



Upholding Aspirations, Across Generations



SUSTAINABILITY REPORT **2023**

Sustainability Report 2023



Upholding Aspirations, Across Generations

BSN has come a long way from taking over the functions of the former Post Office Savings Bank to become one of the pioneers in fostering financial inclusion for Malaysians.

Together, we look back on 50 remarkable years and forward to many more, continuing to serve generations and upholding the aspirations of all Malaysians.



**Did you know that
a whole tree is needed to produce
54 copies of this sustainability report?**

We have taken steps to reduce our environmental footprint by printing on eco-friendly paper, but the best way to make a difference is to go paperless and read the report online.



Scan to access the soft copy of
BSN Sustainability Report 2023



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Public Service Announcement: **#JanganKenaScam**

NEVER provide your account information to anyone!

If you got scammed, do not panic!

Call us at **1-300-88-1900** or the National Scam Response Centre at **997** and lodge a police report as soon as you can.

Visit our Customer Care [e](#) page for more security tips for a safe banking experience.



About This Report

Foundation in Sustainability

Sustainability is embedded in Bank Simpanan Nasional's (BSN) DNA from the start. Financial inclusion leveraged to support national socioeconomic development underpinned the Bank's incorporation in 1974 - long before sustainability entered the mainstream. Indeed, our sustainability roots can be traced even further back - to pre-independence - as BSN was incorporated to take over the operations of the then Post Office Savings Bank.



Through the years, we have stayed true to our mandate and successfully brought banking to virtually all corners in Malaysia, distance and geographical obstacles notwithstanding. Given our strong sustainability legacy and the societal impact we have made as we bring our vision of **No Malaysian Left Behind** to life, it is timely that BSN issues this maiden Sustainability Report to surface and reinforce the Bank's sustainability credentials and affirm the veracity of the foundational ideals behind our incorporation.



Content Synopsis

This inaugural annual sustainability report (Report) reflects on the sustainability journey of BSN and milestones that we have achieved and leveraged upon to deepen our sustainability orientation.

The historical backdrop provides perspective to facilitate better assimilation of BSN's approach to sustainability, our aspirations, commitments and the associated initiatives.

In addition, this Report also highlights our achievements and plans moving forward. Topics discussed in this Report have been identified as material, through a materiality assessment, in relation to their Economic, Environmental, Social and Governance (EESG) impacts.



Reporting Boundaries

This Report covers the operations of BSN and Permodalan BSN Berhad, a fully owned subsidiary. The time horizon for this Report is 1 January 2023 to 31 December 2023 which is also BSN's financial year, notwithstanding the foregoing, events with material sustainability impacts taking place beyond the reporting period are included to improve comprehensiveness.

Additionally, where relevant and for better context and comparability, we also make reference to data/information from previous years.



Reporting Guidance

The preparation of this Report draws reference and guidance from national and international standards, specifically:

- Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021
- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition)
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations through the Joint Committee on Climate Change's (JC3) TCFD Application Guide for Malaysian Financial Institutions
- Value-based Intermediation Financing & Investment Impact Assessment Framework (VBIAF)



Assurance

A stringent internal validation, verification and review process is in place over the preparation of this Report. To complement our internal review process and as part of the Bank's commitment towards ensuring the reporting of balanced and substantiated information, we have appointed Société Générale de Surveillance Malaysia Sdn. Bhd. a third party independent verifier to carry out a limited assurance exercise on selected indicators in this report.



Help Us Improve

We are committed to continuously improving the quality of our reporting to better serve our stakeholders' needs. To this end, we value your feedback and welcome comments to improve our future reports. We will attempt to provide further clarity of our disclosure topics where necessary.

Please share your comments, suggestions and feedback via email to:

Sustainability Division

Bank Simpanan Nasional

sustainability@bsn.com.my 



50 years of enabling access to financial services for the rural and remote communities

"I am thankful for the Cawangan Bank Bergerak service. It has been a lifeline for villagers, especially for those of us in rural areas.

This convenience is why I encourage my fellow villagers, including my own family, to open BSN accounts-it makes managing our banking needs so much easier.

The ability to withdraw cash through Cawangan Bank Bergerak has personally benefited me, allowing me to access funds for my own use and to send money to my children who are studying far from home".

Esnira Binti Richard

Kampung Landung Ayang Laut, Kudat, Sabah
BSN Customer since 2004

Scan the QR code and watch the video of the Cawangan Bank Bergerak  via BSN Malaysia's YouTube channel:



Chairman's Statement



Founded on Sustainability

Sustainability has been a core principle of BSN since its establishment in 1974. Remarkably, this was a full decade before the World Commission on Environment and Development (WCED) popularised the concept through the Brundtland Report in 1987.

BSN's founders had the foresight to embed sustainability in the Bank's mission, envisioning a financially inclusive society long before it became a global imperative. Over the past 50 years, BSN has built on this foundation, aligning with evolving global sustainability goals while remaining committed to fostering long-term national development.

Balancing Growth and Sustainability

As the world faces increasing sustainability demands, particularly in environmental care, BSN remains committed to our core mandate of financial inclusion. We understand that sustainability extends beyond the environment, encompassing social and governance aspects that are crucial to long-term prosperity and resilience.

While we embrace our role as a responsible corporate citizen, we also recognise the importance of maintaining our competitive edge and growth trajectory. The Board is dedicated to striking a balance between these priorities, ensuring that our resources are allocated effectively to maximise impact while upholding our commitment to sustainability.

Aligning to the Changing Face of Sustainability

BSN's approach to financial inclusion has evolved to stay relevant in a rapidly changing world. Our initiatives, such as promoting cashless payments in rural areas and enhancing financial literacy through partnerships with the Ministry of Education, demonstrate our commitment to ensuring that all Malaysians are included in the financial system.

Our efforts in this area have been recognised by leading industry organisations, reinforcing our role as a leader in financial inclusion.

The establishment of the Sustainability Division within our Transformation & Sustainability Department marks a significant step in embedding sustainability across our operations. This division is focused on advancing our sustainability maturity and ensuring that our practices align with global standards and expectations.

Climate Action

Climate action is a critical component of our sustainability efforts. In 2021, we published our Climate Change Charter, reaffirming our commitment to mitigating climate risks and reducing our carbon footprint. We have taken proactive steps to understand and manage our emissions, setting ambitious targets for carbon neutrality by 2035 for operational emissions and by 2050 for overall emissions.



Warga BSN sowing a young *hopea odorata* as part of the Kempen Penanaman 100 Juta Pokok by Ministry of Natural Resources and Environmental Sustainability.

While the financial service industry is not a significant contributor of direct carbon emissions, we recognise the materiality of our impact through financed emissions. To this end, we have conducted a profiling exercise to assess the carbon footprint of our micro-financing portfolio and developed a climate due diligence questionnaire to support our borrowers in their emission mitigation efforts.

We are also exploring climate-friendly products, such as financing for solar energy, hybrid as well as electric vehicles, on top of aligning our reporting with global standards including TCFD and GRI to enhance transparency as well as accountability.

Looking Ahead

As we move forward, our focus will remain on furthering our mandate and deepening our sustainability practices across all aspects of our operations. We will continue to upgrade our infrastructure, expand financial inclusion initiatives, and integrate sustainability considerations into our decision-making processes.

The Board is committed to ensuring that BSN remains a leader in sustainability and continues to contribute to national development while upholding our responsibilities to our stakeholders and the global community.



We have taken proactive steps to understand and manage our emissions, setting ambitious targets for carbon neutrality by 2035 for operational emissions and by 2050 for overall emissions. 

A Word of Thanks

We extend our sincere appreciation to Warga BSN for their unwavering dedication, to our shareholders for their continued support, and to our stakeholders for their invaluable feedback and guidance. Together, we will drive BSN's continued growth and success in the years to come.

Dato' Seri Dr. Awang Adek Hussin
Chairman

Message from the Chief Executive



Faithful Adherence to Core Purpose

As we mark BSN's 50th year of operations, it is an opportune moment to reflect on our journey and look forward to the road ahead. BSN has been more than just a bank; we have been a catalyst for change, a cornerstone of financial inclusion, and a driving force behind Malaysia's socioeconomic development.

Throughout these five decades, our mission has remained clear: to empower all Malaysians with access to financial services, ensuring that no one is left behind.

Flexibility to Change

In a world of evolving challenges and rapid transformation, BSN's resilience and adaptability have been key to our sustained success. From our beginnings as a community-based bank, we have grown to become the sole appointed bank for distributing the Government's Sumbangan Tunai Rahmah (STR) cash aid.

In 2024 alone, BSN facilitated the distribution of RM3.6 billion to approximately 8.4 million recipients, ensuring that the most vulnerable members of society are supported during critical times. This important role demonstrates our unwavering commitment to our mandate and the trust the Government places in us to reach those in need.





Throughout these five decades, our mission has remained clear: to empower all Malaysians with access to financial services, ensuring that **no one is left behind.**

→ Presence in **95.8%** of mukims nationwide

→ **1,262** access points in rural regions



Relentlessly Expanding Our Reach

Our network, now spanning 387 branches and 2,398 Ejen Bank, covers 95.8% of all mukim across the country. These access points extend essential financial services to every corner of Malaysia, proving that financial access is not a privilege but a right.

BSN's efforts have been instrumental in ensuring that communities in rural and remote areas are not left behind. Our 10 mobile banking units, Cawangan Bank Bergerak, operating in Sabah, Sarawak, and Pahang, further testify to this commitment, having facilitated over 66,000 transactions worth RM18.6 million in FY2023 alone.

Intensified Sustainability Focus

Sustainability has always been part of our DNA, long before it became a global imperative. Today, it is more relevant than ever. We operate in a world where economic, environmental, social, and governance (EESG) considerations are fundamental to ensuring long-term success.

For BSN, sustainability is more than a goal; it is a guiding principle that shapes our decision-making, informs our strategies, and defines the impact we deliver across Malaysia. Our efforts to promote financial literacy, drive digital transformation, and foster inclusive growth are all rooted in our unwavering commitment to sustainability.

Nurturing Financial Responsibility

One of our key initiatives is the Jelajah Celik Kewangan (JCK) program, in collaboration with the Ministry of Education (MOE). In FY2023, this initiative reached nearly 30,000 students from 444 schools nationwide, imparting vital financial literacy skills to young Malaysians.

Through this collaboration, we are empowering the next generation with the knowledge they need to make sound financial decisions, ensuring they are equipped to thrive in an increasingly complex financial world.

Message from the Chief Executive

→ **54.3%** microfinance market share

→ Approved **RM575.8** million for 18,719 accounts

→ **4,043** new jobs were created



Leveraging Technology

As we continue to look ahead, our focus remains clear. BSN will continue to innovate and embrace digital transformation, as seen with the successful launch of the MyBSN Mobile App, which introduced QR payment capabilities and significantly enhanced our customers' experience.

At the same time, we are proud to lead the way in microfinance, having disbursed RM1.8 billion and achieved a 54.3% market share in FY2023. This includes our efforts through the BSN Micro Community Nurturing Program, which has helped 1,865 micro businesses grow into SMEs and created nearly 10,000 jobs since 2022. These milestones reflect our dedication to supporting micro-entrepreneurs and driving national economic resilience.

Delicately Balancing Interests

Our role as a community-based bank also brings a deep responsibility. We understand that our actions today will shape the future for generations to come. This is why we are focused on embedding ESG considerations across all facets of our operations, ensuring that we balance our economic ambitions with our social and environmental responsibilities.

Through partnerships with key stakeholders, including government bodies and NGOs, we continue to strengthen our ability to deliver meaningful, sustainable impact in the communities we serve.

A Word of Thanks

In closing, I would like to extend my heartfelt gratitude to all our stakeholders—our customers, partners, regulators, and the dedicated team at BSN. Your trust and support have been pivotal in our achievements, and together, we will continue to make a difference. As we embark on the next phase of our journey, I am confident that BSN will not only remain a leader in financial inclusion but also set new benchmarks for sustainability in the banking sector.

The future holds tremendous potential, and we are ready to seize it. With your continued support, BSN will go from strength to strength, ensuring that no Malaysian is left behind as we drive towards a more inclusive and sustainable future.

Jay Khairil
Chief Executive

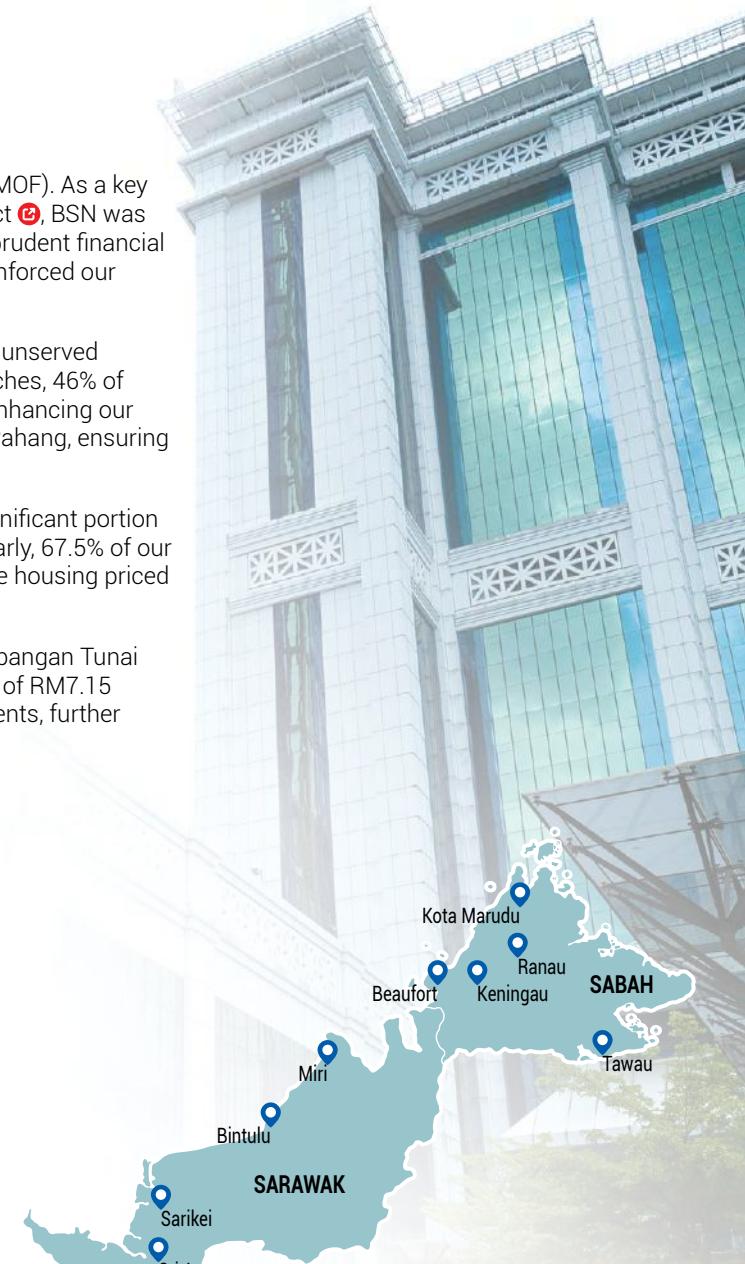
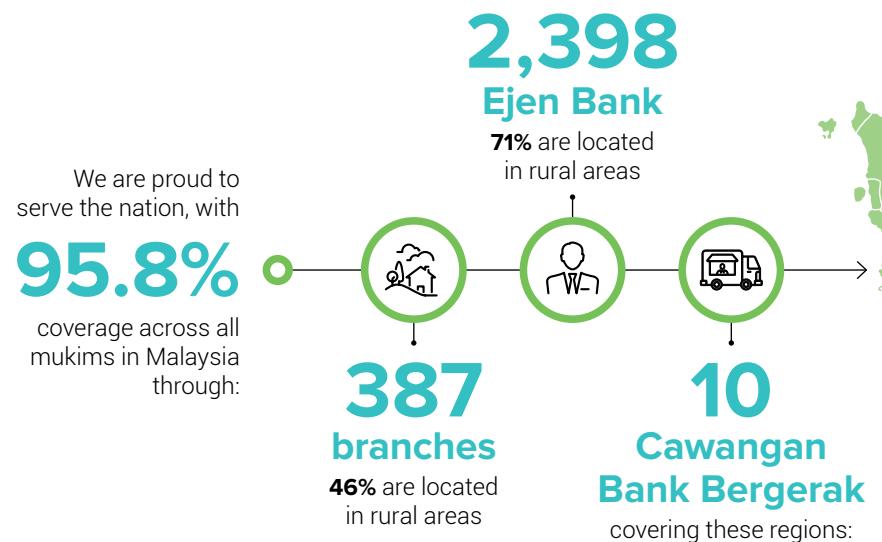
About BSN

BSN, headquartered in Kuala Lumpur, Malaysia, is a statutory body wholly owned by the Ministry of Finance (MOF). As a key player in Malaysia's banking landscape since its establishment in 1974 under the Bank Simpanan Nasional Act [②](#), BSN was created with a clear mandate: to enhance the economic well-being of Malaysians by promoting savings and prudent financial management. For nearly five decades, this mandate has guided our operations, shaped our strategies and reinforced our commitment to financial inclusion for all.

In line with this mandate, BSN continues its unwavering efforts to bring financial services to underserved and unserved communities. Today, our extensive network covers 95.8% of all mukims in Malaysia, encompassing 387 branches, 46% of which are in rural areas, and 2,398 Ejen Bank (EB) agents, of which 71% are based in rural locations. Further enhancing our reach, 10 dedicated Cawangan Bank Bergerak (CBBs) serve extremely remote areas in Sabah, Sarawak, and Pahang, ensuring that financial services are accessible to even the most isolated communities.

Supporting national economic development, BSN remains focused on serving the B40 income segment. A significant portion of our total deposits come from B40 depositors, demonstrating our ongoing commitment to this group. Similarly, 67.5% of our financing is directed to the B40 segment, with nearly 80% of our RM8.0 billion financing portfolio for affordable housing priced at RM300,000 and below allocated to the B40 community.

Recognising BSN's extensive reach, the Bank was appointed as the sole distributor of the Government's Sumbangan Tunai Rahmah (STR) cash aid program for individuals without banking accounts. In FY2023, BSN distributed a total of RM7.15 billion to 8.63 million recipients. As of YTD2024, RM3.6 billion has already been disbursed to 8.4 million recipients, further underscoring our pivotal role in supporting vulnerable communities across the nation.



About BSN



Our Mandate, Vision, Mission and Core Values



Our Mandate

Foster the growth of savings among Malaysians and to support national development

The excerpt below, from the BSN Act 1974 [④](#), succinctly sums up our mandate:

The principal objects of the Bank shall be -

- (a) *to promote and mobilise savings, particularly from small savers, and to encourage thrift and the saving habit;*
- (b) *to provide means for savings by the general public;*
- (c) *to utilise the funds of the Bank for investments, including financing for the economic development of the nation.*

BSN has stayed true to the above since our incorporation in 1974.

In 2024, as we celebrate 50 years of operation and service to the nation, this mandate continues to define the Bank and what we stand for.



Our Vision

No Malaysian Left Behind

Our vision is to ensure that every Malaysian, regardless of their background, has access to opportunities for financial growth and security. BSN is dedicated to providing inclusive financial solutions that enable Malaysians from all walks of life to save, invest, and thrive in a rapidly evolving world. We strive to empower every individual with the tools needed to build a better future, ensuring that no Malaysian is left behind in the journey towards financial well-being.



Our Mission

Our mission is to advance financial inclusion and promote a culture of savings and investment across Malaysia. We are committed to offering a comprehensive range of products and services that meet the diverse needs of our customers, enabling them to achieve their financial goals. By fostering financial literacy and providing accessible banking solutions, we aim to contribute to the nation's economic development and prosperity of all Malaysians.



Providing the means for savings and investments to the general public through a comprehensive range of banking products and services.



Promoting and mobilising savings, particularly among small savers.



Providing accessible means for savings and investments through a broad spectrum of banking services.



Investing the Bank's resources in initiatives that drive national economic growth and development.



Our Core Values

The acronym "CARE" encapsulates BSN's core values which all Warga BSN actively uphold and promote.



Committed

We are committed to excellence in all that we do



Agile

We anticipate market trends and leverage opportunities



Respectful

We value diversity among people, ideas and points of view and strive to put ourselves in the shoes of others to better understand their needs



Ethical

We are transparent, honest and uphold the highest moral values



Partnerships

We work with industry partners and regulators to support the adoption of sustainable development. As part of both local and international working groups, we share knowledge and adopt best practices. We also actively engage with various Non-governmental Organisations (NGOs) to learn from them and contribute to our shared sustainability goals.



Financial Education Network (FEN)

FEN is a platform comprised of institutions and agencies committed to improving the financial literacy of Malaysians. BSN, through our mandate, has a direct and enduring interest in promoting and embedding financial literacy across all segments of the Malaysian society. We work closely with other FEN members, constantly lending our depth of expertise in financial literacy to drive effective execution of financial education initiatives.



Joint Committee on Climate Change (JC3)

We actively participate in JC3, co-chaired by Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SC). JC3 drives collective action in Malaysia's financial sector to promote climate resilience across the industry and the broader economy. The insights and recommendations from JC3 help shape sustainability policies and regulations set by BNM and SC.



Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)

We work closely with members of AIBIM to promote the growth and development of Islamic banking in Malaysia. AIBIM serves as a platform for collaboration among Islamic financial institutions, focusing on policies and practices that align with Shariah principles. This commitment aligns with our dedication to delivering sustainable returns and protecting the long-term interests of our shareholders.



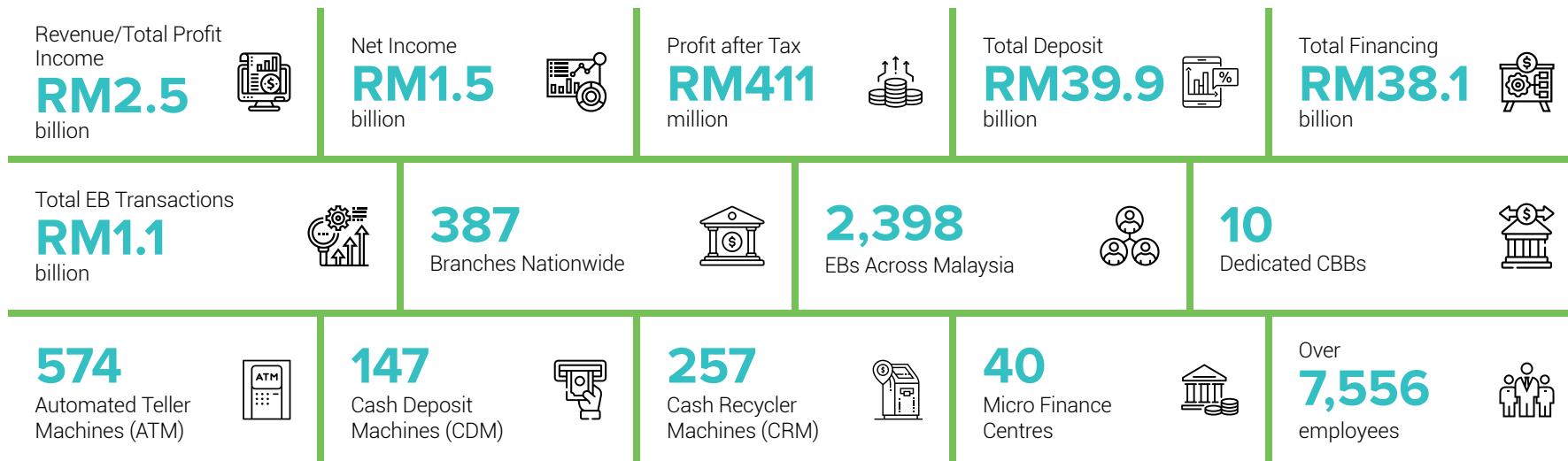
Association of Development Finance Institution Malaysia (ADFIM)

We are one of the 17 members of ADFIM, which seeks to promote the strengthening of institutional structure and good practices in the development finance and banking industry in Malaysia. We work hand in hand with ADFIM and its members to develop businesses towards achieving Malaysia's socio-economic goals.

About BSN

Operational Overview

BSN offers a comprehensive range of banking services to urban, rural, and remote communities across Malaysia through an extensive, geographically dispersed network. Our delivery channels include physical branches, digital platforms, and non-conventional options such as EBs and CBBs in Sabah, Sarawak, Kelantan, and Pahang. This diverse network reflects our unwavering commitment to expanding access to banking services, promoting financial inclusion, and enhancing the well-being and quality of life for all Malaysians.



Our business orientation, approach, and strategies are shaped by our vision of No Malaysian Left Behind. We aim to play a pivotal role in enhancing the economic stature of the population while making significant contributions to national economic development.

Our mandate is reflected through key performance indicators (KPIs) that track our progress in promoting financial inclusion, improving access to education, and serving underserved and unserved segments of society. These KPIs, as required by the MOF, are integrated into our performance scorecard and cascaded throughout BSN via our performance measurement system.

As Malaysia's leading microfinance provider, BSN is committed to supporting micro, small, and medium-sized enterprises (MSMEs) across every stage of their development. We actively nurture these businesses from their early stages through to their growth into medium and eventually large-scale enterprises, recognising the critical role they play in driving Malaysia's economic growth and uplifting the socioeconomic well-being of the nation.



Products and Services Portfolio

BSN has evolved from offering basic deposit-based banking services to providing a diverse range of products that cater to the changing needs of our customers.

While our offerings have grown in sophistication, they remain deeply rooted in our core mission of financial inclusion, staying true to our mandate of extending banking services to every corner of the nation.

As a Development Financial Institution (DFI), BSN has undergone a pivotal transformation from a conventional grant-based funding model to a more sustainable, self-funded lending approach. This shift, which has alleviated the fiscal burden on the MOF, represents a significant milestone in BSN's operational evolution, allowing us to take greater ownership of our financial sustainability.

In alignment with our mandate, BSN plays a vital role in advancing the Government's policy initiatives, particularly in driving national economic recovery efforts.

Our impact has been especially notable in supporting the Government's post-pandemic recovery strategies, where BSN's financial interventions have been instrumental in fostering resilience and growth across Malaysia.

BSN offers a range of traditional banking services similar to other local banks, what distinguishes us are two key characteristics:

Intent

The underlying intent of our products and services has a significant inclination towards economic upliftment for both the society and nation, hence while there will always be the inherent intent of earning a reasonable return, societal and national economic development considerations also weighs heavily.

Delivery Channels

Service delivery channels are influenced by the Bank's vision of No Malaysian Left Behind, hence there is greater diversity in our delivery channels to facilitate accessibility for remote locations, such as our EBs and CBBs.

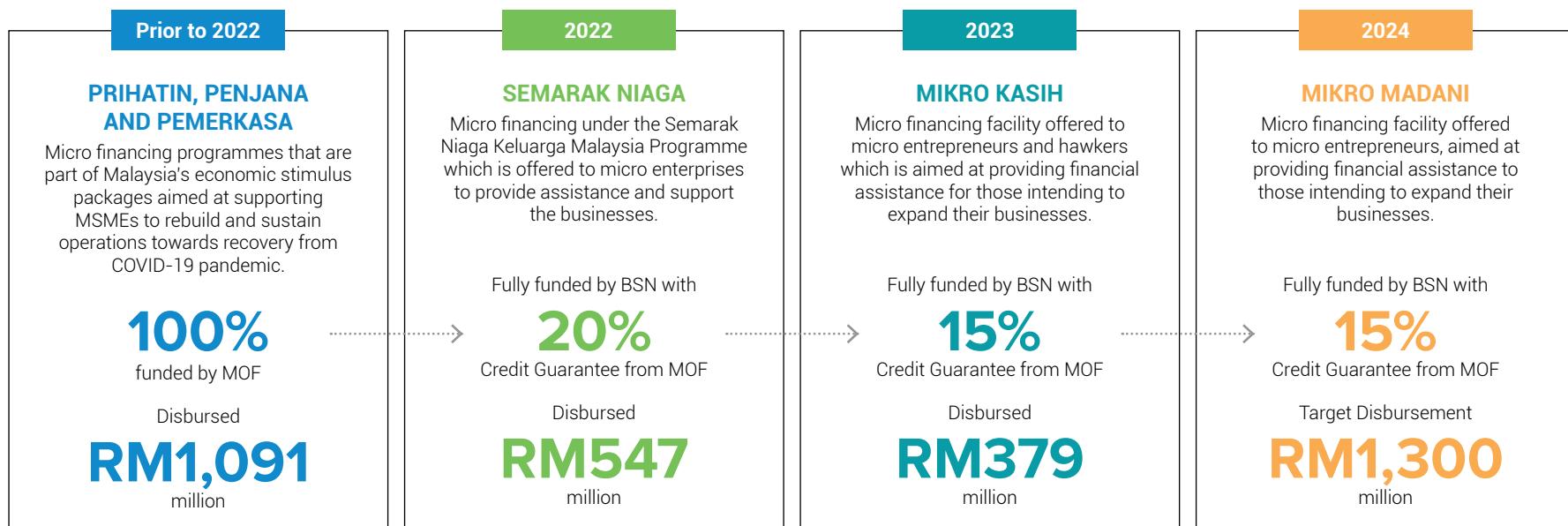


The people of Sebauh, in Bintulu, Sarawak waiting patiently for their turn to carry out their banking needs at the CBB.

About BSN

Our proactive engagement with the National Budget Office at MOF has influenced policy decisions conducive to socio-economic growth. Despite assuming funding responsibility, BSN continues to maintain financing at an accommodative fixed rate of 4% supported by the innovative loss coverage model agreed with MOF. This collaboration continues to uphold the interests of micro businesses and fosters a conducive environment for their sustainable economic growth.

As a result of this policy additionality, BSN disbursed a total of RM1.1 billion in microfinancing through the Prihatin, Penjana and Pemerkasa programmes from 2020 to 2021 which were fully funded by MOF. With effect from 2022, MOF has agreed for BSN to self-fund programmes supported by credit guarantees from MOF.



Strategic Focus on ESG

It is pivotal to be relevant in today's banking landscape and ensure sustainability is embedded in daily operations as Malaysia moves towards becoming a carbon neutral nation by 2050.

