



➤ **52.2%**

of total financing is categorised under VBI, or towards economic, environment and social impacts

➤ Developed Climate Risk Management Framework, guided by BNM's Climate Change and Principle-Based Taxonomy Guidance document

05

SUSTAINABILITY STATEMENT

Drive Sustainability

- Partnership with Malakoff to support growth and development of sustainable energy solutions in Malaysia through sustainable financing programmes
- Introduced the Electric Vehicle financing
- Integrated value-based intermediation and sustainability elements in our credit scorecard and business strategy
- Serving BNM's JC3 as a member of the SME Sub Group, focusing on supporting the SME clients in transitioning to a low carbon economy

“

We are the first bank to start offering “eco-green” financing via different innovative products such as personal financing, mortgages, credit cards and car financing that fitted the requirements of customers. Our aim is to provide our customers with the best possible financial services.

”

Hamidi A. Razak
Chief Risk Officer

▶ For more information, please refer to page 79

ABOUT OUR SUSTAINABILITY STATEMENT

This sustainability statement comprehensively outlines Bank Muamalat's sustainability strategy, principles, initiatives, and performance for the financial year 2023. It serves to provide updates on our sustainability initiatives across all key business units and operations.

SCOPE AND BOUNDARIES

The content of this Report highlights the Bank's sustainability progress and performance across our operations in Malaysia.

FRAMEWORK AND GUIDELINES

This report disclosure aligns with both local and international standards and guidelines:

- Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (MMLR)
- Bursa Malaysia's Sustainability Reporting Guide 3rd Edition (Guide)
- Global Reporting Initiative (GRI) 3rd edition
- Malaysian Code on Corporate Governance 2021 (MCCG 2021).

SUSTAINABILITY @ BANK MUAMALAT

OUR APPROACH TO SUSTAINABILITY

The Bank's vision places sustainable development at the heart of what we do.

Sustainability has gained significant momentum throughout Bank Muamalat, shaping our policies and integrating sustainability into our core business decision-making processes. There is a growing awareness of the environmental, social, and governance (ESG) agenda across all departments, recognising that every individual at Bank Muamalat plays a crucial role in advancing sustainability.

The progress we have made is reflected in the improvements across the various indices we are benchmarked against. We are very encouraged by the increasing level of interest and engagement among our key stakeholders, and we will continue to be transparent in communicating our ESG risks, commitments and progress.

At Bank Muamalat, we view sustainability as a powerful tool to build a better future for our organisation, community and country. Our commitment to sustainability is rooted in our belief that as a responsible and ethical institution, we have a duty to meet society's financial needs in a way that supports the social and economic well-being of all stakeholders.

Rooted in our Islamic values, we strive to make a positive and lasting impact. We are more than just a financial institution; we see ourselves as catalysts for change, dedicated to fostering inclusive growth and sustainable development. Through our purpose-driven approach, guided by our Islamic principles, we aim to create economic opportunities for all, support the development of the real economy, enhance community welfare, and contribute to environmental conservation.

The Bank has long been dedicated to sustainable finance, providing Shariah-compliant banking products and services for businesses and consumers. We follow the Value-based Intermediation (VBI) strategy proposed by Bank Negara Malaysia (BNM), which aims to achieve the *maqasid al-shariah* (intended outcomes of Shariah) through our practices and product offerings. Using the Value-based Intermediation Assessment Framework (VBIAF) as our guide, we develop our products to ensure sustainable banking for all our customers.

As members of the CoP for VBI by BNM and participants in the GABV, we remain steadfast in our commitment to sustainability. Alongside integrating ESG considerations into our operations and business decisions, we actively promote sustainability and mainstream VBI.

In 2023, Bank Muamalat committed to strengthening its sustainable finance initiatives by developing a Climate Risk Framework to meet the climate risk requirements set by BNM. The primary goal of this Framework is to integrate climate-related risks and impacts into the Bank's overall Risk Management Framework. As part of this effort, we conducted an ESG assessment and gap analysis of our existing ESG risk management framework. Looking ahead, we aim to establish a comprehensive framework that deeply embeds climate risk management into all aspects of our banking operations, including financing and promoting sustainable banking opportunities across all customer segments.

As members of the Committee of Practitioners (CoP) for VBI by BNM and participants in the Global Alliance for Banking on Values (GABV), we remain steadfast in our commitment to sustainability. Alongside integrating ESG considerations into our operations and business decisions, we actively promote sustainability and mainstream VBI. We emphasise the transformative potential of Social Finance, leveraging investment and profit-sharing offerings to empower underserved segments. Additionally, we are deeply involved in climate risk management, aligning with BNM's Climate Change and Principle-based Taxonomy (CCPT) guidance. This framework underscores the central bank's dedication to enhancing financial sector resilience and facilitating a smooth transition to a greener economy. Furthermore, our adoption of the Climate Risk Management and Scenario Analysis policy, which is set to be finalised in 2024, establishes principles and requirements for managing climate-related risks within financial institutions.

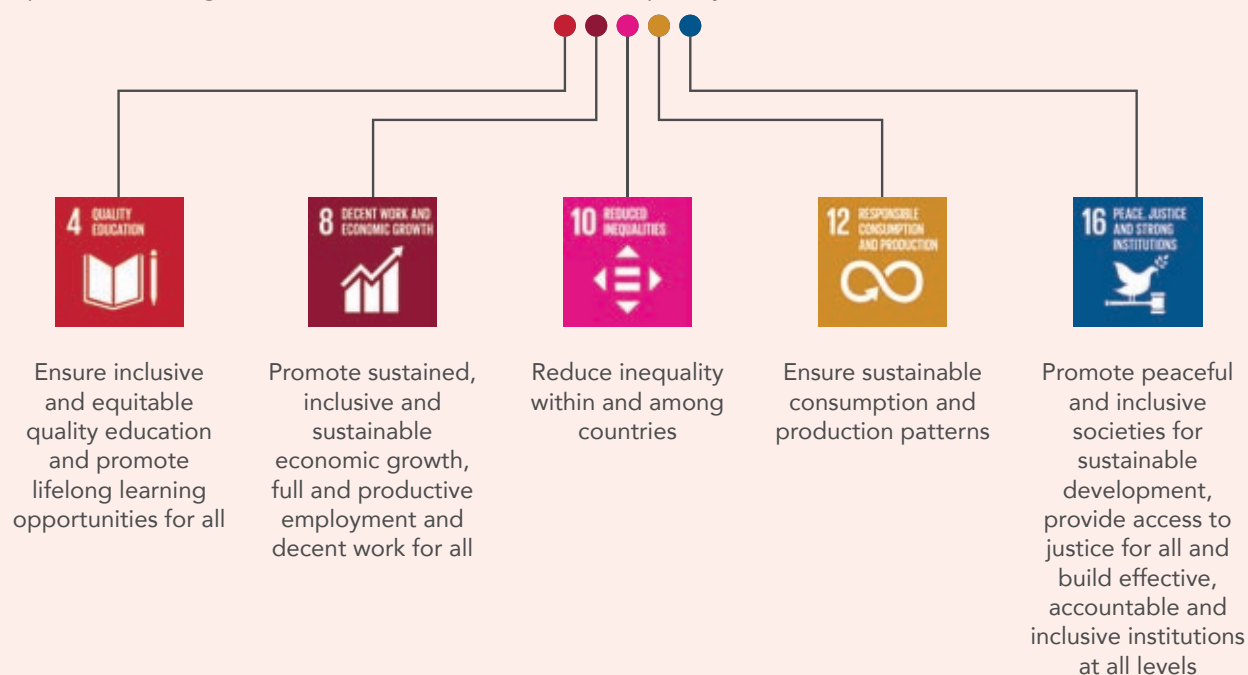
SUSTAINABILITY @ BANK MUAMALAT

SUSTAINABILITY OBJECTIVES

We continue to accomplish the United Nation's Sustainable Development Goals (SDGs). The 17 SDGs interrelated global ambitions are closely linked to our efforts in improving the outcomes of communities and the environment. We play our part in the global goals by enhancing the lives and livelihoods of Malaysians, focusing particularly on sustainable economic growth, environmental protection and social inclusion. This ultimately reinforces Malaysia's contribution to the global collective journey of building peaceful, just and inclusive societies, and ensuring the tangible conservation of the planet and its natural resources.

Methodology on UN SDG Alignment:

To optimise our SDG contributions, we prioritise the goals that are directly or indirectly impacted by our operations and activities. We assessed each of the 17 SDGs and their corresponding indicators to determine how our business can help achieve these goals. As a result, we have identified five priority SDGs, as shown below:



STAKEHOLDER ENGAGEMENT

THE SIGNIFICANCE OF STAKEHOLDER ENGAGEMENT

At Bank Muamalat, we recognise the significance of stakeholder engagement and place paramount importance on robust and meaningful interactions with our stakeholders for several compelling reasons:



INCLUSIVE PERSPECTIVES FOR EFFECTIVE SUSTAINABILITY

Including diverse stakeholders allows us to consider a broad spectrum of perspectives, leading to a deeper understanding and a greater capacity to develop effective sustainability strategies. This comprehensive insight becomes the foundation upon which our business strategies are built. In return, this fosters trust and support from our stakeholders, which is a vital ingredient for the successful transformation of the Bank.

STAKEHOLDER ENGAGEMENT PROCESS

We embarked on an extensive stakeholder engagement process that played a pivotal role in identifying and validating the sustainability-related interests of each stakeholder group. Two key metrics guided our approach:














- Level of Influence:** We assessed the influence each stakeholder group has on our business.
- Level of Dependence:** We evaluated how dependent each stakeholder group is on our business.

As a result of this comprehensive engagement, six key stakeholder groups emerged as our priorities:


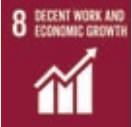














We meticulously analyse feedback from these stakeholder groups to stay aligned with their most significant concerns. This input is incorporated into our materiality assessment, guiding the prioritisation of key issues that will shape our future business strategies. Our comprehensive approach to stakeholder engagement underscores our commitment to building a more sustainable and prosperous future for everyone while adhering to regulatory compliance and industry standards. As a responsible financial institution, we ensure that our practices not only meet but exceed compliance requirements, reinforcing our dedication to ethical and sustainable banking.

