Value and High Carbon Stock
- New plantations must not convert or degrade High Biodiversity Value or High Conservation Value and High Carbon Stock forests, primary forests, forest reserves and peatland
- Establishment of a water and pollution management plan
- Customers with millers and refineries are to comply with additional standards such as methane gas trapping facilities or emission avoidance

Driving Sustainability (Environment)

1 Implement ESG practices in our business strategy and operations

ESG Focus Areas of Oil & Gas, Mining & Quarrying and Forestry & Logging RAC

Oil & Gas

Customers are required to meet the following standards:

- Obtained Environmental Management Systems (EMS) certification
- Additional mitigation plan in place, i.e. Carbon Monoxide (CO), Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions and related impacts
- Establishment of biodiversity conservation and climate-mitigation policies
- Establishment of a water and pollution management plan, including on-site assessment on waste storage, handling and disposal
- Oil Spill Contingency Plan ("OSCP") in place for efficient treatment of water discharges, spills, and leaks, i.e. total volume of hydrocarbon discharged within produced water
- Establishment of Standard Operating Procedures (SOPs) which govern daily activities and/or work processes at oil and gas sites
- Development of an Emergency Response Plan (ERP) that is maintained and tested

Mining & Quarrying

Customers are required to meet the following standards:

- Obtained Environmental Impact Assessment Report for every lessee of a mining lease covering a total area of over 250 hectares
- Establishment of internal pollution prevention procedures
- Obtained approval from relevant governmental agencies, i.e. "Surat Kebenaran Skim Pengendalian Melombong" (SKSPM) issued by Department of Mineral and Geoscience Malaysia, Ministry of Energy and Natural Resources or equivalent approval in other jurisdictions
- Establishment of SOPs to govern activities at the mining site
- Establishment of an Emergency Response Plan

Forestry & Logging

Customers are required to meet the following standards:

- Obtained Environmental Impact Assessment Report, for logging activities with a concession area of more than 500 hectares
- Establishment of a biodiversity-conservation and climate-mitigation or greenhouse gases (GHG) management plan
- Establishment of water and pollution management plan for managing waste arising from timber or pulp production, including on-site assessment on waste storage, handling and disposal
- Protection of natural waterways through buffer or riparian zones
- Protection of community safety and customary lands of indigenous people
- Obtained approval from relevant governmental agencies

Driving Sustainability (Environment)

1 Implement ESG practices in our business strategy and operations

Incorporate ESG in FY2025 goals and strategy

1. Mandated ESG KPIs for senior management

2. Established FY2025 Sustainability Topline Goals:
- Grow RM5 billion in new sustainable banking business
 - Help customers adopt sustainable lifestyles and business practices
 - Reduce the Bank's greenhouse gas (GHG) emission footprint

Reduce the Bank's GHG emissions footprint

1. Baseline operational GHG emissions

2. Operational GHG reduction target will be announced in 1QFY23

Upskill workforce to develop sustainability capabilities

1. Rolled out ESG training for bank staff

2. Compulsory ESG training for Board members and Senior Management team

Driving Sustainability (Environment)