Aligned with the Bank's Corporate Strategic Plan (CSP), BSN has adopted a strategic focus on ESG in product development efforts, leveraging changing customer sentiments towards support for and commitment to environmental stewardship and sustainability.

The Bank's Product Research and Development Division is leading a cross-functional collaboration between product owners and business units to create unique innovative product solutions embedded with ESG orientations.

Our initial efforts were focused on developing products to capitalise on the growth potential of environmental preservation and energy-saving through financing products for solar panels and EV/HEV as well as EcoSave-i accounts which is a green-oriented savings account designed to support environmental causes.

Within the pipeline, an ESG Profit Debiting is planned to be launched in 2025. This offering serves to promote environmental and social sustainability - that are in line with the Bank's sustainability aspirations.

December
2023

January
2024

February
2024

Fourth Quarter
2025

BSN MyRinggit-i
Solar Financing

BSN MyAuto-i
EV/HEV Financing

BSN EcoSave-i Account

ESG Profit Debiting
(Planned)



A Heritage Grounded In Sustainability



Bank Simpanan Nasional represents a new way in our efforts to instil thrift so that the people will be encouraged to save their money. It will maintain the high standards of the Post Office Savings Bank.

I hope that with the launching of Bank Simpanan Nasional today, it will develop as a major saving institution and will expand the savings campaign and quicken the pace of national development. Therefore Bank Simpanan Nasional has an important role in the lives of the people and National Development.

YAB Tun Haji Abdul Razak Bin Hussein

1974

Incorporation of BSN.



1976

- Expanded network in small towns and rural areas with three additional vehicles.
- Developed a five-year plan for establishment of Puduraya branch.

1977

- Accepted as a member of the International Savings Bank Institute (ISBI).
- Launched a turtle-shaped money-box to encourage children to save.



WSBI

1984

Launched first fixed deposit scheme.



1987

Launched GIRO service in Klang Valley.

1990

Launched first BSN GIRO Visa credit card.



1978

Launched BSN
Sijil Simpanan Premium.

**1981**

Established nine new branches.

**1982**

Introduced Skim Galakan
Simpanan Pelajar (SGSP)
and financial literacy
programme for students.

**1983**

Introduced first ATM service
in Kuala Lumpur, Petaling Jaya
and Ipoh.

1995

- Wisma BSN complex was officially occupied.
- Formed BSNC Corporation Berhad (previously known as BSN Commercial Bank (M) Berhad), a wholly owned subsidiary.

**1996**

Officially opened BSN Training Centre in Bangi
with the reception of first group of trainees.

1999

BSN's General Manager was
appointed as the new president of
World Savings and Retail Banking
Institute (WSBI), formerly, ISBI.



A Heritage Grounded In Sustainability

2001

Launched BSN Matrix debit card in collaboration with Visa International.



2007

- Implemented Malaysian Electronic Payment System (MEPS) - Interbank Giro (IBG).
- Launched new corporate logo in September, followed closely by the introduction of a new uniform bearing the new logo.



2009

Established Occupational Safety and Health Policy and Occupational Safety & Health function under Human Resource Management Department.



2013

- Launched BSN Visa payWave Debit Card - the first of its kind in Malaysia.
- Won Best In-house Outbound Contact Centre in the Contact Centre Industry Awards.

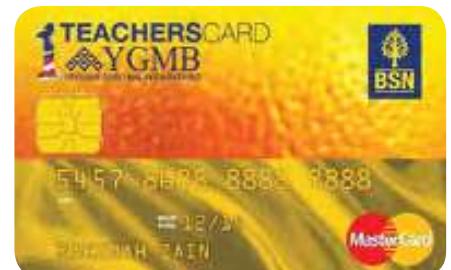


2014

- Celebrated 40th year of service to Malaysia.
- Listed in the Malaysia Book of Records for the largest agent bank network.
- Won GreenTech Best Practice Award for BSN EBs.

2014

Launched the first of its kind Teachers Mastercard credit card in collaboration with Yayasan Guru Malaysia Berhad.



2010

Introduced myBSN internet banking service.

**2011**

Launched wealth management products and services.

**2012**

First bank in Malaysia to provide Coin Deposit Machine facility.

2014

Won five awards at the 2014 Marketing Excellence Awards for the "You Against Debt" campaign; promoting BSN's paywave Visa Debit Card.

**2015**

- Rebranded as the bank that leaves no Malaysian behind and launched a new contemporary look to complement suite products and services catering to modern needs.
- Launched vehicle financing centre in Jalan Raja Abdullah, Kuala Lumpur.

**2016**

Established Whistleblowing Policy.

A Heritage Grounded In Sustainability

2019

Launched BSN Care which strengthened the Bank's credentials for Corporate Social Responsibility.



2020

Launched BSN CBB and various financing schemes to help Malaysians recover from the COVID-19 pandemic.



2021

- Launched DuitNow through myBSN.
- Launched the BSN Takaful Sakinah protection plan in collaboration with Prudential BSN Takaful.
- Expanded CBBs to Sabah and Sarawak.



2023

Launched Sustainability Journey.



2023

Launched Cashless Society Pulau Tioman programme.



2024

- Celebrates 50th anniversary.
- Wins best performance award for Business Financing Guarantee Scheme and Housing Credit Guarantee Scheme.
- Continues to assist government efforts via Sumbangan Tunai Rahmah.



2022

Launched new investment related plan - Qasehlink pintar.

2022

Established Transformation and Sustainability Department.

2023

Launched myBSN mobile banking application.

2023

Introduced Financial Literacy programme for B40.

**2024**

Established GHG inventory across Scope 1, 2 and selected Scope 3.

2024

Launched MyRinggit-i (Solar Panel), MyAuto-i (EV/HEV) and EcoSave-i ESG products.

2024

UNSDGs aspects included as one of the focus within "CARE" core values.



Awards



**Malaysia's Most Preferred Employers
(Top 50) 2023**
issued by GRADUAN



**Anugerah Integriti, Governans
dan Anti-Rasuah (AIGA) 2023 - Silver**
issued by Institut Integriti Malaysia



**Best Islamic Savings Product
in Malaysia 2023**
issued by Islamic Retail Banking Awards



2023 Outstanding Support from Industry Partners & Associations
issued by Malaysia Digital Economy Corporation (MDEC)



2024 Graduates Choice Award (GCA): Champion in Development Banking
issued by Talentbank



2024 Special Recognition Award for Commitment to Empowering Purpose with HR Excellence
issued by Jobstreet Malaysia





50 years of facilitating adaptation to digital banking across all segments

In collaboration with Tioman Development Authority, BSN has propelled Tioman Island into a cashless society.

With more than 330 registered traders around the island adopting to the cashless system - visitors may now eat, drink, scuba-dive and even rent jet skis using their cards or QR payment!

There is no longer a need for visitors to bring a hefty sum of cash in their holiday trip to Tioman.

While providing convenience to visitors, we are pleased to use this opportunity to enable traders in the island to have a bank account of their own, leveraging on our micro financing offerings to grow their businesses further.

To commemorate the collaboration, BSN also issued limited edition Tioman Debit Cards that immortalise the pristine beauty of the island.



Approach to Sustainability

BSN takes great pride in our legacy of sustainability. Since our inception, we have served the nation by bringing banking services to Malaysia's population, undeterred by geographical distance or physical challenges.

We have made significant contributions to national socio-economic development through our unwavering commitment to deliver on our mandate and contribute to building a more inclusive and financially resilient Malaysia.

Being ethical and responsible underpins our approach to sustainability. While our methods and execution may vary to suit circumstances, we unflinchingly adhere to this overarching principal. In striving for sustainability, BSN places equal importance on all four perspectives encapsulated by EESG.

The interplay of the four perspectives reinforces BSN's ability to continue creating and delivering value for our stakeholders. Accordingly, we continuously endeavour to strike a balance between our economic ambitions and our environmental and social responsibilities to ensure both receive equal attention and prominence. Our motivation is not primarily financial-driven; we also strive to support sustainability for the benefit of society and future generations.





As an agency mandated to carry out the Government's developmental efforts, it is imperative that BSN supports the execution of Government policies and help realise the Government's aspirations and objectives. In this regard we are guided by the strategies in the 12th Malaysia Plan and the Financial Sector Blueprint 2022 - 2026 to formulate our sustainability commitments and related initiatives.

As we continue to embed financial inclusion and expand accessibility of banking services across the country, we are acutely aware of our responsibilities as good corporate citizens to contribute to environmental protection and societal well-being. To this end, in formulating and implementing our sustainability strategies, the Bank aligns our efforts not only with the aspirations of the United Nations Sustainable Development Goals (UNSDGs) to achieve peace and prosperity for society and the planet, but also with the principles of Maqasid Al-Shariah, which emphasise the preservation of faith, life, intellect, lineage, and wealth.

Supporting UNSDGs:



Through this approach, we contribute to sustainable development that is not only inclusive but also deeply rooted in values that uphold the dignity and rights of all individuals.

Moving forward, as sustainability become more ingrained in our business and operations, BSN expects to implement an increasing range of initiatives across multiple areas. We are conscious that the need for resources will grow both in terms of funding and human capital. In this regard, BSN is keen to allocate resources and prioritise relevant initiatives to maximise the benefits and outcomes.

Approach to Sustainability

Sustainability Framework

To structure and focus our sustainability efforts, we have developed a Sustainability Framework, illustrated below, which is mandated across BSN.

MISSION STATEMENT

In upholding our mandate of financial inclusion and our vision of **No Malaysian Left Behind**, we pledge to embed good ESG practices in our business and operations. We aim to create a sustainable future by **building lifelong and meaningful relationships**, through promotion of social finance and ESG driven practices.

Advancing Financial Inclusion

We aim to uplift the financial well-being and standard of living of Malaysians through financial inclusion and literacy

Enabling Micro Entrepreneurs

We are committed to nurture and upscale micro entrepreneurs through financing and capability building

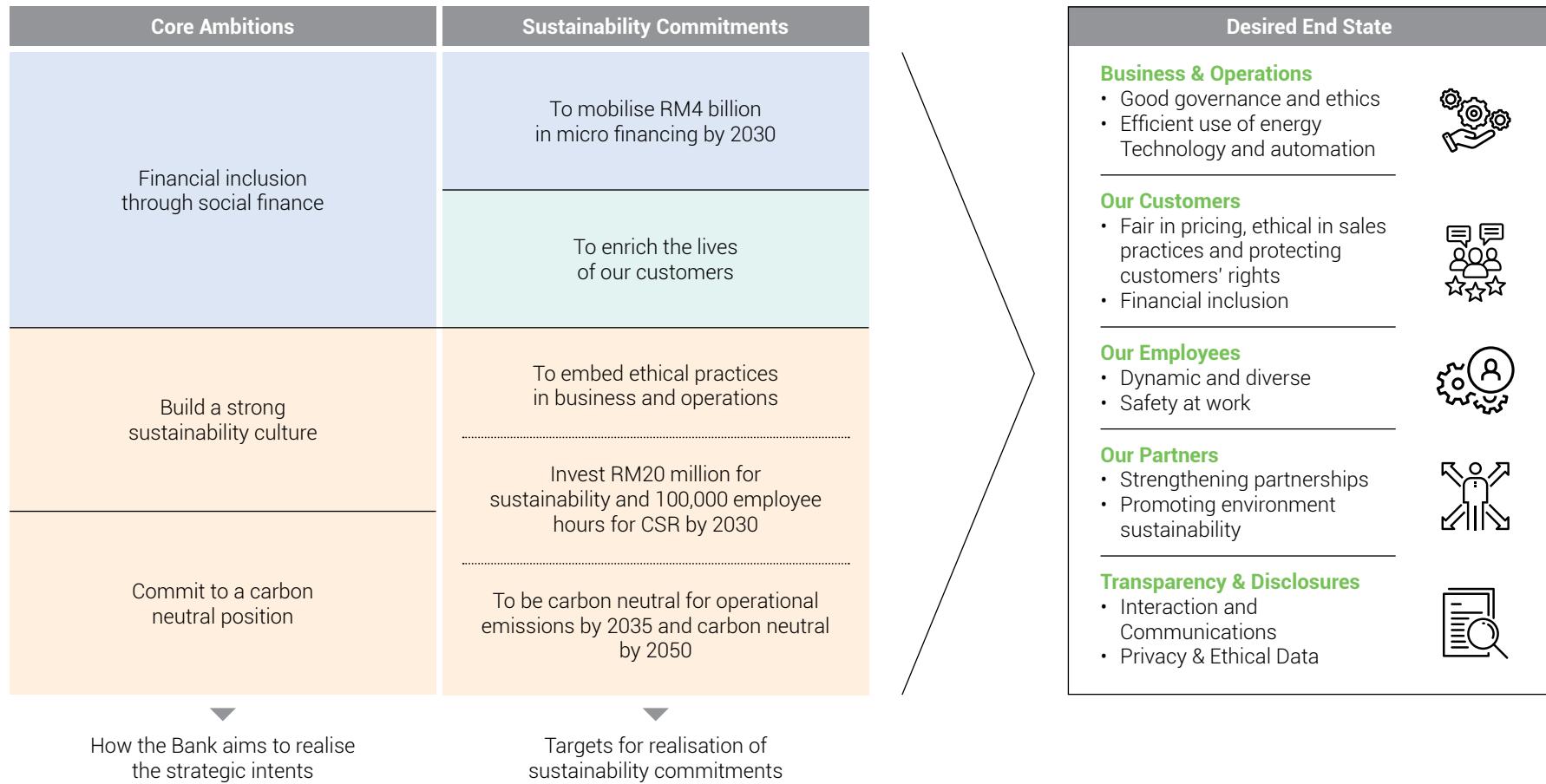
Sustainable Actions

We will adopt sustainable practices in fulfilling our social responsibilities, achieving economic growth and contributing to environmental protection

Key Pillars

Strategic intent for sustainability





The Bank has established 10 workstreams to implement identified initiatives over the coming years to embed sustainability throughout BSN. A Sustainability Taskforce (ST) is charged with implementation oversight to ensure realisation of objectives. The ST is chaired by the Bank's Chief Operating Officer (COO) and comprises of senior management representatives from both business and functional units. The COO leads the integration of sustainability across the Bank through driving implementation of sustainability strategies and updates the Bank's Transformation Committee bi-monthly. The Board is also kept informed of the sustainability updates and progress.

Approach to Sustainability

The Framework provides direction for the Bank to conduct business responsibly to create long term value for stakeholders and to realise BSN's vision, mission and sustainability commitments. It acknowledges that embedding responsible ESG considerations and addressing the impact on our communities will drive our decision making towards achieving our goal of a just and fair transition.

The strategic intent and sustainability-related aspirations and commitments embedded in the Sustainability Framework is guided by the following:



Twelfth Malaysia Plan
(2021 - 2025)



United Nations Sustainable
Development Goals (UNSDGs)



Malaysia's Nationally
Determined Contribution
(NDC) to the UNFCCC



Bank Negara Malaysia's Financial
Sector Blueprint (2022 - 2026)

Our sustainability initiatives support five sustainability commitments formulated to deliver the Bank's unique mandate and our national development commitments that arise therefrom. We are pleased to report that we have been progressing well against the targets set for each commitment since their development in 2023.



Commitment

1

To mobilise RM4 billion in micro financing by 2030

We aim to facilitate the movement of capital towards supporting the growth of micro entrepreneurs to bring about sustainable development outcomes.

FY2023 Performance

- Approved financing totalling RM575.8 million for 18,719 accounts



2

To enrich the lives of customers

We aspire to serve all Malaysians regardless of gender, race, age, and socioeconomic background with fair pricing, ethics and, ensure that their rights as customers are protected. More importantly, we strive to ensure our financial products and services meet their needs and help make their lives better.

FY2023 Performance

- **784** micro businesses graduated to SME status
- **4,043** new jobs created
- **RM380 million** micro financing disbursed to more than 12,000 women, youth and veterans entrepreneurs
- **RM238 million** personal financing disbursed to more than 12,000 customers
- More than **900,000** individuals elevated via financial literacy programmes



3

To embed ethical practices in business and operations

We will invest and strengthen our partnership with business partners who prioritise sustainable development and commit to incorporating EESG factors in their business practices.

FY2023 Performance

The Bank is committed to maintaining a robust and traceable supply chain, recognising its critical importance to the sustainability of our operations.

Accordingly, we are developing a more comprehensive supplier EESG database to facilitate effective monitoring and reporting.

Furthermore, we continuously engage with our suppliers to ensure their EESG practices align with the Bank's values and sustainability commitments.

Approach to Sustainability



Commitment

4

Invest RM20 million in Sustainability & 100,000 employee hours for CSR by 2030

We are dedicated to cultivating a culture and mindset of sustainability among BSN employees by, promoting diversity and inclusivity, and advancing employee volunteerism programmes.

FY2023 Performance

In FY2023, **RM1.54 million** was invested in CSR for **18,369** beneficiaries.

In line with this commitment, a focused agenda and sustainability workstreams on the targets has been created and progress is regularly updated.



Commitment

5

Net Zero for operational emission by 2035 and Net Zero by 2050

We pledge to manage our direct and indirect emissions through the adoption of leading sustainable practices, while enabling greater inclusion.

FY2023 Performance

Adopted Greenhouse Gas Protocol carbon accounting framework to measure, track and disclose emissions from all of our operations, nationwide.

Developed Greenhouse Gas (GHG) inventory encompassing Scope 1, Scope 2 and selected Scope 3 emissions:

- **38,158.79 tCO₂e** total GHG emissions recorded for the financial year under review.
- Obtained limited third party assurance following the requirements of ISO 14064-3:2019.

Sustainability Governance

A robust Sustainability Governance Structure has been established to oversee sustainability matters. This structure involves all relevant parties, from senior leadership to functional teams responsible for executing and delivering sustainability initiatives. All components within this structure work together to ensure that BSN meets our sustainability commitments and ensure integration of sustainability in every facet of our business and operations.

The structure is designed to manage the formulation and execution of sustainability policies, the management of sustainability risks and opportunities, and compliance with regulatory requirements. Clear communication channels are embedded within the structure to facilitate information sharing, monitoring, reporting, and decision-making, ensuring that sustainability initiatives are effectively implemented and achieve their intended outcomes.

Board of Directors, which holds ultimate responsibility, sets the tone from the top by demonstrating ownership and commitment to sustainability. To further express the Bank's commitment and secure accountability in Sustainability, the performance scorecards of all C-suite members, led by the Chief Executive, include environmental and sustainability KPIs for which a 10% weighting is assigned. This ultimately links sustainability to C-suite remuneration.

The diagram below illustrates the governance and reporting mechanisms that have been built into our Sustainability Governance Structure.

Sustainability Governance Structure

Frequency of meetings related to sustainability in FY2023

12

6

12

4

8

Frequency of meetings related to sustainability in FY2023

6



Sustainability is not just a goal at BSN - it's our responsibility. As Chairman of the Sustainability Taskforce, I am committed to embedding sustainability into every aspect of our operations.

We've established dedicated ESG workstreams to accelerate our initiatives, especially as we advance our environmental efforts.

While we've made significant strides, particularly in reducing our GHG emissions, we recognise the need for continuous improvement.

Our mission is to build a sustainable future, not just to meet regulatory requirements but to do what's right for future generations. Together, we can make sustainability our way of life.



Sustainability is the bridge between human innovation and the wisdom of nature. 

Zarir Mohd Rawi

Chief Operating Officer,
Chairman of Sustainability
Taskforce



Approach to Sustainability

Roles and Responsibilities

The roles and responsibilities of each component within our Sustainability Governance Structure are described in the table below:

Component	Roles and Responsibilities
Board of Directors	Highest governance body within the Sustainability Governance Structure. Provides strategic input into the formulation of sustainability policies and commitments, exercises oversight over the execution of sustainability initiatives, and integrates sustainability considerations into strategic and key operational decisions.
BRMC	Oversees both risk management and sustainability matters. Governs the implementation of the Bank's sustainability strategies, endorses climate-related risk metrics and targets, and ensures compliance with regulatory requirements, particularly those outlined in Bank Negara Malaysia's Climate Risk Management and Scenario Analysis policy.
MANCO	Oversees BSN's overall sustainability efforts. Responsible for the development and endorsement of sustainability strategies, ensuring they align with BSN's Corporate Strategic Plan, and for reviewing any revisions before Board approval.
MRC	Reviews and concurs on climate-related sustainability updates, metrics, and targets before submitting them for BRMC endorsement. Monitors performance against these targets and recommends necessary actions to mitigate risks.
Transformation Committee	Steers and coordinates the implementation of BSN's sustainability agenda. Supports the development and endorsement of sustainability strategies, policies, and procedures, ensuring that sustainability practices are integrated throughout the Bank.
Transformation & Sustainability Department	Principal change agent, this department ensures alignment of strategic sustainability goals across BSN, plans and facilitates the execution of sustainability initiatives, and acts as the secretariat for the Bank's sustainability governance, coordinating sustainability reporting to all stakeholders.
Risk Management Department	Focuses on the risk management aspects of sustainability, particularly the identification, assessment, mitigation, and management of climate-related risks.
Sustainability Taskforce - 10 ESG Workstreams	Consists of functional specialists tasked with executing sustainability initiatives. Provide expertise in governance and oversight, particularly where their functional areas intersect with sustainability considerations.

Stakeholder Engagement

At BSN, our stakeholders form the backbone of our business ecosystem. Their needs, perspectives, and actions significantly influence our operations, reputation, and market positioning. We recognise the critical importance of engaging with our stakeholders, understanding that their input is invaluable to our continued success and relevance in an ever-evolving landscape.

Engaging with our stakeholders is not just a procedural necessity, it is a strategic priority that allows us to better understand their expectations and concerns, which in turn, facilitates better alignment of our efforts to their expectations and ensure actions are beneficial to all parties.

Given the extensive reach of BSN's operation, our stakeholder base is large and diverse, encompassing a wide range of interests and concerns.

To manage these relationships effectively, we prioritise our stakeholders based on their influence and impact on our business. This prioritisation helps us allocate resources and management time optimally, ensuring that our engagement efforts are both efficient and effective.

Throughout FY2023, we conducted targeted engagements with our key stakeholders, focusing on those who have the most significant impact on our business. These engagements are summarised in the table below.



Reciprocating the support from the communities, we are committed to share our returns – especially to the less privileged through various support programmes.



Customers

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
Customers are critical to the fulfilment of our mandate. They are the main driver for our continuous improvement and our principal source of revenue.	<ul style="list-style-type: none"> Physical and electronic delivery channels Surveys Product launches Seminars and conferences Events, carnivals, and other programmes 	<ul style="list-style-type: none"> On-going Periodic As needed Periodic As needed 	<ul style="list-style-type: none"> Customer service Convenience and accessibility Alignment of products and services to needs and circumstances 	<ul style="list-style-type: none"> Continuous customer service and support enhancements Widened accessibility and convenience through digitalisation Continuously alignment of products and services to changing needs and circumstances

Stakeholder Engagement



Government and Regulators

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
<p>These are policy and regulation setting authorities that exert significant impact on the Bank's ability to do business.</p> <p>They coordinate industry-wide contribution to the country's economic development and uniformity and consistency.</p>	<ul style="list-style-type: none"> Inspections and supervision exercises Briefings and surveys Submission and proposals Commissions and inquiries Financial institutions associations events and engagements 	<ul style="list-style-type: none"> Periodic As needed As needed As needed Periodic 	<ul style="list-style-type: none"> Compliance to laws and regulations Practice and adherence to prudential standards Contributing to economic development Contribution to Government's climate-related commitments 	<ul style="list-style-type: none"> Full compliance to laws and regulations along with stringent compliance monitoring Vigilance and diligence in risk management Continuously delivering on our mandate Embedding sustainability into business and operations with a particular focus on climate-related matters



Shareholder

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
BSN as a Government-owned DFI is subject to Government policies and accountable for delivering on the mandate assigned and generating a reasonable return on investment.	<ul style="list-style-type: none"> Board meetings Reporting and performance monitoring Annual Report Sustainability Report 	<ul style="list-style-type: none"> Periodic Periodic Periodic Periodic 	<ul style="list-style-type: none"> Performance against Key Performance Indicators (KPI) Return on investment Performance in delivering on mandate Significant business decisions and investments 	<ul style="list-style-type: none"> Intense and continuous focus on delivering on mandate Continuous focus on meeting and exceeding KPIs Accountability for performance Transparency in reporting



Employees

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
<p>Our employees are entrusted with day-to-day execution and management of business including responsibility for risk management and protection of the Bank's assets.</p> <p>Importantly, they are mandated to conduct business with integrity, ethically and responsibly to uphold the Bank's good name and reputation.</p>	<ul style="list-style-type: none"> Formal meetings Performance reviews and evaluations Training Townhall meetings Team-building activities Employee engagement surveys BSN Occupational Safety & Health Committee 	<ul style="list-style-type: none"> Periodic Periodic As needed Periodic As needed Periodic Periodic 	<ul style="list-style-type: none"> Bank's strategic direction and significant corporate developments Remuneration and benefits Health and safety Personal and professional development Workforce diversity, equity and inclusion 	<ul style="list-style-type: none"> Timely and transparent communications Ensure competitive remuneration package Securing employees' health, safety and well-being Affording impactful learning and development for employees



Suppliers and Business Partners

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
These parties supply products and services needed in the Bank's operations as well as the expertise and specialist skills to support continuous improvement.	<ul style="list-style-type: none"> Formal meetings/ discussions Performance reviews and evaluations Seminars and conferences 	<ul style="list-style-type: none"> Periodic Periodic As needed 	<ul style="list-style-type: none"> Quality of products and services and compliance to specifications Fair and transparent procurement processes 	<ul style="list-style-type: none"> Transparently and objectively highlight strengths and deficiencies in products and services procured Adopt and maintain fair and transparent procurement processes embedded with integrity



Local Communities

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
<p>Strong and enduring relationships with the community supports business expansion and customer retention in BSN's business which is substantially retail-based.</p> <p>These relationships facilitate the Bank in reciprocating the communities' support, share returns and give back meaningfully.</p>	<ul style="list-style-type: none"> CSR activities Formal discussions Community support and sponsorship programmes 	<ul style="list-style-type: none"> As needed As needed As needed 	<ul style="list-style-type: none"> Community support, aid and assistance Volunteering Collaboration for community improvement and uplifting 	<ul style="list-style-type: none"> Community support programmes Financial assistance to the less privileged Celebrating major festivals with communities



Media

Key Stakeholder/Significance	Engagement Mode	Frequency	Stakeholders' Interests/Concerns	Our Response
<p>This is a core component of the Bank's communication avenues which affords a wide reach to larger audiences.</p> <p>The media is easily accessible and is a commonly relied-on source of information, thus lending credibility to the Bank's communications.</p>	<ul style="list-style-type: none"> Formal channels within the Bank for public relations Corporate events and product launches 	<ul style="list-style-type: none"> As needed As needed 	<ul style="list-style-type: none"> Financial results Corporate developments Sustainability perspectives and performance 	<ul style="list-style-type: none"> Involve the media to assist in broadcasting significant corporate developments, financial results, sustainability performance, new products and service, etc

Materiality Assessment

The identification of significant ESG impacts (collectively, material sustainability matters) arising from our operations is an integral part of BSN's approach to sustainability. The material sustainability matters surfaced serve to focus the Bank's sustainability efforts on critical areas that require attention and management. In addition, they also guide the best use of the Bank's resources for maximum effect and benefits.

BSN conducts materiality assessments every 2 years or when there are changes to our operating environment and circumstances that bears significant sustainability-related impacts. Based on the outcome of the materiality assessment, appropriate responses are formulated to mitigate risks arising and those anticipated to arise in the near future that are relevant to the Bank's business and operations.

Balance is infused into materiality assessments through the incorporation of inputs from our stakeholder engagements. In addition, to ensure comprehensiveness and consistency, our materiality assessments also consider material sustainability matters identified by our industry peers through a benchmarking exercise.

BSN's materiality assessment is in line with guidance from Bursa Securities' Sustainability Reporting Guide and Toolkits (3rd Edition), and GRI 3: Material Topics 2021 issued by the Global Sustainability Standards Board.

The Bank follows the 5-step approach depicted in conducting materiality assessment:

1 Internal Focused Assessment



A survey of internal BSN stakeholders to solicit opinion and feedback regarding material economic, environmental, social and governance impacts arising from BSN's operations.

BSN's mandate is a foundational principle underpinning the survey specifically, our imperative for financial inclusion. This survey gives the materiality assessment reality and perspectives from the frontlines, lending credibility to the material sustainability matters that surface.

2 Peer Benchmarking



Peer benchmarking is conducted on material matters surfaced from the internal focused assessment.

The benchmarking is conducted against industry peers comprising commercial/Islamic/development financial institutions and where the pertinent sustainability information is available. A shortlist of material sustainability matters is derived from this step.

3 Stakeholder Engagement



Engagements with stakeholders help to validate the shortlist of material sustainability. Importantly, stakeholders provide visibility into aspects that might be overlooked and provide balance through external views that are frank and objective.