STAKEHOLDER ENGAGEMENT

	Why we engage	How we engage	Stakeholders' expectations		Our responses	Related material matters	Related UN SDGs
 <p>Shareholders & Investors</p>	<ul style="list-style-type: none"> Establish transparent and timely communication with stakeholders, fostering trust and confidence in our organisation and facilitating informed investment decisions Actively seek input from stakeholders on their investment preferences and expectations, ensuring our strategies align closely with their needs and maintaining sustainable access to capital 	<ul style="list-style-type: none"> Annual reports Sustainability statements Financial announcements Online communications: emails, corporate website, and social media Meetings and discussions 	<ul style="list-style-type: none"> Sustainable and long-term business strategies alongside prudent cost management to ensure sustainable financial returns Proactive management of asset quality and credit risks, particularly in high carbon emitting sectors Uphold financial stability Integration of VBI elements into business operations to promote ethical and sustainable practices Ethical and responsible business conduct as a core principle Strong and experienced management leadership Commitment to transparent disclosure Adoption of sustainable practices 		<ul style="list-style-type: none"> Implement sustainable business strategies Prudent cost management for sustainable financial returns Proactive management of asset quality and credit risks from exposure to sectors affected by the pandemic Sound balance sheet management Integrate VBI elements in business operations Uphold ethical and responsible business conduct Strong and experienced management Transparent reporting and disclosure Implement sustainability initiatives across the Bank 	<ul style="list-style-type: none"> M1 Ethics & Integrity M2 Economic Performance M5 Digital Banking M6 Energy consumption and environmental impact M13 Responsible financing 	  
 <p>Customers</p>	<ul style="list-style-type: none"> Engage stakeholders to understand their needs and expectations thoroughly, identifying areas for improvement in our service delivery Champion financial literacy initiatives aimed at empowering stakeholders to make well-informed financial decisions 	<ul style="list-style-type: none"> Branch representatives Digital touchpoints: Internet banking and digital applications Online communications: Emails, corporate website, and social media Customer service centers Call centers Customer networking events Printed materials Customer survey 	<ul style="list-style-type: none"> Innovative financial solutions, products, and services Convenient, continuous, and safe access to banking services Convenient and transparent value-for-banking products and services Secured and safe environment with strict data protection for conducting banking activities, particularly through digital channels Excellent customer service Financial assistance that can ease their financial burden 		<ul style="list-style-type: none"> Develop innovative financial solutions, products, and services to meet customers' financial needs Enhance touchpoints, both physical and digital, to maximise customer satisfaction. Improve processes to deliver operational excellence and efficiency Drive service excellence through skilled and trained customer service personnel Enhance end-to-end cyber response and simulation plans to ensure cyber resilience and continuously improve IT security Provide continuous awareness through online communication and digital touchpoints to educate customers and employees on potential fraud and scams Implement strict standard operating procedures to ensure customers' safety at branches 	<ul style="list-style-type: none"> M1 Ethics & Integrity M2 Economic Performance M3 Entrepreneur Development M5 Digital Banking M8 Customer Experience M12 Financial inclusion M13 Responsible financing 	    
 <p>Business partners</p>	<ul style="list-style-type: none"> To ensure mutual understanding and alignment of goals, objectives, and expectations for better collaboration, more efficient operations, and improved customer service 	<ul style="list-style-type: none"> Online communications: Emails, corporate website, and social media Formal and informal engagements e-Procurement system 	<ul style="list-style-type: none"> Fair and equal evaluation of vendors and their proposals Fair conditions for both vendors and the Bank Effective and timely communication on new policies, guidelines, or strategies to ensure optimal performance Transparent reporting and disclosure to ensure smooth collaboration with potential partners 		<ul style="list-style-type: none"> Support local vendors Provide convenient access to procurement systems Conduct engagement sessions to ensure vendors' understanding of the procedures, processes, guidelines, and expectations of deliverables and their quality Ensure fair procurement practices and transparent vendor selection Establish a dedicated tender committee to ensure the objectives of the engagements are achieved 	<ul style="list-style-type: none"> M1 Ethics & Integrity M2 Economic Performance M4 Procurement practices M5 Digital Banking M8 Customer Experience 	 

STAKEHOLDER ENGAGEMENT

	Why we engage	How we engage	Stakeholders' expectations		Our responses	Related material matters	Related UN SDGs
 <p>Regulatory Agencies & Statutory Bodies</p>	<ul style="list-style-type: none"> Ensure the Bank stays updated on changes and developments that affect the sector, maintains operational efficiency, and complies with legal and regulatory requirements Collaborate and participate in policy formulation and national development initiatives that have a positive impact on the overall economy 	<ul style="list-style-type: none"> Online communications: Emails, corporate website, and social media Formal and informal engagements e-Procurement system 	<ul style="list-style-type: none"> Compliance with all legal and regulatory requirements Good corporate governance Transparent reporting and disclosures Participation and contribution to industry and regulatory working groups 		<ul style="list-style-type: none"> Continuously update our systems and processes to meet current compliance and risk requirements Ensure compliance delivery, risk management, and governance that meet regulatory requirements Integrate VBI elements into risk management practices Ensure timely and transparent reporting to regulatory agencies and statutory bodies Actively participate in VBI working groups to develop a sectoral guide Active participation in: <ul style="list-style-type: none"> CCPT working groups to adopt Due Diligence Questions; CCPT Subgroup for Small Medium Enterprises (SMEs), leading the development of sectoral guides tailored for high-emitting carbon sectors within the SME sector 	<ul style="list-style-type: none"> M1 Ethics & Integrity M2 Economic Performance M6 Energy consumption and environmental impact M13 Responsible financing 	  
 <p>Local community</p>	<ul style="list-style-type: none"> Positively impact our communities through access to financing, service offerings, social initiatives, and community programmes To stay connected to developments and trends related to our operations to enhance our relevance in the communities we serve 	<ul style="list-style-type: none"> Community engagement activities Online communications: Emails, corporate website, and social media Digital touchpoints: Mobile applications, Internet banking, and SMS blasts Printed materials 	<ul style="list-style-type: none"> Financial and VBI literacy awareness. Efforts in tackling common economic, environmental, and social issues Feasible and convenient access to advisory on suitable financial solutions Efforts in building a resilient and thriving community 		<ul style="list-style-type: none"> Collaborate with various state religious councils and government agencies to address the needs of the local communities Provide access to advisory on suitable financial solutions through digital channels Extend financial relief assistance Continuously implement corporate social responsibility initiatives 	<ul style="list-style-type: none"> M6 Energy consumption and environmental impact M7 Community Development 	   
 <p>Employees</p>	<ul style="list-style-type: none"> To ensure clear communication of the Bank's vision for effective execution and delivery of strategies To address their concerns and keep them engaged and motivated 	<ul style="list-style-type: none"> Internal portal and emails Employee dialogue sessions with Chief Executive Officer Annual engagement survey Social and recreational activities Employee engagement events and programmes Roadshows 	<ul style="list-style-type: none"> Fair remuneration, recognition, and effective performance management Balanced work-life environment Opportunities for career development and advancement An empowering environment that embraces diversity and enables employees to deliver quality work output A safe, healthy, and conducive workplace supported by flexible work practices 		<ul style="list-style-type: none"> Enhance task delegation and improve employee performance management Provide employee remuneration Strengthen employee learning and career development programmes to equip them with essential skills for them to be competitive with other peers in the industry Conduct employee engagement and employee satisfaction surveys Develop a career development plan framework and apprenticeship programme 	<ul style="list-style-type: none"> M1 Ethics & Integrity M9 Diversity and equal opportunity M10 Training and education M11 Employment 	   

SUSTAINABILITY MATTERS

MATERIALITY ASSESSMENT METHODOLOGY

As a responsible and sustainable financial institution, the Bank recognises the importance of identifying and prioritising the material matters that are most relevant to our stakeholders and our business. To ensure we create value for our stakeholders in the short, medium, and long term, we have established a three-step approach to materiality. This approach enables us to identify the most significant economic, environmental, and social (EES) matters that could impact our operations, financial performance, sustainability, and contributions to our stakeholders. By prioritising these material matters, we can better allocate our resources, manage risks, seize opportunities, and enhance our decision-making. This approach also ensures our sustainability reporting is focused on the matters most important to our stakeholders, maintaining transparency and accountability in our progress toward addressing them.


We have built on the solid foundations set in and conducted an enhanced 3-stage assessment process to identify, assess, and prioritise the topics that matter most to our business strategy and stakeholders.

Our 3-step approach is as follows:




Identify

We identify material matters by reviewing previous material matters, engaging with our stakeholders to understand their expectations, concerns, and needs, and assessing issues relevant to industry best practices.



Evaluate

We evaluate the identified material matters internally, following standards such as Bursa Malaysia Securities Berhad's MMLR and the International Integrated Reporting Council (IIRC) framework. Externally, we measure these matters based on their impact on our business and their relevance to our stakeholders.





Prioritise

We prioritise the identified material matters based on their significance to both our business and our stakeholders.




OUR IDENTIFIED MATERIAL MATTERS AND OUR COMMITMENT TO THEM

Taking into account the UN SDGs, the Bank has identified the most significant material matters for our business and stakeholders under the three EES pillars as follows:

Economic		
Material Matter	Our Commitment	Relevant Goals and Standards
M2 Economic performance	<ul style="list-style-type: none"> Align the Bank's strategic directions, business, and operations with Malaysia's economic plan to create direct economic value for society 	<p>Goals:</p>   <p>Standards:</p> <ul style="list-style-type: none"> GRI-103: Management Approach 2016 GRI-201: Economic Performance 2016 GRI-205: Anti-Corruption 2016 GRI-418: Customer Privacy 2016
M3 Entrepreneur development	<ul style="list-style-type: none"> Develop strategies and initiatives to help the underserved segments that drive the local economy, i.e., micro, small, and medium-sized enterprises and entrepreneurs (MSMEs) 	
M13 Responsible financing	<ul style="list-style-type: none"> Increase financing to entities that meet ESG criteria Avoid financing entities involved in unethical activities 	
M4 Procurement practices	<ul style="list-style-type: none"> Ensure a fair and transparent process for vendor evaluation and onboarding to establish a stable, equitable, and sustainable supply chain Adopt social procurement to prevent abuse of local and international human rights by vendors and the supply chain 	
M1 Ethics and integrity	<ul style="list-style-type: none"> Ensure compliance with all applicable laws and regulations by BNM, the Companies Commission of Malaysia, and other relevant local authorities, including the Islamic Financial Services Act, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act, Personal Data Protection Act, and more Adhere to the capital adequacy and liquidity guidelines stipulated by Basel III Uphold a commitment to ethical conduct and behaviour throughout the organisation, from directors to officers 	
M8 Customer experience	<ul style="list-style-type: none"> Improve service delivery while adhering to all applicable laws and regulations regarding customer confidentiality Provide enjoyable, reliable, and memorable customer journeys while striking the right balance between digital and traditional approaches 	
M5 Digital banking	<ul style="list-style-type: none"> Drive digital transformation and builds internal capability for greater customer experience, accessibility, and efficiency 	

SUSTAINABILITY MATTERS

Environment		
Material Matter	Our Commitment	Relevant Goals and Standards
M6 Energy consumption and environmental impact	<ul style="list-style-type: none"> Efficiently manage the consumption of natural resources such as fuel, electricity, and water in operations while striving to reduce waste and pollution Develop and implement strategies to support climate change mitigation and adaptation 	Goals:  Standards: <ul style="list-style-type: none"> GRI-103: Management Approach 2016 GRI-302: Energy 2016 GRI-303: Water and Effluents 2018

Social		
Material Matter	Our Commitment	Relevant Goals and Standards
M11 Employment	<ul style="list-style-type: none"> Enhance hiring, recruitment, and retention processes to attract and retain top talent. Develop and implement programmes to support employee well-being, including physical and mental health, work-life balance, and career development opportunities The Bank is aligned to the comprehensive ISO 45001 occupational health and safety management system. We prioritise workplace safety for all employees through rigorous risk assessments, including the HIRARC Assessment Review conducted annually, quarterly Internal Workplace Inspections, and Enforcement Audits by relevant authorities conducted annually or as needed. 	Goals:    Standards: <ul style="list-style-type: none"> GRI-103: Management Approach 2016 GRI-401: Employment 2016 GRI-403: Occupational Health and Safety 2018 GRI-404: Training and Education 2016 FS7: Monetary Value of Products and Services Designed to Deliver a Specific Social Benefit for Each Business Line Broken Down by Purpose FS13: Access Points in Low-Populated or Economically Disadvantaged Areas by Type FS14: Initiatives to Improve Access to Financial Services for Disadvantaged People
M9 Diversity and equal opportunity	<ul style="list-style-type: none"> Ensure equal treatment and fair evaluation of employees based on individual merit Prevent all forms of discrimination and harassment in the workplace 	
M10 Training and education	<ul style="list-style-type: none"> Develop and equip employees with necessary knowledge and skills through training and education programmes 	
M7 Community development	<ul style="list-style-type: none"> Empower communities through sustainable development programmes that create positive impacts Collaborate with communities to identify their needs and design programmes accordingly Foster economic growth and social wellbeing through community development initiatives 	
M12 Financial inclusion	<ul style="list-style-type: none"> Develop affordable and accessible products and services to promote financial inclusion in the nation 	

SUSTAINABILITY GOVERNANCE

FUNCTIONS AND DECISION MAKING

The Bank understands that establishing a robust sustainability governance structure is crucial to effectively managing key sustainability issues across all aspects of the organisation. To streamline operations and avoid unnecessary duplication, our sustainability framework is fully integrated into our corporate governance framework.