2

Provide sustainable financing opportunities to customers

FY2025 goal of supporting RM5 billion in new sustainable financing/investment

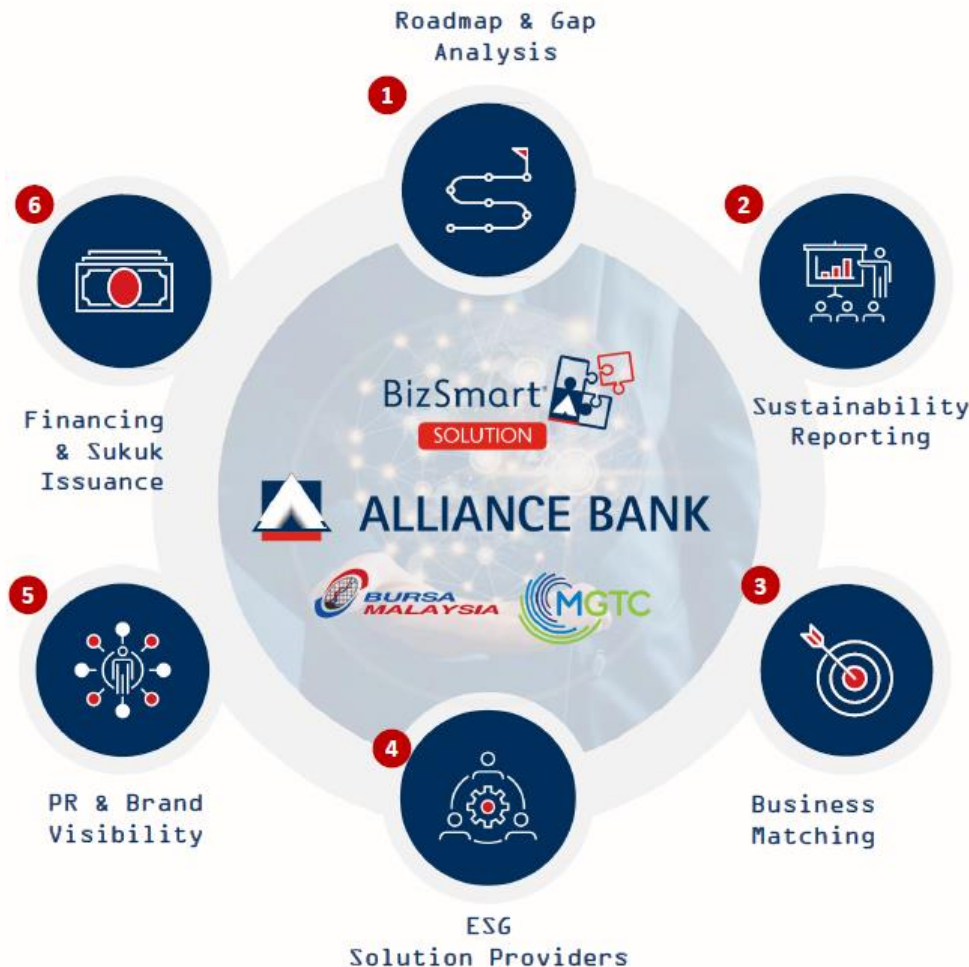
Sustainable financing/investment according to categories are as follows:

Sustainable Business Categories	Criteria for Sustainable Business		
	Environment	Social	Governance
Loans	<ul style="list-style-type: none"> Premised on BNM’s Climate Change and Principle-based Taxonomy (CCPT) 	<ul style="list-style-type: none"> Loans for B40 and MSME AND no convicted breaches of law or regulation, e.g. <ul style="list-style-type: none"> labour practices human trafficking 	AND no convicted breaches of law or regulation, e.g.: <ul style="list-style-type: none"> Corruption Bribery CBT/ fraud management
Treasury Investments	<ul style="list-style-type: none"> Premised on BNM’s CCPT 3rd party certifications 		
Capital Market (Advisory & Fund Raising)	<ul style="list-style-type: none"> 3rd party certifications OR Compliance to SRI/sustainability/green/sukuk/bond frameworks 		
ESG Wealth (Total Sales)	<ul style="list-style-type: none"> 3rd party certifications 		
Social Funds	<ul style="list-style-type: none"> Qualifies as long as it comes under the Bank’s social funding program, partnering with approved/licensed NGOs or government agencies 		

Driving Sustainability (Environment)

3 Help customers adopt sustainability practices

Alliance Bank partnered with Malaysian Green Technology and Climate Change Corporation (MGTC) & Bursa to provide a holistic Sustainability Proposition for businesses



- Roadmap advisory
 - Identify gaps & impact
 - Recommendations
- Develop reporting plan
 - Improve disclosures
 - Supply chain credibility
- Local & Overseas clients
 - World Expo@Dubai
 - Networking activities
- 600+ MyHijau cert listing
 - Obtain preferential rates
 - Government incentives & Tax benefits
- Highlight company to investors & PR
 - Run joint webinars/event
- Green Financing
 - Government Schemes
 - Sustainability Link Sukuk

Empowering Communities (Social)

4

Empower SMEs via education, upskilling and financing

Various resources provided to SMEs free of charge such as webinars, information/news, and financial health calculator

The Bank jointly organised over 45 complimentary webinar sessions to upskill SMEs and their employees.

Events & Webinars

Gain new knowledge about your industry from the industry experts

BizSmart SOLUTION

LIVE WEBINAR

How to Create an Effective Marketing Campaign and Build Successful Partnerships for Better Results.