4 Prioritisation and Validation



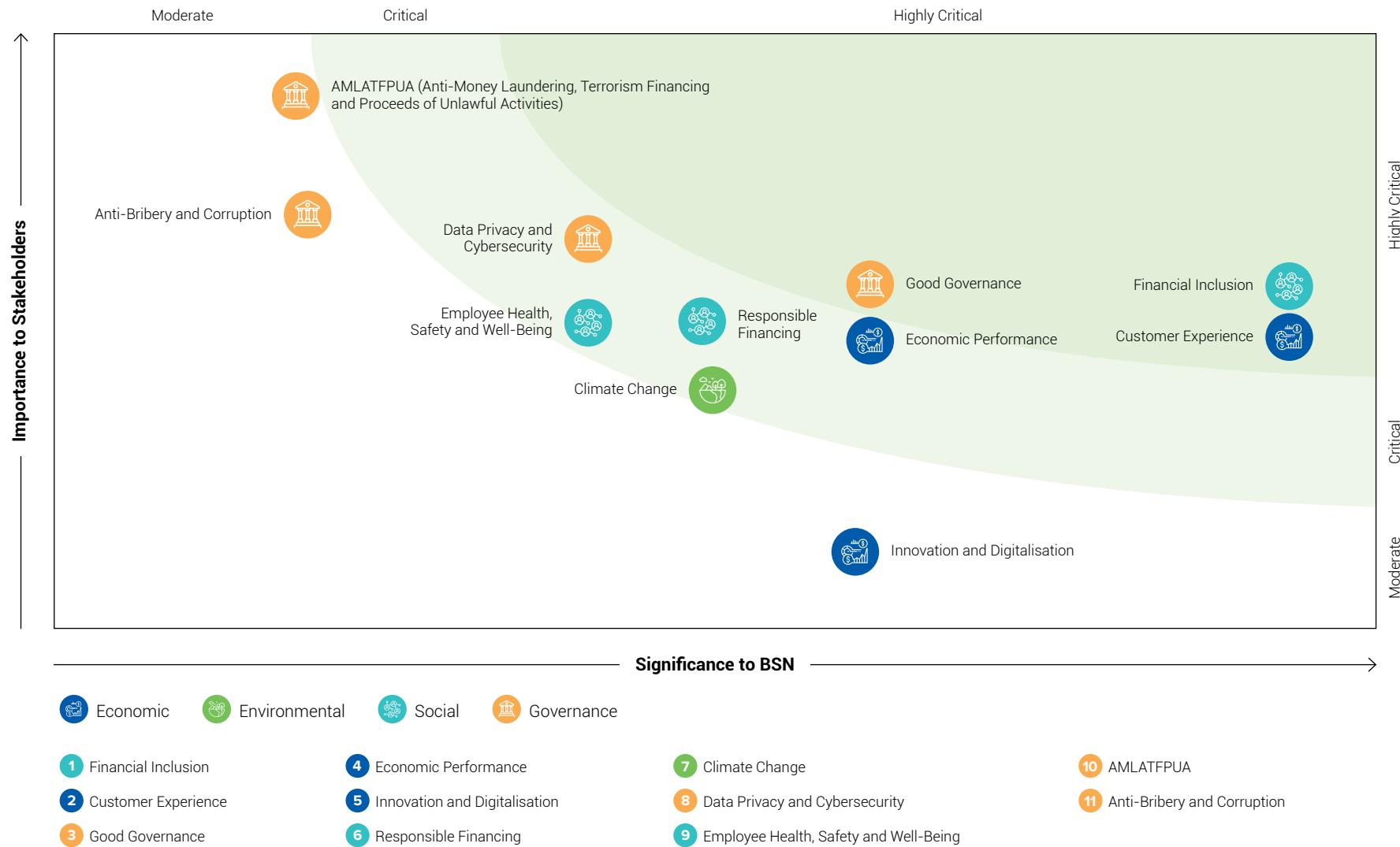
Having obtained stakeholders' views, the shortlist of material sustainability matters is validated and prioritised. The end result is a prioritised list of material sustainability matters that takes cognisance of the views of our key stakeholders.

5 Formation of Materiality Matrix



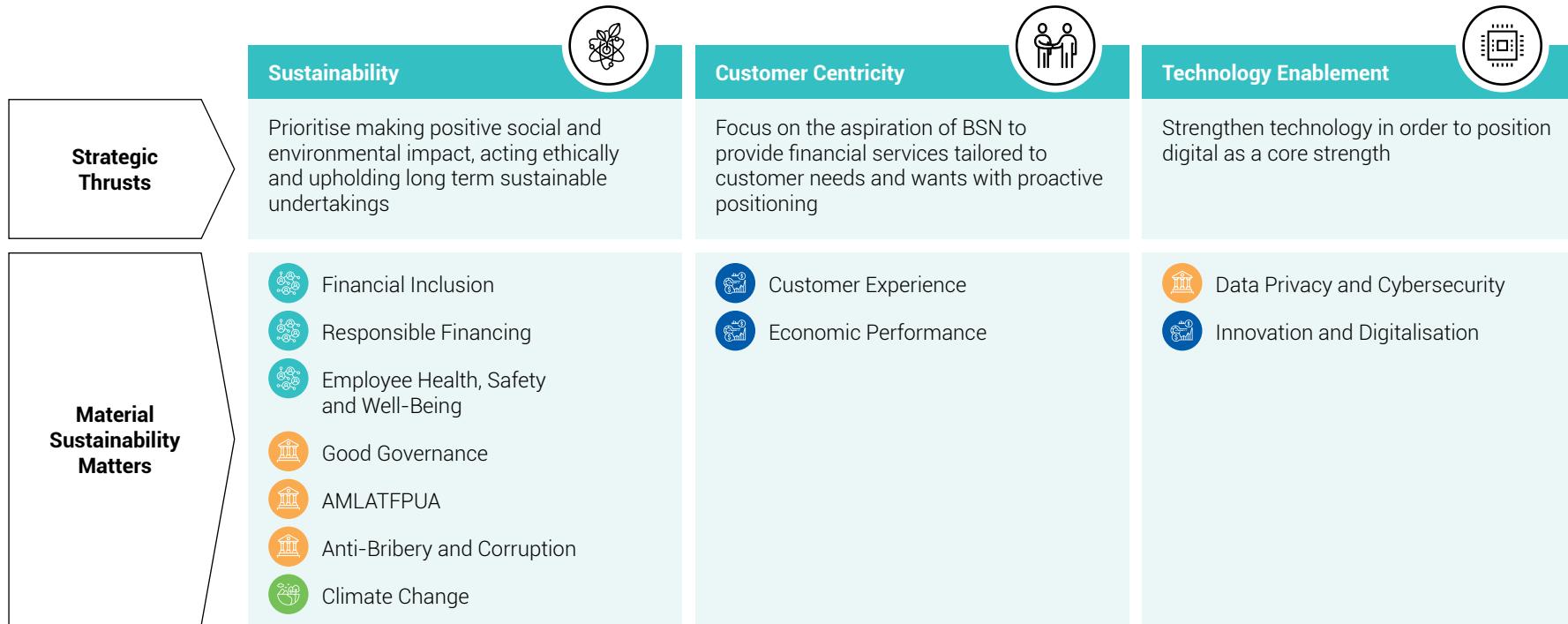
The prioritised list of material sustainability matters and the attendant Materiality Matrix are tabled for the MANCO's consideration and endorsement to ensure alignment with the Bank's Corporate Strategic Plan (CSP) and mandate. Once affirmed by the MANCO, the same is escalated to BOD level for concurrence.

The Materiality Matrix for the year under review arising from our materiality assessment is presented below:



Materiality Assessment

The same material matters are categorised across our 3 strategic thrusts below.



At BSN, sustainability is the foundation of our transformation journey. It's a guiding principle that shapes every decision we make. Our commitment to environmental stewardship, social responsibility, and economic resilience is fundamental to the future we envision - not just for our organisation, but for the communities we serve. This journey requires the collective energy and dedication of our entire team.

Whether in operations, finance, or any other function, every role is crucial in advancing our sustainability agenda. Together, we are fostering initiatives that enhance education, promote equity, improve health, and create economic opportunities.



Integrating sustainability into our strategic plan isn't just an option; it's a necessity for long-term growth and resilience.

Darween Doraisingam
Head, Transformation and Sustainability



Linkages to UNSDGs

BSN is committed to contributing in solidarity with the global community to build a better world for future generations and sustain peace and prosperity for all to enjoy.

In managing our material matters, the Bank is guided by UNSDGs and we formulate our sustainability strategies and attendant initiatives with the underlying intent of relevant SDGs in mind.

The diagram that follows, illustrates the association between the Bank's material matters and UNSDGs.



BSN actively innovates ways to expand access to banking and financial services for the unserved as well as the underserved - including young Malaysians, in line with the indicators set in the UNSDGs.

Material Sustainability Matter	Linkage to UNSDG		
Financial Inclusion	1 NO POVERTY 	3 GOOD HEALTH AND WELL-BEING 	8 DECENT WORK AND ECONOMIC GROWTH
Customer Experience	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	
Good Governance	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH 		
Innovation and Digitalisation	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Climate Change Risk	7 AFFORDABLE AND CLEAN ENERGY 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	13 CLIMATE ACTION
Data Privacy and Cybersecurity	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 		
Employee Health, Safety and Well-Being	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY
			8 DECENT WORK AND ECONOMIC GROWTH



50 years of inculcating and incentivising saving habits through various product offerings

BSN aspires to inculcate the habit of saving across all Malaysians, and what better way to incentivise this habit than crowning them as new millionaires via BSN SSP.

A total of 95 millionaires were crowned as at 31 December 2023, with the 95th winner being our bubbly 62 years old, Muslim bin Chatib Nawar.

Muslim who resides in Perlis, is a small-time putu mayam night market vendor who has been saving a portion of his income with BSN SSP for rainy days.

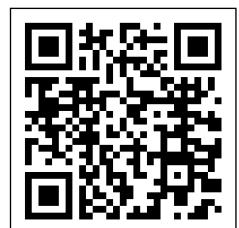
"While we are saving (money) for ourselves, there are also prizes to be won. I have won (the smaller prizes) multiple times, but this one, alhamdulillah, has been the best that God has given me so far.

For me and my wife, this saving will help us when the business is slow. I am a night market vendor, hence whenever we are not running the business, that savings will be there to keep us afloat.

To my friends out there, let's save our money (in BSN SSP). It might be my day, today. But who knows, the next one could be yours," said Muslim.

Scan the QR code and watch the video of Muslim Chatib  via BSN Malaysia's YouTube channel:

Prizes worth **RM30 million** await. Save with BSN SSP now and stand a chance to become our next winner!



Financial Inclusion - Bridging the Divide

BSN's journey from a rural based-retail bank to a national financial institution is deeply intertwined with Malaysia's development. As the Bank has grown, so has its commitment to financial inclusion, ensuring that all Malaysians, regardless of their location, have access to essential banking services. Our foundation is built on a clear mandate: to embed and expand financial inclusion across Malaysia, particularly in underserved and rural areas.

From our early days, operating in an environment where development was nascent and customer exposure to banking services was minimal, BSN has continuously evolved.

Over the past 5 decades, we have navigated numerous challenges, learning and adapting to better serve our customers. Today, BSN operates the most extensive branch network in Malaysia, with 387 branches, nearly half of which are in rural areas, reflecting our unwavering commitment to financial inclusion.

BSN's operating model is a testament to the years of experience in delivering our mandate. The following distinctive features of our operations highlight our efforts to ensure that no Malaysian is left behind.

Microfinance at BSN goes beyond financial support; it transforms communities. By empowering entrepreneurs and small businesses, we help create jobs and drive innovation, particularly in sustainability. Micro businesses often develop unique solutions to local challenges, and our support enables them to thrive.

We have a secure 54.3% market share and we have mobilised around RM2.7 billion micro financing to our customers. 1,865 micro businesses have been elevated to SMEs and we have created nearly 10,000 new jobs.

Every financing we provide contributes to reducing inequality, promoting economic growth, and ensuring that no Malaysian is left behind. Microfinance is a cornerstone of our mission to build an inclusive economy, where the benefits of financial stability reach every corner of the country, driving long-term sustainable development.



Microfinance is not just about providing financing; it is about empowering the unserved/underserved, fostering entrepreneurship, and fueling the development of nations. By lifting individuals, we elevate entire communities, driving sustainable growth where it is needed most.

Mujibburrahman Abd Rashid
Chief Business Officer

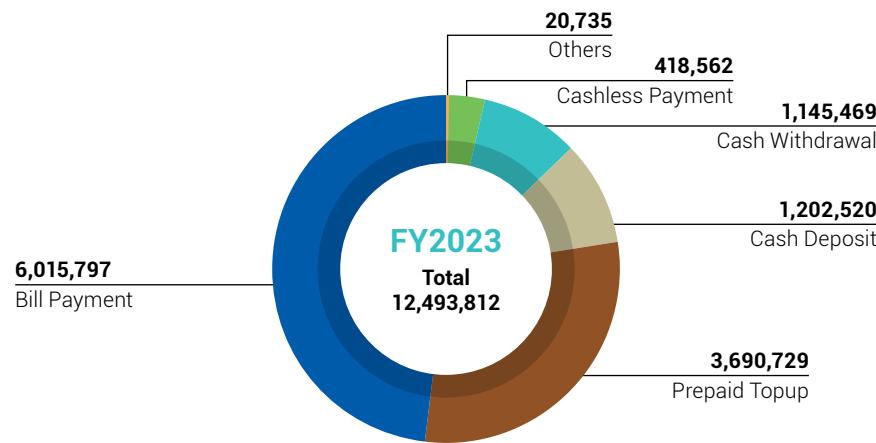


1 Ejen Bank BSN

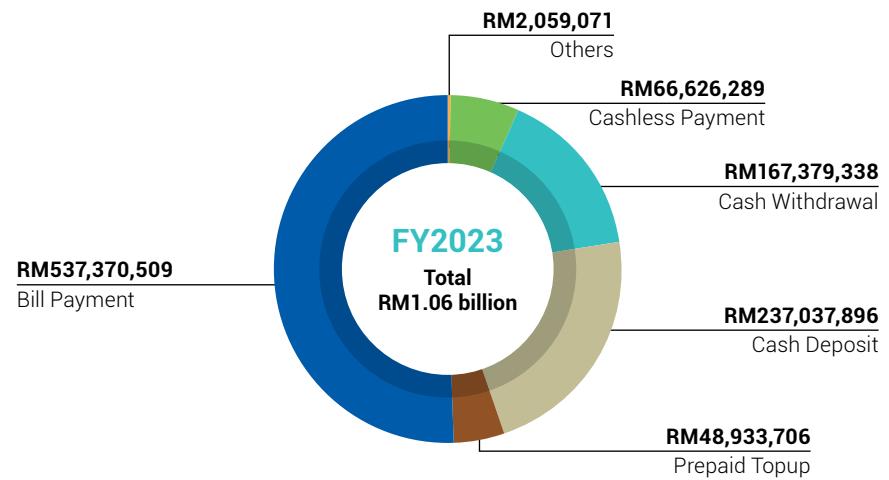
Our extensive network of 2,398 EBs (of which 71.1% are in rural areas) complements our branches and electronic channels. Serving 95.8% of mukims nationwide, 23% of which are solely served by BSN, EBs bring essential banking services to even the most remote locations where opening physical branches is not feasible. Over time, EBs have become an integral part of the communities they serve, playing a vital role in local economies. In FY2023 alone, EBs facilitated 12.5 million transactions worth RM1.1 billion, underscoring their importance in daily community life and economic activities.



EB Transactions by Volume



EB Transactions by Value



2

Cawangan Bank Bergerak (CBB)

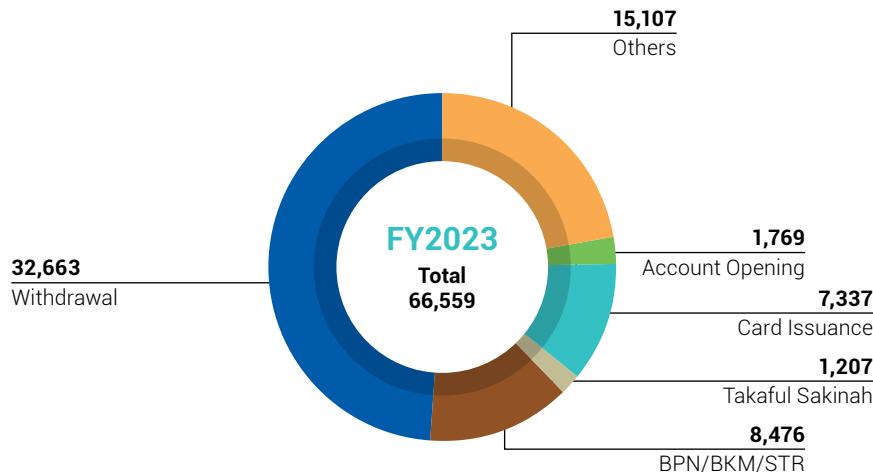
CBBs, or mobile branches, extends our reach even further, particularly in Sabah, Sarawak and Pahang. These modified three-tonne vehicles equipped with ATMs and service counters provide banking services to remote communities.

In FY2023, CBBs facilitated 66,559 transactions valued at RM18.62 million, proving once again our determination to deliver on our financial inclusion mandate.

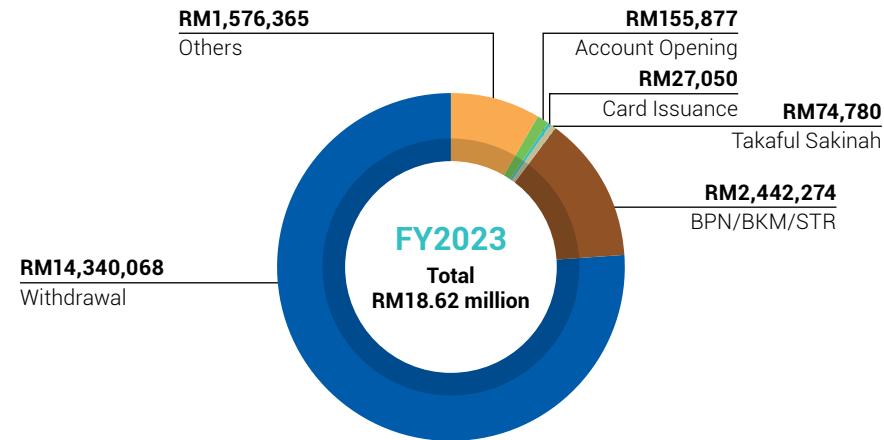


Financial Inclusion - Bridging the Divide

CCB Transactions by Volume



CCB Transactions by Value



3 Micro Finance

BSN's commitment to microfinance is unwavering, as evidenced by our market leadership with a 54.3% share amongst 11 micro finance institutions in FY2023. Serving a diverse customer base of over 90,000 micro-entrepreneurs, we have disbursed a cumulative financing amount of RM2.7 billion. Our expertise, honed over the years of dedicated service, enables us to develop and offer tailored solutions that support the growth and sustainability of small businesses across Malaysia.

The BSN Micro Community Nurturing Programme, launched in 2022, is a key initiative that has already helped 1,865 micro businesses transition to SME status (growing annual turnover to above RM300,000), creating nearly 10,000 jobs. This programme is strengthened by our strategic collaborations with partners such as the Malaysian Global Innovation & Creativity Centre (MaGIC), SME Corporation Malaysia (SME Corp), and Borong, a B2B e-commerce platform. These collaborations focus on empowering micro-entrepreneurs by providing access to digital tools, market opportunities, and business sustainability training.



With contribution of MSMEs accounting for 39.1% of Malaysia's overall economy - BSN steadfastly supports micro businesses to fuel national growth.

The Government's recognition of BSN's micro finance expertise underscores the positive impact of our programme, as demonstrated by the tangible outcomes highlighted in the following tables:



BSN in collaboration with AmBank, held the MSMEs Strengthening Programme to equip them with financial management, business management and digital transformation know how - ensuring that they remain competitive in the long run.

Policy Additionality	Indicators	FY2023 Performance
Government adoption of policy recommendations from BSN	Introduction of new products as part of government initiatives: Financing for micro enterprises and hawkers	The Semarak Niaga micro finance scheme evolved into Mikro Kasih in FY2023. As at 31 December 2023, the Bank has disbursed RM980 million which is 103% of the cumulative targets for FY2022 and FY2023 of RM950 million
Disbursement agent for Geran Digital Perusahaan Mikro Kecil & Sederhana (PMKS) Madani and Geran Digital Penjaja Madani	Initiative grant provided by Ministry of Finance (MOF) to assist Micro, Small and Medium Sized Enterprises (MSME) to digitalise	BSN in collaboration with Malaysia Digital Economy Corporation (MDEC) and Malaysian Communications and Multimedia Commission (MCMC), managed to disburse RM23.4 million Digital Matching Grant in 2023 to 6,886 MSMEs through over 500 Technology Service Providers (TSP)

Design Additionality	Indicators	FY2023 Performance
Graduation of micro businesses to SME (under BSN's Micro Community Programme)	Number of micro businesses achieving annual sales of RM300,000 and above	784 micro businesses (Total since launch in 2022: 1,865)
New job creation	Number of new jobs created	4,043 (Total: 9,913) new jobs were created by 2,702 entities of which: Full-time: 2,433 (Total: 5,912) Part-time: 1,610 (Total: 4,001)

Financial Inclusion - Bridging the Divide

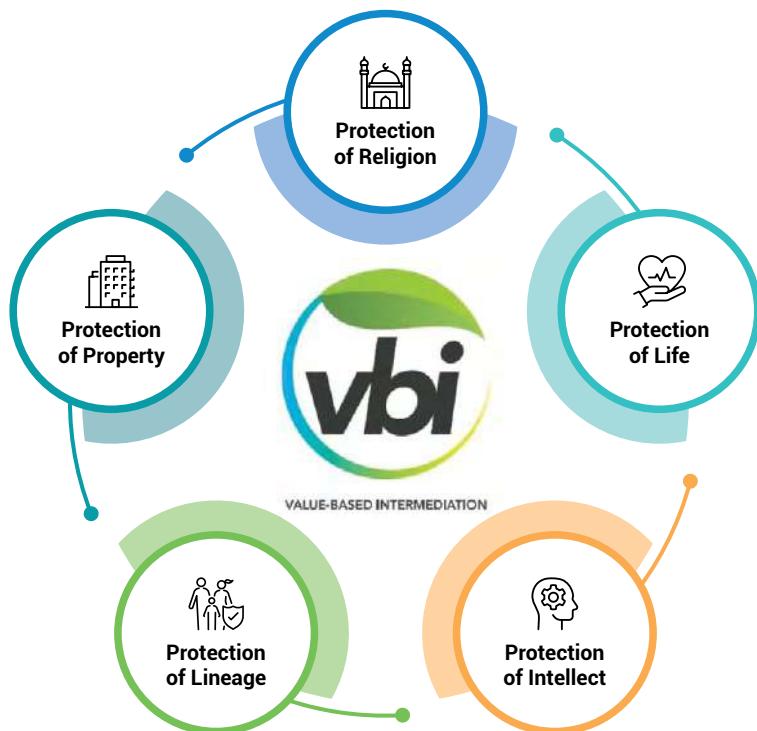
Demonstration Additionality	Indicators	FY2023 Performance	
Uplift micro finance customers	Capability building and skills enhancement	Conducted more than 60 training sessions to over 5,000 micro finance customers, key examples being:	
		Partner	Collaboration
	AmBank (M) Berhad	Amplifying MSMEs Programme - this is an entrepreneurship development workshop to nurture micro finance customers to SME level in partnership with AmBank. The Programme supports UNSDG 8 - Decent Work and Economic Growth through promoting societal and enterprise growth 2 participants have successfully met AmBank's criteria for financing	
	Visa and The Asia Foundation	Accelerate My Business - through this partnership, BSN and Visa have trained more than 1,000 micro MSMEs in digital commerce to drive the adoption of digital disbursement solutions. This includes entrepreneurial skills, covering diverse areas such as business management, financial literacy, operational efficiency, and digitalisation strategies	
	Lembaga Pembangunan Industri Pembinaan Malaysia (CIDB)/NiuAce and Malaysia Network Information Centre (myNIC)	Together with CIDB/NiuAce and myNIC, more than 3,000 micro finance customers were trained on cash flow, business management and business digitalisation	
	Bahagian Keselamatan dan Kualiti Makanan (BKKM), Kementerian Kesihatan Malaysia (KKM)	More than 800 micro businesses in the food and beverages industry were trained on KKM's guidelines on cleanliness, safety and health to ensure safety and quality of food preparation	
Disbursement agent for Government cash aid	Disbursement of cash aid Sumbangan Tunai Rahmah	Cash aid to over 8.6 million eligible individuals and households, totalling RM7.15 billion	
KWSP Account 2 support financing facility	BSN collaborated with KWSP to facilitate financing for account holders with sufficient Account 2 balance	RM238 million disbursed to 12,406 customers	



Islamic Social Finance

The Bank is committed to delivering Shariah-compliant products and services. In FY2023, our Islamic banking business accounted for a significant 87.6% of the Bank's total financing.

BSN adheres to Value-based Intermediation (VBI) principles which promotes adoption of practices that leave positive and lasting impacts on the economy, society, and environment. We hold the conviction that embracing VBI enhances productivity, innovation, and engagement with our people and customers, thereby increasing profitability and strengthening our brand reputation.



Advancing Community Empowerment with iTEKAD

This initiative focuses on the Asnaf and B40 business under the BSN MulaNiaga programme, allocating each participants with a maximum of RM10,000 grant for working capital and/or asset purchase depending on the business needs, accompanied by structure training and monitoring conducted by the implementation partner.

Upon completing a one-year business performance monitoring by the implementation partner, Teraju Ekonomi Asnaf (TERAS), a subsidiary of Majlis Agama Islam Selangor (MAIS), participants are assessed by BSN to determine their eligibility for further financing under the Micro Hasanah scheme, with a 0% rate and tenure up to 5 years.

Our collaboration with TERAS has seen 54 participants embark on this journey, with 19 completing the programme. To date, RM27,000 in financing has been disbursed to 2 successful participants. Additionally, a new partnership with Hidayah Centre Foundation has identified 18 more participants who have successfully been selected to receive the grant, bringing the total of 74 on-boarded participants, supported by RM710,000 in grants.

In addition, BSN's strategic partnership with Yayasan Waqaf Malaysia, established on 31 October 2023, aims to enhance cash Waqf collection through our banking platform. The funds raised will be directed towards solar and renewable energy, education, health and economic development projects.

Financial Inclusion - Bridging the Divide

Sustaining Prosperity with Waqaf Contribution

In 2023, BSN entered strategic partnerships with Yayasan Waqaf Malaysia, Majlis Agama Islam Negeri Johor, Waqaf Pulau Pinang Sdn Bhd, and Perbadanan Wakaf Selangor with the aim of facilitating and increasing cash waqaf collection through our banking platform.

Initially targeting staff members opting to donate all profit in their bank accounts to any of our waqaf partners, this programme is being explored for the possibility of being broadened to all 14 Majlis Agama Islam Negeri to enhance reach and impact of cash waqaf collections.

BSN has also joined forces with AIBIM in the MyWakaf 2.0 programme in which BSN is entrusted with executing the waqaf of Solar Dome Dryer project for the fishermen and farming communities in Perak, to enhance their economic well-being and livelihoods.

Facilitated by Majlis Agama Islam Pulau Pinang, BSN, along with other Islamic Financial Institutions under AIBIM's umbrella are collaborating to provide end-financing for waqaf properties for customers in Pulau Pinang.

Fostering Equity and Compassion through Zakat

Each year, BSN contributes corporate zakat from our Islamic banking business, in 2023, our zakat contribution amounted to RM1.26 million. In addition, the Bank also offers employees the option to deduct a portion of their monthly salaries to fulfil their zakat obligations. This voluntary initiative has seen significant participation, resulting in a zakat disbursement of RM8.83 million on behalf of employees in FY2023.

Through the Bank's participation in the Zakat Wakalah programme, BSN will allocate Zakat Wakalah funds to our state branches, empowering them to assist the Asnaf within their respective states. This enhances the impact of zakat by directly involving the Bank and its employees in supporting the growth and upliftment of these communities.

Additionally, BSN is developing a programme in collaboration with Lembaga Zakat Negeri Kedah to provide affordable housing for working Asnaf with stable incomes but face funding difficulties in owning a home. This programme offers options that require minimal personal financing and also a zakat fund to make homeownership more accessible.

Integrating Sadaqah (Voluntary-Giving)

In alignment to BSN's mandate to drive financial inclusion and community well-being, we have integrated Sadaqah, in our initiatives to support unserved and underserved segments. This aligns with our mission to foster sustainable development through acts of compassion that address both immediate needs and long-term socio-economic growth. By empowering vulnerable communities with access to essential resources like education, healthcare, and financial support, our Sadaqah-driven programs contribute to building livelihoods and fostering financial independence. Through these efforts, we are not only promoting resilience but also ensuring meaningful, lasting impacts within the communities we serve.



BSN's collaboration with Yayasan Waqaf Malaysia via Wakaf Tunai Malaysia programme is one of our efforts to facilitate cash waqaf collection and distribution through avenues that generate real impact to the public at large.



Financing to the Low-Income Segment (B40)

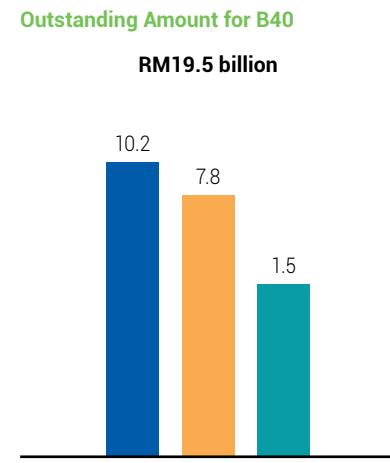
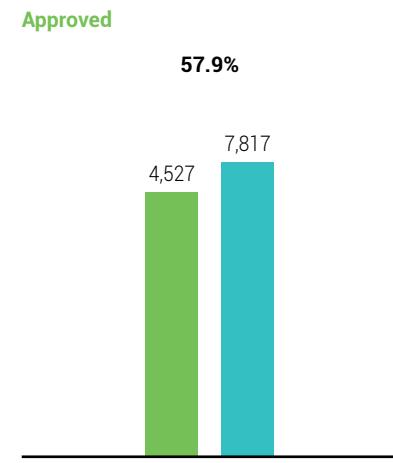
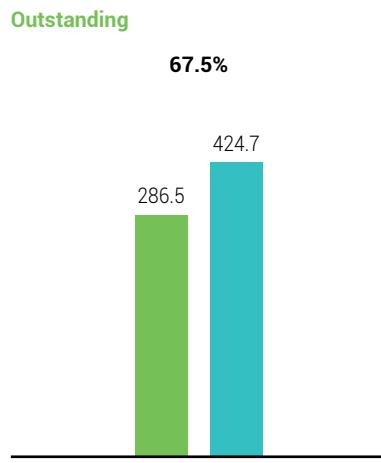
BSN's commitment to supporting B40 households is clearly reflected in our financing portfolio. As of 31 December 2023, B40 households accounted for 68% of our total financing, with 286,500 accounts amounting to RM19.5 billion. During the year, we approved RM4.2 billion in financing for 61,918 B40 accounts.

Our dedication to homeownership for this segment is evident, with 73.5% (or 73,300 accounts) of our total home financing is directed to B40 households. This includes support for properties valued below RM300,000 through initiatives like Program Perumahan Rakyat (PPR), Special Estate Workers Housing and financing for first-time homebuyers.