Leadership from the Top	Comprehensive Support Throughout the Organisation
At the Bank, we embrace a comprehensive and holistic governance structure that begins at the top, with the Board of Directors taking a central role. They establish a robust sustainability culture, implement our sustainability and climate risk strategies, and use the sustainability performance scorecard to ensure accountability	Sustainability Department and Climate Risk Working Group provide robust support. Each plays a distinct role in our sustainability governance process, ensuring the consistent execution of sustainability strategies across the Bank. <i>For more details, please refer to the Bank's sustainability governance structure</i>

Board of Directors (BOD)

Board Risk & Compliance Committee (BRCC)

- Steers the Bank's sustainability and climate risk matters, including incorporating climate risk and opportunities into the risk agenda, strategy, and appetite
- Overseeing sustainability-related matters and climate risk matters, including overall strategies and monitoring the execution of the strategies

Executive Risk Management Committee (ERMC)

- Advises the Board on strategic sustainability directions
- Ensures the adoption of sustainability and climate risk strategies, frameworks, policies, and procedures for embedding sustainable practices throughout the Bank
- Assesses sustainability and climate risks and opportunities

Climate Risk Working Group (CRWG)

- Coordinates the Sustainability Department in managing data and matters related to sustainability and climate risk targets and reporting
- Assists the Sustainability Department in the implementation of sustainability and climate risk initiatives across the Bank
- Gathers and organises the sustainability and climate risk data report and data generated by the Sustainability Department

Sustainability Department

- Ensures that on-ground practices are in line with the Bank's overall sustainability and climate risk agenda and strategies
- Assists in implementing and overseeing sustainability initiatives and policies, as well as tracking progress toward set targets
- Keeps track of stakeholders' feedback, the latest BNM's requirements, market trends, and peer performances on sustainable development

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY RISK MANAGEMENT

We recognise the threats posed by ESG and climate risks to our long-term value creation and overall performance. These risks not only jeopardise business continuity and growth but are also under increasing scrutiny by stakeholders, making effective risk management essential. To safeguard our business and stakeholder value, we implement specific measures and controls to mitigate identified ESG and climate risks.

As a financial institution, we understand that one of the top ESG risks we face involves concerns that our customers' business operations may negatively impact people and the environment. When we extend financing to our customers, we are seen as their business partners and, therefore, have a responsibility to ensure their operations align with our sustainability agenda. Non-compliance with global and local standards could result in business shutdowns by authorities or hefty fines, impacting business continuity and the financial standing of our customers. Moreover, financing customers with poor sustainability practices could lead to significant reputational damage for the Bank.

We have integrated the ESG Scorecard as a critical component of our assessment process, guided by BNM's Due Diligence Questions for evaluating BNM CCPT Guiding Principles 3 & 4 (GP3 & GP4). This structured approach ensures that our assessments align with regulatory standards, specifically focusing on climate change and principle-based taxonomy requirements. This scorecard serves as a comprehensive tool used by our relationship managers and business units to evaluate and assign ESG scores, while also categorising climate change impacts based on BNM's CCPT. This structured approach ensures that our assessments are robust and aligned with regulatory standards, enabling us to effectively manage environmental, social, and governance considerations across our operations and client interactions.

Environmental Assessment Includes:



- Evaluation of Climate Change Risks
- Assessment of Supply Chain and Mitigation Strategies
- Implementation of Procurement Policies Embedding Sustainable Considerations
- Adoption of Deforestation Policies with Clear Land Clearance Methods
- Implementation of Water Management Policies (e.g., sourcing, usage monitoring, pollution control)
- Implementation of Waste/Effluents/Chemical Management Plans

Social Assessment Includes:



- Compliance with Labour Laws, including Child Labour Laws and Avoidance of Poor Labour Practices
- Compliance with Workers' Minimum Standards of Housing and Amenities Act 2019
- Conducting Social Impact Assessments where relevant
- Implementing Free, Prior, and Informed Consent where relevant
- Implementation of Grievance Handling and Management Policies
- Implementation of Occupational Safety and Health Management Policies in compliance with ISO45001

Governance Assessment Includes:



- Compliance with Guidelines on Adequate Procedures under the Malaysia Anti-Corruption Commission Act 2009
- Implementation of Anti-Money Laundering Policies
- History of significant incidents, legal actions, penalties, or fines related to ESG
- Adoption of Principles and Practices from the MCCG
- Publication of Sustainability Reports or ESG Disclosures
- Holding valid certifications (including industry schemes) covering Environmental, Social, or Governance considerations
- Establishment of Sustainability Commitments, Sustainability Strategies, and Risk Management Frameworks integrating ESG

MEMBERSHIPS & ASSOCIATIONS

We actively participate in various associations and memberships to share our resources and gain industry insights into sustainability best practices. Through these associations, we have the opportunity to exchange ideas, knowledge, and experiences on maximising positive impact and building long-term resilience.

Association	Our Role & Contributions
Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)	<ul style="list-style-type: none"> • Help represent the voice of the Islamic Finance industry, underpinning the VBI thrust in serving the community
GABV	<ul style="list-style-type: none"> • Adopt sustainable banking practices including integrating ESG criteria into banking operations, supporting community development, and fostering financial inclusion • Participate in GABV's capacity-building initiatives, such as training programmes and workshops, to enhance our capabilities in sustainable banking practices, ESG integration, and impact measurement
Joint Committee on Climate Change (JC3)	<ul style="list-style-type: none"> • Help pursue collaborative actions for building climate resilience within the financial sector • Collaborate with other financial players to build industry capacity through the sharing of knowledge, expertise and best practices in managing climate related risks • Actively support the identification of issues and priorities facing the financial sector in managing the transition towards a low-carbon economy • Collaborate with stakeholders in advancing coordinated solutions to address climate-related challenges • Bank Muamalat leads the CCPT Sub Focus Group for SMEs in developing SMEsGuidance Notes for 6 high emitting carbon sectors
CoP of BNM's VBI	<ul style="list-style-type: none"> • Actively contribute to the development of the industry's VBI scorecard, framework, guidelines and strategy
General Council for Islamic Banks and Financial Institutions (CIBAFI)	<ul style="list-style-type: none"> • Actively support the advancement of Islamic finance on a global scale • Enhance the Bank's commitment to ethical banking, financial inclusion, and sustainable development, while fostering innovation and growth within the Islamic financial services industry
Partnership for Carbon Accounting Financials (PCAF)	<ul style="list-style-type: none"> • Committed to measuring and reducing the carbon footprint of the Bank's financial activities, further underscoring a dedication to combat climate change and promote sustainable finance

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY



8 DECENT WORK AND ECONOMIC GROWTH
SDG 8.1: Sustaining per capita economic growth in accordance with national circumstances



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
SDG 16.5: Substantially reducing corruption and bribery in all their forms

ECONOMY

M2 Economic Performance

1. STRENGTHENING RESILIENCE AND INCLUSIVE GROWTH

Why is this Important?

Bank Muamalat currently operates in a dynamic and challenging economic environment characterised by volatile conditions and margin compression due to higher profit rates. The expansion of the digital landscape has also led to a growing threat of financial crimes, necessitating robust cybersecurity measures. Additionally, heightened competition from digital banks demands continuous innovation and enhancement of our digital platforms.

For local communities, access to and knowledge of financial assistance can significantly boost economic activity, particularly for small businesses. By catering to all income levels, including B40, asnaf, gig economy workers, affluent individuals, and professional workers, Bank Muamalat ensures comprehensive financial inclusion. Corporate and commercial customers are also encouraged to integrate Environmental, Social, and Governance (ESG) perspectives into their business models, promoting sustainable business practices.

What is Our Approach?

Bank Muamalat's approach is centered around its 5-year Business Plan, RISE26+, which aims to position the Bank as the strongest Islamic bank with consistent positive performance. Key strategies include:

- **Strategic Growth and Futureproofing:** In response to volatile economic conditions and margin compression, we have reengineered our deposit structure to focus on low-cost funding sources, thereby containing funding costs.
- **Cybersecurity Enhancement:** To combat the growing threat of financial crimes, we have ensured that our cybersecurity measures are on par with industry standards.
- **Digital Platform Upgrades:** In light of heightened competition from digital banks, we have continually upgraded and enhanced our IT infrastructure and digital platforms.
- **Strategic Partnerships:** Partnership with selected companies to support growth and development of sustainable energy in Malaysia.

What Did We Do?

Throughout 2023, Bank Muamalat implemented several strategies to navigate the challenging economic environment and stimulate local economies:

- **Financial Assistance for Small Businesses:** Provided crucial financial support to small businesses within the community, aiding economic stimulation.
- **Inclusive Product and Service Offerings:** Offered tailored products and services to diverse income groups, including B40, asnaf, gig workers, affluent individuals, and professional workers, reinforcing our commitment to financial inclusion.
- **Support for Sustainable Energy Solutions:** Collaborated with Malakoff Corp Berhad to support the growth and development of sustainable energy solutions in Malaysia through financing programmes.

What Did We Achieve?

Despite facing a challenging environment with higher inflation and interest/profit rates, Bank Muamalat remained resilient and successfully harnessed opportunities to serve its customers and grow its business. Our achievements in FY2023 include:

➤ Economic Value Generated: RM1,784.65 million	➤ Economic Value Distributed: RM1,455.18 million	➤ Economic Value Retained: RM329.47 million
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These results reflect Bank Muamalat's unwavering commitment to sustainable economic growth and value creation for all stakeholders. By promoting financial inclusion, supporting local economies, and advancing sustainable practices, we continue to uphold our mission of creating 'Better Lives, Together'.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

2. FOSTERING GROWTH AND INNOVATION

M3 Entrepreneur Development

Why is this Important?

Entrepreneur development is crucial for fostering innovation, driving economic growth, and creating employment opportunities. By collaborating with identified parties and government agencies, Bank Muamalat leverages partly secured guarantees to support MSMEs, which are vital for the economic development of local communities. Ensuring that these businesses have access to financial resources enables them to thrive, contributing to a robust and dynamic economy. This approach aligns with our mission to support sustainable economic development and financial inclusion, thereby enhancing the overall well-being of society.

What is Our Approach?

Our approach to entrepreneur development focuses on strategic collaborations and targeted financial support for MSMEs. Key components of our strategy include:

- **Collaborations with Identified Parties:** Partnering with vendors, business partners, and government agencies to provide partly secured guarantees, ensuring that entrepreneurs have access to necessary funding.
- **Direct Stakeholder Engagement:** Focusing on the specific needs of MSME customers, tailoring our financial solutions to support their growth and development.
- **Leveraging Government Programmes:** Working closely with government initiatives such as Teraju to provide additional financial support and resources to entrepreneurs.

What Did We Do?

In 2023, Bank Muamalat made significant strides in supporting entrepreneur development through various initiatives and collaborations:

- **Financial Approvals and Disbursements:** We approved RM373.94 million in funding for MSME customers, with disbursements totalling RM239.28 million. This substantial financial support underscores our commitment to empowering entrepreneurs and fostering business growth.
- **Teraju Bumiputera Healthcare Supply Chain Financing Programme:** Through our collaboration with the initiative, we approved RM49.5 million in funding, with RM18.5 million disbursed. This programme aims to support Bumiputera entrepreneurs by providing financial assistance and resources to help them succeed.

What Did We Achieve?

Our efforts in entrepreneur development have resulted in significant positive outcomes for MSMEs:

- **Enhanced Access to Funding:** By approving and disbursing substantial amounts of financial support, we have enabled numerous entrepreneurs to access the resources they need to grow their businesses.
- **Strengthened Collaborations:** Our partnerships with government agencies and business partners have bolstered our ability to provide partly secured guarantees, enhancing the financial stability and growth prospects of our entrepreneurial clients.
- **Support for Bumiputera Entrepreneurs:** Through the programme, we have specifically targeted support for Bumiputera entrepreneurs, promoting inclusive economic growth and ensuring that all segments of society can benefit from our development initiatives.