Thursday, 26 August 2021, 3.00pm – 4.00pm

Jeffri Shahul Hamid

Fleet Commander, Engineer

Fozia Amamulla

Deputy Group Chief Corporate Banking & Business Development Officer, Alliance Bank Malaysia Berhad

enginemailer

SEND IT YOUR WAY

ALLIANCE BANK

Business Resources

Latest news and trends in the market to help you to sustain and grow your business.

September 2020 | BizSmart Solution

SME, Financing & Banking

A Smart Turn For SMEs

By: @Halal

read more...

November 2020 | BizSmart Solution

SME, Financing & Banking

Highlights of Budget 2021

By: Cheng & Co

read more...

November 2020 | BizSmart Solution

SME, Financing & Banking

2021 BUDGET INSIGHTS

By: Tricor Taxand Sdn Bhd

read more...

Financial Health Calculator

POOR

FAIR

GOOD

Debt Servicing

Working Capital

Receivable Days

Working Capital

Eligible Loan

RM 0.00

Working Capital Required

RM 6,849.32

Our Recommendation for You

Your business does not seem to have any collection issue from your buyer(s), and your cash flow to manage your day-to-day operations appears to be optimal. Nevertheless, your business seems to have a high level of financial commitment. Unless this is due to recent business expansion, you may want to rebalance your current commitments such as selling off some under-utilised assets, or negotiate for longer credit terms with your suppliers. We strongly urge you to evaluate your company's ability to sustain your monthly loan installment (if any) at least for the next 12 months. Discuss with your bank to modify your loan principle's terms and conditions. You may also lengthen or extend the tenure to match your capability on loan repayments. Contact your bank to find out more about Restructuring and/or Rescheduling of Loan/Financing. Alternatively, you may contact AKPK at 03-2616 7766.

The EcoBiz Challenge

In collaboration with MGTC, this season's EcoBiz 4 aims to challenge university students to develop a green social business with the environmental objective of steering Malaysians towards a zero-waste society.

Since EcoBiz's inception, we have reached more than 5,000 students from 157 universities across Malaysia.

ECOBIZ CHALLENGE

ARE YOU MALAYSIA'S NEXT TOP ECOBIZ CHAMPION?

Submission Closing Date: 30 November 2021

The Challenge:

Develop a promising green social business with the environmental objective of steering Malaysians towards a zero-waste society.

First Prize

RM10,000 per team

Second Prize

RM5,000 per team

Third Prize

RM3,000 per team

Consolation Prize x7

RM1,500 per team

In collaboration with Malaysian Green Technology and Climate Change Corporation (MGTC), this season's challenge will incorporate the 3aGUH (3aia Graduan Ushahwan Hijaui) approach.

MGTC

12

Empowering Communities (Social)

5

Promote financial literacy to vulnerable communities

The AEIOU Programme

The AEIOU financial literacy programme educates school children via Comic Challenge and e-Game Challenge on the importance of saving, making smart financial decisions and being prudent in spending.

Since its launch in 2015, AEIOU Challenge has reached more than 130,000 children.



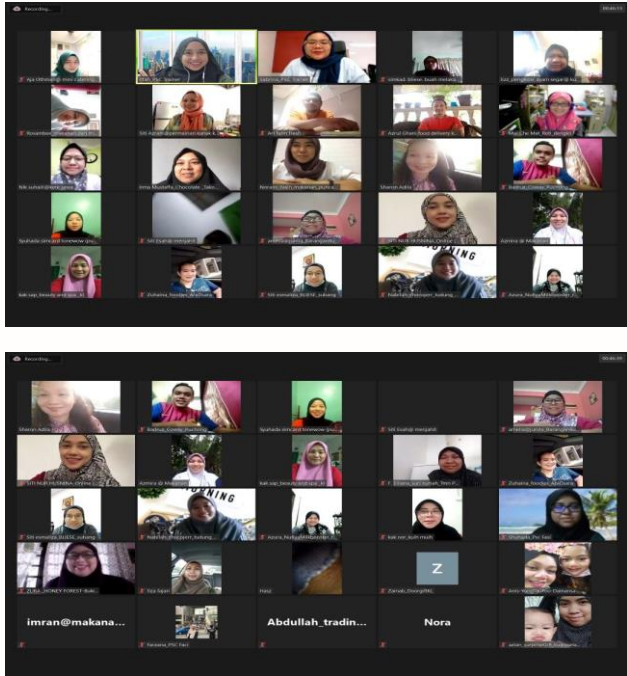
Ringgit My Way

Ringgit My Way is a series of educational social media posts that promotes financial literacy awareness and management.