BSN has provided RM8.0 billion in home financing to approximately 66,100 B40 borrowers, representing 79.7% of our total home financing portfolio. Additionally, 66.2% of our personal financing (170,000 accounts) and 63.4% of our hire purchase financing (43,100 accounts) were extended to B40 customers.

These figures highlight our ongoing efforts to provide inclusive financial solutions to Malaysia's most vulnerable communities.

B40 Financing



■ B40 Customer ■ Total

■ Home Financing ■ Personal Financing ■ Hire Purchase

Financial Inclusion - Bridging the Divide



Performance Against Mandate

BSN integrates mandate-related key performance indicators into our Corporate Performance Scorecard to ensure alignment with our strategic objectives. The Scorecard for FY2023, presented below, offers comprehensive view of the Bank's priorities, reflecting our dedication to fulfilling our mandate and delivering tangible results. This detailed performance snapshot underscores the direction of our efforts and the milestones we have achieved in the past year.

Financial Additinality	Indicators	FY2023 Performance	Remarks
1. Financial inclusion and outreach	Banking access points (at a minimum accepting deposit and facilitating withdrawal of funds)	Banking access points totalled 3,773 across electronic and physical channels	2,310 (61.2%) access points servicing rural areas
	Access points in underserved areas (mukims with no more than 5 access points)	1,262 (33.6%) access points in underserved areas	
	BSN EB in underserved areas (mukims with no more than 5 access points)	954 (71.1%) EB in underserved areas	
2. Number of B40 households benefitting from BSN financing	Financing approved to B40 households	Approved financing to B40 totalled 61,918 accounts amounting to RM4.19 billion	Financing outstanding to B40 stood at RM19.5 billion
3. Number of micro businesses benefitting from BSN financing	Approved financing to micro businesses	18,719 accounts amounting to RM575.8 million approved	Financing outstanding to micro businesses stood at RM1.8 billion
	Of which new businesses (in operation less than 3 years)	Approved cases to new businesses totalled 7,264 accounts amounting to RM201 million	
	Of which first time borrowers (new to BSN)	Financing approval of RM389.9 million for 13,573 first time borrowers	
4. Financial literacy programmes	Number of individuals benefitting from BSN's financial literacy programmes	900,484 individuals participated in BSN's financial literacy programmes	Based on number of depositors reached out to under Skim Galakan Simpanan Pelajar (SGSP) and BSN Smart Junior (BSJ) and who have successfully opened account with BSN for FY2023
	Of which a number of individuals are youth	503,571 were youths aged between 15 and 24 years old	

Financial Addon	Indicators	FY2023 Performance	Remarks
	Launching of Financial Literacy Module (Modul Celik Kewangan BSN-KPM)	<p>The Module launch was officiated by the Minister of Education, YB Fadhlina Sidek, in October 2023.</p> <p>In 2024, the Module will be disseminated to schools across Malaysia for students to carry out Entrepreneurship Club activities.</p> <p>This Module will also be uploaded to the DELIMA KPM (Kementerian Pendidikan Malaysia or Ministry of Education) platform which is accessible to students and teachers nationwide.</p>	
	Ringgit Dijaga Komuniti Sejahtera (adult segments) financial literacy workshop to help the community understand and manage finances effectively.	Completed with 14 programmes nationwide with participation of 490 individuals aged 18 years old and above	This programme is a collaboration with AKPK (Agenzi Kaunseling dan Pengurusan Kredit) on responsible personal financial management.
5. Graduation of micro businesses to SME (under BSN's Micro Community- BMC programme)	Number of micro businesses achieving annual sales of RM300,000 and above	784 micro businesses (Total since launch in 2022: 1,865)	
6. New job creation	Number of new jobs created	4,043 (Total: 9,913) new jobs created by 2,702 entities of which: Full-time: 2,433 (Total: 5,912) Part-time: 1,610 (Total: 4,001)	
7. Market Share	Amount outstanding for BSN Fund	54.3% (industry leader) with an outstanding sum as at end of December 2023 of RM499.15 million	
8. Micro-i Hasanah	Financing for graduates under the iTekad programme	Disbursed RM27,000 to 2 participants.	
9. Cashless Society Pulau Tioman (CSPT)	<ul style="list-style-type: none"> Launched in 7th August 2023. Introduced BSN Debit Card Tioman (special edition) Placed 10 standees around Pulau Tioman to promote BSN cashless 	<ul style="list-style-type: none"> BSN Company Account - 85 No.of POS Terminal deployed - 61 No.of BSN Micro Customers - 9 (RM191k) 	To promote and provide cashless payment methods that are safe, fast and convenient for residents and business owners. This initiative also intends to support retailers to increase transaction volumes and profits as well as to ensure financial inclusivity for the underserved community.

Financial Inclusion - Bridging the Divide

Demonstration Additionality	Indicators	FY2023 Performance	Remarks
1. Participation in SME Recapitalisation Fund This fund assists established SMEs facing challenges due to the impacts of the pandemic through the subscription of Redeemable Cumulative Preference Shares-i (RCPS-i)	Growth of SMEs and encouraging business expansion	Approved RM2.8 million for two (2) borrowers	Total fund size of RM600 million jointly contributed by BSN, SME Bank and Teraju
2. Training and Financial Management Courses Offered to Micro Businesses	Number of micro customers benefitting from training organised by BSN	5,435 micro customers were nominated by BSN to attend training by various training partners	Training conducted by (CIDB)/ NiuAce, AmBank, Bahagian Keselamatan dan Kualiti Makanan (BKKM), Visa & AKPK for micro customers

It is important to note that our current performance results from sustained investments made over an extended period. BSN has strategically built the necessary infrastructure, developed deep expertise, and invested in the training and development of our human capital.

These investments have positioned us strongly to fulfill our mandate and continuously enhance our performance. As we move forward, our commitment to sustaining these investments remains unwavering, ensuring that we can adapt to evolving needs and circumstances.



Responsible Lending/Financing

At BSN, our commitment to responsible banking is integral to our mission of financial inclusion. We recognise the significant impact we have on our customers and the trust they place in us. To uphold this trust, we adhere to our Treat Customers Fairly Charter, which embodies our commitment to fair, transparent, and ethical banking practices. This Charter, accessible online, reinforces our dedication to embedding fair dealing into our corporate culture and operations.

As a Development Financial Institution (DFI) and a government agency, BSN has a profound moral obligation to protect our customers' interests. We believe that safeguarding our customers ultimately safeguards the interests of the Government and, by extension, the people. With a significant portion of our customers coming from medium- and low-income segments, responsible financing is at the forefront of all our activities - from product development to credit appraisal and collection.

We ensure that our products and services are aligned with the financial capacities of our target markets. Our marketing and prospecting efforts are conducted responsibly, focusing on customers who meet affordability requirements. This careful approach ensures that our products are offered to those who can sustainably manage their financial commitments.

Risk diligence is a cornerstone of our operations. We take great care to understand our customers' needs and financial capacities, drawing on a substantial body of knowledge built over years of experience. This enables us to develop fit-for-purpose products that address inherent credit risks while protecting our customers from potential future issues.

To further protect our customers, we provide comprehensive information and clarity about financial commitments, empowering them to make informed, data-driven decisions. This proactive approach underscores our dedication to responsible financing, ensuring that our customers are well-positioned for long-term financial stability.



Financial Literacy

At BSN, financial literacy is a cornerstone of responsible banking, particularly in our mission to serve less sophisticated customers. Our initiatives, such as the Konvensyen Celik Kewangan KPM-BSN Peringkat Kebangsaan 2024, reflect our commitment to fostering a financially literate society. By working closely with the Ministry of Education and other partners, we are equipping the next generation with essential financial skills, ensuring that our vision of "No Malaysian Left Behind" is realised across all demographics. Some representative examples of our collaborative efforts to further financial literacy appear in the table below.

Programme	Objective	Audience	Remarks
1. Jelajah Celik Kewangan (JCK)	Educate school children on the importance of appreciating financial management and discipline from a young age	40,000 school children across more than 500 schools nationwide	Collaborated with Jabatan Siasatan Jenayah Komersil (JSJK" or Commercial Crime Investigation Department) of the Royal Malaysian Police. JSJK officers were invited to participating schools to deliver briefings on online scammers while BSN officers briefed on financial management. This programme has received the approval and recognition of KPM entitling participating students to earn points towards Pentaksiran Aktiviti Jasmani, Sukan, & Kokurikulum (Physical, Sports and Co-curriculum Activities Assessment).
2. BSN Cashless School (involving only secondary schools)	This programme changes the prevailing mode of payment in schools to cashless. As well, students are encouraged to manage their savings and spending from a young age and introduced to the use of BSN Visa Debit Card as an alternative mode of payment to cash	181 secondary schools nationwide covering students from 13 - 20 years old	
3. BSN Smart Junior (BSJ) at School with Petrosains Themed Cash and Coins (Financial Literacy)	<ul style="list-style-type: none"> To provide students with exposure to the world of Science, Technology, Engineering and Math (STEM) To provide the opportunity to conduct face-to-face experiments Arouse students' interest to explore the STEM world 	Participation from 19 schools	On-going collaboration with Petrosains. BSN was also the collaboration partner for the Grand Finale RBTX Programme in 2023
4. Know Your Money Collaborative programme with FWD Insurance. This is an on-going programme that is scheduled to end in November 2024	<ul style="list-style-type: none"> Encourage students to cultivate the saving habit Provide exposure on smart financial management Encourage students to be more active in earning money 	Workshop is opened to students between 4 - 6 years of age from 10 states with each state sending 2 schools	

In conclusion, BSN's journey in financial inclusion is one of perseverance, innovation, and unwavering commitment. We have made significant investments in infrastructure, knowledge, and human capital, all aimed at fulfilling our mandate. As we continue to evolve, our focus remains on making financial services accessible, equitable, and responsible, ensuring that we serve all Malaysians with integrity and care.

Customer Experience - Leaving Lasting Impressions

At BSN, delivering exceptional customer experience (CX) is more than just a goal - it is our imperative. Our core values converge to consistently deliver top-tier customer experiences, placing our customers at the heart of everything we do.

In today's fiercely competitive landscape, customer experience stands as a crucial differentiator across industries, wielding substantial influence over business sustainability, resilience, and economic prosperity.

Consequently, the Bank relentlessly endeavours to surpass customer expectations, consistently leaving a lasting positive impact.

We are dedicated to providing unparalleled experiences in every customer interaction, ensuring excellence permeates every stage of the customer journey - from product and service innovation to seamless delivery and ongoing engagement.



CX Framework

BSN's approach to customer experience is rooted in a steadfast commitment to **consistently deliver superior experiences**. This commitment is embodied as our "True North" within the CX Framework, illustrated below.

TRUE NORTH

To deliver consistent and superior customer experience and enhance value to customer in terms of products, services and channels by strengthening BSN from within



The CX Framework orchestrates a rigorous approach to customer experience, aligning BSN's business strategy with a steadfast commitment to delivering exceptional customer experiences at all times. Five core actions, defined as pillars, animate the "True North" in daily operations:

Pillar 1: Know your customer

Achieving a deep understanding of our customers

Pillar 2: Customer Journey Management

Anticipating our customers' journey perspectives and proactively addressing their needs. Aimed at establishing simple, intuitive, and accessible banking solutions

Pillar 3: CX Metrics

Benchmarking against industry peers to gauge our competitive standing, adhering to service level agreements to ensure timely turnaround, and systematically evaluating performance across all interactions and customer journeys to effectively mitigate customer pain points

Pillar 4: Communication & Governance

Delegating responsibilities, driving transformative change, and promoting cross-functional accountability. Ensuring continuous and uniform communications to disseminate information effectively across all employees

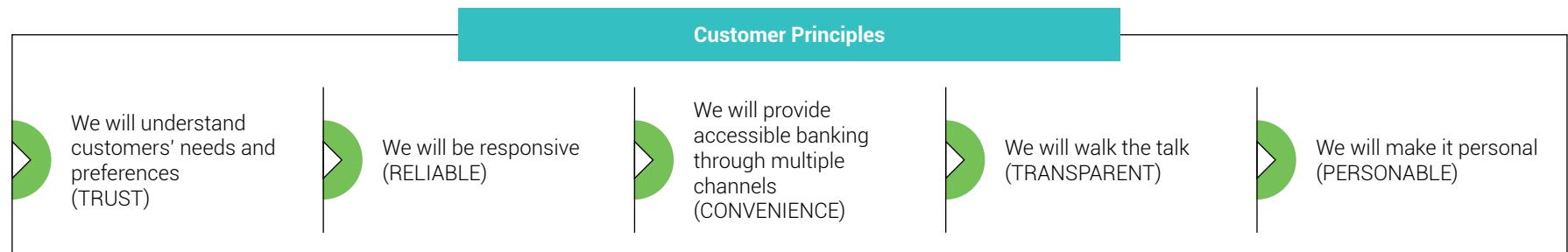
Pillar 5: Embed & Engage

Cultivate a customer-centric employee culture and empower them for efficient service delivery

The Bank aims to achieve a top 3 ranking in customer service as assessed by the Malaysian Banking Industry Customer Satisfaction Survey. Hence, The CX Framework will play a pivotal role in directing and shaping CX initiatives towards reaching this objective.

Using these 5 key pillars as a guide, all lines of business across the Bank will develop their respective CX initiatives and milestones tailored to their specific business or market needs. As we integrate our CSP 2022-2026 aspirations, the CX strategy will emphasise fostering a customer-centric culture, rooted in our values and driven by a resilient workforce.

What this means to our employees



Customer Experience - Leaving Lasting Impressions

To cultivate the customer-centric culture described prior, we have launched our CX Promise across the Bank: "CX Starts With You." (CX Bermula Daripada Anda)

"CX Starts with You" emphasises that delivering excellent customer experience begins with each individual within the organisation. It encapsulates the idea that every employee, regardless of their role, has a crucial part to play in shaping and enhancing the customer's journey and overall experience. This approach

highlights personal responsibility, commitment, and the collective effort required across all levels of the organisation to consistently meet and exceed customer expectations.

Our goal is to instil a sense of trust in our customers, making their lives simpler through our services and interactions.

What this means to our customers



BSN's comprehensive CX strategy is designed to continuously deliver exceptional customer experiences that exceed expectations.

From every customer touchpoint to our supportive back-office operations, we emphasise service excellence to leave lasting positive impressions on our customers.

Embracing current trends, the Bank integrates IT into our CX strategy, leveraging digital platforms to ensure our approach to customer experience remains innovative and up to date.

The Bank has also established a Customer Service Charter that outlines our commitments to delivering high standards of customer service and quality. This Charter, published on our corporate website and accessible via this link [Customer Service Charter](#), is structured around the following four pillars that govern service delivery and customer interactions:

Pillar 1



Know Your Customer:

Understand customers' profiles to offer products and services that meet their needs and preferences

Key Outcomes:

Built Trust

Pillar 2



Timely & Efficient Service:

Deliver seamless banking services within the stipulated turnaround time

Key Outcomes:

Be Reliable

Pillar 3



Transparent & Personable Service:

Transparent dealings with customers by competent and knowledgeable staff

Key Outcomes:

Better Engagement

Pillar 4



Banking Made Accessible:

Offer accessible banking through multiple channels

Key Outcomes:

Provide Convenience

The Customer Service Charter not only explicitly reaffirms our commitment to delivering excellent customer service but also serves as a constant reminder to our workforce across the Bank of our obligation to uphold service excellence.

Our ambition is to be the preferred banking provider and achieving this goal hinges on our understanding of our customers' expectations and ambitions.



Customer Experience - Leaving Lasting Impressions



Embedding a Culture of Customer Service Excellence

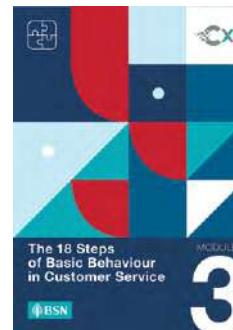
BSN is unwavering in its commitment to cultivating a culture of customer service excellence, especially among our frontliner representatives who interact with customers daily. To ensure that every customer interaction reflects our dedication to exceptional service, comprehensive training forms the cornerstone of our approach.



Module 1: BSN Care Values



Module 2: Manners and Etiquette



Module 3: Basic Behaviour



Module 4: Handling the Customer



Module 5: Managing A Difficult Customer

Introduced in 2020, the CX Service Playbook supports this commitment by providing structured guidelines for all employees. These guidelines are designed to provide consistently superior customer experiences and deliver a standardised quality of customer service. The Playbook is structured into five essential modules:

The Playbook is designed to be essential in embedding BSN's chosen CX values and practices across all staff, thereby contributing significantly to cultivating and strengthening a culture of customer service excellence.

In addition to customer service training, which is regularly conducted for the Bank's customer service frontliners, the Bank also implements other mechanisms to continuously raise the bar in customer service and experience, these include:

- **CX Re.Mind** - reinforcing a constant awareness of customer service
- **CX Service Icon** - to acknowledge and reward qualified staff with a CX lapel pin. Notably, the CX lapel pin is earned through consistent delivery of excellent customer experience and is worn with pride to show explicit recognition
- **CX Ideas Box** - a platform for our employees to contribute ideas on how we can provide better customer service
- **CX Feedback Platform** - a platform to contribute constructive ideas for improvement and promotion of both organisational and personal growth
- **CX Campaigns and communications** - includes CX ECHO bulletin and awareness campaigns aimed at promoting the CX culture among staff



Improving our Customer Journey

For BSN enhancing the customer journey is a continual focus as we strive to elevate the service and experience for our customers. We employ various mechanisms to achieve this goal:

- **Branch Ranking**

Comprehensive evaluation of branch performance based on Average Waiting Time (AWT) and Average Serving Time (AST). Branches are categorised based on their performance against these metrics, highlighting strengths, areas for improvement, and trends over time.

This structured approach enables us to identify top-performing branches, track improvements, and implement targeted strategies for enhancement.

- **Customer Service Ambassador (CSA) for high traffic branches**

In high-traffic branches, where peak periods can lead to longer waiting and serving time, CSAs play a crucial role.

These ambassadors are well-versed in branch operations and act as facilitators, proactively addressing bottlenecks to streamline customer flow. Their presence helps to maintain efficient service delivery and improve overall customer satisfaction.

- **Customer Journey Mapping**

Mapping the customer journey provides a detailed view of the end-to-end transaction process, from initiation to completion. This exercise helps us identify areas for improvement, enhancing operational efficiency and reducing processing times.

Specifically, mapping of the Personal Financing processes has significantly improved clarity for customers. It provides a clear and comprehensive understanding of the customer experience throughout the stages of searching, applying, approval, acceptance, usage, and support.

- **CX Flying Squad**

CX Flying Squad includes conducting Mystery Shopping to better understand challenges faced at BSN branches, focusing on facility conditions like cleanliness, building maintenance, customer waiting areas, and technology services such as internet connectivity and ATM machines.

It also evaluates branch operations and gathers customer feedback. Feedback collected is meticulously recorded and forwarded to relevant stakeholders to drive improvements and ensure high standards of customer service delivery.



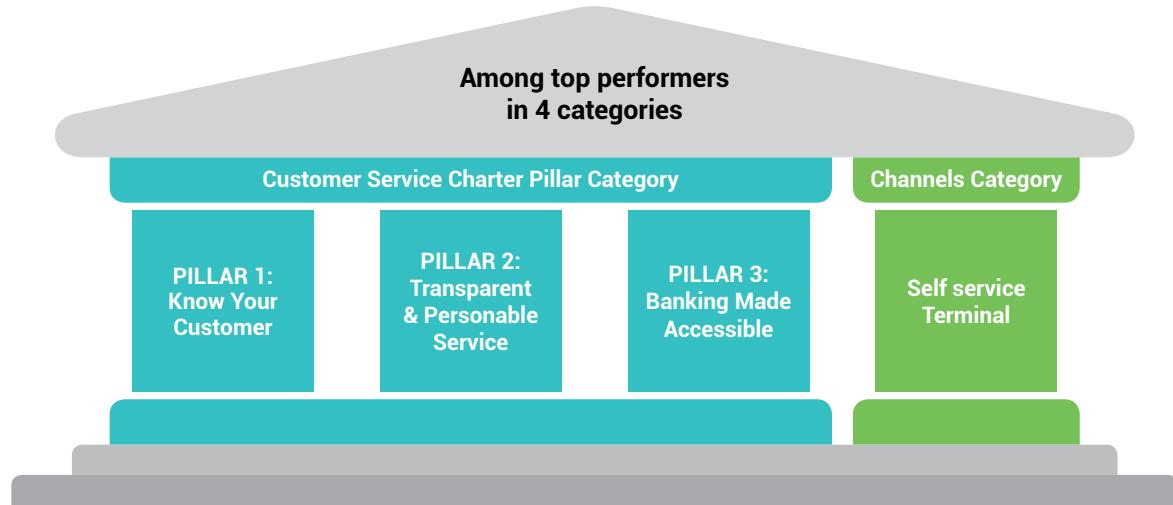
Customer Experience - Leaving Lasting Impressions



Awards and Recognitions

Industry Recognition

Customer Satisfaction Survey (CSS) 2023 by The Association of Islamic Banking and Financial Institutions Malaysia (AIBIM)



Achieved a significant improvement in the Malaysian Banking Industry ranking survey, **moving up 5 ranks to 15** in 2023 for Customer Service



Internal Staff Awards and Recognitions

CX Service Ambassador

- The CX Service Ambassador programme recognises outstanding frontline employees, including tellers and contact centre agents, who excel in customer service based on various criteria, including the application of CX principles.
- 4 employees were honoured as CX Service Ambassadors for their dedication to excellence in customer service.

CX Day 2023

- An event to foster a customer-centric culture within our organisation and equip employees with the skills and knowledge to enhance customer experience. The theme was "Accelerating Innovation, Elevating Customer Experience."
- Awards were presented in five categories:
 - Most Consistent Branch
 - Best Contact Centre Consultant
 - Best Document Champion (Individual)
 - Best Document Champion (Department)
 - Complaint Handling Champion



Fair Treatment for Customers

At BSN, customer service involves extending fair treatment and providing appropriate comfort to our customers. The Bank is committed to treating all customers fairly and without discrimination. Ethical behavior and fair practices are promoted in all customer interactions, including the provision of fair terms in contracts.

BSN has issued a Treat Customers Fairly Charter [②](#), which is accessible via this weblink to explicitly express our commitment to protecting the interests and financial well-being of our customers.

Additionally, the Bank has implemented a policy on Fair Treatment for Financial Consumers (FTFC) that aligns with BNM's policy document on the same matter. The objectives of our FTFC policy, along with the supporting guiding principles, are illustrated below:

	Objective Foster high standards of responsible and professional conduct by the Bank	Guiding Principle The Bank must ensure its staff, representatives and agents exercise due care, skills and diligence when dealing with financial consumers
	Objective Promote a culture where the interests of financial consumers are an integral part of the Bank's business strategies and operations	Guiding Principle The Board and senior management must set clear expectations on FTFC and ensure it is embedded in the Bank's corporate culture and core values
	Objective Set expectations for the Bank to effectively manage risk	Guiding Principle The Bank must take reasonable care to ensure the suitability of advice and recommendations provided to financial consumers
	Objective Provide financial consumers with the confidence that the Bank exercises due care, skill and diligence, and acts fairly in its dealings with financial consumers	Guiding Principle The Bank must ensure that financial consumers are provided with fair terms in contracts with financial consumers
	Objective Promote a culture where the Bank considers and responds to the interests and needs of vulnerable consumers appropriately in conducting their business and operations	Guiding Principle The Bank must provide financial consumers with clear, relevant and timely information on financial services and products The Bank must handle financial consumer complaints promptly, fairly and effectively
	Objective Set requirements and clear guidance for the Bank to observe and provide the appropriate support to vulnerable consumers, consistent with fair treatment of financial consumer outcomes	Guiding Principle The Bank must take appropriate actions to ensure that vulnerable consumers are treated fairly and equitably

Customer Experience - Leaving Lasting Impressions



Strengthening Complaint Management

BSN is dedicated to resolving complaints at the first point of contact, ensuring swift and effective resolutions while delivering exceptional customer experiences. Our Complaint Management Policy, introduced in 2022, guides us in efficiently handling customer complaints.

To complement this policy, we launched the e-book "LISTEN" which emphasises the importance of attentive listening as the cornerstone of effective complaint management.

Our complaint management process includes:

1. Prompt acknowledgment of all complaints within one business day, recorded in our centralised complaint management system.
2. For severe complaints, resolution may take up to fourteen days, holding replies are issued if further investigation is needed, as per BNM's guidelines.

The Complaint Management Division (CMD), established in 2018, monitors the effectiveness of our complaint management, ensuring all complaints are resolved within defined timelines. **In FY2023, we received 4,489 complaints, a 17% reduction from FY2022. Only 1.2% of these complaints were escalated to BNM, well below their 5% target.**

With the rise of electronic banking, fraud and scam complaints have increased. In response, BSN has set up a centralised fraud team working with the National Scam Response Centre (NSRC) and Polis Diraja Malaysia (PDRM).

We also introduced BSN Secure, a multi-factor authentication mechanism that has significantly reduced unauthorised transaction complaints, enhancing customer security and confidence. Additionally, BSN has taken the initiative to use social media as a platform for awareness, conducting weekly campaigns on Facebook, Instagram, and TikTok using the hashtag #BSNScamAlert.



Modernising our Contact Centre for Customer Service Excellence

The Bank has launched a Contact Centre Modernisation Programme to create a best-in-class customer experience. Embracing automation and self-service will enhance efficiency, customer experience and satisfaction.

AI solutions such as GenAI Chatbot, IVR Phone Banking/Voicebot, and Email Management Automation are being explored for 24/7 availability, quick responses, personalised interactions, and efficient issue resolution. Additionally, AI QA Monitoring is being considered also for real-time sentiment analysis, immediate agent improvement, and enhanced training, boosting overall efficiency and customer experience.





Measuring Customer Experience

We collect customer interaction and experience data from multiple touchpoints across our value chain. These insights are collectively used to design initiatives that drive positive customer outcomes and strengthen brand affinity.

Customer Experience Performance Data

What We Measure	How We Measure	FY2023 Results
Customer Satisfaction Score (CSAT)	In-house survey to track service experience across key interaction channels.	<p>External: 87% (Survey conducted by the independent party - IPSOS)</p> <p>The survey result is derived from honest customer appraisals and are significant in that they highlight the high regard both groups hold for BSN's customer service levels.</p>
Net Promoter Score (NPS)	Monthly Customer Engagement Survey to gauge where we stand relative to our key competitors from a total banking relationship standpoint.	<p>External: +56 (Survey conducted by the independent party - IPSOS)</p> <p>The scores reflect consistent positive feedback from customers, demonstrating the success of BSN's customer-centric approach. There has been a significant improvement from FY2021 to FY2023, which reinforces BSN's reputation in the Malaysian banking industry. This strong endorsement indicates that customers are likely to recommend BSN's products and services.</p>

Additionally, BSN benchmarks its customer service performance against a dashboard of 15 key service indicators, widely used by other banks as industry standards. These indicators provide a clear measure of fulfilment across essential channels, products, and systems, ensuring we consistently meet and exceed customer expectations.

In FY2023, 93% of the service indicators met the defined TAT, compared to 100% in FY2022 and 67% in FY2021.

To gain deeper insights into our employees' perceptions of BSN, we conducted a Voice of Employee (VOE) survey in FY2023. The purpose of the Voice of Employee (VOE) survey is to gather employee feedback on the Bank's products, services, and workplace, offering insights into their ideas, concerns, and overall perceptions.

In FY2023, our Employee Experience Score (EXS) soared to an impressive 97%, a significant improvement from 62% in FY2021. This result highlights our employees' strong endorsement of BSN's offerings and reflects their high satisfaction and readiness to recommend our bank to others.

Good Governance - Safeguarding Assets and Reputation

Good governance has been identified as one of BSN's material sustainability areas, given that the Bank's sustainability as a thriving business hinges significantly on the exercise of good governance across all facets of the Bank's operations.

At BSN, we hold the strong conviction that impeccable governance that is beyond reproach and backed by excellent integrity and strong ethics is foundational to success and growth and, critically, retaining our customers' trust.

BSN continually embeds and reinforces strong governance, integrity, and ethics into our corporate fabric to ensure that the good name and reputation that we have painstakingly built are protected, preserved and remain uncompromised. The Bank strives to establish and maintain a business environment that is fair, transparent and free from all forms of bribery and corruption.

In managing the Bank to create long term value for our stakeholders, BSN adopts corporate governance best practices and the requirements outlined in the BSN Act 1974, the Malaysian Code on Corporate Governance (MCCG) and BNM's Policy Document on Corporate Governance. Significantly, all the foregoing documents dictate a requirement for independence and accountability in decision-making at the highest governance level to eliminate any instance of unfettered powers.

As a significant part of the local financial services industry, BSN is acutely aware of the immense responsibility to conduct business in a responsible, concessionable manner, applying integrity and the highest ethical standards. The Bank ensures that interactions with our customers are fully transparent and they are in possession of all relevant information to support their decision making.

The Bank has in place a range of governance-related policies and guidelines. They are regularly reviewed to incorporate updates in relation to legal and regulatory changes, as well as the implication of emerging trends within the operating environment - for instance cybersecurity and climate change.

In recognition of BSN's commitment to cultivating and practicing integrity, good governance, and anti-corruption the Bank was conferred the Silver Award at the 2023 Anugerah Integriti, Governans dan Antirasuah (AIGA) which was organised by the Malaysian Institute of Integrity.

AIGA, an award organised by the Institute of Integrity Malaysia, recognises and appreciates public and private sector organisations that show commitment to cultivating and practicing integrity, good governance and anti-corruption.



The practice and constant reinforcement of good governance is crucial in the areas below to ensure that BSN remains resilient and protected against unethical conduct and that BSN continues to enjoy the trust of our customers and stakeholders. Each area is discussed in the sub-sections that follow:



Anti-bribery and anti-corruption



Anti-money laundering



Whistleblowing



Risk management and governance



Compliance



Procurement oversight and transparency

Data privacy and protection and cybersecurity are core areas of good governance as well given the widespread digitalisation and application of information technology (IT) in financial services. These aspects are discussed under the material sustainability matter on Data Protection and Cybersecurity.