These achievements highlight Bank Muamalat's dedication to fostering a thriving entrepreneurial ecosystem, supporting sustainable economic growth, and promoting financial inclusion. Our ongoing commitment to entrepreneur development is a key component of our mission to create 'Better Lives, Together', by empowering businesses and driving economic progress.

3. ENSURING SUSTAINABLE GROWTH

M13 Responsible Financing

Why is this Important?

This constitutes the Bank's commitment to responsible financing, which is the practice of providing financial services in a way that is sustainable, ethical, and responsible. The adoption of responsible financing principles is crucial for promoting social and environmental sustainability, as well as long-term economic growth. It ensures that the Bank operates in a manner that takes into account the impact of its decisions on the wider community and the environment while also creating value for its stakeholders.

What is Our Approach?

Our approach to responsible financing involves a comprehensive and proactive strategy to align our policies and practices with the latest regulatory requirements and industry developments. Key components of our strategy include:

- **ESG and Climate Risk Assessment:** Rolling out an ESG and climate risk assessment to identify and measure the impact of climate risk on the overall risk level of our customers portfolio.
- **Transparent Policy Implementation:** Reviewing internal policies frequently to ensure transparent and prudent implementation of regulatory changes and disseminating new policy documents to all employees.
- **Regulatory Compliance and Gap Analysis:** Conducting regular gap analysis exercises on regulatory policy documents to identify potential gaps and challenges, ensuring our policies and procedures are up-to-date and meet regulatory expectations.

What Did We Do?

In FY2023, Bank Muamalat undertook several initiatives to enhance responsible financing practices and support sustainable economic growth:

➤ Our total VBI Financing for FY2023:

- **SME Financing**
RM843 million
- **Retail Financing**
RM9,213 million
- **Preserving the Natural Environment**
RM774 million
- **Raising Community Standards of Living**
RM3,194 million
- **Promoting Healthy Lifestyle**
RM288 million
- **Education**
RM131 million
- **Hospitals and Medical Providers**
RM349 million

- **Climate Risk Management:** Developed Climate Risk Management Framework to manage climate risks associated with our business activities and operations, including climate exposure measurement and risk monitoring.
- **Climate Change Initiatives:** Supported BNM's agenda by incorporating the Climate Change and Principle-based Taxonomy (CCPT) classification and ESG scorecard in the non-retail financing applications.
- **Joint Committee on Climate Change (JC3) Participation:** Engaged in JC3, a regulator-industry platform, focusing on building climate resilience and supporting clients in transitioning to a low carbon economy. Bank Muamalat is the lead for the Subgroup for SMEs, developing Guidance Notes to answer Due Diligence Questions (DDQ) for the assessment of Bank Negara Malaysia's CCPT Guiding Principles 3 & 4 (GP3 & GP4).
- **VBIAF Guidelines Update:** Updated the VBIAF 3rd Cohort Sectoral Guideline of Agriculture to include CCPT due diligence assessment on transactional and entity levels.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

What Did We Achieve?

Our efforts in responsible financing have yielded significant positive outcomes, demonstrating our commitment to sustainable economic growth and responsible banking practices:

- **Economic Value:** Generated RM1,784.65 million in economic value, distributed RM1,455.18 million, and retained RM329.47 million, showcasing our dedication to creating value for all stakeholders.
- **MSME Support:** Provided substantial financial support to MSMEs, fostering economic development in local communities.
- **Staff Financing:** Approved a total of RM6.42 million in financing to employees, incorporating responsible financing practices to prevent excessive debt burdens.
- **Increased ESG Commitment:** Strengthened our commitment to the ESG agenda, supporting the transition to a low carbon economy and promoting green financing.

These achievements underscore Bank Muamalat's role as a responsible corporate citizen, committed to promoting financial inclusion, supporting sustainable economic growth, and ensuring ethical banking practices by fostering a more equitable and resilient financial system.

4. FOSTERING ETHICAL AND SUSTAINABLE PARTNERSHIPS

M4 Procurement Practices

Why is this Important?

Effective procurement practices are crucial for ensuring that the Bank's operations are ethical, sustainable, and in compliance with regulatory requirements. By adopting responsible procurement practices, the Bank not only mitigates risks associated with outsourcing and vendor relationships but also promotes social and environmental sustainability. This approach aligns with our commitment to ethical values and the principles of VBI, fostering long-term, mutually beneficial partnerships with our suppliers.

What is Our Approach?

Our approach to procurement is comprehensive and rooted in due diligence, governance, and inclusivity. Key aspects of our strategy include:

- **Due Diligence:** The Bank conducts thorough due diligence when onboarding new vendors, renewing contracts, or renegotiating existing arrangements. This includes regular testing of device provider's business continuity plan (BCP) and ensuring the security of shared information. We also ensure that the staff of service providers comply with the standards imposed by Bank Negara Malaysia.

- **Governance Meetings:** Monthly governance meetings are held by the respective business units to discuss any issues related to outsourcing providers, ensuring continuous oversight and accountability.
- **Regulatory Compliance:** Our procurement practices are designed to satisfy adequate procedures under Section 17A MACC Act 2009.
- **Ethical Commitments:** Vendors are required to sign a Vendor Code of Conduct and Declaration of Interest, reinforcing our commitment to ethical values and principles.
- **Inclusive Procurement:** In line with VBI values, we consider additional values that vendors can offer, such as employing people with disabilities, single mothers, and local vendors. We have also expanded to include ESG criteria in our vendor selection process.

What Did We Do?

In FY2023, we implemented several initiatives to enhance our procurement practices:

- **Vendor Performance Evaluation:** For better synergy with vendors, we conduct Vendor Performance Evaluations to ensure they continuously deliver the subscribed services efficiently. Poor-performing vendors are advised to improve their respective performance.
- **Vendor Code of Conduct:** We continue to have vendors sign a Vendor Code of Conduct and Declaration of Interest to build trust with stakeholders, showing our commitment to ethical values and principles.
- **Digital Procurement System:** We increased transparency and efficiency through a digital procurement system for vendor onboarding. The number of proposals processed through this system increased from 74% in 2019 to 83% in 2023.
- **P2P Procurement Solution:** We are exploring a P2P procurement solution to further strengthen our procurement processes, improve compliance, and enhance business efficiency.
- **Inclusive Supplier Collaboration:** We collaborated with vendors that employ people with disabilities, single mothers, and other marginalised groups, supporting our commitment to inclusivity.

What Did We Achieve?

Our procurement practices have yielded significant results, demonstrating our dedication to ethical and sustainable operations:

- **Increased Digital Procurement:** The number of proposals processed through the digital procurement system has steadily increased, indicating improved transparency and efficiency.
- **Enhanced Vendor Relationships:** By conducting regular performance evaluations and maintaining open communication, we have built stronger, more reliable partnerships with our vendors.
- **Regulatory Compliance:** By adhering to regulatory requirements and conducting thorough due diligence, we have mitigated risks and ensured the fair treatment of financial consumers.

Our commitment to responsible procurement practices ensures that our operations positively impact the community and environment. Through these efforts, we continue to uphold the values of transparency, fairness, and integrity in all our procurement activities.



Meeting the needs of new consumer demands while contributing to national decarbonisation goals, the Bank actively promoted rates as low as 2.1%, 100% financing, and up to nine-year tenure for Electric Vehicles.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

5. UPHOLDING STANDARDS AT BANK MUAMALAT

M1 Ethics and Integrity

Why is this Important?

Maintaining high standards of ethics and integrity is essential for the Bank's operations. A robust ethical framework helps prevent corruption, promotes transparency, and ensures that all stakeholders can trust the Bank. By fostering a culture of integrity, the Bank not only complies with regulatory requirements but also enhances its reputation and operational effectiveness, ultimately contributing to long-term sustainable growth.

What is Our Approach?

Our approach to ethics and integrity is comprehensive and multifaceted, encompassing strict adherence to anti-corruption guidelines, robust policies, regular training, and effective whistleblowing mechanisms.

- **Zero Tolerance for Corruption:** Bank Muamalat adopts a "zero tolerance" approach to all forms of bribery and corruption. We comply with the Guidelines on Adequate Procedure under Section 17A Corporate Liability (Amendment 2018) MACC Act 2009, which provides the T.R.U.S.T. framework:

T	Top-Level Commitment	<ul style="list-style-type: none"> ➤ Spearheaded the establishment of the Organisational Anti-Corruption Plan. ➤ Enhanced Policy on Anti-Bribery and Corruption and related guidelines. ➤ Allocated training budget for anti-bribery and corruption training. ➤ Mandated periodic reporting on integrity management activities to the Board and Management. ➤ Practiced semi-annual reporting to the Agency Integrity Management Division of the Malaysian Anti-Corruption Commission through our Integrity and Governance Unit.
R	Risk Assessment	<ul style="list-style-type: none"> ➤ Conducted Bank-wide risk assessment and action plan via the Organisational Anti-Corruption Plan.
U	Undertake Control Measures	<ul style="list-style-type: none"> ➤ Enhanced Integrity-related documents, i.e., Policy on Anti-Bribery and Corruption, Anti-Bribery and Corruption Guideline on Gift and Entertainment, Anti-Bribery and Corruption Guideline on Donation and Sponsorship, and Anti-Bribery and Corruption Handbook.
S	Systematic Review, Monitoring, And Enforcement	<ul style="list-style-type: none"> ➤ Administered the bribery and corruption reporting channel and advisory platform. ➤ Required periodic reporting to the Board and Management on Anti-Bribery and Corruption programmes. ➤ Obligated monthly monitoring of gift and entertainment declarations by the Bank's staff. Enforced donation and sponsorship application review and monitoring. ➤ Imposed monitoring of vendors' conflict of interest through Vendor Code of Conduct acknowledgement. ➤ Reviewed standard operating procedures and policies to include integrity-related matters wherever applicable. ➤ Assessed the understanding of the Bank's staff via Anti-Bribery and Corruption e-learning.
T	Training And Communication	<ul style="list-style-type: none"> ➤ Mandated Anti-Bribery and Corruption training to all staff through e-learning and the Organisational Anti-Corruption Plan workshop. ➤ Implemented Integrity Internal Alerts and Integrity Newsletters.

- **Policy Updates and Awareness:** The Bank revises its policies regularly to ensure they are up to date with current regulations and industry standards. In 2023, the Policy of Industrial Relations was revised to increase awareness of anti-sexual harassment measures at the workplace.
- **Training and Communication:** We conduct comprehensive training programmes to equip our employees with the knowledge to combat bribery and corruption. In 2023, four Anti-Bribery and Anti-Corruption training programmes were completed by all employees, highlighting our commitment to ongoing education in this critical area.
- **Whistleblowing Mechanism:** The Muamalat Ethics Line serves as a dedicated channel for reporting any wrong doing. To enhance awareness, the Bank conducted eight sharing sessions, installed informational banners, and placed screensavers on all staff computers. These measures ensure employees are well-informed about how to report unethical behaviour.

What Did We Do?

Throughout 2023, we implemented several initiatives to strengthen our ethical practices:

- **Whistleblowing Cases:** The Bank received and investigated six reports via the Muamalat Ethics Line related to staff misconduct, negligence, and fraudulent transactions. The outcomes of five cases were escalated to the Board Audit Committee (BAC). A total of two whistleblowing cases were reported to Industry relations.
- **Policy Revisions:** We revised the Policy of Industrial Relations to enhance awareness of anti-sexual harassment measures and other critical issues.
- **Training Programmes:** Four Anti-Bribery and Anti-Corruption training programmes were successfully completed by all employees.
- **Awareness Campaigns:** Conducted eight sharing sessions on the Muamalat Ethics Line by the Internal Audit team covering selected Branches and Head Office Department, placed banners at head office floors and branches, and installed screensavers on all staff computers and Automated Teller Machines (ATM)'s screen.

What Did We Achieve?

- **Corruption-Free Environment:** By maintaining a strict no-gift policy and other anti-corruption measures, we ensured a corruption-free environment.
- **Enhanced Reporting Mechanisms:** Increased awareness and usage of the Muamalat Ethics Line, leading to timely and effective investigations of reported cases.
- **Employee Awareness:** Successfully trained all employees on Anti-Bribery and Anti-Corruption measures, reinforcing the importance of ethical conduct.