B40 Economic Empowerment Programme (EEP)

EEP is a structured entrepreneurship programme to educate and empower B40 micro-entrepreneurs in Malaysia. 50 participants undergo a 4-day training and 3-month mentoring programme. 80% of the participants were reported to have attained increased income or started a business.



Empowering Communities (Social)

6

Support digital transformation via digital solutions

The BizSmart® Solution Portal

BizSmart® Solution is our one-stop portal for businesses to get latest insight, market updates and partner promotions.

Through the BizSmart® Solution portal, our clients gained brand visibility among the business community and we generated over 1,400 new business referrals for the participating SMEs.

Alliance Bank: Helping Malaysian SMEs Digitise Their Business

Alliance Bank Malaysia Berhad (referred to as "Alliance Bank" or "the bank"), best known for its support of Malaysian SMEs, continues to build alliances to improve lives by "creating a digital ecosystem with like-minded partners to offer complete business solutions so businesses can transform digitally," said Ms. Fozia Amanulla, Group Chief Business Development Officer of Alliance Bank.



Alliance Digital SME

Alliance Digital SME allows businesses to apply online for a collateral-free financing in a convenient, fast, and secure way.

It provides a collateral-free financing up to RM500,000.

Alliance Digital SME

Meet the Changing Demands of Your Business

- ✓ Ease your business's cash flow
- ✓ Expand your business

Fast and simple online application

No collateral required

[Apply online](#)

How to apply?

- 1 Complete your application online & upload NRIC
- 2 Expect a call from us within two working days
- 3 Receive your application result via SMS/e-mail
- 4 Accept the offer!

Halal in One

Alliance Islamic Bank's Halal in One programme is a one-stop centre for Halal business needs and opportunities. Through its collaboration with Fusionex, customers can now digitalise their business and leverage on AI and Big Data Analytics.

The programme has assisted over 150 companies to expand into the halal industry. The Bank has approved more than RM100mil financing to assist halal companies to fulfill their needs.

ALLIANCE ISLAMIC BANK

GROW YOUR HALAL BUSINESS

Partnerships that help your Halal business thrive

Halal Street | Halnex | Halal Development Corporation | HQC Commerce

FUSIONEX
experience.excellence

Enhanced Sustainability Disclosures

Sustainability Microsite

Alliance Bank launched its Sustainability Microsite in Sep 2021 which discloses key information on the Bank's sustainability initiatives.



Sustainability – An Extension of our Corporate Purpose

The Bank's Vision is to be The Preferred Bank of Business Owners. The business owner's footprint in the economy and social fabric of the country is vast. In 2019, small and medium enterprises ("SMEs") contributed 38.9% to Malaysia's gross domestic product ("GDP"). They provide employment to almost half of the working population¹. By serving the business owner's personal and business needs, we will positively impact the wider community, i.e. their families, employees, and customers.

Other channels for sustainability updates

Sustainability updates in quarterly analyst briefings

Social media and news release

Annual report will adopt climate-related disclosures beginning 2022

Concluding thoughts

Our sustainability approach is an extension of our vision and mission

Our Sustainability Purposes:

1. We help business owners adopt ESG practices in a way that creates value for the business, the community and environment in which they operate.
2. We aim to create a meaningful impact on sustainability in collaboration with our people and our community.

By FY2025, we commit to :

1. Grow RM5 billion in new sustainable banking business
2. Help customers adopt sustainable lifestyles and business practices
3. Reduce the Bank's greenhouse gas (GHG) emission footprint

We will focus on the key priorities to achieve our sustainability purpose:

Driving Sustainability (Environment)

- Include ESG practices in our business
- Provide sustainable financing opportunities
- Help customers adopt sustainable practices

Empowering Communities (Social)

- Empower SMEs via sustainability propositions
- Promote financial literacy
- Support digital transformation

Moving forward, we will continue to expand our sustainability efforts

Announcement on our operational GHG reduction target (Q1 FY23)

Progressively adopt Task Force on Climate-Related Financial Disclosures (TCFD) starting 2022

Rolling out sustainable loans and investment proposition in 2022



ALLIANCE BANK

Thank You.