Anti-Bribery and Anti-Corruption

BSN is conscious of the negative impacts that bribery, corruption, and any other forms of unethical conduct can have on our reputation and our ability to continuously create stakeholder value. The Bank has a zero-tolerance approach towards all forms of bribery and corruption in keeping with good corporate governance practices.

BSN complies with the provisions of the Malaysian Anti-Corruption Commission (MACC) Act 2009 in relation to bribery and corruption and understands the far-reaching implications of Section 17A in respect of corporate liability for corruption committed by employees/associates on behalf of a commercial entity irrespective of whether the management is aware of such corruption.

Accordingly, the workforce and business associates are constantly reminded to carry out their duties ethically and responsibly to avoid any exposure to bribery and corruption risks. Indeed, ethical conduct is one of the Bank's core values.

Testifying to the Bank's strong stance against bribery and corruption, there was no case of bribery or corruption recorded for FY2023. This unblemished record has been maintained since FY2021.



Code of Ethics

BSN employees are mandated to abide by the Bank's Code of Ethics (CoE) in their dealings to avoid misconduct and putting the Bank's reputation at risk. To this end, all employees are required to sign a Declaration of Compliance to BSN's Code of Conduct form.

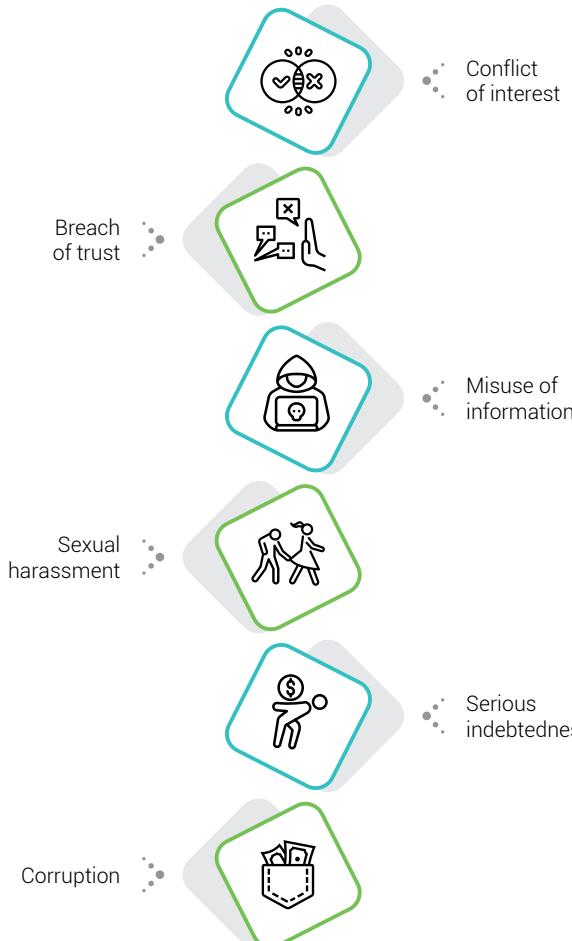
The CoE mandates integrity, professionalism and ethical conduct in the discharge of duties and specifically spells out responsibilities for good conduct in a variety of critical areas, including:

- 1 Ensuring the accuracy of records and business transactions
- 2 Equitable and fair treatment of customers
- 3 Data protection and privacy/secrecy
- 4 Compliance to prescribe guidelines in relation to participation in political activities
- 5 Compliance to the Gift, Entertainment and Corporate Hospitality Policy (GECHP)*
- 6 Compliance to all laws, regulatory guidelines and BSN's guidelines and procedures

* The Bank's GECHP supplements our CoE, further reinforcing a culture of anti-corruption and anti-bribery. The Policy can be accessed through via this weblinks: GECHP [②](#).

Good Governance - Safeguarding Assets and Reputation

As well, the CoE expressly prohibits misconduct, some specific material examples are:



Anti-Bribery and Anti-Corruption Affirmation

In FY2023, a corruption risk assessment was conducted by the Malaysian Anti-Corruption Commission (MACC) to assess the risk of corruption across the Bank. The assessment which is part of MACC's mandate of oversight over corruption risk in government agencies resulted in a 'Medium' rating, which is comparatively better than the average of 'High' among government owned financial services providers. The Bank's first such assessment conducted in FY2021, also returned a 'Medium' rating.

To explicitly express support for anti-bribery and anti-corruption, all Warga BSN are required to take the Ikrar Bebas Rasuah (IBR or Corruption-free Pledge) upon joining BSN. This is part of BSN's voluntary participation in the IBR programme introduced by MACC in its efforts to eradicate and fight corruption.

In the Bank's context, the Pledge is a means to warn and remind all Warga BSN to stand against and stay away from bribery and corruption. BSN enrolled in the IBR programme in FY2022 with all Warga BSN signing-on to the Pledge. Since then, it has become an embedded part of the onboarding process. As at December 2023, all Warga BSN have signed the Pledge.

Similarly, all our vendors and suppliers are also mandated to sign-on to the Pledge. In addition, the prohibition from any act or attempt to offer, give, solicit, or receive any gratification from or to any party related to job awards is contained in the Bank's Letter of Award (LOA). Signing off on an LOA would also impose a requirement for anti-bribery and anti-corruption on our suppliers and vendors.

In the year under review, BSN further ingrained anti-bribery and anti-corruption across our supply chain. In conjunction with our Integrity Month, over 100 of our vendors took an oath to distance themselves from bribery and corruption.

BSN has also successfully obtained certification for ISO 37001:2016 - Anti Bribery Management Systems validating the robustness of our anti-bribery processes and their alignment to recognised good practices.

BSN recorded zero incidence of corruption in FY2023.

BSN's Chief Executive, with members of MACC witnessing the pledge by more than 100 vendors of the Bank, in conjunction with National Integrity Month 2023.



Communications and Programmes

The Bank constantly implements anti-bribery and anti-corruption initiatives in our continuous efforts to eliminate and fight against corruption, in the year under review these include:

<p>Issuance of Anti-Bribery and Anti-Corruption Policy Statement</p> 	<p>Introduction of Integrity e-learning Module</p> 	<p>Held an Integrity Month which included a series of talks and the signing of IBR by BSN suppliers and vendors that was witnessed by MACC representatives</p> 
<p>Online briefing on the Corporate Liability Provision in Section 17A of the MACC Act 2009 for BSN suppliers and vendors nationwide, organised in collaboration with MACC</p> 	<p>Integrity Talk to Board of Directors, Senior Management, managers and selected staff members titled "Say NO to Corruption" by Tan Sri Abu Kassim Mohamed, former MACC Chief Commissioner</p> 	<p>Corruption, Integrity & Governance (CIG) Risk Workshop for GRCO (Governance, Risk and Compliance Officer) who is an appointed person-in-charge at each department responsible for overseeing compliance to Standard Operating Procedures (SOP), controls and action plans to remediate risks</p> 
<p>Development of e-book for GRCO reference in relation to CIG risk identification</p> 	<p>Integrity Talk to all personal assistants</p> 	<p>Published 24 Integrity Reminders via BSNinsights</p> 
<p>Completed 46 initiatives in the BSN Anti-Corruption Plan 2021 - 2025 ahead of planned timeline, the initiatives cut across multiple facets of the Bank's operations encompassing governance and control, business management, operational management, financial management, human resource management and strategic and communications</p> 	<p>Engagement session with DFI for best practices sharing</p> 	

Good Governance - Safeguarding Assets and Reputation



Anti-Money Laundering

As a financial institution, especially one formed under the auspices of the Government, it is imperative that BSN supports and reinforces regulatory compliance. To this end, the Bank's workforce across all operational areas are under strict orders to ensure compliance to the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLATFPUAA).

The Bank has in place the following policies in support of compliance to AMLATFPUAA, these policies are mandatory for all Warga BSN:



Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions Policy



Electronic Know-Your-Customer (e-KYC) Policy

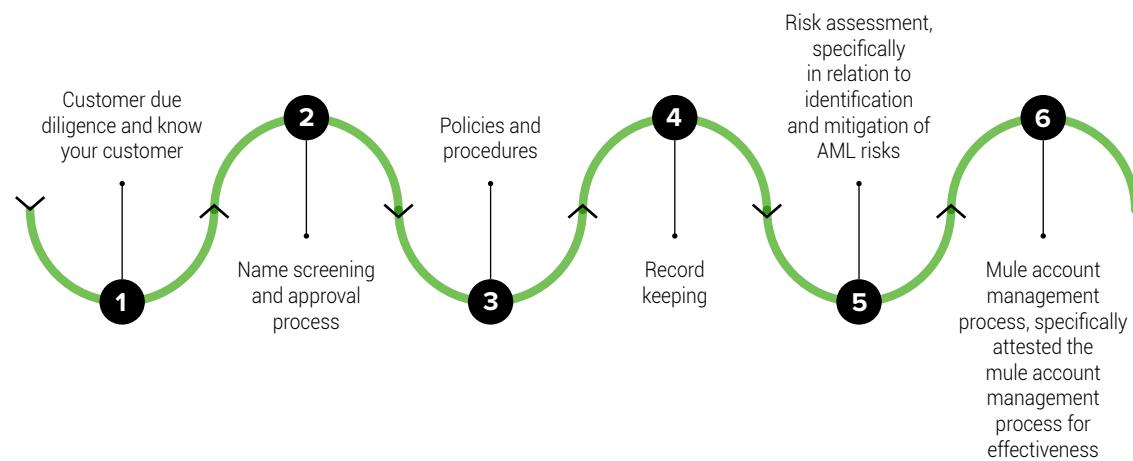
Supplementing the policies above are guidelines for reference in specific circumstances, in particular in the handling sensitive matters. Guidelines issued are in relation to

- Politically Exposed Person;
- Defence Industry;
- High-Risk Business;
- Name Payment Screening

All policies and guidelines listed above are subject to periodic review or as and when a necessity arises, to keep pace with changes in the regulatory and operating environment. To reinforce understanding of the Bank's expectations and support effective compliance to AMLATFPUAA, all Warga BSN are required to complete the e-learning module on AML/CFT/CPF (anti-money laundering/countering financing of terrorism/countering proliferation financing) on an annual basis.

Review and Assessment

The Bank's internal AML Review and Quality Assurance unit conducted an independent review and assessment of business and support units on AMLATFPUAA risk areas to obtain assurance and report on the effectiveness of controls in place. The review covered the period 1 January to 31 December 2023. Among the operational areas reviewed were:



Timely reporting on the outcome of the review was provided to senior management and Board of Directors including recommendations on internal controls improvements and promotion of compliance culture in managing AML risks.

Compared against the previous year, the review observed a significant improvement in awareness and control functions as indicated by the reduction in the number of findings. Nevertheless, continued exercise of diligence and vigilance through existing mechanisms is recommended to maintain and elevate the good performance.

Improvements achieved in response to the review findings include SOPs and system enhancements along with improved communication.



Whistleblowing

Continuous Learning and Development

Multiple activities and initiatives were conducted in FY2023 under the Compliance Culture Programme, including:

Programme

Compliance Training

Activities related to AML/CFT/CPF

- AML/CFT/CPF mandatory annual e-learning
- Targeted training (e-learning) to frontliners

Programme

Compliance Communication and Awareness

Activities related to AML/CFT/CPF

- AML Roadshow
- AML Poster issuance
- Fortnightly Compliance/AML Briefing
- Compliance Forum

Programme

Compliance Reward & Recognition

Activities related to AML/CFT/CPF

- Kahoot Competition
- Live Quiz
- Caption Me Competition
- Best Sharing Video
- Compliance Hero

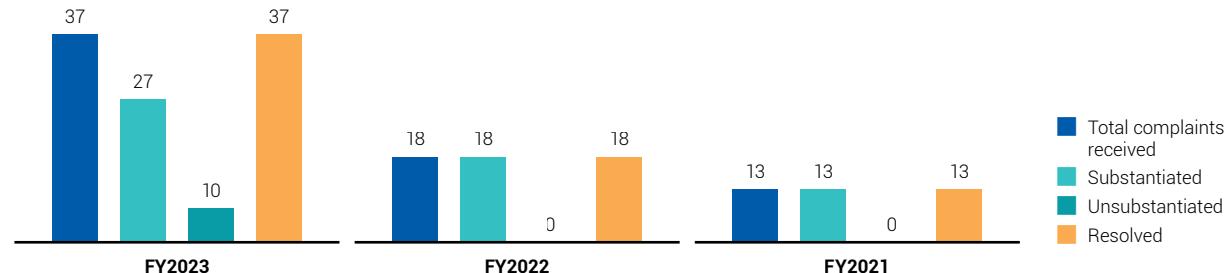
In keeping with corporate governance best practices and to promote a culture of openness, integrity, accountability and transparency, BSN has established formal whistleblowing channels to facilitate the raising of concerns regarding any improper conduct committed by the Bank or our personnel in a secure and confidential manner without fear of retaliation.

Processes in relation to whistleblowing are governed by and elaborated in the SOP on Integrity Complaint Management (Whistleblowing) and the SOP for Verification & Investigation of Whistleblowing Complaints. All whistleblowing complaints are subjected to a preliminary inquiry process conducted by the Whistleblowing Committee to establish their validity or otherwise, this process also prioritises the investigation of substantiated cases.

All substantiated complaints will be thoroughly investigated and the appropriate action will be decided upon by the Whistleblowing Committee. Throughout this process, the whistleblower will be afforded the requisite confidentiality and protection. The outcome of the complaint will be notified to the whistleblower by the Integrity and Governance Division.

The Bank's Whistleblowing Policy can be accessed through this weblink: Whistleblowing Policy [\(2\)](#) and the associated policy statement through: Whistleblowing Policy Statement.

The table below summarises whistleblowing complaints received over the past three years.



In FY2023, the Bank carried out briefing sessions across all state main branches to familiarise Warga BSN with the array of whistleblowing platforms in place, including:

- Integrity Complaint Management [\(2\)](#) (e-Whistleblowing) via our website;
- WhatsApp channel: +6019 255 8538 [\(2\)](#);
- Email: whistleblowing_igu@bsn.com.my [\(2\)](#) and Physical Whistleblowing Form, which can be submitted to our designated representatives and officers in charge.

Good Governance - Safeguarding Assets and Reputation



Risk Management and Governance

Risk management and governance are critical to all organisations to secure their business continuity and ability to generate stakeholder value. In financial institutions like BSN, risk management and governance take on a higher level of criticality given their direct impact on customers and the potential consequential impact on the nation's financial system.

In addition, the range of risks that financial institutions including BSN are exposed to in their operations are generally larger and more complex, requiring deep technical knowledge for effective governance and management.

Risk Governance Structure

To ensure effective oversight and governance of risks, the Bank has established the Risk Governance Structure illustrated below. This Structure involves all relevant parties across the Bank, the associated roles and responsibilities are described in brief below:



Members of the various committees in the Risk Governance Structure work actively and collectively to embed and continually strengthen a culture of risk awareness across the Bank and to safeguard our assets, good name and reputation.

Risk Management Framework

The Bank has in place a Risk Management Framework that is aligned with the principles outlined in ISO 31000:2009 - Risk Management. This Framework provides an overview of risks faced by the Bank and optimum approaches to managing these risks in a manner consistent with regulatory standards and industry best practices. Critically, the Framework serves to ensure that risks underwritten by the Bank are adequately identified, measured, mitigated, monitored and analysed using the risk resources and infrastructure in place and supported by risk documentation.



Climate-Related Risks and Governance

In the year under review, climate-related risks have received intensified focus underscoring an acknowledgment of the risks posed by global warming and in recognition of the potentially devastating impact of weather-related disasters that have occurred in Malaysia and elsewhere in the world. The heightened attention is evident from the following:



Climate-related risks and the associated governance and management gaining a place in the Board agenda



Risk classifications and risk terminologies in respect of climate-related risks have gained a place within the Bank's risk lexicon



Climate-related risks have been embedded in Bank's risk management processes, particularly in Operational, Credit and Market risk



Climate and sustainability considerations are integrated into the Bank's decision making process and are actively considered in Board and management deliberations



The Bank has deployed various tools such as ESG Portfolio Profiling, Climate Risk Scenario Analysis to identify and assess the impact of climate-related risks, specifically physical and transition risks posed by climate change



Climate-risk considerations and BSN's sustainability commitments have been built into the Bank's qualitative Risk Appetite



The Bank is working towards aligning our reporting to the recommendations contained in the Joint Committee on Climate Change's (JC3) TCFD Application Guide

The above highlights the Bank's recognition of climate as a significant determinant of our sustainability as a business and emphasises that the Bank is proactively taking action.

Further details of our climate action initiatives including our maiden efforts at emissions profiling is highlighted in the section on Climate Change Risk.

It is also significant to recognise that climate is a relatively new subject matter for the Bank and we are now in the process of putting in place the required infrastructure encompassing the human resources, capabilities, plans, and investments to marshal more meaningful and targeted climate action and contribute effectively to global efforts at addressing this existential concern.

Good Governance - Safeguarding Assets and Reputation

Embedding a Risk-Aware Culture

In common with all financial institutions, BSN has relentlessly focus on inculcating a risk-aware culture. The Bank also continuously develop capabilities to support astute risk management and keep pace with changing risk profiles and exposures resulting from changes in the operating environments and the developments in IT.

To this end, continuous learning and development around risk management and on specific specialised risk management areas are of critical importance. In FY2023, the following risk management training were conducted across e-learning and physical modes:

Mode	Description	
Classroom	 Risk management training conducted in conjunction new recruits' induction programme	
e-Learning	 <ul style="list-style-type: none"> Introduction to Risk Management Operational Risk Management Business Continuity Management Shariah Risk Management IT Risk Management 	
Virtual	 <ul style="list-style-type: none"> New product introduction training Third Party and Outsourcing Risk training User training for Operational Risk Reporting system implementation Briefing with stakeholders on revised policies/guidelines 	

In addition to formal training, other risk management initiatives were also conducted in FY2023 which includes:

Mode	Description	
Engagement	 <ul style="list-style-type: none"> KCSA Engagement Forum with headquarters and states Engagement with Governance, Risk and Compliance Officers (GRCOs) Engagement with Business Continuity Management (BCM) Coordinators 	
Video	 <ul style="list-style-type: none"> Awareness video on cybersecurity Awareness video on climate risk 	
Bulletin	 <ul style="list-style-type: none"> Operational Risk Management Corner/Fraud Bulletin Cybersecurity Bulletin 	

Having passwords on post-its is a common mistake that leads to cybersecurity risk. Our awareness video on cybersecurity reminded Warga BSN to not to do that, on top of other possible oversights.



 **Compliance**

BSN operates in an industry that is subject to strict regulatory oversight, requiring stringent compliance with associated requirements to ensure our nation's continued economic stability and to protect our customers' interests.

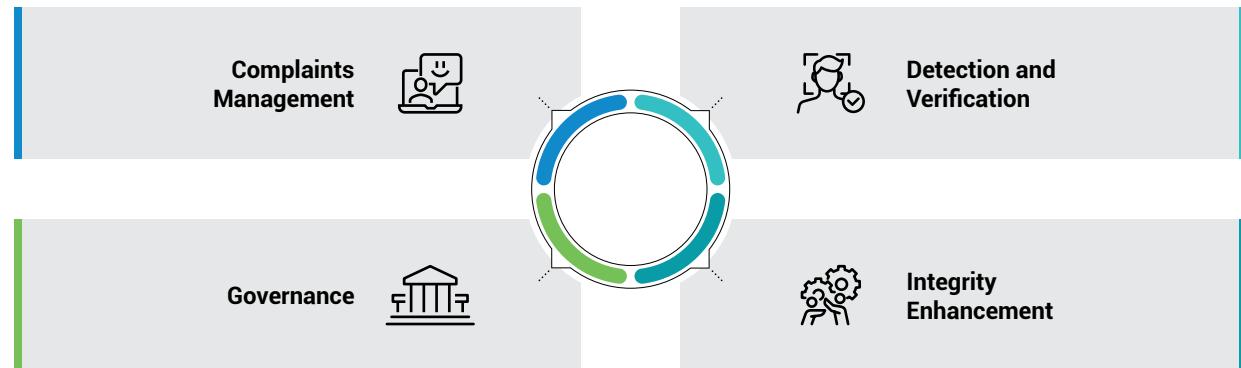
Additionally, the Bank's ability to continue operating has a crucial dependence on complete and continual compliance with all laws and regulatory guidelines to which the Bank is subject. Any non-compliance can potentially put the interests of our stakeholders at risk and have a devastating impact on the Bank's sustainability as a business.

Accordingly, strict oversight over compliance to all laws and regulatory guidelines is continually exercised. The BRMC, SCBSN and management support the Board and take active roles to ensure compliance at all times. Training and awareness activities are regularly conducted to reinforce accountability for and ownership of compliance and inculcate a risk awareness culture.

To embed a strong compliance culture within Warga BSN and obtain comfort of stringent compliance to all applicable laws and regulations, the Bank is supported by the following specialist functions:

Integrity Governance Division (IGD)

In response to the Government's policy to establish Integrity and Governance Units in Government-Linked Companies to strengthen internal controls to prevent malpractice, corruption, and abuse of power, BSN has established an IGD which responsibilities are:



Complaints Management - covers the management of information/complaints on misconduct related to corruption, abuse of power, malpractice and violation of the Bank's code of conduct and ethics and ensuring that action is taken in every case. This function also encompasses responsibility for efficiency of the complaints system.

Detection and Verification - deals with the detection and verification of complaints on criminal misconduct as well as violation of code of conduct and ethics, following which appropriate action is taken.

Integrity and Strengthening - ensures that acculturation, institutionalisation and implementation of integrity is achieved.

Governance - upholds and fosters good governance to strengthen integrity. It also deals with issues related to integrity, particularly corruption, malpractice and abuse of power.

Good Governance - Safeguarding Assets and Reputation

Internal Audit Department (IAD)

IAD is a critical and integral component of the Bank's overall system of checks and balances and acts to ensure that the Bank's established system of internal controls is working effectively and as intended. Significantly, this function is independent and reports to the Board Audit Committee (BAC). This independence allows IAD to discharge its duties and responsibilities without fear or favour from undue influence and with the requisite objectivity.

IAD regularly evaluates the adequacy, efficiency and effectiveness of risk management, the system of internal controls and governance processes across all business and support units, including the Bank's subsidiaries. IAD also provides assurance, advice, insight to support the Bank and subsidiaries in accomplishing corporate goals.

IAD's annual audit plan is developed based on assessment of risks, exposures, and strategies. Areas that are assessed to be high risk are subject to an annual audit while those that are assessed to be medium or low risk are subject to a cyclical audit. Notwithstanding the risk assessment, the annual audit plan will invariably include areas to be audited annually due to regulatory requirements, and other established criteria such as recent incidence of fraud, previous adverse audit rating or other pertinent material factors. Additionally, IAD also conducts investigations into alleged frauds by staff, customers or third parties, and recommends appropriate improvements to prevent recurrence and actions to be taken.

IAD has unrestricted access to BAC and information required in course of work. BAC ensures that Bank's management fully understands the matters highlighted and works proactively to resolve and mitigate risks, weaknesses and deficiencies highlighted by IAD.

Audit reports, which outline scope of audit performed, general evaluation of system of internal controls, detailed audit observations, management response and mitigation actions, and IAD's recommendations for improvement, are generated and highlighted to BAC. BAC reviews and deliberates exceptions or non-compliances raised and where required and applicable, BAC directs Management to take cognisance of the issues and establish necessary steps to strengthen the system of internal controls based on audit recommendations.

Taxation and Zakat

As a good corporate citizen, it is incumbent on BSN to comply with all obligations whether statutory or otherwise. This applies particularly to taxation and zakat which are applied for national development and to support the Government in discharging its social responsibilities to uplift the prosperity and standard of living of all Malaysians. The Bank commits to discharge our responsibilities to pay taxes and zakat as assessed completely and in a timely manner.

In keeping with this commitment the Bank adheres strictly to all taxation laws and zakat obligations, including all related administrative aspects, including timely, transparent and accurate filing of returns and provision of all information and documentation as requested by the relevant authorities. In direct relation to maximising economic returns, BSN actively manage our tax position and exposure through astute tax planning.



BSN contributed a total of RM2.6 million in zakat payment - including the latest one paid to Zakat Melaka in December 2023.



Procurement Oversight and Transparency

Procurement is a sensitive area in all commercial enterprises as a result of its exposure to inappropriate practices which might result in losses and reputational damage. Hence, BSN has in place policies and guidelines to manage the procurement process. BSN practices and enforces transparency in our procurement processes to strictly ensure equitable treatment of suppliers without discrimination.

All procurement are managed professionally and ethically in line with best practices and with the Bank's interest as a priority to ensure the Bank procures according to requirements from reputable and qualified suppliers at competitive prices.

BSN has issued a Vendor Code of Conduct (VCOC) to express expectations of vendors intending to establish business relationship with BSN. The VCOC, which is accessible through this link: [Vendor Code of Conduct](#), mandates that business relationships with vendors be conducted in a lawful and ethical manner consistent with the highest standard of professional conduct.

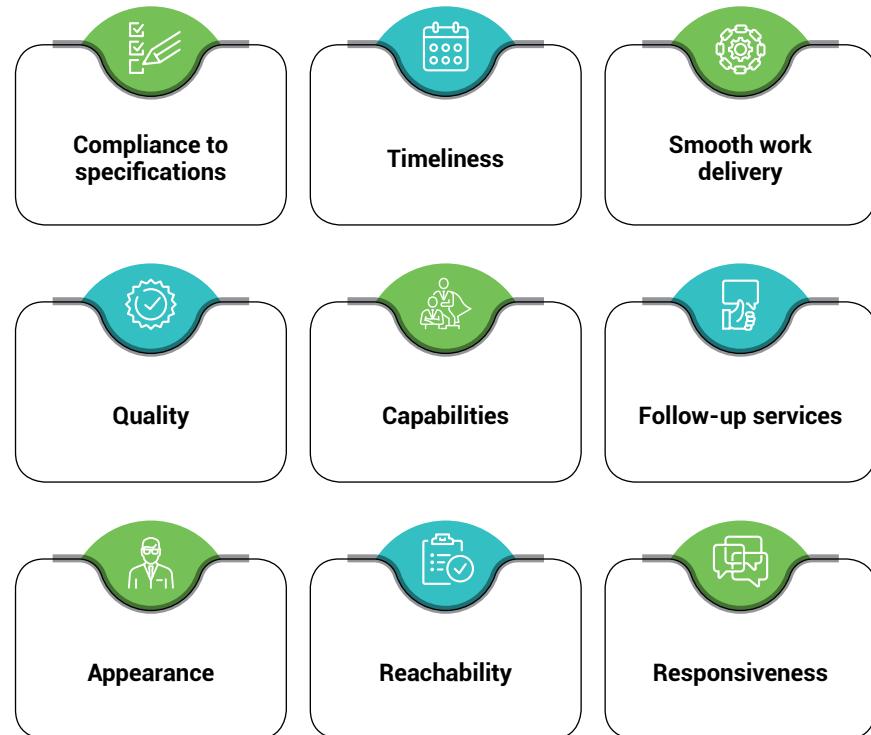
Appropriate criteria have been developed to guide vendor selection. These criteria, in particular compliance to BSN's specifications, terms and conditions and the vendors' capabilities, credentials and track record, are thoroughly considered in all vendor selection exercises.

Ultimately, all purchasing decisions must be based on good governance practices and in the best interest of the Bank. Robust internal governance and procedures, including the GECHP and the prohibition of corruption and bribery clause in the LOA, guide all those involved in the procurement process towards ensuring ethical conduct and preventing situations of conflicts of interest.

All qualified quotations and tenders are evaluated on the basis of quality of goods and services, background, experience and track record of the bidders and competitiveness of price. Our commitment to transparency, confidentiality and fairness in all our dealings ensures that all our suppliers can expect to be treated fairly and equally.

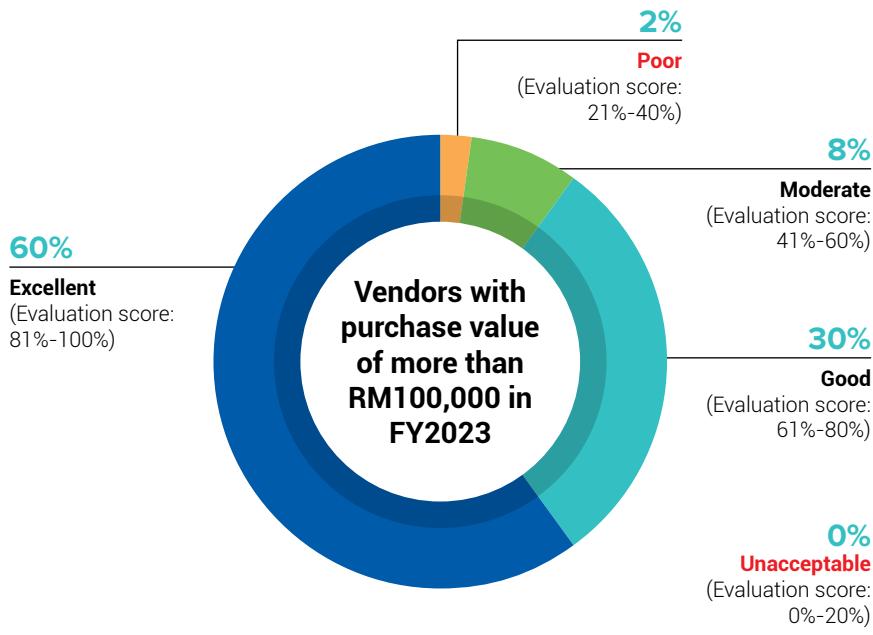
To ensure consistent quality and performance that meet with the Bank's high standards, we conduct Vendor Performance Evaluations (VPE) annually. The VPE covers vendors with purchase value of more than RM100,000.