Our commitment to upholding the highest standards of ethics and integrity is evident through our proactive measures and continuous efforts to enhance awareness, training, and compliance. These initiatives reflect our dedication to fostering a culture of transparency, accountability, and ethical conduct, ensuring that we remain a trusted and responsible Islamic financial institution.

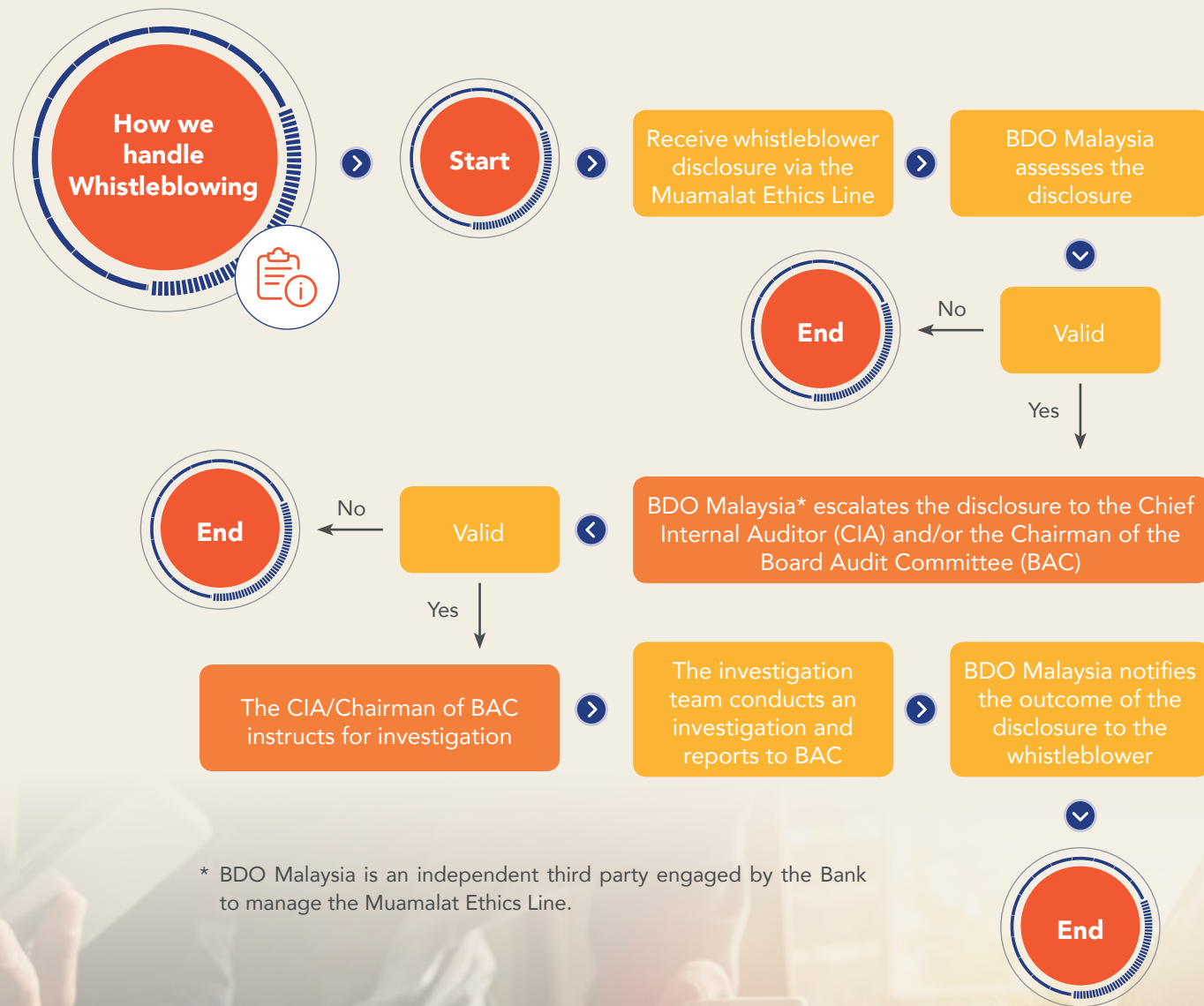


Bank Muamalat's PCEO launching the 2023-2025 Organisational Anti-Corruption Plan to Promote Integrity and Accountability on 7 November 2023.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY



The Muamalat Ethics Line reporting channels:
Hotline: 03-26167111



6. STRENGTHENING CUSTOMER SERVICE EXCELLENCE

M8 Customer Experience

Why is this Important?

Delivering exceptional customer service is crucial for Bank Muamalat to not only meet but exceed customer expectations, foster long-term loyalty, and maintain a competitive edge in the banking industry. By enhancing service efficiency, expanding digital accessibility, and engaging with communities, Bank Muamalat aims to ensure a seamless and satisfactory banking experience for all customers.

What is Our Approach?

Bank Muamalat's approach centers around two core strategies: improving physical branch services and leveraging digital advancements to offer convenience and accessibility. We are committed to integrating community engagement initiatives and developing tailored products and services that cater to the unique needs of different customer segments.

What Did We Do?

Digital Banking Initiative

Bank Muamalat's Digital Banking Division (DBD) plays a pivotal role in enhancing customer service and operational efficiency through various initiatives:

- Acts as a mediator to address and resolve customer-related technical and operational issues swiftly.
- Assists employers and foreign workers in opening salary accounts, streamlining processes from data collection to card delivery at workplaces.
- Enhanced Electronic Know-Your-Customer (e-KYC) process, enabling more customers to onboard via straight through processing.
- Oversees daily Electronic Know-Your-Customer (e-KYC) applications, ensuring swift response at branches to expedite customer onboarding process and improve Turnaround Time (TAT).
- Collaboration with Financial Link Sdn Bhd to streamline Savings Account onboarding process for foreign workers, identifying and implementing initiatives to improve efficiencies.

- Enables SMS notifications via CRM platforms for the latest marketing campaigns, enhancing campaign awareness and customer engagement.
- Ensures customers are informed about the status of their personal financing applications through SMS and CRM updates.
- Enhances case and issue management for the Customer Service Department through the CRM system, ensuring prompt resolution of customer feedback.

Community Involvement Initiatives: Integrated into over 50 deposit sales and marketing programmes in 2023, including:

- Peniaga-peniaga Kecil Jualan Ramadhan and Syawal: Supporting small businesses during Ramadan and Eid.
- Back to School Programme: Collaborating with corporations and schools to support educational initiatives.
- Collaborations with Persatuan Pengilang-Pengilang: Engaging with manufacturing associations to promote economic growth.
- Program Menjana Pendapatan bagi Wanita (WEJANA): Empowering women through income generation programmes.

These efforts targeted underserved market segments, bridging gaps in poverty, increasing earning power, and ensuring equitable access to banking services. As a result, Bank Muamalat acquired 32,682 accounts from small business customers, equivalent to RM911 million in Current Account balances as of 31 December 2023.

Promoting Cashless Banking: Launched special deposit products and campaigns aimed at underserved segments like rural communities, young adults, students, and senior citizens:

- Pensioner Saving Account-i
- BeeSTAR-i Saving Account
- Masjid/Surau Current Account

These initiatives yielded RM144 million in outstanding balances and attracted 24,601 new accounts in FY2023, providing a convenient banking experience for our diverse customer base.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

➤ **Enhancing Nationwide Accessibility:** Maintained a network of 68 branches and expanded online platforms including Retail Internet Banking (RIB), Mobile Internet Banking (MOB) for Retail customers, and Corporate Internet Banking (CIB) for Non-Retail customers. Additionally, Bank Bergerak services further enhanced accessibility. By the end of 2023, Bank Muamalat recorded:

- **525,366 RIB users**
- **331,932 MOB users**
- **7,386 CIB users**
- **194 Bank Bergerak accounts**

Our localised marketing strategy focused on serving local customers within a 5km radius of each branch. We utilised localised advertising, community engagement initiatives, and tailored promotional campaigns to ensure services meet unique community needs, enhancing customer convenience, fostering stronger relationships, and upholding public trust.

What Did We Achieve?

- **Community Impact:** By supporting over 50 community programmes, we facilitated the creation of 32,682 new accounts and accumulated RM911 million in Current Account balances by 31 December 2023. These initiatives have made substantial contributions to local economic empowerment and community development. Through targeted outreach and tailored products and services for underserved market segments, we are bridging the poverty gap, enhancing earning power, and ensuring equitable access to banking services for all members of society.
- **Promoting Cashless Banking:** Achieved RM144 million in outstanding balances and attracted 24,601 new accounts by the end of FY2023, promoting financial inclusion and convenience for diverse customer segments.

➤ **Customer Convenience and Trust:** Efficiently handled 791,107 calls, addressing increased inquiries related to online banking issues and financing applications. This outstanding outcome can be attributed to the enhancements made to our Queue Management Service. The customer satisfaction level was maintained at over 80% since FY2021 at 89.4%, with a rate of 82.8% in 2022 and increased by 13.53% for FY2023 to 94.0%. The Bank also resolved 36% of complaints within 0-2 working days and aggressively performed callbacks for dropped calls to enhance the customer experience.

➤ The total calls received and answered in the Contact Centre for FY2023 increased by 28.87% compared to FY2022. Of these, 39.8% were related to Internet Banking, reflecting a significant rise in Internet Banking login issues, which highly impacted the volume of inbound calls. Additionally, product and general inquiries increased by 13.18%, and financing application issues rose by 7.36% compared to FY2022.

➤ Our effective call abandonment rate was 16.2%, in line with industry standards. Feedback and complaint handling is a significant agenda of the Bank Muamalat Management Committee (MANCO), with Senior Management regularly reviewing the performance and effectiveness of feedback handling.

➤ The top three types of queues were 40% for Internet Banking, 37% for Product & General inquiries, and 9% for Financing Applications. The high volume of calls was due to issues relating to online banking, unauthorised debit card transactions, and the increasing number of Internet Banking users, as well as more inquiries regarding financing assistance.

The Bank's dedication to enhancing the customer experience has evidently yielded positive results, as reflected in the high levels of customer satisfaction and retention. Moving forward, we will remain steadfast in our efforts to further enhance our services and maintain our commitment to superior customer experience.

7. CATALYSING DIGITALISATION

M5 Digital Banking

Why is this Important?

Digital banking is a fundamental aspect of modern financial services, offering customers the convenience and security of accessing their accounts anytime, anywhere. As technology evolves, banks must invest in digital solutions to improve the customer experience and remain competitive. Bank Muamalat understands the critical role of digital banking and is dedicated to delivering cutting-edge, seamless digital services that address the changing needs of our customers. Prioritising ease of use, security, and intuitive design, our digital banking initiatives are designed to offer a full range of services to offer a full range of services through our new Digital Banking Application. By adopting digital banking, we aim to improve customer satisfaction, optimise our operations, and reach underserved market segments.

What is Our Approach?

Our approach involves a comprehensive development strategy that integrates advanced technology with user-centric design principles. We are focused on building a robust Digital Core Banking system and an intuitive Digital Front End solution. This strategic integration ensures a seamless, efficient, and secure banking experience. We are also prioritising Straight Through Processing (STP) for onboarding and instant disbursement for personal financing to enhance service efficiency.

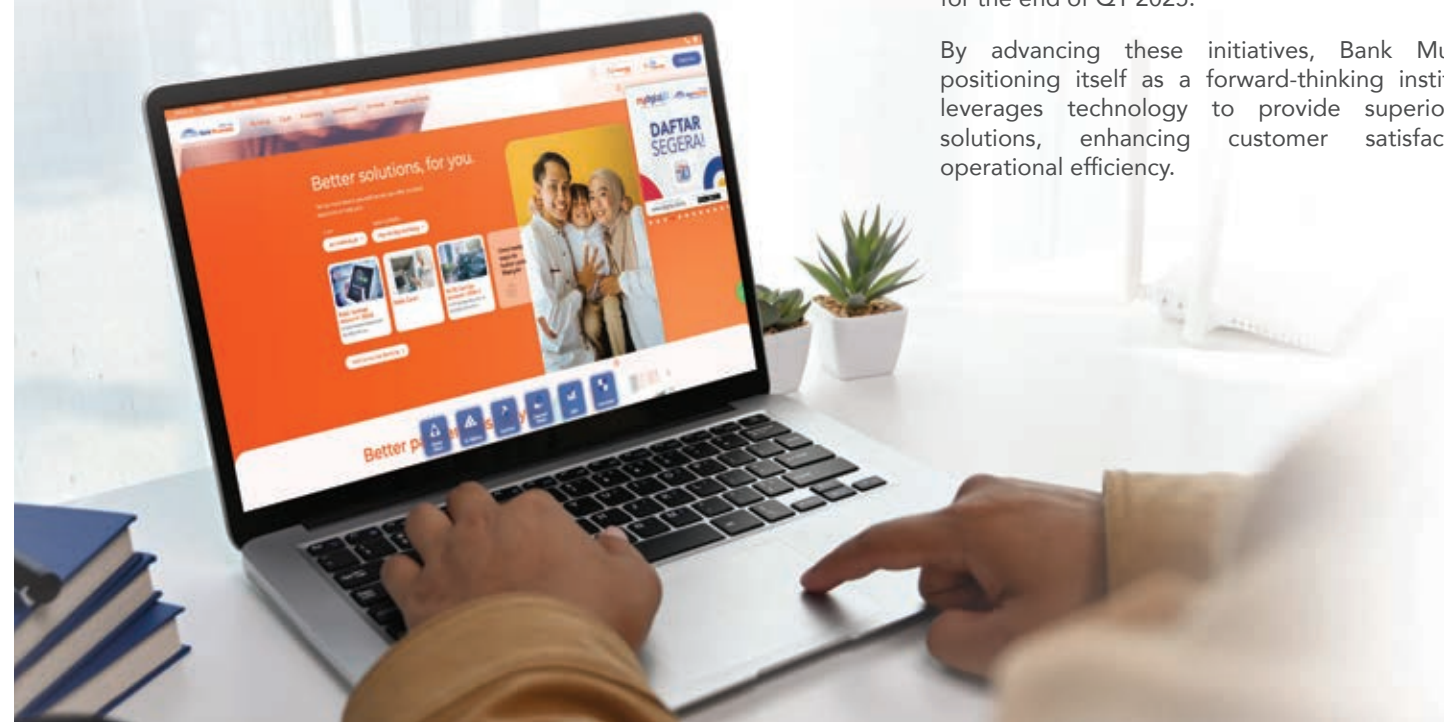
What Did We Do?

DBD's main initiative for FY2024 is to launch Bank Muamalat's Digital Bank.

- **Updates:**
 - **Regulatory Approval:** We obtained BNM's approval on 27 February 2024 to proceed with the development of the new digital banking app. This app will include a new Digital Core Banking system and a new Digital Front End solution.
 - **Project Kickoff:** The project commenced in March 2024, with the target of Alpha launch with selected users in November 2024.
 - **Initial Launch Focus:** For the initial launch, we plan to introduce two Minimum Viable Products (MVPs):
 - **Savings Account with STP Onboarding:** This will facilitate a seamless, paperless account opening process.
 - **Digital Gold Account with STP onboarding:** This will provide security and potential growth to our customers, encouraging more deposits and savings

- **Future Goals:** In FY2024, we aim to onboard 2,500 new accounts during the testing phase, with a public launch scheduled for the end of Q1 2025.

By advancing these initiatives, Bank Muamalat is positioning itself as a forward-thinking institution that leverages technology to provide superior banking solutions, enhancing customer satisfaction and operational efficiency.



OUR PROGRESS AND OUTPUT IN SUSTAINABILITY



SDG 4.4: Increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



SDG 8.6: Reducing the proportion of youth not in employment, education or training

SDG 8.8: Promoting safe and secure working environments for all workers



SDG 10.2: Empowering and promoting inclusion of all, irrespective of age, sex, disability, race and ethnicity

SOCIAL

1. STRENGTHENING OUR WORKFORCE

M11 Employment

Why is this Important?

Attracting and retaining top-tier talent is essential for maintaining our competitive edge and achieving long-term business success. A skilled and motivated workforce drives innovation, productivity, and overall organisational performance. Moreover, reducing turnover rates is critical for maintaining continuity, minimising recruitment costs, and preserving institutional knowledge. Ensuring employee welfare and engagement is fundamental to building a positive and inclusive workplace culture, which in turn enhances job satisfaction and productivity.

What is Our Approach?

Our approach centers around strengthening our hiring, recruitment, and retention methods to attract and retain the best talent in the industry. We are committed to reducing turnover rates by creating a supportive and engaging work environment. This involves implementing comprehensive employee welfare initiatives that address physical and mental health, work-life balance, and career growth opportunities. Additionally, we actively seek employee feedback to continually improve our workplace practices and policies.

What Did We Do?

Strengthening Recruitment and Retention

- **Enhanced Hiring Practices:** We have refined our recruitment strategies to attract top-tier talent, focusing on diversity and inclusivity. Our hiring processes are designed to identify candidates who not only possess the necessary skills but also align with our organisational values.
- **Retention Strategies:** To reduce turnover rates, we have introduced several initiatives aimed at improving employee satisfaction and engagement. These efforts have resulted in a decrease in turnover from 14.01% in 2022 to 12.91% in 2023.

Employee Welfare and Engagement

- **Employee Welfare Initiatives:** We have established programmes that support both the physical and mental well-being of our employees. These include wellness programmes, mental health resources and opportunities for career development.
- **Sustainability Engagement Score (SES):** Our commitment to sustainability is reflected in our high Sustainability Engagement Score of 88%. This score indicates strong employee engagement in our sustainability initiatives, demonstrating their commitment to our organisational goals.
- **Employee Engagement Survey (EES):** Introduced in 2023, the EES provides valuable insights into employee feedback. By understanding their perspectives, we can make informed decisions to enhance their work experience and address any concerns promptly.

Collective Agreement and Benefits

- **Enhanced Collective Agreement:** We have worked closely with Unions to create an attractive package that includes competitive salaries, comprehensive benefits, and opportunities for professional growth. This agreement is designed to retain skilled employees and position us as an employer of choice in the industry.
- **New Programmes and Benefits:** We have implemented several new programmes aimed at cultivating a skilled and proficient workforce. These include training and development opportunities, mentorship programmes, and initiatives that promote a healthy work-life balance.

Our efforts to strengthen hiring, recruitment, and retention methods have yielded positive results. The reduction in turnover rates and the high SES are indicative of our success in creating a supportive and engaging work environment. By continually investing in employee welfare and engagement, we are well-positioned to attract and retain top-tier talent, ensuring the sustained growth and success of our organisation.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

2. PROMOTING A DIVERSE AND INCLUSIVE WORKPLACE

M9 Diversity and Equal Opportunity

Why is this Important?

At Bank Muamalat, we recognise that diversity and equal opportunity are crucial for fostering a dynamic and innovative work environment. A diverse workforce brings a variety of perspectives and ideas, enhancing creativity and problem-solving capabilities. Ensuring equal opportunities for all employees promotes fairness, reduces discrimination, and aligns with our ethical standards and values. By embracing diversity and inclusivity, we improve employee satisfaction, engagement, and overall organisational performance, which is essential for our long-term success.

What is Our Approach?

Our approach to diversity and equal opportunity at Bank Muamalat involves creating an inclusive environment where every employee feels valued and supported. We are committed to implementing policies and practices that promote gender balance, equal pay, and career advancement for underrepresented groups. Regular assessments of our diversity metrics help us identify areas for improvement and measure the effectiveness of our initiatives. Additionally, training programmes on diversity, equity, and inclusion (DEI) are integral to our strategy, fostering awareness and understanding among all employees.

What Did We Do?

Gender Ratio and Representation

- **Gender Balance:** At Bank Muamalat, we have achieved a gender ratio of 49% male and 51% female across our organisation. This balance reflects our commitment to gender diversity and our efforts to create a workplace where both men and women can thrive equally.
- **Senior Management Representation:** While we are proud of our overall gender balance, we recognise the need to improve female representation in senior management. Currently, our senior management ratio is 86% male and 14% female. To address this disparity, we are actively supporting the career development of women within Bank Muamalat.

Our commitment to diversity and equal opportunity is demonstrated by our gender balance and the proactive steps we are taking to improve representation at senior management levels. While we have made significant progress in promoting gender diversity, we acknowledge the need for continued efforts to achieve greater gender parity in leadership positions.

These ongoing efforts underscore our dedication to creating a workplace at Bank Muamalat that values and leverages the diverse talents and perspectives of all employees, ultimately driving innovation and excellence. We believe that by prioritising diversity and equal opportunity, we not only enhance our organisational performance but also contribute positively to the broader community.



By fostering an inclusive culture and implementing targeted initiatives, Bank Muamalat is dedicated to ensuring that all employees have the opportunity to succeed and contribute to our organisation's success.

3. INVESTING IN EMPLOYEE DEVELOPMENT

M10 Training and Education

Why is this Important?

We believe that continuous learning and development are crucial for maintaining a competitive edge and ensuring organisational success. Training and education are essential for equipping our employees with the skills and knowledge necessary to navigate an ever-evolving financial landscape. By investing in our workforce's professional growth, we enhance their capabilities, foster innovation, and drive overall business performance. Moreover, providing opportunities for re-skilling and upskilling supports employee engagement and retention, contributing to a motivated and proficient workforce.

What is Our Approach?

Our approach to training and education at Bank Muamalat is comprehensive and strategic, focusing on both in-house and external programmes to address the diverse learning needs of our employees. We prioritise leadership development and Shariah knowledge to align with our organisational values and industry requirements. Our training programmes are designed to cater to various levels of the organisation, from entry-level employees to senior leaders, ensuring a continuous learning pathway for all.

What Did We Do?

Training Activities in 2023

In-House Training: We conducted a total of 583 in-house training programmes, categorised as follows:

- | | | |
|---|---|--|
| • Core Programmes:
354 | • Functional Programmes:
185 | • Leadership Programmes:
44 |
|---|---|--|

• **Public (External) Programmes:** We facilitated 154 external training programmes, enabling employees to gain insights from industry experts and broaden their professional networks.

- | | |
|--|---|
| • Total Training Hours:
156,967 | • Average Training Hours per Staff:
65 hours |
|--|---|

Focused Training and Education Initiatives

In 2023, Bank Muamalat focused on providing leadership and Shariah knowledge training to re-skill and upskill our employees. Key programmes included:

- **Muamalat Professional Bankers Programme:** This programme was structured as part of the learning pathway for Assistant Branch Managers (ABM) and Branch Managers (BM).
 - o It consists of three modules: governance & compliance, technical/functional, and leadership & coaching.
 - o A total of 134 ABM & BM participated in this programme, enhancing their professional competencies and leadership skills.
- **INSEAD (Phoenix the Encounter):** 21 senior leaders participated in this programme, which aims to strengthen strategic capabilities. The programme focuses on anticipating and addressing current weaknesses and fostering a mindset that envisions potential disruptions to prevailing business models.
- **Powering Inspired Leaders: Situational Leadership II:** This programme equips leaders with situational leadership skills, enabling them to adapt their leadership style to the needs of their team members and the demands of different situations.
- **Empowering Young Executives (EYES):** Designed for young professionals, this programme aims to cultivate the next generation of leaders by providing essential skills and knowledge for career advancement.

Our commitment to training and education has resulted in significant professional development opportunities for our employees. The extensive range of training programmes and the high average training hours per staff reflect our dedication to continuous learning. By focusing on leadership development and Shariah knowledge, we ensure that our workforce is well-equipped to meet industry demands and uphold our organisational values.