The VPE evaluates suppliers and vendors across a range of criteria encompassing:



Good Governance - Safeguarding Assets and Reputation

The results of the FY2023 VPE are tabulated below:



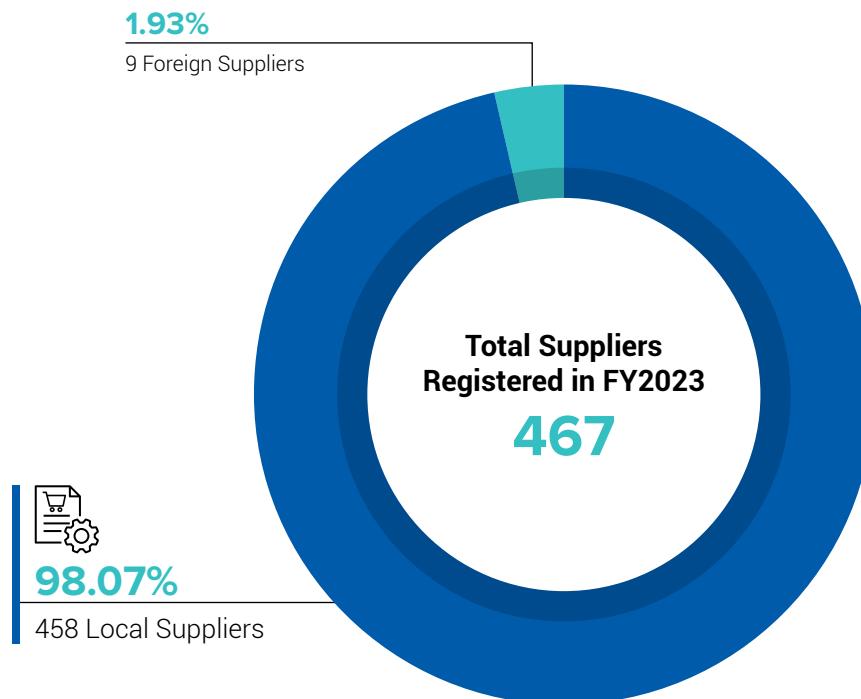
Suppliers/vendors rated 'Poor' and 'Unacceptable' are placed under the "Non-Performing Vendor" category which may result in, at a minimum, difficulties in being considered for new tenders up to being blacklisted for severe cases.

Towards building a sustainable supply chain BSN plans to incorporate ESG considerations into the VPE with the objective of evaluating the overall sustainability, responsibility and ethical behaviour of our suppliers and vendors. It is also our intention to include ESG considerations in the suppliers/vendors pre-qualification process. The foregoing will collectively contribute to BSN shifting towards more sustainable, responsible and ethical procurement.

Local Procurement

BSN procures from local suppliers as a priority in realisation of our commitment to source and procure from local suppliers to support their development and contribute to national economic development. In FY2023, BSN recorded a total of 467 suppliers, from which 458 (or 98.07%) being local suppliers, and the remaining 9 (or 1.93%) being the foreign ones.

The previous year's figures are not available as the compilation of the relevant information started in FY2023.



Economic Performance - Driving Growth and Prosperity

BSN is cognisant that sustained economic growth is pivotal to providing the sustenance needed for us to effectively deliver on our mandate and reciprocate our stakeholders' continuous support. To this end, the Bank continuously implements revenue driving and cost optimisation initiatives to improve and sustain good financial performance, for instance in FY2023, we ramped up campaigns, strategic bundling of products and, through meticulous pricing, offered attractive and competitive interest rates to attract depositors. Explicit indications of the positive effects of our efforts are:

→ growth in retail term deposits by **RM702.6 million**

+32%

→ Sijil Simpanan Premium grew by **RM271.3 million**

+5%

→ GIRO Premium grew by **RM168.9 million**

+125%

Our financial performance continues to be positive as evident from:

→ improved Pre-Tax Profit (PBT) of RM459 million representing an increase of RM38 million or 9.0% over the PBT for FY2022 of RM421 million

→ improved cost-income ratio of 73.1% as opposed to 73.5% in the previous year, this was achieved despite margin compression resulting from higher deposit costs in FY2022

→ a RM50 million growth in non-interest income

→ growth of total financing by RM2.8 billion or 7.8% over the previous year's level which enlarges the Bank's income base for the future

Profit is a function of both revenue and cost, accordingly the Bank is constantly instituting initiatives that support cost optimisation and improve operational efficiency. In FY2023, notable initiatives along these lines were:

- Conclusion of a RM500 million affordable housing transaction with Cagamas, the national mortgage corporation, that will be funded by a multi-tenured ASEAN Social Sustainable and Responsible Investment Sukuk. This initiative will help reduce funding costs;
- Consolidation of credit operations from 12 centres into a single centre in Shah Alam with a manpower saving of almost 26%. This exercise has hastened processing times, increased efficiency, reduced redundancy, and lowered operational costs without compromising quality;
- An approved strategic branch rationalisation exercise involving 61 urban branches to optimise our branch network. This exercise, currently in progress, is expected to result in cost savings and more efficient resource allocation. By focusing on high-performing branches and closing or merging underperforming ones, the Bank will be able to better serve customers while reducing overheads; and
- 14 branch process improvements were executed resulting in streamlined workflows, application of better technologies, and optimised staff allocation, all contributing to better customer service and operational savings.

Economic Performance - Driving Growth and Prosperity

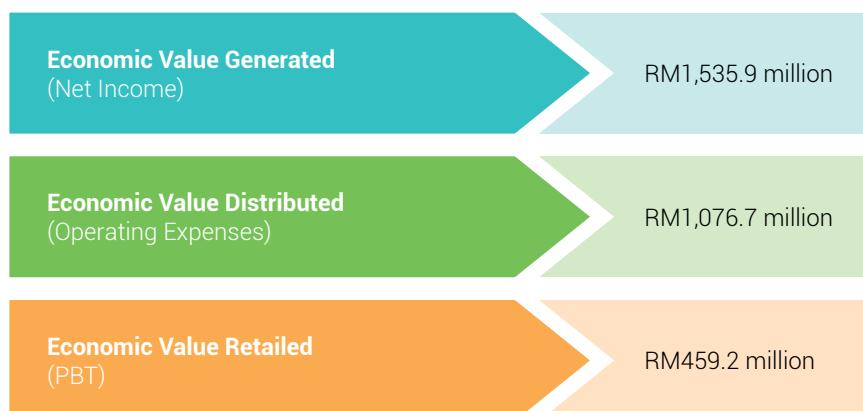
In addition to the above, the Bank routinely explores and, where viable, institutes improvements in our daily operations, for instance elimination of report printing. These process improvements collectively contribute to a more efficient, cost-effective, and customer-friendly BSN. Overall, they also strengthen our competitive edge, improve financial performance, and boost customer satisfaction.

In relation to cost optimisation and enhanced operational efficiency it is notable to mention that the Bank is continuing on our Digital Transformation journey. The journey thus far has resulted in enhanced cost and operational efficiencies, but more importantly, it has also been instrumental in enhancing customer experience and service delivery capabilities.

A case in point is the introduction of our mobile banking app, MyBSN Mobile App which is a significant addition to the Bank's range of delivery channels further extending our capabilities and customer appeal.

Economic Results

The economic values generated, retained and distributed for FY2023 are depicted below.



In common with all commercial enterprises, BSN has an intense focus on returning positive financial performance every financial year to ensure that our financial capital continues to grow and our shareholders are adequately rewarded. It is also significant to note that there are parties whose livelihood have a dependency on BSN's economic performance, namely our workforce and suppliers and their employees. Hence, positive economic results is critical beyond BSN's organisational boundaries.

The 2 areas articulated below receive significant focus in our efforts to achieve sustainable positive economic returns.

Collaboration and Partnership

The collaborations and partnerships that BSN forms with other organisations facilitate the achievement of our shared objectives. These alliances leverage our collective strengths, resources and expertise to enhance competitiveness, drive innovation and expand reach.

BSN places strong emphasis on developing comprehensive value propositions to fulfill customers' demands. To this end, we form collaborations to access capabilities best provided by more experienced and better equipped partners. Conversely, our partners also leverage our capabilities to bridge gaps in their service offerings or customer reach.

Over our many years of operation, BSN has formed a range of collaborative partnerships with multiple parties and with differing objectives leveraging our respective distinctive strengths and capabilities. Examples of our current collaborations and partnerships can be found in Financial Inclusion under the topics: Micro Finance, Islamic Social Financing and Financial Literacy.

There is a common thread across all our collaborations and partnerships, i.e., to offer our customers more holistic and complete solutions with which to further our mandate of financial inclusion and accessibility. In better meeting our customers' needs through collaborative partnerships, the Bank also enhances customer retention, which, critically, fortifies the Bank's revenue generation capabilities. Also, BSN's reach will be extended to our collaboration partners' customer base, providing the Bank with an additional avenue to acquire customers.

Resource Management

As a profit motivated enterprise, BSN understands the criticality of properly and profitably allocating our scarce resources. We also recognise that replenishing these resource requires sustained positive economic results.

To best highlight BSN's resource management efforts, we have applied the concept of capitals in value creation prescribed by Value Reporting Foundation's Integrated Reporting Framework.

Capital and Definition	Management Efforts
 Financial Capital This is the pool of financial and monetary resources available as input to drive value creation.	<p>BSN efficiently ensures proper management of our financial capital to extract adequate and reasonable returns through prudential investments. Allocation of financial capital for projects are subject to stringent conditions over expected returns and benefits.</p> <p>It is significant to note that financial capital is expended to grow all the other capitals below and is replenished as benefits flow in from growth of the other capitals.</p>
 Manufactured Capital This principally comprise the Bank's operational infrastructure e.g. physical and fixed assets such as branches both fixed and mobile, electronic channels such as ATMs and CDMs along with any embedded technology that enables the operation of these channels.	<p>Manufactured capital is maintained at optimum operating conditions to ensure that the Bank's value creation efforts are supported by an efficient operational infrastructure. As well, proper maintenance preserves financial capital through avoidance of undue and unnecessary expenditure on repairs, upkeep and maintenance.</p>
 Natural Capital As the name suggests, this capital is naturally endowed, It is represented by all renewable and non-renewable environmental resources that either act as direct or indirect inputs in value creation.	<p>To preserve natural capital, BSN practices and encourage our workforce to practice responsible consumption to minimise environmental harm. In addition, we has implemented initiatives to reduce waste output and carbon emissions in keeping with our commitment and responsibility to protect the environment.</p>

Economic Performance - Driving Growth and Prosperity

Capital and Definition	Management Efforts
 <p>Intellectual Capital BSN makes significant investments to develop our intellectual capital encompassing our intellectual property, proprietary knowledge and systems and processes, which collectively contribute to our competitive advantage, brand reputation and provides an invaluable platform for the Bank to continuously innovate.</p>	<p>The Bank strenuously safeguards our intellectual capital to ensure continued differentiation and secure the value creation advantages our intellectual capital confers.</p>
 <p>Social and Relationship Capital This form of capital is intangible and is represented by the goodwill, loyalty and the spirit of mutual support and understanding established across social and business circles in the course of the Bank's conduct of business as well as through Corporate Social Responsibility (CSR) initiatives.</p>	<p>The Bank continuously builds, strengthens, fosters and nurtures business and social relationships that are enduring to create a platform of goodwill and loyalty that can be leveraged for further value creation.</p>
 <p>Human Capital Human capital is, collectively, our human resources, their inherent knowledge, capabilities and unique skills that the Bank leverages in value creation.</p>	<p>Human capital lies at the core of the Bank's operations and is integral to value realisation and generation. The Bank recognises the criticality of our human capital and is committed to cultivating a dynamic and agile workforce through continuous learning and development programmes to sharpen and upskill their capabilities, and enhance their capacities.</p>

Innovation and Digitalisation - Empowering Progress

At BSN, innovation is the engine that drives our progress and strengthens our competitive edge. In today's fast-paced financial landscape, staying ahead means embracing cutting-edge solutions that not only streamline our operations but also fulfil our commitment to financial inclusion.

By harnessing the power of digitalisation, BSN is transforming to meet the needs of the future, with a clear goal to become fully digitally enabled by 2026. Our focus on innovation ensures that we remain agile, customer-centric, and equipped to lead in an increasingly digital world.



Innovating to Fulfil Mandate

Innovation has been key in BSN's evolution, allowing us to grow from a small, suburban bank to one that stands proudly alongside major players in the local banking sector. A critical part of this journey has been the establishment of our 387 branches and an extensive network of 2,398 EB.

This network has been instrumental in expanding financial inclusion, particularly in underserved rural areas, by offering accessible financial services without the need for a physical branch presence. It reflects our vision of No Malaysian Left Behind and showcases BSN's ability to innovate in service delivery.

The pivotal contributions of EB in expanding financial inclusion has been articulated in a case study published by the Asian Institute of Finance entitled: *Bank Simpanan Nasional: Pioneering Financial Inclusion in Malaysia* [\(2\)](#).



AIF
ASIAN INSTITUTE OF FINANCE

CASE STUDY

Bank Simpanan Nasional: Pioneering Financial Inclusion in Malaysia



BANK SIMPANAN NASIONAL: PIONEERING FINANCIAL INCLUSION IN MALAYSIA

Agent Banking

In January 2012, BSN launched its Agent Banking Programme or 'Ejen banking' (agent banking) through BSN Agent. BSN Agent is a programme to bring banking to the doorstep of people who had so far had no or only have limited access to financial products and services. The Agent Banking Programme was an initiative by BSN to fulfil the financial inclusion agenda identified as one of the nine focus areas of Bank Negara Malaysia's Financial Sector Blueprint (2011-2020).

At the officiating ceremony, the then second Finance Minister Dato Sri Ahmad Husni Mohamad Handzah commented:

"The introduction of Ejen Banking (EB) is reflective of a nascent economy which transforms the rural sector. It is an effort between the government and the private sector for reaching the underprivileged or those living in rural areas. Through the implementation of the EB, BSN also fulfilled its own social mandate to provide banking accessibility to communities from all walks of life. It is an effort to help them to increase reach and have access to every level of society, especially those with low incomes of living in rural areas to carry out our financial transactions."

The BSN EB model enabled customers to perform banking transactions conducted by authorised agents at retail outlets. The agent could be any individual who owned a locally registered company which had been in operation for at least one year. The agent represented BSN and carried the signage of "Ejen bank berdaftar" (Registered Agent) together with the BSN logo. The agent would also act as a BSN agent to other banking institutions. The agents were then equipped with a Point-of-Sale (POS) terminal with a唯我独尊 logo. The POS system was integrated with BSN's IT system which allows transactions to be processed on-line and in real time. BSN banking agents processed transactions with point-of-sale (POS) card readers, banking machines, and mobile phones. The agent could withdraw cash from the Bank's ATM using a ATM card or other card connection. Each deposit or withdrawal was limited to RM500 per transaction and customers were limited to three deposit/withdrawal transactions per day. Customers were also required to confirm their Personal Identification Number and provide biometric fingerprint verification before initiating their transaction. A receipt would be generated with each successful transaction.



Innovation & Digitalisation - Empowering Progress



Product and Service Innovation

The Bank's digital transformation efforts are focused on enhancing customer experience and ensuring operational excellence. We have introduced various digital platforms and tools designed to provide greater accessibility, security, and efficiency in serving our customers. A case in point is the BSNeBiz channel for micro finance customers, which offer a wide range of payment-related services such as auto-sweeping, bulk and statutory payments and auto-debiting. Uptake since launch has been encouraging, in particular since Q3 FY2023 there has been an increased number of customers signing-up.

Consistent with the deepened adoption of IT, BSN launched the BSNeBiz DuitNow QR Acquiring facility to promote the adoption of e-payments and cashless transacting. This facility provides MSMEs access to tools to accept cashless payments, to keep pace with their customers' changing demands while contributing to the broader national agenda of digitalisation and financial inclusion.

Along similar lines, BSN partnered with Lembaga Pembangunan Tioman to promote cashless transactions in Pulau Tioman and are expanding this initiative to Kabong, Sarawak. Additionally, we introduced wearables for students in collaboration with schools, allowing students to make cashless payments while fostering financial responsibility from a young age.

Our KWSP Account 2 Support Financing Facility is exemplary in showcasing BSN's spirit of innovation in products and services. This facility supports access to savings for KWSP members with sufficient balance in their Account 2. Significantly, potential risks are minimised as there is full and complete information of borrowers' information to support data-based informed credit decisioning.



Enhanced access to Credit

Seamless verification/validation of borrower

- Identity - Verification of genuine borrower and elimination/minimisation of fraud
- Income - Able to infer income based on 11% contribution
- Employment - Able to verify employment tenure and employer info



Trusted source of data

EPF as single source of truth

- Reliable and trusted source of borrowers' information
- Eliminate need for submission of hardcopy documents
- Additional channel for borrowers with EPF contribution



Responsible Lending/Financing

Need based lending and risk informed pricing

- Lending/Financing amount based on borrowers' EPF contributions/records
- Borrowers can be priced based on risk profiles leading to better risk-informed pricing



Digitalisation

Increased adoption of technology

- Straight through processing and approvals
- Faster turnaround time and disbursement
- Aligned to our sustainability commitment of moving towards lower carbon operating model
- Enhanced customer experience

Continuing our efforts, key initiatives in the pipeline include the following, further details are articulated in the section on Digitalisation:

Initiative	Intent
On-going enhancement to our MyBSN App	Offer enhanced access to banking services from anywhere, at any time
EB 2.0	Upgrading the platform for our EB network to enable the offering of a wider range of services
e-KYC and Digital Financing Channel	Develop the capability for seamless, fully digital customer onboarding and faster, more accurate credit decisions
e-Wallet	Provide customers with a seamless, cashless payment option
Kiosk Banking	Expand access to banking services in non-branch locations with user-friendly self-service terminals
DuitNow Merchant QR	Support multiple QR registration by single company to allow its subsidiaries/lines of business to issue separate QR code
Real-time Retail Payments (RPP) initiatives	DuitNow QR cross-border acceptance, DuitNow Online Banking Wallet, AutoDebit/e-Consent, Request-to-Pay



Beyond promoting cashless transactions for schools in Tioman, the partnership of BSN and Lembaga Pembangunan Tioman also empowered micro businesses to adopt digitalisation via cashless payment methods.

Innovation & Digitalisation - Empowering Progress



Facilitating Innovation in Customers

BSN also promotes innovation in our customers to build and embed sustainability into their businesses and operations. Efforts in this area are aligned to our mandate of financial inclusion and national economic development.

Three notable collaborative partnerships are highlighted, to underscore our support for customer innovation and business sustainability:

Digitalising business operations

- the Bank's partnership with Mesinkira supports MSMEs in digitalising operations through digital solutions and advanced analytics;

E-commerce adoption, trading through e-marketplace

- our Digital Niaga programme in collaboration with Borong, a B2B wholesale software as a service (SaaS) marketplace facilitate MSMEs to trade through Borong's online e-commerce platform; and

Adoption of e-commerce and associated electronic disbursements

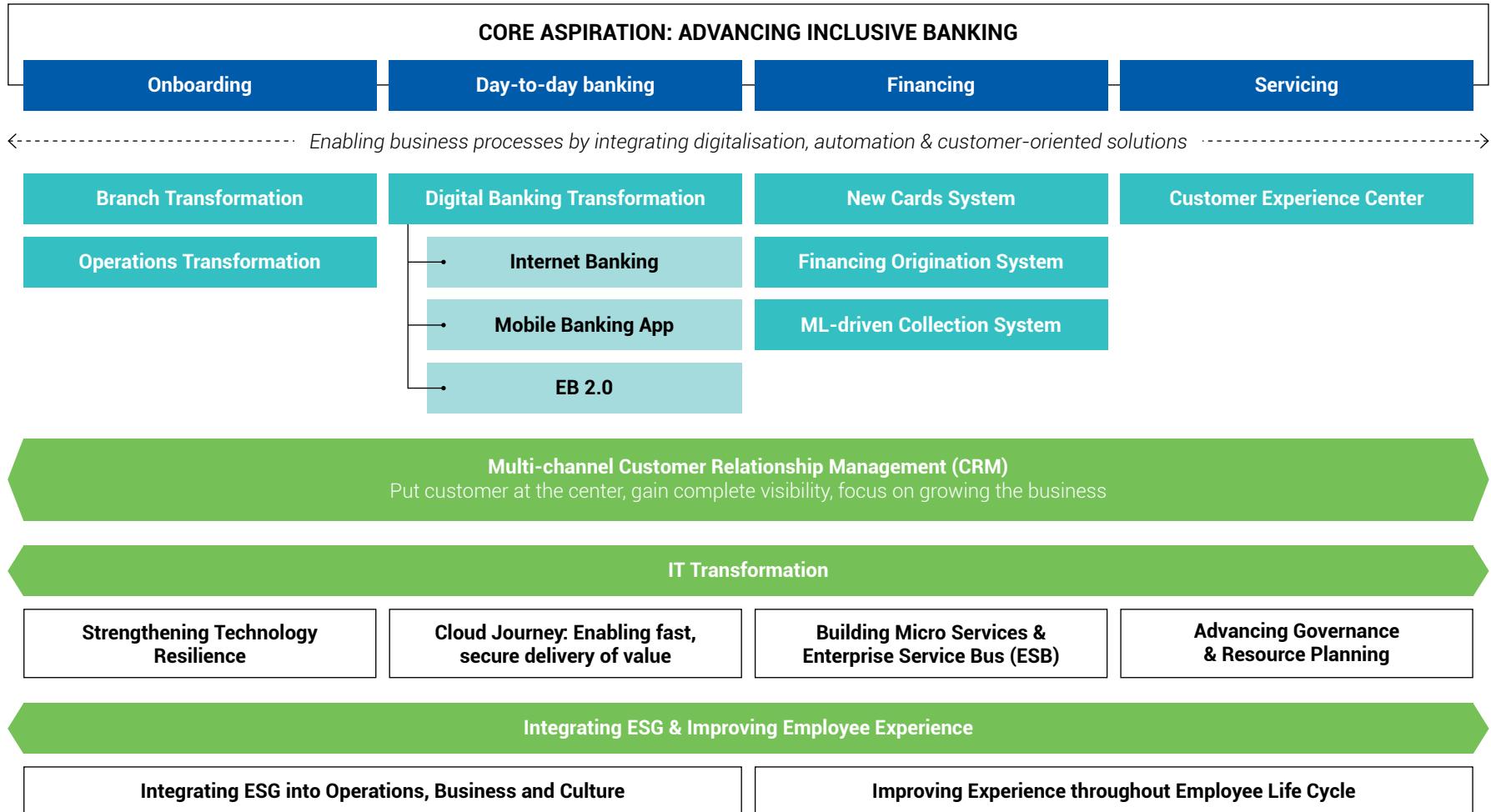
- the Bank conducted the Accelerate My Business training programme in collaboration with Visa for MSMEs to expand financial literacy and drive adoption of digital commerce.



Digitalisation

Digitalisation and innovation are inextricably linked with a significant number of innovations in financial services being enabled through the leverage of IT. The rapid maturity of new and emerging technologies, for instance AI, have driven their adoption globally, in the Malaysian context, this is underscored by the multiple IT-driven transformation programmes across both the public and private sectors.

BSN recognises the imperative to sharpen our competitive edge and enhance operational efficiency through the leverage of technology. Our digital transformation was conceived in response to changes in our operating landscape and customer demands driven by the ubiquitous use of IT. The growing sophistication of our customers and their familiarity with IT means that we must deepen and widen digitalisation to keep pace with their demands and expectations. The widespread leverage of IT is evident from BSN's Transformation Blueprint depicted in the next page.



Innovation & Digitalisation - Empowering Progress



Front Office Digitalisation

BSN will further the leverage of IT across our operations through the Bank's ongoing digital transformation to further develop our competitive capabilities and enhance the sustainability of our business moving forward. In the immediate to medium term the Bank has a focus on the following:

Initiative	Objective/Intent	Remarks
Mobile Banking Application 	<ul style="list-style-type: none"> Strategically complement to the Bank's range of channels - fulfils the mobile banking gap Allows the Bank to remain competitive and relevant Critical platform to reach the underserve and attract new customer 	<ul style="list-style-type: none"> myBSN mobile app for BSN personal banking account holders was launched in February 2024 The app will go through continuous iterations to enhance features and user experience Embedded with stronger access controls and security features Developed on micro services architecture that facilitates ease and speed in implementing enhancements
EB (Ejen Banking) 2.0 	<ul style="list-style-type: none"> Refresh and upgrade of EB system and infrastructure Improve customer experience through enhanced devices and support Upgrade device and web application to support new business streams and opportunities 	<ul style="list-style-type: none"> A significant feature of EB 2.0 is the renewed collaboration with our telecommunications partner covering rejuvenation of the EB network and improved connectivity to bring modern, reliable banking services to rural and underserved areas
e-KYC and Digital Financing Channel 	<ul style="list-style-type: none"> Digitalise on-boarding process affording customers with greater convenience and accessibility Enable online application for financing, cards and deposit accounts 	<ul style="list-style-type: none"> e-KYC is embedded with machine learning and AI module where it leverages advanced AI and machine learning models trained on extensive historical data to deliver highly accurate results Online applications are integral components of straight through processing from application to disbursement
e-Wallet 	<ul style="list-style-type: none"> Strategic addition to BSN's stable of products/services Positions the Bank to tap into the growing payments space to access an additional source of revenue Brings added convenience to customers and further enhance "stickiness" 	<ul style="list-style-type: none"> Implementation is on-going with release targeted for FY2024
Kiosk Banking 	<ul style="list-style-type: none"> Bring greater convenience and accessibility for customers by providing an additional channel - kiosks - for conducted of selected banking transactions Enhance BSN's visibility through careful selection of locations for kiosks 	<ul style="list-style-type: none"> Initial discussions being held on potential locations, these are still preliminary



Enhancing Operational Efficiency with Back-Office Digitalisation

As part of our holistic approach to digitalisation, BSN is also focused on modernising our back-office operations. These efforts aim to create a more efficient and productive work environment, reduce redundancies, and improve the overall employee experience. Some of our key initiatives include:



AI and Machine Learning in eKYC

Utilising advanced analytics to expedite customer onboarding, reduce errors, and enhance decision-making processes.



Automated Decisioning for Digital Financing

Streamlining credit appraisals and approvals, significantly reducing turnaround time while managing risk more effectively.



Enterprise Data Warehouse

A comprehensive data management platform to structure customer information and support strategic and operational insights.



Customer Relationship Management (CRM) System

Centralising customer interactions and data, enhancing personalised marketing and customer service.



Integrated Human Resource Management System (HRMS)

Boosting employee engagement and operational efficiency in HR processes.



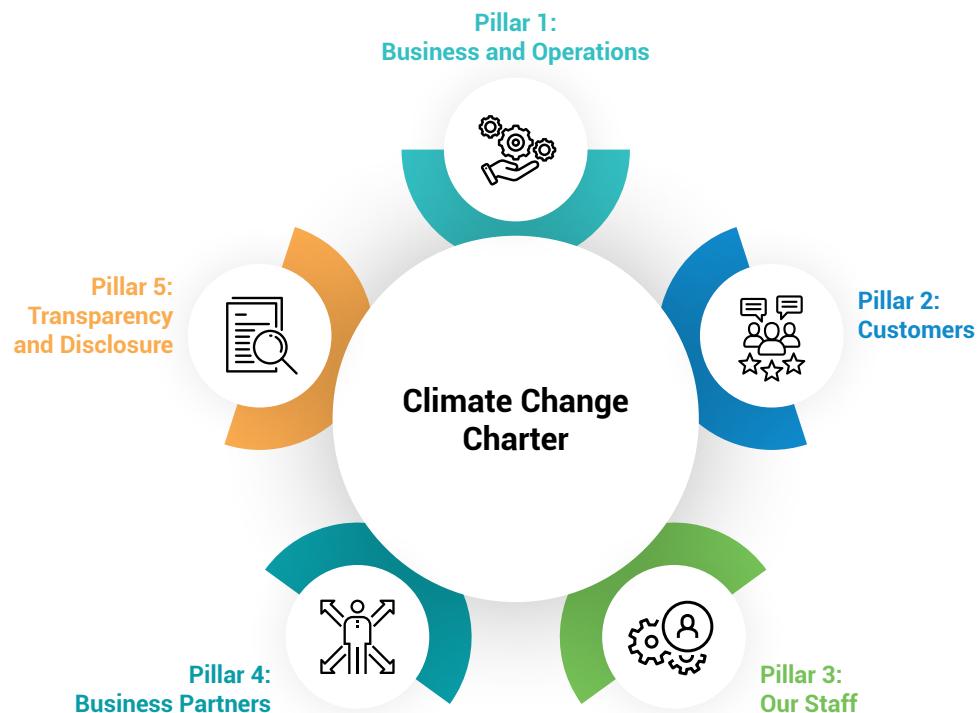
Beyond elevating employee experience, the digitalisation efforts are touted to bring our customer service excellence to a new level.

Climate Change - Protecting Tomorrow

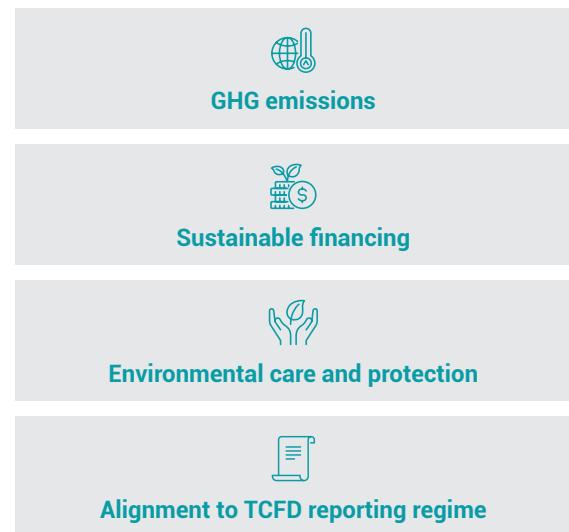
Recent experiences across the globe have shown starkly the immensity of the human and infrastructure costs associated with extreme climate events. The impact can become more devastating as global warming continues and the resultant climate change becomes increasingly embedded.

As evidence, 2023 saw record temperatures across the world. This is further underscored by the World Metrological Organisation's Global Annual to Decadal Climate Update, which indicates an 86% likelihood that at least one of the years between 2024 to 2028 will set a new temperature record, beating 2023 which is currently the warmest year.

Recognising the urgency to mitigate climate change, in 2021, BSN published our Climate Change Charter to explicitly express our commitment to integrate ESG principles into the Bank's business while delivering stakeholder value and realising our financial inclusion mandate. The Charter articulates five pillars into which ESG principles will be integrated and from which ESG considerations will be infused across the entire Bank in support of a business and environmental sustainability.