Through these initiatives, Bank Muamalat continues to foster a culture of learning and development, positioning ourselves as an employer of choice and driving our collective success. Our ongoing investment in employee training and education underscores our commitment to excellence, innovation, and adherence to Shariah principles in the banking sector.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

4. ENHANCING SOCIAL WELFARE THROUGH MAQASID AL-SHARIAH, VBI PRINCIPLES, AND SUSTAINABLE DEVELOPMENT GOALS

M7 Community Development

Why is this Important?

Our commitment to community development, guided by the principles of Maqasid al-Shariah, aligned with the VBI framework, and supportive of the United Nations Sustainable Development Goals (SDGs), is integral to our theme of 'Better Lives, Together'. These frameworks underscore the importance of holistic well-being, ethical banking practices, and sustainable development, aligning perfectly with our mission to address social inequalities and promote inclusive growth. By integrating these principles into our initiatives, we strive to create a positive and lasting impact on the communities we serve, fostering a more equitable and prosperous society where everyone can thrive together.

What is Our Approach?

Our approach to community development integrates Maqasid al-Shariah and VBI principles into actionable strategies that prioritise the needs of the communities we serve. We collaborate closely with stakeholders, including State Islamic Religious Councils and NGOs, to implement programmes that support education, health, economic empowerment, and social welfare. Through innovative funding mechanisms like waqf and crowdfunding, we maximise our impact and ensure transparency and accountability in our initiatives. Our goal is to empower individuals and communities to achieve sustainable development outcomes.

What Did We Do?

Wakaf Muamalat Initiative

- Waqf Fund Collection and Management:** In partnership with State Islamic Religious Councils, we launched Wakaf Muamalat to manage cash waqf funds through a Joint Management Committee. In FY2023, the waqf fund collection reached RM33,711,026.66, and RM25,999,934.01 was approved to support 142 nationwide projects in education, health, and investment.

Tabung Mawaddah Fund

- Disbursement and Expansion:** We disbursed a total of RM2,234,638.21 from our Tabung Mawaddah Fund, expanding its usage to aid selected Asnaf and non-Asnaf recipients in social, education, and health-related matters.

Jariah Fund Crowdfunding Portal

- Collaborative Campaigns:** We collaborated with five selected NGOs to initiate 16 health, education, and economic empowerment campaigns under the Jariah Fund crowdfunding portal, collecting a total of RM86,809.



Corporate Social Responsibility (CSR)

In FY2023, the Bank carried out various CSR activities that benefitted different underprivileged communities, aiming to create 'Better Lives, Together' with the community. A total of RM194,500 in donations was distributed to more than 42 orphanages, mosques, welfare homes, schools, and educational institutions, alongside 2,000 bags of blood collected from the Bank's blood donation campaign.

Key CSR Activities in 2023

- Branch Opening Donation:** Donation in conjunction with the grand opening of the new Bank Muamalat Malaysia Berhad Indera Mahkota Branch.
- Back to School Programme:** Collaborated with Kelab Kebudayaan dan Sukan Generasi Baru Sungai Besi and Persatuan Pegawai Rendah Polis Diraja and Pejabat Ahli Parlimen Bandar Tun Razak.
- Iftar Events:** Organised Majlis Berbuka Puasa with orphans in 5 regions and at Masjid Jamek, and distributed Iftar Packs for Media during Ramadhan 2023.
- Rewang Bubur Lambuk:** Conducted in 5 regions during Ramadhan.
- Blood Donation Programme:** Partnered with government and private hospitals across the country to organise blood donation drives.
- Hari Asyura Donations:** Held in 6 locations across regions.
- National Day Celebration with Orang Asli:** Engaged with indigenous communities to celebrate Malaysia's National Day.
- Sumbangan Sempena Pelancaran SSI:** Donations in conjunction with the launch of new initiatives.



Bank Muamalat brought cheer to underprivileged pupils under its "Back to School" programme on 16 March 2023.

Sponsorship Programme

- Support for Various Institutions:** The sponsorship programme distributed a total of RM289,400.00 in FY2023 to more than 65 institutions, including welfare homes, educational institutions, and NGOs.

Through these initiatives, Bank Muamalat has demonstrated its commitment to social welfare and ethical banking practices, aligned with Maqasid al-Shariah and VBI principles. By integrating these principles into our community development efforts, we not only create positive social impact but also contribute to sustainable economic growth and promote inclusive prosperity. Our ongoing dedication to community development underscores our role as a responsible corporate citizen, striving to create 'Better Lives, Together' with the community, and uphold the values of compassion, fairness, and integrity in all our endeavours.

Aligned with our commitment to the United Nations SDGs, our initiatives actively contribute to achieving global targets such as poverty alleviation, quality education, and good health and well-being. By supporting these SDGs, we aim to foster a more equitable and sustainable future for all, reinforcing our mission to create positive change and empower communities worldwide.



The Bank celebrated the spirit of unity and inclusivity by organising a Merdeka Day celebration with the Orang Asli community on 28 August 2023.

OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

5. EMPOWERING COMMUNITIES THROUGH ACCESSIBLE BANKING

M12 Financial Inclusion

Why is this Important?

Aligned with its vision to serve as a leading Islamic bank that is accessible to all, Bank Muamalat is dedicated to advancing financial inclusion. This commitment ensures that individuals and businesses, regardless of their socioeconomic backgrounds, can access a diverse range of affordable and high-quality financial services. Financial inclusion plays a pivotal role in reducing poverty and inequality, fostering economic growth and stability, and cultivating a more equitable society. By expanding access to the financial system, Bank Muamalat empowers individuals and businesses to better manage their finances, enhance their resilience to economic challenges, and achieve their financial aspirations. These initiatives not only bolster community economic resilience but also underscore Bank Muamalat's mission to foster 'Better Lives, Together', through inclusive and accessible banking solutions.

What is Our Approach?

Our approach integrates innovative solutions and strategic collaborations to expand access to micro-financing and digital banking services. We collaborate closely with government agencies and local communities to tailor our services, ensuring they meet the unique needs of underserved populations. Through initiatives like the i-PUSH microfinancing programme and digital onboarding processes, we strive to provide seamless and paperless banking experiences that promote financial literacy and inclusion.

What Did We Do?

> iTEKAD Programme Expansion

- **i-PUSH Microfinancing:** Approved 2,240 applications for the i-PUSH microfinancing programme, part of the expanding iTEKAD programme established in collaboration with the Pahang State Government. This initiative aims to provide micro-entrepreneurs with essential working capital, empowering them to grow their businesses and improve their livelihoods.
- **iTEKAD Mawaddah Programme:** onboarded qualified entrepreneurs under iTEKAD Mawaddah programme, providing them with working capital and training fees. This programme supports entrepreneurs by equipping them with financial resources and skills training essential for business success.

- **Government Grant Utilisation:** Utilised RM85,000 from a Government Grant facilitated by Bank Negara Malaysia to provide seed capital to iTEKAD entrepreneurs for purchasing business assets and expanding their enterprises.

> Digital Onboarding and Efficiency

- **Digital Onboarding Process:** Digital Banking Department (DBD) or Digital Banking team supports branches by facilitating a digital onboarding process during outbound activities, ensuring a smooth, efficient, and paperless customer experience. Achieved an increase in digital onboarding rates, contributing to reduced paper usage and environmental impact. These efforts align with our commitment to sustainable practices while enhancing operational efficiency.

> Bank Bergerak Initiative

- **Mobile Banking Services:** The Bank Bergerak initiative offers essential banking services in rural areas, including Ar-Rahnu financing, inter-bank fund transfers, financing payments, and cash deposits and withdrawals. Through this initiative, a total of RM2.9 million in financing was processed, with 4,190 transactions completed. This service significantly enhances access to financial services for underserved communities and customers in limited access and rural areas.

These initiatives have significantly enhanced financial inclusion and economic resilience among underserved communities. By providing access to micro-financing, digital banking solutions, and comprehensive support programmes, we empower individuals to achieve financial independence and contribute to inclusive economic growth. Our efforts underscore our dedication to creating 'Better Lives, Together' with the community, while advancing towards our goal of achieving sustainable development and fostering a more equitable society for all.



SDG 12.2: Sustainable management and use of natural resources

SDG 12.5: Substantially reduce waste generation

SDG 12.6: Encourage companies to adopt sustainable practices and sustainable reporting



OUR PROGRESS AND OUTPUT IN SUSTAINABILITY

1. ENERGY AND RESOURCE MANAGEMENT

M6 Energy Consumption and Environmental Impact

Why is this Important?

At Bank Muamalat, we continue to prioritise resource and energy efficiency as well as sustainable infrastructure, processes, and systems to achieve our business goals. The formation of the Cost Saving Initiative (CSI) Taskforce in late 2019 has heightened our focus on energy and resource management. The CSI programme has successfully generated significant cost savings and established more efficient processes without compromising regulatory requirements.

Sustainability and environmental stewardship have become imperative in today's business landscape. We recognise the critical importance of reducing our environmental footprint and contributing to a greener future. The initiatives we have undertaken underscore our commitment to environmental responsibility, resource efficiency, and cost savings. By transitioning to more sustainable practices, we are not only safeguarding the environment but also enhancing our operational efficiency and long-term viability.

Supporting Climate and Environmental Objectives

In recent years, ESG factors have gained significant attention from stakeholders, including customers, investors, policymakers, and society as a whole. Effective ESG risk management has become increasingly crucial, with businesses expected to make decisions that contribute to the broader society and combat climate change. As a financial institution, Bank Muamalat faces particular scrutiny due to our ability and influence in mobilising capital. We are in a unique position to steer investments away from short-term, potentially harmful ventures toward long-term projects that address sustainability issues, with a strong emphasis on climate action. The growing demand for sustainable financing has led to a surge in interest among investors for sustainability-linked funding. By integrating ESG considerations into our financing, investment, and advisory practices, Bank Muamalat strengthens its position as a responsible financial institution and contributes to the global effort in combating climate change.

Commitment to ESG and Climate Change at Bank Muamalat

On 30 April 2021, Bank Negara Malaysia issued the Climate Change and Principle-Based Taxonomy (CCPT), urging financial institutions to enhance their role in supporting climate and environmental objectives through green financing, investment, and advisory activities. Embracing this initiative, Bank Muamalat has initiated ESG Scorecard Assessment for customer assessments to gauge their exposure to climate change, aiming to monitor their progress toward adopting climate-related objectives.

Additionally, Bank Muamalat plans to integrate climate-related objectives into its risk management framework to fully embed sustainable practices across banking operations. We have conducted comprehensive ESG risk assessments for selected non-individual customers based on our ESG Scorecard Guideline. High-risk customers are required to develop mitigation plans with specific time-bound monitoring triggers, in alignment with the Climate Change Classification under the Bank Negara Malaysia's CCPT.

Our enhanced annual review process involves reassessing customers, tracking mitigation plans, and scrutinising them as needed. This ongoing refinement supports the transition to better practices for managing ESG risks and mitigating our impact on climate change. Through these measures, Bank Muamalat strengthens its commitment to responsible banking and contributes proactively to global sustainability efforts.



What is Our Approach?

Our approach to sustainability is comprehensive and multifaceted, focusing on reducing energy consumption, optimising resource usage, and implementing cost-saving measures. We have adopted new technologies and practices that minimise environmental impact while promoting efficiency and savings. These initiatives include:

- Replacing conventional fluorescent lighting with energy-efficient LED bulbs across all branches.
- Implementing a bank-wide Software-Defined Wide Area Network (SDWAN) for efficient network management.
- Expanding managed services to streamline operations.
- Optimising real estate expenses through strategic negotiations.
- Utilising HRDC funds for employee training to enhance skills and productivity.
- Deploying Robotic Process Automation (RPA) to automate manual tasks and reduce energy consumption.
- Upgrading RAM and SSD in existing laptops to reduce electronic waste and energy consumption.

What Did We Do?

- **The Green Way Forward:** In our ongoing efforts to promote sustainability, we have replaced conventional fluorescent lighting bulbs with LED bulbs in all our branches. This change is significant as traditional fluorescent bulbs contain harmful materials such as mercury, which pose environmental risks. In contrast, LED lights are free from toxic materials, are 100 percent recyclable, and have a longer operational lifespan. This initiative not only reduces our carbon footprint but also contributes to significant material and production savings.

- **Energy Usage:** We continually monitor and manage our energy consumption to identify areas for improvement. Here are the key statistics for our energy usage:

Both HQ & Branches:

	2023	2022
Electricity:	8,266,903.36 kWh	8,166,063 kWh
Water:	144,276.94 m³	141,156 m³
Petrol:	445,292.01 litres	388,495.19 litres
Diesel:	22,773.14 litres	19,403.59 litres

What Did We Achieve?

In 2023, we achieved substantial cost savings totaling over RM6 million through various initiatives such as:

- **Bank-wide SDWAN Implementation: RM2.9 million**
 - Enhanced network management efficiency across the organisation.
- **Additional Managed Services - TM Vos: RM1 million**
 - Expanded managed services for streamlined operations.
- **Saving on Rental Premises & Negotiation: RM747K**
 - Optimised real estate expenses through strategic negotiations.
- **HRDC Fund Utilisation on Training: RM216K**
 - Invested in employee training to boost skills and productivity.
- **RPA Phase 1 & Pilot: RM253K**
 - Reduced energy consumption by automating manual tasks, minimising energy-intensive work and optimising resource usage. Bots also run tasks during low-demand energy periods, further increasing the energy saved.
- **Cost Saving from Upgrading RAM & SSD: RM1.2 million**
 - Improved system efficiency by upgrading RAM and SSD, leading to reduced energy consumption. This also minimised electronic waste by extending the lifespan of existing laptops, thereby promoting sustainability by reducing e-waste.
- **Digital Document Management System (DDMS): RM140K**
 - Significantly reduced paper usage, promoting efficient resource management, digitalising the policy vetting and approval process and ensuring compliance with governance standards.

Through these initiatives, Bank Muamalat continues to demonstrate its commitment to environmental stewardship, operational efficiency, and cost-effectiveness, setting a benchmark for sustainable practices in the banking industry.

DATA ON MATERIAL MATTERS

M8 CUSTOMER EXPERIENCE

Complaints

On resolving complaints received by our customers, the Bank ensures the TAT is prompt and does not result in customers' dissatisfaction.

The number of complaints in FY2023 has increased by 3% compared to FY2022. 36% of complaint cases were resolved within 2 working days. Fraud cases in FY2023 have increased by 6% compared to FY2022.

Turnaround Time for Complaint Resolution	Number of Complaints Resolved	Percentage (%)
0 - 2 Working Days	2,130	35.60%
3 - 5 Working Days	1,236	20.66%
> 5 Working Days	2,617	43.74%
Total	5,983	100%

Complaints by Category	No. of Complaints	%
Internet Banking Related	1,306	21.83%
Self-Service Terminal Related	36	0.60%
Fraud	2,659	44.44%
Branch Services	36	0.60%
Others	1,946	32.53%
Total	5,983	100%

Phone Calls

The increase in the volume of calls for FY2023 was due to issues relating to online banking issues, unauthorised debit card transactions, financing assistance inquiries, and overall increase in the number of internet banking users.

Phone Calls Received	FY2022	FY2023	Variance
Total Calls	613,883	791,107	28.87%
Total Answered Calls	399,086	448,011	12.26%
% Answered Calls	65.01%	56.63%	-8.38%

The top 3 categories of calls were Internet Banking (40%), Product & General (37%) and Financing Application (9%).

Phone Calls by Category	FY2022	FY2023	Variance
Internet Banking	190,435	314,950	65.38%
Product and General	256,751	290,582	13.18%
Financing Application	69,321	74,426	7.36%

Customer Satisfaction Survey

The Bank improved its overall customer satisfaction score to 91% in FY2023, while covering 193 more respondents than the previous year.

Touchpoints	FY2022	FY2023	Variance
No. of respondents	307	500	193
Overall Customer Satisfaction Index	82.80%	94%	11.20%
Branches	84.70%	92%	7.30%
Contact Centre	84.70%	84%	-0.70%
Internet Banking	82.50%	91%	8.50%
Mobile Banking	81.80%	89%	7.20%
Self-service Terminals	81.50%	91%	9.50%

DATA ON MATERIAL MATTERS

M11 EMPLOYMENT

The Bank has a total of 2,357 employees as at 31 December 2023, out of which 406 were new employees. A total of 361 employees had left the Bank during the year.

New Hires and Turnovers by Category	New Hires	Percentage of New Hire (%)	Turnover Employment	Turnover Rate (%)
Age Group				
Under 30 years old	221	55%	127	35%
30 - 50 years old	180	44%	198	55%
Over 50 years old	5	1%	36	10%
Total	406	100%	361	100%
Gender				
Male	217	53%	183	51%
Female	189	47%	178	49%
Total	406	100%	361	100%
HQ/Branches				
HQ	123	30%	146	40%
Branches	283	70%	215	60%
Total	406	100%	361	100%

The Bank had 788 employees at Managerial level, 1,435 at Executive level and 194 at Non-Executive level.

Employees by Position Level	By Employee Category		By Age Group		
	Male	Female	Under 30 years old	30 - 50 years old	Over 50 years old
Managerial	444 (56.35%)	344 (43.65%)	8 (1%)	589 (74.75%)	191 (24.25%)
Executive	634 (44.18%)	801 (55.82%)	445 (31%)	883 (61.50%)	107 (7.50%)
Non-Executive	119 (61.34%)	75 (38.66%)	53 (27.32%)	111 (57.22%)	30 (15.46%)

Employee benefits	Senior Management	Managerial	Executive	Non-Executive
Takaful Coverage ¹	√	√	√	√
Healthcare ²	√	√	√	√
Disability and invalidity coverage ³	√	√	√	√
Parental leave ⁴	√	√	√	√
Retirement provision ⁵	√	√	√	√
Stock ownership	N/A	N/A	N/A	N/A
Compassionate Leave ⁶	√	√	√	√
Other Types of Leave ⁷	√	√	√	√
Flexible Work Arrangement ⁸	√	√	√	√
Other Allowances ⁹	√	√	√	√
Membership with Professional Bodies ¹⁰	√	√	N/A	N/A
Staff Financing ¹¹	√	√	√	√

The benefits listed above are provided to full-time employees only.

Notes

¹ Includes Group Term Takaful and Critical Illness (only applicable to senior management and managerial staff).

² Includes medical benefits, dental benefits, optical benefits, executive health screening and child delivery charges.

³ Includes Group Personal Accident, SOCSO, Employee Insurance Scheme (EIS).

⁴ Includes maternity leave and paternity leave.

⁵ Includes additional EPF employer contribution, early retirement and pre-retirement leave (only applicable to executives and non-executives).

⁶ Includes death of family members, natural disaster and immediate family being hospitalised.

⁷ Includes annual leave, sick leave, hospitalisation leave, prolonged illness leave, marriage leave, hajj leave and examination leave.

⁸ Includes staggered work hours and reduced work hours.

⁹ Includes warm clothing allowance for travelling to temperate countries, acting/relief allowance, regional allowance (only applicable to East Malaysia), outstation duty allowance.

¹⁰ Includes professional membership (only applicable to senior management and managerial staff).

¹¹ Includes Staff Personal Financing, Vehicle Financing, Muamalat Car Scheme, House Financing and Eco-Green Financing.

FY2023 Workplace Related Injuries

Category	Description	No. of Cases
Occupational Disease	Disease or disorder developed due to exposure in the workplace and diagnosed by Occupational Health Doctor. Example: Slip Disc, Carpal tunnel Syndrome	7
Workplace Accidents (Less than 4 days of medical leave)	Unforeseen event that leads to injury or casualty to employees or third party in the Bank's premises, and causing no more than 4 days of medical leave. Example: Fall on same level, at lobby, in toilet or surau	3
Workplace Accidents (More than 4 days of medical leave)	Unforeseen event that leads to injury or casualty to employees or third party in the Bank's premises, and causing loss of 5 consecutive working days. Example: Slip, trip and falls	1
Commuting Accidents	Accidents that occur while travelling to and from office or any other work-related activities during working hours.	16

DATA ON MATERIAL MATTERS

M10 TRAINING AND EDUCATION

Average hours of training per year, per employee by gender, and by employee category:

Employee Training Hours	Male	Female
Number of employees (headcount or full-time equivalent)	1,197	1,220
Number of training hours provided	57,547	66,792
Average training hours per employee	48	55

Employee Training Hours	Management/Managerial	Executive	Non-Executive
Number of employees (headcount or full-time equivalent)	890	1,435	194
Number of training hours provided	19,374	33,064	5,109
Average training hours per employee	25	23	26

Programmes conducted for skills management and lifelong learning for current employees:

Type of Programmes	Programme 1	Programme 2
	Building High Performing Teams	Sales Programme
Scope of programmes	Help senior executives get traction on their strategy by fully harnessing the collective power of their executive team	Equip participants with the Sales Mindset, Islamic banking selling approach and strategies to effectively master prospecting, questioning techniques, overcome objections and obtain commitment

Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.

Type of Programme	Programme 1
	Life, Renewed Planning for a meaningful retirement
Scope of programmes	Transitional assistance programmes provided to support employees who are retiring or who have been terminated

Regular Performance and Career Development Reviews

During the year under review, the total number of employees who received regular performance and career development reviews was 2,302.

Number of employees who received regular performance and career development reviews by gender	Male	Female
Number of employees who received regular performance and career development reviews	1,139	1,163
Percentage of employees who received regular performance and career development reviews (%)	49.48%	50.52%

Number of employees who received regular performance and career development reviews by position level	Managerial	Executive	Non-Executive
Total number of employees	788	1,435	194
Number of employees who received regular performance and career development reviews	763	1,348	191
Percentage of employees who received regular performance and career development reviews (%)	96.82%	94.93%	98.45%

DATA ON MATERIAL MATTERS

M9 DIVERSITY AND EQUAL OPPORTUNITY

Bank Muamalat strives to develop and promote a culture of diversity and equality throughout the organisation. We continue to ensure no single employee is treated differently to one another by giving them chances to achieve their potential.

The Bank has a total of 2,417 employees as of 31 December 2022. There are 1,093 employees at HQ level and 1,324 employees at Branch level.

Gender

	Male	Female
Bankwide		
Total number of employees Bankwide	1,197	1,220
% of men or women within the governance body	49.52%	50.48%
HQ		
Total number of employees at HQ	570	523
% of men or women within the governance body	52.15%	47.85%
Branches		
Total number of employees at Branches	627	697
% of men or women within the governance body	47.36%	52.64%

Gender diversity of governance bodies by gender

Governance Bodies	Male	Female
Board Member	7	1
Shariah Committee	6	-
MANCO	10	2

Ratio of basic salary and remuneration of women to men

Employee Category	% of Basic Pay by Gender	
	Male	Female
Managerial	80	20
Executive	44	56
Non-Executive	58	42
Grand Total	70	30

Employees by Ethnicity

	Malay	Indian	Chinese	Others
Bankwide				
Total number of employees	2,264	26	51	76
% of employees within the governance body	93.75%	1.10%	2.10%	3.10%
HQ				
Total number of employees	1,041	16	28	8
% of employees within the governance body	95.20%	1.50%	2.60%	0.70%
Branches				
Total number of employees	1,223	10	23	68
% of employees within the governance body	92.37%	0.76%	1.74%	5.14%

Position level by Ethnicity

	Malay	Indian	Chinese	Others
Managerial				
Total number of employees	715	17	34	22
% of employees within the employee category	90.74%	2.16%	4.31%	2.79%
Executive				
Total number of employees	1,365	6	15	49
% of employees within the employee category	95.12%	0.40%	1.05%	3.41%
Non-Executive				
Total number of employees	184	3	2	5
% of employees within the employee category	94.85%	1.55%	1.03%	2.58%