The following are the Bank's core focus areas in executing climate action to address and mitigate climate change risks and secure environmental sustainability:





GHG Emissions

At BSN, we are committed to reducing our environmental footprint - in line with our sustainability commitments.

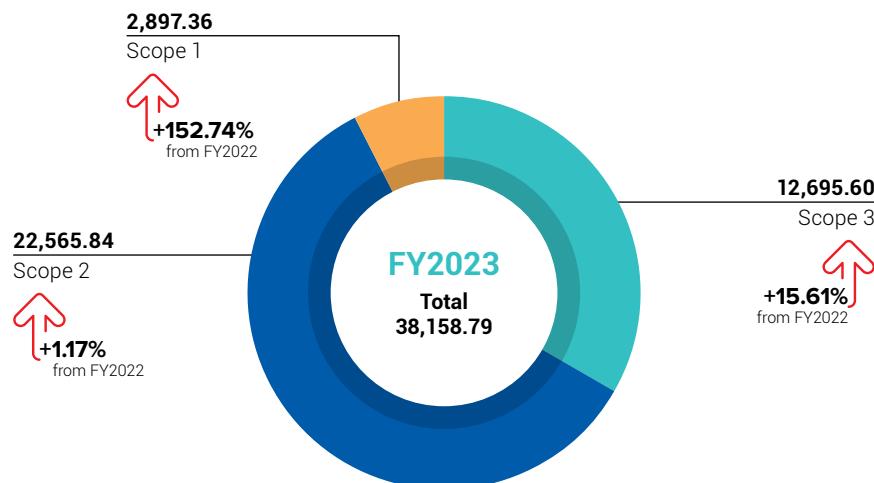
Embracing BNM's aspiration "Towards a Greener Financial System", **the Bank has established our GHG inventory** in reference to the Greenhouse Gas Protocol.

The said inventory which was developed in FY2023, enables BSN to measure, track and disclose our GHG emissions from our operations, nationwide.

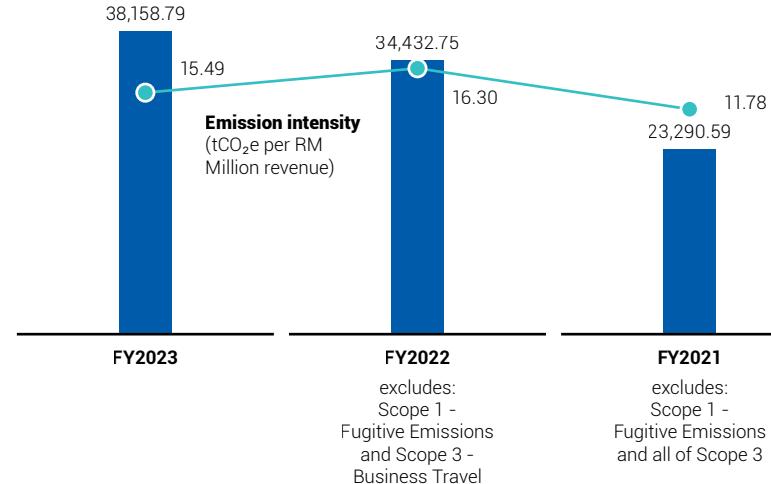
It is also a part of our efforts towards complying with recommendations set in the Climate Risk Management and Scenario Analysis (CRMSA) policy document issued by BNM.

The Bank's emissions in FY2023, as well as across the past three financial years are illustrated below:

Total Emission (tCO₂e)



Total Emission Over Past Three Years (tCO₂e)



BSN registered a total GHG emission of 38,158.79 tCO₂e across all three Scopes in FY2023, a 10.82% increase compared to 34,432.75 tCO₂e recorded in FY2022.

Scope 1 Emissions

In FY2023, BSN's Scope 1 emissions has increased by 152.74% compared to the financial year before, resulting in an elevation of 1,750.96 tCO₂e.

This is due to the inclusion of Scope 1 - Fugitive Emissions, which was not measured in the last financial year. That being discounted, the increase would only amount to 6.44%, or 243.83 tCO₂e on the back of increased use of the Bank's vehicles.

Climate Change - Protecting Tomorrow

Scope 2 Emissions

In FY2023, BSN recorded a slight increase of Scope 2 emissions by 1.17% compared to FY2022, resulting in an elevation of 260.74 tCO₂e.

This is on the back of the heightened use of electricity as the Bank's office spaces being re-occupied due to the transition away from alternative working arrangement.

Scope 3 Emissions

In FY2023, BSN's Scope 3 emissions has also increased by 15.61% compared to the last financial year, resulting in an elevation of 1,714.34 tCO₂e.

This is due to the inclusion of Scope 3 - business travel, which was also not measured in FY2022. That being discounted, the increase would only amount to 13.07% or 1,435.88 tCO₂e from the higher emissions from employee commuting, on the back of the reduced alternative working arrangement, coupled with the higher workforce recorded in FY2023.

Despite the higher total GHG emissions recorded in FY2023, GHG intensity (which includes the total Scope 1, 2 and 3 emissions, with revenue generated by BSN as the denominator) has decreased by 4.97% on the back of the higher revenue recorded against last financial year.

BSN is committed to continue tracking GHG emissions, as well as to improve and expand our GHG inventory to enable more holistic carbon footprint management in line with the recommendations contained in CRMSA.

To ensure transparent, consistent, credible and accurate GHG emissions disclosure, BSN's GHG inventory, data and methodologies were independently verified by SGS Malaysia Sdn. Bhd. The assurance statement can be found on pages 144 to 145 of this report.

For more information on the breakdowns of our GHG emissions, along with the methodologies and references used in BSN's GHG emissions accounting, please refer to Performance Data on pages 134 to 135.

Carbon Neutrality Goal

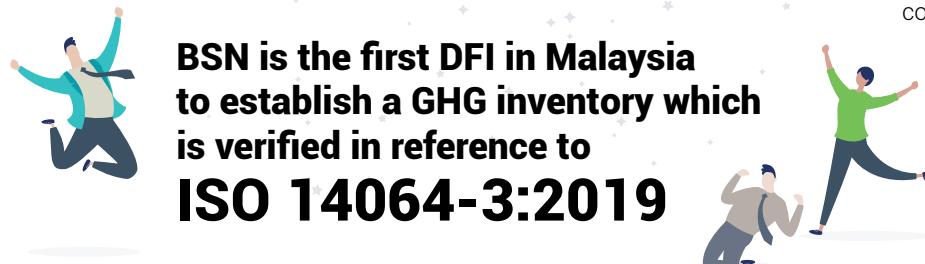
BSN has a commitment to be carbon neutral for operational emissions by 2035, and fully carbon neutral by 2050. The Bank is also committed to outlining our plan to be operationally carbon neutral by FY2035. It is envisaged that the plan will be ready for disclosure in the next reporting cycle.

Based an internal assessment, BSN has selected FY2023 as the baseline year on which to benchmark our carbon management performance. Given that significant proportions of BSN's GHG emissions were derived from purchased electricity (59.44%) and employee commuting (32.71%), our efforts to achieve carbon neutrality are focused on the following two key areas:



Reducing Energy Consumption from Grid

In the year under review, BSN has retrofitted our incandescent lamps with Light-Emitting Diodes (LED) alternatives. Through this initiative, a total of 89.6% incandescent lamps have been replaced with LED lights, which are anticipated to consume significantly less energy. As incandescent lamps become inoperable and reach end of useful life, they will be replaced with LED ones, hence a full and complete replacement will eventually take place.



**BSN is the first DFI in Malaysia
to establish a GHG inventory which
is verified in reference to
ISO 14064-3:2019**

BSN has restricted the temperature of selected air-conditioners to a minimum of 24°C to reduce the load on the compressors/chillers. This restriction is anticipated to reduce overall energy demand with the lowered cooling load. For selected branches, air-conditioners are controlled using timers to minimise unnecessary operation, this reduces energy consumption and manages the peak load optimally during low activity periods.

The Bank has also retrofitted our network of air-conditioners that use R22 refrigerants with alternatives that use R32 or R410A which is non-ozone depleting. This is in line with the global phase out under the Montreal Protocol. To date, BSN has replaced 24.6% of its air-conditioning systems with R32 or R410A alternatives, and intends to hit the 34.6% target by the end of FY2024.



Promoting Sustainable Lifestyles

BSN has also introduced the concept of GHG emissions to all Warga BSN in rallying a united front towards realising the carbon neutrality commitment. The total emission from employee commuting was presented in a townhall gathering to emphasise the direct impacts of commuting activities and to drive home the criticality of Warga BSN's support.

To enable and encourage Warga BSN to transition towards sustainable alternatives, BSN has also introduced preferential rates for electric vehicles (EV) and hybrid electric vehicles (HEV) auto financing to make these options more accessible. Beyond promoting EVs and HEVs as alternatives, the Bank has also introduced a solar panel financing programme for Warga BSN, in collaboration with reputable solar vendors, to facilitate access to a greener, renewable energy source.



Carbon Management

In addition to efforts articulated above, BSN has also instituted a number of carbon management initiatives that are intended to contribute to the transition to a low-carbon economy. These initiatives go beyond operational emissions to cover emissions associated with the broader business and our financing portfolio. Key initiatives are articulated below.



Climate Risk Management

In response to BNM's CRMSA, the Bank has collaborated with a global firm of risk specialists to embark on a climate action project in achieving the following key objectives:

- build capacity to identify the relevant climate-related risks and opportunities by leveraging the consultants' data, tools and expertise;
- to enable the Bank to enhance existing risk management controls in managing identified climate-related risks; and
- support compliance to BNM's requirements in relation to climate-related risk management and climate risk stress test.

Arising from the engagement, the Bank has integrated climate-related risk considerations into our Risk Management Framework and other relevant policies or guidelines. In addition, we have:

- completed profiling the Bank's micro financing portfolio, this is discussed in greater detail below;
- conducted an assessment of our branch operations based on emissions scenario under Representative Concentration Pathway (RCP) 8.5 for the projected future state in 2030. The assessment provided deeper insights into potential risks that may arise and enabled the Bank to put in place the appropriate controls for branches with high physical risk scores;
- implemented Standard Operating Procedures to guide the conduct of climate risk assessments; and
- incorporated the impact of climate-risk on the performance of home financing and micro businesses portfolio assets as part of the Bank's enterprise stress test exercise.

Notably, through this engagement, the Board, relevant management and functional personnel have also gained significant exposure to the management of climate-related risks from a banking perspective.

Climate Change - Protecting Tomorrow



Portfolio Profiling

Leveraging our consultants' data and tools, the Bank assessed the carbon footprint of our micro financing portfolio as well as their sectoral emissions. To ensure relevance, a regional industry benchmark was used to compare our borrowers' average carbon footprint given the broadly similar operating circumstances and conditions.

The exercise revealed that the overall climate impact of the Bank's micro financing portfolio is not significant and that sectors with the highest carbon footprint represented an insignificant part of the overall exposure.

The portfolio profiling exercise has enabled us to understand borrowers' emissions profiles and the impact of climate change on them. Additionally, this exercise has aided the development of a climate due diligence questionnaire which has been launched. As a start, priority will be on high-emission sectors as identified in the portfolio profiling exercise.

The due diligence questionnaire will support borrowers who are inclined to realise their aspirations to mitigate emissions. BSN understands that emission mitigation is entirely voluntary on the part of our customers, and while the Bank appreciates the challenges involved, we are also hopeful that a groundswell of support will build over time through our initial efforts in climate assessment.



Institutional Strengthening

Recognising the relative novelty of climate change issues in Malaysia, BSN has prioritised building in-house expertise to develop deeper subject matter knowledge to address climate change in a more targeted and effective way. To this end, BSN, through the Climate Risk Management engagement, has:

- accessed the subject-matter knowledge and expertise of the consultants and developed a deeper appreciation of climate-related risks, the attendant concepts, methodologies and knowledge/data sources;
- achieved a deeper understanding of the data requirements, processes and methodologies for effective climate risk assessment;
- obtained greater clarity of the processes and mechanisms needed to capture, store and efficiently access required data, this includes knowledge of reliable external sources of data and intelligence;
- obtained a more precise understanding of areas to be addressed for the Bank to continuously build the climate expertise and capabilities;
- facilitated the Board in acquiring a deeper understanding of climate change and the attendant issues; and
- equipped relevant personnel with deeper understanding of climate-related risk management and provide a platform to develop greater sophistication around managing climate and associated risks.

In addition, the Bank continuously builds capacity and capabilities in ESG across all Warga BSN as climate education is an important component of this effort.

ESG knowledge is instrumental in enabling effective leadership in sustainability management, our Board of Directors is kept abreast of developments in ESG through specific subject matter training. In FY2023 these include:

- Future Leadership for Enterprise Sustainability Asia (LESA) 2023;
- ESG and Islamic Finance: Implications for Boards and Corporate; and
- Overview of ESG Risk Assessment.



Sustainable Finance

BSN has sharpened our focus on financing low carbon-intensity activities and mechanisms, including financing renewable energy generation mechanisms. As an initial effort, in December 2023, the Bank launched a personal financing facility for solar panel installation at residential homes. A succession of other sustainability-related products have been introduced in 2024, underscoring BSN's refined financing direction, including:



EV/HEV auto financing - launched in January 2024 this financing is offered at a preferential rate and in conjunction with the Bank's 50th anniversary, the first 50 successful applications were also provided with complimentary takaful coverage



BSN EcoSave-i - launched in February 2024, this product, a green-oriented savings account designed to support environmental causes, has a competitive profit rate along with optional Takaful coverage against flood-related incidents at an attractive price



Staff EV/HEV and Solar Financing - as an explicit commitment to reducing emissions and mitigate climate change, the Board approved these staff facilities at preferential rates in April 2024



Discount for selected solar PV systems with BSN Cards - this collaboration with two reputable solar systems vendors provide our credit and debit card holders with specific benefits when BSN cards are used to purchase solar energy generation systems

In addition, BSN is embarking on an initiative to issue recyclable cards, as part of our efforts to better manage our environmental impact. This is expected to be delivered in June 2024.



Climate Change - Protecting Tomorrow



Responsible Consumption

BSN encourages responsible consumption as a "business as usual" routine to continually reinforce our duty of care for the environment within our workforce.

As an added impetus, responsible consumption supports cost optimisation, contributing to positive economic results.

The Bank periodically conducts initiatives targeted at different aspects of responsible consumption to reinforce their significance and encourage adoption of responsible practices across our workforce.

Our focus in managing consumption falls on the following:

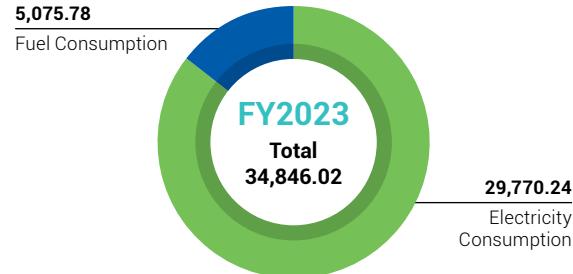
Energy Management

Energy is being consumed by BSN in two ways - through combustion of fuel and usage of electricity.

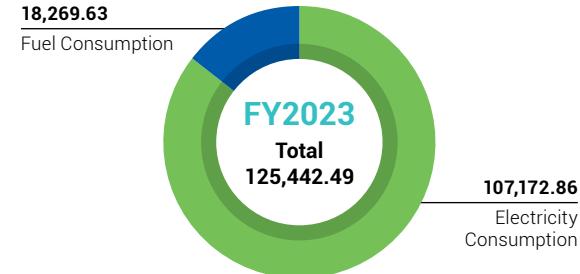
Fuel combustion can be traced back to the Bank's vehicles and generators, whilst the electricity is drawn from the grid by our branches and office buildings.

Energy consumed in FY2023 are solely from non-renewable sources, with the breakdown shown as follows:

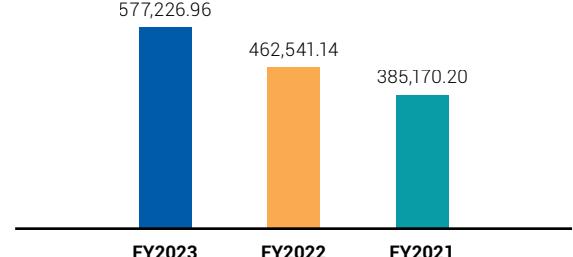
Total Energy Consumption
(Megawatt hour (MWh))



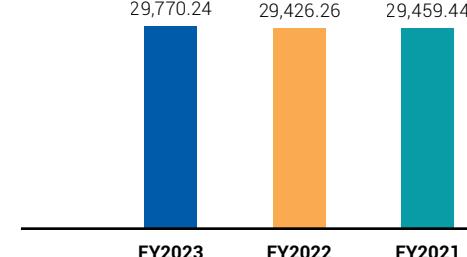
Total Energy Consumption
(Gigajoules (GJ))



Fuel Consumption
(Litres)



Electricity Consumption
(Megawatt hour (MWh))



The overall energy consumption in FY2023 has increased by 3.68% compared to the previous financial year.

Despite that, the energy intensity in FY2023 is 11.13% lower compared to the last financial year, on the back of the higher revenue generated in the financial year under review.

While BSN's plans towards carbon neutrality will only be disclosed in the next reporting cycle, the bank has carried out various optimisation efforts, including right-sizing the vehicle fleet, as well as encouraging carpooling for those that are traveling to similar destinations.

Water Management

Managing the Bank's water consumption also forms an integral part of our commitment to responsible consumption. Although BSN's operations do not require high water consumption, we nevertheless actively manage our consumption, conscious that water is a scarce and depleting resource. Formal water management initiatives are being planned, given the Bank's large geographical footprint, consistency and uniformity of action is critical as is diligent coordination. On an informal basis, Warga BSN, as matter of personal responsibility, does exercise responsible water management in their daily work.

Data on water consumption is in the process of being collated across the Bank. BSN intends to disclose this data in the next reporting cycle.

Similar to water, BSN does not generate significant amounts of waste. However, as a responsible corporate citizen, the Bank has an obligation to exercise responsible waste management, as our modest efforts do add to the global collective effort to reduce environmental harm from waste. As with water management, formal waste management initiatives are being planned.

Data on waste management is in the process of being collated across the Bank. BSN intends to disclose this data in the next reporting cycle.



Alignment to TCFD Reporting Regime

The Bank is committed to aligning our sustainability reporting to recognised global standards. Specifically for climate-related disclosures, the Bank is guided by the recommendations contained in JC3's TCFD Application Guide. Starting with adoption of the Guide's Basic recommendations, the Bank is committed to gradually develop capabilities to support the Stretch recommendations.

The Bank's initial endeavour in adopting the Basic recommendations is presented in the Reference Information section on page 142 and 143.

Data Privacy and Cybersecurity - Securing Our Infrastructure

The financial services industry in Malaysia, and indeed across the world, lies at the forefront of IT adoption, leveraging this enabler to bring greater convenience, accessibility and speed to customers and stakeholders. As IT continues to develop and new applications emerge with capabilities to uplift operational efficiency and enhance cost effectiveness, the use of IT has grown in tandem. In common with many in the financial service industry, BSN has also embarked on a digital transformation journey to digitalise the Bank's operations and, more critically, to acquire the capabilities needed to compete effectively in the financial services arena and to retain and grow our customer base.

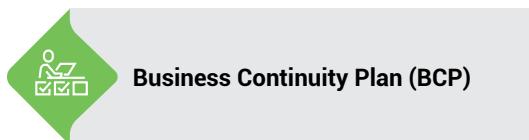
Our digital transformation will enable the Bank to keep pace with the evolving financial landscape and to modernise and automate our processes across both the customer facing, front office and back office operational support. In addition to facilitating cost optimisation, the digital transformation also has an indirect positive contribution to environmental protection through reducing the use of paper and the need to travel.



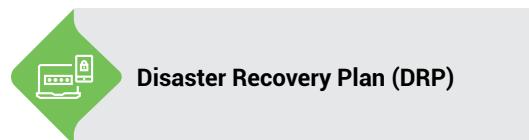
Crisis Management and Business Continuity

It is imperative that BSN is prepared at all times to respond to, resolve and recover from any crisis that may eventuate so that service provisioning can continue expeditiously with minimal interruption.

Crisis management and Business Continuity Management (BCM) are critical in providing comfort and assurance that the Bank's operations and supporting infrastructure are protected from harm and constantly in a state of preparedness to address any disruptions that may arise. BSN has formulated the following comprehensive plans in compliance with BNM's and PayNet's to secure continuous uninterrupted operations:



Business Continuity Plan (BCP)



Disaster Recovery Plan (DRP)



Crisis Management Plan (CMP)

While digitalisation and automation have, indisputably, brought greater operational efficiency and enabled the Bank to better meet customers' demand for 24/7 availability, speed and convenience, they have also surfaced requirements for heightened cyber security to safeguard our applications and infrastructure from potential harm and subjected the Bank to more extensive regulatory compliance mandates in relation to customer data privacy as well as higher standards of service provisioning and availability.

The extensive application of IT has resulted in a dependency on IT across many critical aspects of our operations. This presents a requirement to ensure systems, data and infrastructure are protected and constantly available to support our operations. Accordingly, careful and diligent management of the critical areas below is needed to ensure the sustainability of BSN's business and operations.

These plans are regularly updated to reflect changes in our operating environment and, in particular, recognise new and emerging threats. All plans are tested in keeping with BNM's and PayNet's testing requirements.

Testing invariably involve the design and execution of tests and simulations intended to assess the ability and adequacy of the Bank's processes and systems to respond to and mitigate risks emanating from internal or external sources and expeditiously recover and resume operations of our Critical Business Functions (CBF) from disruptions caused by these risks.

To support rapid recovery and to maintain service provisioning, the Bank has a dedicated back-up site equipped with all necessary infrastructure and services for back-up operations.

Deficiencies, weaknesses and opportunities for improvement noted during testing are rectified and implemented to ensure the continued resilience of the Bank's BCM.

Additionally, the Bank maintains constant vigilance against potential threats and risks to our operational continuity and dynamically refines business continuity management processes to maintain and reinforce their effectiveness.

In the year under review, the Bank conducted a simulation with the scenario: "Power supply cut-off at Cawangan Utama Negeri (CUN) due to electrical short circuit at TNB sub-station and network connectivity issue caused by water leakage at the network server room due to thunderstorm and heavy rain the day before."

The simulation had the following objectives:



- to comply with BNM's BCM testing requirements for CBFs



- to test the readiness of people, processes, equipment, infrastructure and accessibility to production systems from alternate site;



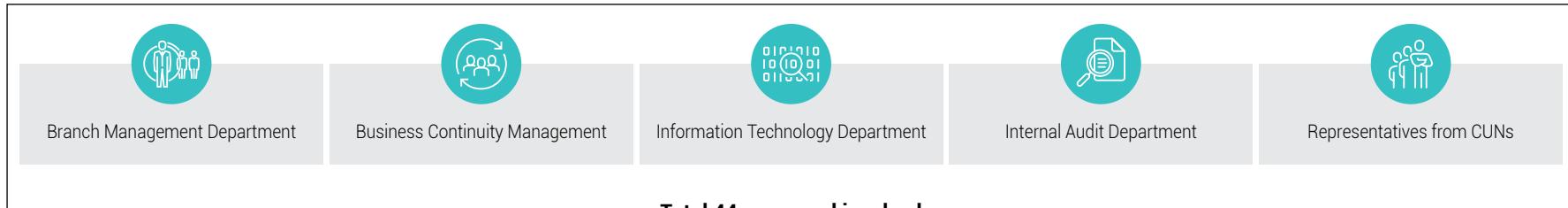
- to familiarise the Recovery Team Members with the recovery strategies and alternate work locations and its associated conditions; and



- to obtain feedback on the Cawangan Utama Negeri's (CUN) CBFs' resiliency to resume the operations during crisis.



Data Privacy and Cybersecurity - Securing Our Infrastructure



Outcomes

The exercise met the defined success criteria and it was noted that the role delegation process was well managed, call tree was well-coordinated and the minimum resource available were able to carry the load for the business day.

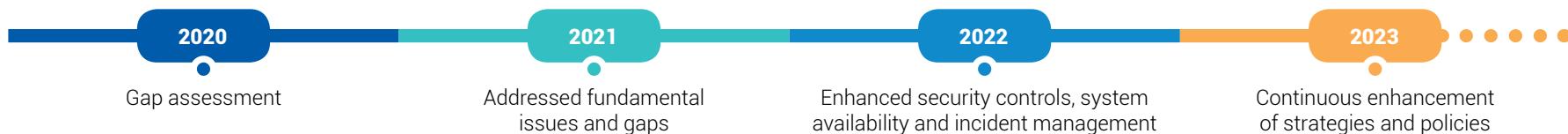
Cybersecurity

The current most preferred mode of transaction and communication between customers and financial services providers is the Internet. With our continuous efforts to enhance myBSN's features and functionalities to provide our customers with greater convenience and access to a wider range of electronic services, BSN has seen a growth in user engagements through our Internet banking facility.

The increase in myBSN engagements is evidence that BSN has kept up with and delivered to the expectations of our customers. At the back-office, support functions has also seen increased automation and digitalisation of processes to enhance operational efficiency, productivity and cost effectiveness.

As elaborated earlier, the increased ubiquity of IT applications has heightened BSN's exposure to cybersecurity risks, making it imperative for the Bank to continuously strengthen its cyber resilience by fortifying security controls and diligently reinforcing and refreshing its cybersecurity posture. BSN believes that strong and effective cybersecurity posture is essential for safeguarding the Bank's systems and infrastructure, as well as providing its customers with assurance and peace of mind when performing electronic transactions which is a critical aspect in retaining existing customers and attracting new ones. Therefore, investment in this area is imperative to remain resilient and continuously prepared, especially as new threats constantly emerge.

In FY2021, BSN embarked on a 3-year Cyber Risk and Resilience Transformation journey. This comprehensive transformation focused specifically on identifying and addressing gaps between BSN practices and BNM's Risk Management in Technology (RMIT) policy. It included developing actionable strategies to mitigate cyber risk gaps and resolving fundamental technology risks and cybersecurity control issues to prevent cyber-attacks and data breaches.



The transformation emphasised enhancing cyber awareness among all staff nationwide, improving and increasing the effectiveness of the Bank's security controls, ensuring system availability and capacity management, as well as improving incident, patch, and change management processes.

The initiative also encompasses the revision of the Bank's Technology Risk Management and Cyber Resilience Framework, along with process improvements to continuously address gaps in system performance, incident management and overall IT operational efficiency. A key area of focus includes countering advanced persistent threats and emerging cyber risks such as AI-enabled crime, with the objective of further fortifying BSN's cybersecurity posture. This strategic and structured approach is designed to significantly enhance BSN's defense mechanisms and ensure a high level of cyber resilience.

Looking ahead, BSN is committed to strengthening its cyber resiliency through future programmes that comply with BNM's RMiT and support the directives of the National Cyber Security Agency (NACSA) and the Cybersecurity Bill 2024 as a National Critical Information Infrastructure (NCII) agency. This ongoing commitment aims to ensure that BSN remains at the forefront of cybersecurity, safeguarding our operations and stakeholders against evolving cyber threats.

The Bank has also deployed a range of security measures and tools to protect and safeguard against cyber-attacks. These measures and tools are essential and necessary given the ubiquity of IT usage in its business operations, the various modes of access to application systems and the multiple parties granted access. BSN adopts a defense-in-depth approach to cybersecurity, employing various strategies and multi-layered security practices to secure data and information assets. This includes network segmentation and security measures such as web application and network firewalls, coupled with effective intrusion detection and prevention systems.

BSN employs sophisticated threat protection systems and continuous monitoring solutions that operate in tandem with surveillance and threat intelligence services. The security infrastructure is further reinforced by a comprehensive range of tools designed to protect endpoints, manage configurations and address potential vulnerabilities in real-time, ensuring a robust and resilient defense.

Data protection strategies are also in place, including measures for data in transit protection through encryption, and data masking and tokenisation to secure sensitive data. Access control is strengthened with multi-factor authentication (MFA), and mobile application security measures are implemented to safeguard mobile app environments.

This in-depth defense strategy ensures comprehensive protection by integrating multiple layers of security controls, each providing distinct protective measures to collectively mitigate the risk of cyber threats at all layers.

As a standard practice, BSN conducts cybersecurity assurance exercises on a periodic basis to identify and mitigate potential security vulnerabilities in its systems. Additionally, to further fortify its security posture, the Bank periodically engages qualified partners to perform independent assessments of its critical systems. These external assessments provide an additional layer of cyber assurance by offering an independent and comprehensive evaluation of security measures, aligning with industry best practices and compliance standards.



To further bolster awareness, BSN produces cybersecurity awareness videos, infographic posters and podcasts covering various topics such as phishing, ransomware, data sharing risks and smartphone security. To further bolster awareness, BSN produces cybersecurity awareness videos, infographic posters, and podcasts covering various topics like phishing, data sharing risks, and smartphone security.

Data Privacy and Cybersecurity - Securing Our Infrastructure

BSN also continuously reinforces cybersecurity awareness across its workforce through mandatory annual cybersecurity e-learning for all staff. The Bank regularly conducts cyber drills, cyber risk awareness sessions and Red Team exercises. Additionally, cybersecurity awareness sessions are held for the Board of Directors on an annual basis.

In line with the BNM requirements, a Cyber Incidents Response Plan (CIRP) is in place to guide responses to, mitigation of and expeditious recovery and resumption of operations from cyber security incidents. The CIRP is subjected to annual testing as mandated by BNM. To this end, we have conducted our annual Cyber Drill for FY2023 in September 2023.

The CIRP testing reaffirmed the continuing comprehensiveness, effectiveness, and resilience of the cyber security processes and systems which the Bank has deployed. Weaknesses and deficiencies identified were rectified and remediated in a timely manner to secure the continuing effectiveness of BSN's cyber security stance.

In the context of BSN's overall cybersecurity posture, the Bank's success is exemplified by its top performance on BNM's Security ScoreCard. As part of its 3-year Cyber Resilience Plan (FY2021-2023), BSN has continuously strived to strengthen its cybersecurity defenses and has effectively "walked the talk" throughout its cybersecurity transformation journey. BSN's consistent performance underscores the Bank's unwavering commitment to maintaining strong cyber resilience and ensuring adherence to cybersecurity best practices across the organization. This highlights BSN's commitment to cybersecurity excellence.

Data Privacy and Protection

BSN has amassed a significant body of customer data from personal information and facilities/services details through to detailed transactional data. This database will only continue to grow as the Bank continues to grow and expand in the future.

The Bank considers this customer database a critical asset affording vital data for BSN to develop greater customer intimacy and capabilities to differentiate through a range of parameters such as products, services and service levels. It will be obvious that the customer database can be leveraged to enhance competitiveness and reinforce market positioning.

The possession of the customer database, while being an immensely valuable resource, also imposes significant custodial responsibilities on the Bank. Duties are imposed by relevant statutes to assure and secure the privacy and confidentiality of data gathered. In particular, the Personal Data Protection Act 2010 (PDPA) and secrecy provisions under the Financial Services Act 2013 (FSA) govern the Bank customer data management policies and processes, mandating responsibility and accountability for securing the privacy and confidentiality of customer data.

For added comfort and assurance, customer information management is also subjected to independent reviews that are jointly conducted by the relevant control functions.

In FY2023, a review of compliance to BNM's policy on Management of Customer Information and Permitted Disclosures was conducted. The reviews serve to ensure that the Bank's mandated customer information management processes are followed and customer data management provisions in all relevant legislations are complied with.

The Bank's responsibilities for customer data privacy and protection are continuously embedded into the workforce through training and communications. Training, in particular is a constant throughout the employment lifecycle, with an awareness of customer data privacy and protection responsibilities initially imparted to new recruits as part of their induction programme.

Regular refresher training sessions are provided as recruits progress in seniority to continuously enhance and keep current their understanding and appreciation of policies and processes that the Bank has in place to manage the handling, processing and storage of customer and business information at every stage of the information lifecycle, as well as the processes for reporting security breaches.

Employee Health, Safety and Well-Being - Caring for Our People

BSN considers our workforce as an invaluable and mission-critical asset with an immutable role in value creation and business sustainability. Accordingly, we take our responsibilities and obligations for the well-being of our workforce seriously to keep them engaged and passionate about delivering excellence at all times.

A skilled and competent workforce is paramount to sustaining our competitiveness and enabling us to continue generating reasonable returns.

BSN places an intense focus on attracting, nurturing and retaining the best talent to drive our business forward and to reciprocate the efforts of our workforce with a competitive remuneration package, secure their wellbeing and support their continuing development.

Testifying to BSN's human capital management excellence, we were conferred the following awards.

2024 Malaysia's Best Employer Brand Award - Employer Branding Institute of India



2024 Graduates Choice Award - Champion in Development Banking



Special Recognition Award for commitment to empowering purpose with HR excellence - Jobstreet Malaysia

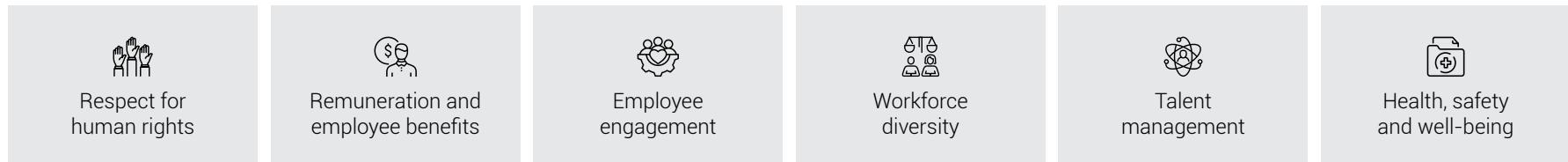


2023 Malaysia's Most Preferred Employers 2023 (Top 50) - Graduan Brand Awards



Employee Health, Safety and Well-Being - Caring for Our People

At BSN, human capital management has multiple focus areas, key of which are:



In addition to the above, which relate directly to employees, the Bank's Corporate Social Responsibility (CSR) efforts are also highlighted in this section as they involve employee volunteering which elevates their sense of purpose to a more holistic level.

Respect for Human Rights

The Bank has an express commitment to reciprocating the efforts and contribution of our workforce to BSN's continued growth, expansion and value creation. To this end, a foundational means is the creation and continuous reinforcement of a work environment that values and respects human rights, where the workforce is accorded the requisite dignity and respect.

Malaysia's Federal Constitution provides for protection of human rights while the Parliament formally accepts the Universal Declaration of Human Rights (UDHR). These collectively, indicate that provisions to protect human rights are embedded into relevant Malaysian statutes, for instance the Employment Act 1955.

BSN's human capital practices reflect and uphold the spirit of UDHR in keeping with highest standards of human rights to provide explicit comfort to our workforce of the esteem in which the Bank holds them. The fundamental principles of respect, fairness, and integrity are embedded in all our human capital practices. These practices facilitate BSN to promote a culture that fosters equity and respect for social diversity that goes beyond hiring practices and regulatory requirements.

The Bank complies with all laws governing employment and human resources including, amongst others:

- Employment Act 1955
- Industrial Relations Act 1967
- Occupational Safety and Health (Amendment) Act 2022
- Employees Provident Fund Act 1991
- Employees' Social Security Act 1969



BSN has formulated policies to guide human capital management, across a range of pertinent areas these include:

- **Remuneration Policy;**
- **Disciplinary Policy;**
- **Occupational Safety and Health Policy;**
- **Gift, Entertainment and Corporate Hospitality Policy; and**
- **Appointment and Removal Policy for Senior Officers, Other Material Risk Takers and Company Secretary.**

Governance over employees' rights and industrial relations is entrusted to Human Resource Management Department (HRMD), specifically, Industrial Relations (IR), which has overall responsibility across all workforce-related matters including human rights, discipline, non-discrimination, inappropriate labour practices and workplace harassment. Their duties also extend to ensuring compliance to the provisions of the Employment Act 1955.

BSN has zero-tolerance for discrimination in any form. The Bank strenuously enforces non-discrimination across our workforce in all aspects of our operations. Action is taken, without fear or favour against valid and proven instances of discrimination. In taking the appropriate action, the Bank explicitly displays seriousness in eradicating all forms of discrimination.

BSN adopts an "open door" policy and employees are encouraged to raise concerns relating to human rights-related infringements including harassment, sexual or otherwise, any forms of discrimination and non-compliance to laws and regulations.

There are also established whistleblowing channels through which complaints or grievances may be made in confidence without the fear of recrimination or retaliation. All valid reported cases are investigated further to establish validity prior to the institution of the relevant prescribed action.

Freedom of Association and Collective Bargaining

As a Bank that upholds and respects fundamental human rights, BSN supports our workforce's right to freedom of association and collective bargaining.

To this end, a total of 916 Warga BSN who are clerical staff (12% of the Bank's total workforce at end of the reporting year) are active members of an internal union, the Union of BSN Workers, which was formed to represent the interests of our clerical staff.

Clerical staff who are not union members are accorded broadly similar working conditions and terms of employment as their unionised colleagues.

The Union, through its representatives, meet monthly with representatives from HRMD. Across the twelve meetings held in FY2023, the range of topics discussed included:



Early payment of rewards and gratuity



Overtime claims



Retirement letters



Relaxation of dress codes

A majority of the matters raised in FY2023 were resolved amicably in a timely manner with the remaining being work-in-progress for BSN. The Bank is committed to continue working closely with the Union to foster a working environment where all opinions are valued.

Employee Health, Safety and Well-Being - Caring for Our People



Workforce Diversity

BSN celebrates diversity, we believe a diverse tapestry of individuals forms a robust workforce to better address the challenges of our competitive environment.

Workforce diversity affords the Bank a wealth of unique perspectives lending to a greater propensity for innovation. Critical in our multicultural society, diversity facilitates the infusion of cultural norms and sensitivities to better meet the needs of our customers.

The Bank aims to build a harmonious and dynamic workforce that is committed to excellence and supporting BSN's progress.

To this end, we embrace diversity, equity and inclusivity, holding the conviction that these values reinforces a strong sense of belonging in our workforce and fosters greater commitment and passion for high performance.

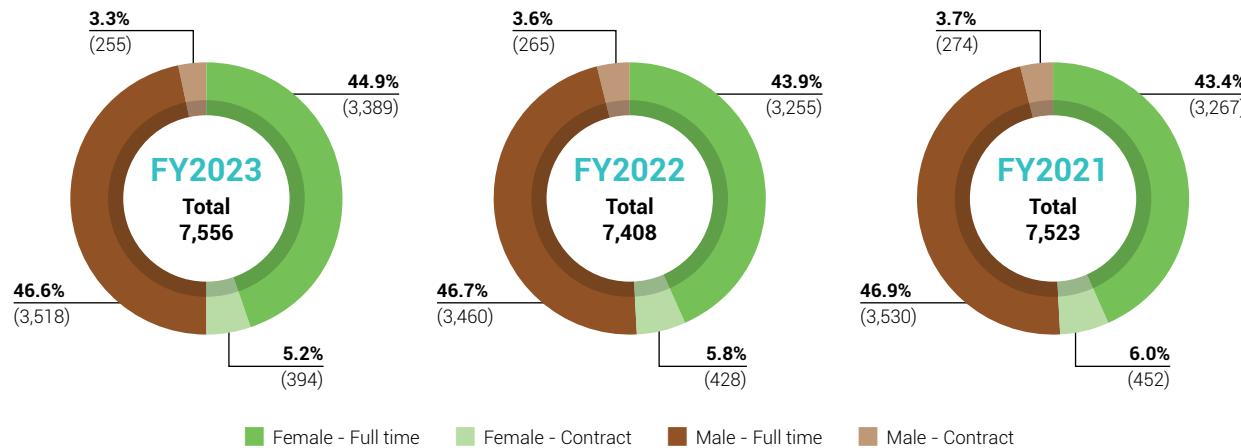
At BSN, our employees are our greatest asset. Their dedication drives our success, which is why we prioritise their well-being, fostering an environment where they feel valued and empowered.

Our approach extends beyond physical health to include mental resilience, work-life balance, and a supportive culture. We believe that when our employees thrive, so does BSN.

By investing in their development and creating a culture of care, we drive both individual and collective success, ensuring our people are motivated to contribute to BSN's ongoing journey toward excellence and sustainability.

Distribution by Employment Terms

Full-time employees comprise the majority of BSN's workforce as indicated in the charts below. No material variation has been recorded in the levels of full-time and contract employees across each of the past 3 years.



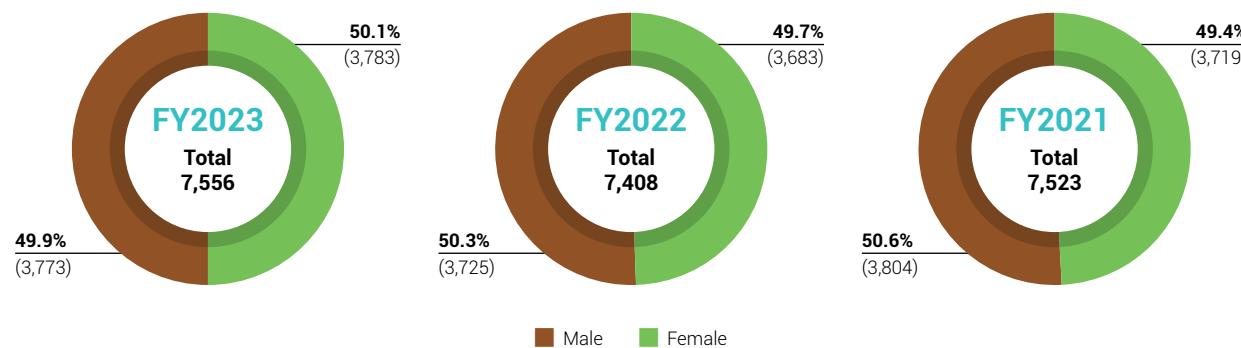
True organisational success is achieved when we recognise that valuing employees is not an option, but a fundamental principle that fuels our progress and inspires our achievements. 

Izham Ab Wahab
Chief Human Capital Officer

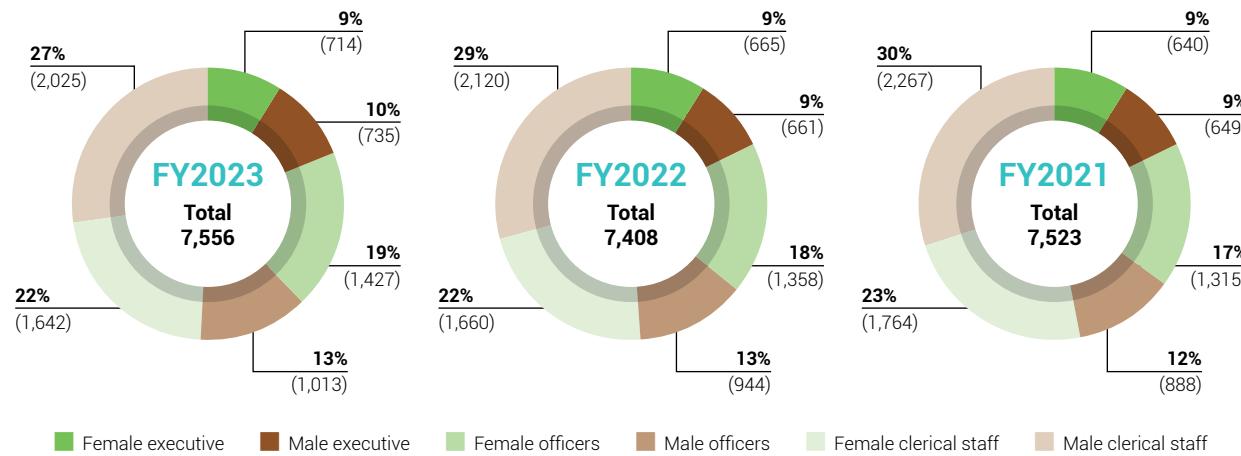


Distribution by Gender

At the end of FY2023, BSN's workforce is equally represented between female and male. Gender distribution over the past 3 years, as illustrated in the charts below, have been maintained at consistent levels indicating a fair representation of both sexes within the Bank's workforce.



Distribution by Employee Category and Gender



BSN is proud to announce the launch of Women@BSN, an employee-led initiative dedicated to fostering a more inclusive and equitable workplace.

Based on its vision and mission, Women@BSN aims to create a workplace where women are fully represented at all levels, feel empowered to reach their full potential, and are recognised for their contributions.

We kicked-off our initiative by launching our Women Check-In Survey in shaping our strategies and developing initiatives that truly matter.

Building on this momentum, we conducted a follow-up financial power talk exclusively curated for female Warga BSN, as well as ladies mid-day munch where we engage in open conversations to understand each other better.

Expect to hear more on Women@BSN in 2024!



In every woman lies the resilience to weather storms and the grace to lift others with her strength. 

Norhafizah Md Shariff
Chief Financial Officer

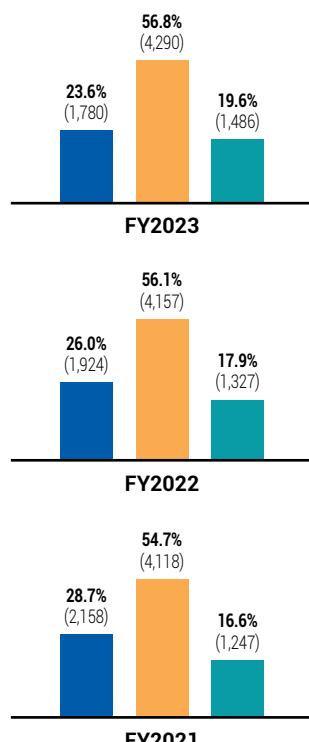


Employee Health, Safety and Well-Being - Caring for Our People

Distribution by Age Groups

The age distribution of BSN's workforce over the past three years is depicted in the charts below.

There is a discernible reduction in number of employees in the youngest age group and an increase in the oldest age group. This is due to the age progression of our employees and indicative of a stable workforce.



■ Under 30 years ■ 30-50 years ■ Over 50 years

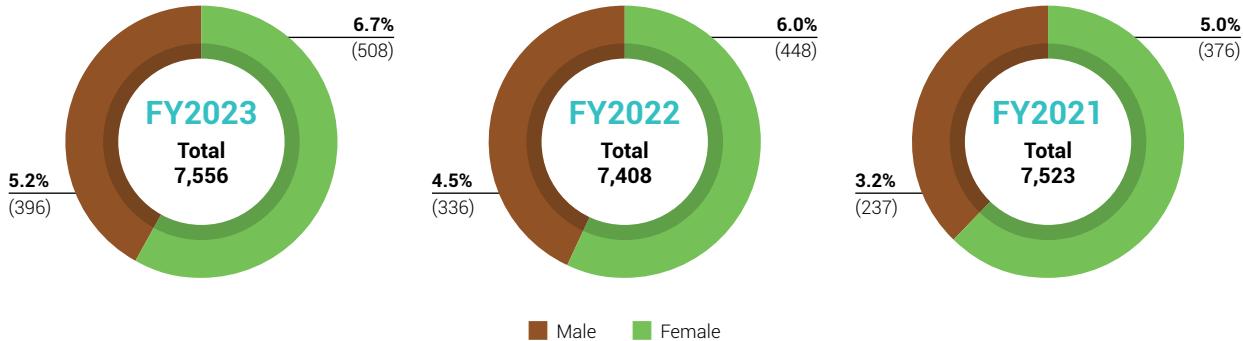
Recruitment

The charts below list the pertinent new recruitment statistics across the previous three years.

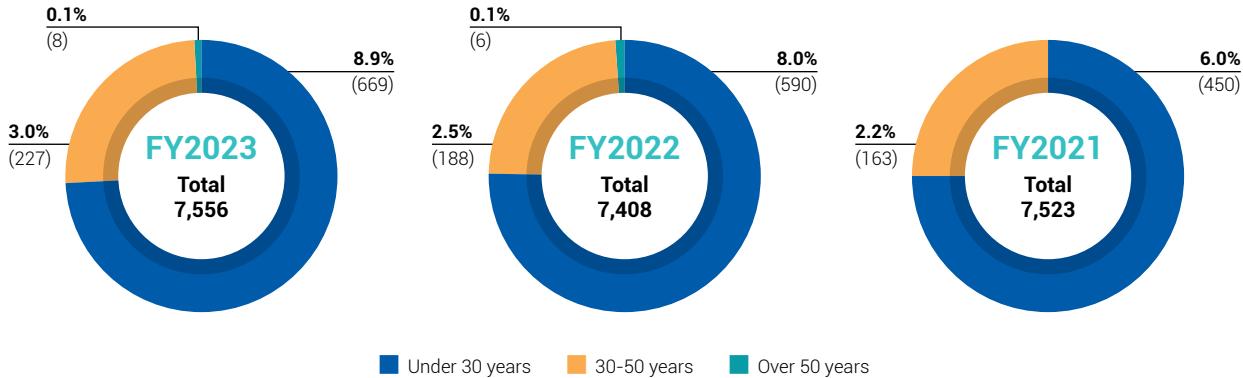
New recruitment has remained relatively constant across the past 3 years.

There is a slight increase of female, as well as younger workers being hired in the FY2023, compared to the previous financial year.

By Gender



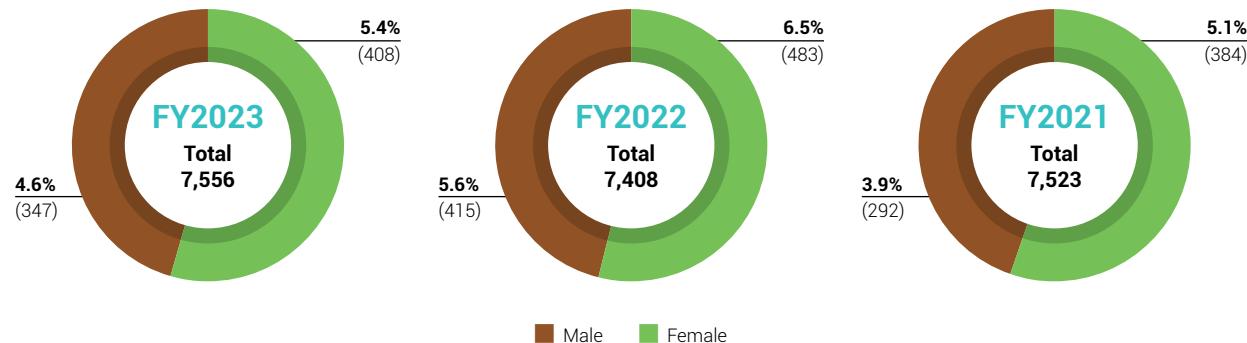
By Age Group



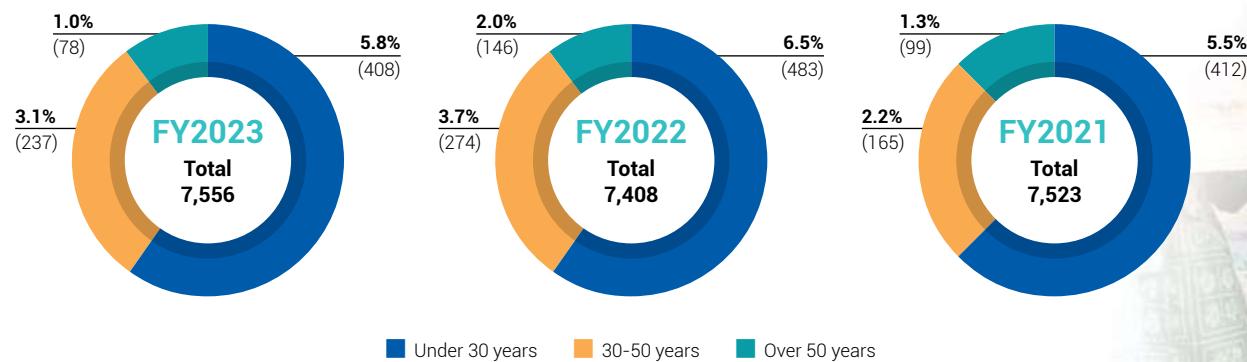
Turnover

Turnover (the number of Warga BSN who left within FY2023) statistics are depicted in the charts below:

By Gender



By Age Group



In the FY2023, the Bank's turnover rate for FY2023 remained low at 4.6% and 5.4% for male and female Warga BSN, respectively.



Employee Health, Safety and Well-Being - Caring for Our People



Remuneration and Employee Benefits

We hold a strong conviction that our workforce should be fairly remunerated for their contributions to the Bank's success in line with UNSDG 8 - Decent Work and Economic Growth.

The Bank's remuneration and benefits schemes are designed to facilitate the recruitment of talents needed to support realisation of business objectives and goals and to encourage loyalty as a stable workforce is critical to long-term competitiveness.

The Bank is committed to offering a competitive remuneration and benefits package to our workforce. To this end, a benchmark is conducted periodically against prevailing market practices in both the financial services and non-financial services industry sectors.

Processes are in place for annual review of salaries and allowances to ensure that our remuneration package remains competitive and continue to be aligned to the financial services industry and external market.

In FY2023, we revised our salary structure for selected levels within our executive, officer and clerical ranks for consistency against industry levels to ensure that BSN continues to be an employer of choice for current and prospective employees.

In addition, explicitly acknowledging the increased cost of living and to lighten the financial burden of affected members of our workforce, the Bank provided the following financial assistance in FY2023:

Bantuan Sara Hidup
RM500.00

one off payment for Warga BSN with basic salary less than RM5,000.00

CARE Fund
RM1,000.00

one off payment from our CARE Fund for selected Warga BSN

Benefits

A comprehensive range of benefits is provided to our workforce to supplement their remuneration. This ensures that the Bank's entire compensation package is competitively positioned to attract and retain talents. The current benefits offered include:



Employee Provident Fund contribution with additional contribution based on years of service



Social security coverage under SOCSO (Social Security Organisation)



Annual and parental leave



Medical (inpatient and outpatient)



Group Term Life insurance



Group Personal Accident insurance covering accidental death and permanent disabilities due to accidents



Staff financing facilities at preferential rates



Festive season financing



Staff credit card



Post-retirement medical benefit



Gratuity



Golden handshake

Specific to parental leave, this is an entitlement of all employees. In FY2023, 296 male and 313 female employees took parental leave all of whom returned to work on completion of their parental leave, representing a 100% return-to-work rate.

Future Plans

Moving forward, BSN plans to enhance benefits afforded to Warga BSN which includes introducing:

- self-declared medical leave;
- a minimum increment of RM100; and
- improvements to current medical benefits.



Talent Management

Talent management at BSN starts at the very outset of the employment life cycle, specifically, during the on-boarding of new recruits. Our recruitment policies and strategies are targeted at bringing in capable and diligent employees with integrity who will go beyond expectations to collectively collaborate to take BSN to greater heights.

We look for qualities that are aligned with our core values and inherent agility, adaptability and resilience to respond positively to the challenges of our constantly evolving business and operating environment.

Succession Planning

The Bank's Succession Planning Framework was designed to identify qualified successors for business-critical roles (BCR) across the organisation, ensuring a smooth and orderly transition in the event of a vacancy.

BSN has made talent development a core component of our Corporate Strategic Plan 2022 - 2026 (CSP). With the goal of 'Building a Learning Organisation', BSN is focused on three specific objectives:



Target #1
To have 80% unique learners within total workforce

Target #2
To achieve average of 40 learning hours or five learning man-days per Warga BSN

Target #3
50% of all enrollments in the Warga BSN course is for AICB certification

Through this framework, we have successfully identified 44 BCRs that will be prioritised for succession planning. Currently, 80% of these roles have identified successors, with 43% of the roles having successors who are ready now.

To further expedite the growth of these successors towards their ideal readiness level, a tailored development plan will be created for each identified successor. The tailored individual development plans for each identified successor are expected to be completed in Q4 FY2024 to expedite their growth towards the ideal readiness level.

Learning and Development

BSN is committed to long-term development through purpose-led talent development plans. These plans focus on building a more skilled and adaptable workforce, ensuring that employees are continuously growing in their roles and contributing to the organisation's long-term success.

BSN invested a total of **RM4.96 million** on training in FY2023 which is a significant 136.20% higher than the FY2022 investment of RM2.10 million. The larger investment has been instrumental in the Bank successfully meeting all the three targets.

99% unique learners
within the total workforce

Average of 132 learning hours
(or 16.5 learning man-days) were recorded

53% enrolled Warga BSN
were successfully certified by AICB

Employee Health, Safety and Well-Being - Caring for Our People

Consistent with the larger training investment and the concerted effort to meet the learning objectives articulated above, training hours increased to 1.03 million in FY2023.

Indicator	FY2023	FY2022	FY2021
Training Investment	RM4.96 million	RM2.10 million	RM2.67 million
Training Hours	1.03 million hours	1.0 million hours	1.34 million hours
Average Training Hours per Employee	132 hours	135 hours	178 hours
Average Training Hours by Gender:			
Female	175.21	136.61	143.57
Male	172.97	125.79	127.50
Average Training Hours by Employee Category:			
Executives	130.43	140.43	138.28
Officers	149.39	157.29	165.57
Clerical staff	205.57	201.46	190.89

As part of our efforts to enhance organisational performance and foster a culture of continuous development, we have successfully implemented a comprehensive competency development programme across all levels of the organisation for FY2023. This initiative is designed to equip our workforce with the necessary skills to drive business success, innovation, and adaptability in an evolving marketplace.

At the managerial level, we have concentrated on building a strategic mindset among leaders to ensure long-term organisational growth. Managers have been empowered to develop and evaluate business proposals that align with the company's strategic goals. Through the cultivation of competencies such as strategic thinking, leadership, and business development, this programme has enhanced their ability to create forward-thinking strategies and successfully implement business initiatives that drive growth and competitiveness.

For executive-level staff, the programme focuses on developing critical thinking and complex problem-solving skills. Executives are being trained to analyse complex situations, make informed decisions, and generate innovative solutions

to overcome challenges. By improving their skills in analytical reasoning, creativity, and decision-making, our executives are now better equipped to lead and navigate in dynamic environments, ensuring the organisation's agility and resilience.

At the clerical level, the programme emphasises change management and culture transformation. Clerical staff play a vital role in facilitating smooth transitions during organisational changes and in fostering a positive workplace culture. Through training in adaptability, communication, and continuous improvement, they have become key enablers of the organisation's ability to embrace new processes and maintain operational excellence.

This targeted competency development framework ensures that employees at all levels are aligned with their roles and contribute to the overall success of the organisation. By equipping our workforce with these critical skills, we are positioning the company for sustained growth and future readiness.

Among the key highlight programmes in enabling our current capability.



Building Effective Branch Officer Programme

Curated as a 90-day upskilling course, this programme emphasises on leadership, change management, communications as well as people and performance management for all branch managers. A significant 87% improvement in terms of overall sales was recorded across by all branch managers who were involved.



Internal Certification Programme (ICP)

This is an internal initiative to strengthen compliance culture within the Bank. Cutting across the applicable legislation in relation to anti-money laundering and countering the financing of terrorism and their implementation, the ICP is conducted in batches annually. For FY2023, a total of 55 Warga BSN from various divisions and departments were successfully certified.



Executive Master's in Business Administration (EMBA)

BSN enrolls selected managers in a modular EMBA programme conducted by Asia School of Business with the objective of strengthening the capabilities and leadership skills across the ranks of the Bank's middle management. The EMBA, exposes these selected managers to a domestic and international level curriculum with a three week practicum at MIT Sloan in Cambridge, Massachusetts.

Strategic Decision-Making for Leaders

To remain at the forefront of the ever-evolving financial services landscape, BSN enrolls selected members of the Bank's Management Committee in a programme, conducted by INSEAD, a leading graduate business school, that elevates decision making guided by psychology, data and AI.

Strategy for Future Readiness

This programme equips management members with the knowledge, skills and global perspective required to address the rapidly evolving business landscape through a focus on innovation, entrepreneurial thinking and commitment to sustainability.

ESG Risk Assessment Fundamentals

In line with BSN's sustainability commitments, the Bank has enrolled 45 Business Financing Executives in an ESG risk assessment programme. The programme, developed by Moody's Analytics, builds an understanding of ESG and the associated risks, equipping the executives to support BSN in becoming a pivotal part of a greener financial system.

Employee Health, Safety and Well-Being - Caring for Our People

In addition to the programmes, BSN has implemented an e-learning platform (BSN e-Learn) to facilitate easy and convenient access for Warga BSN to an extensive library of learning and development materials.

This platform is made accessible to all Warga BSN in 2021 through computers and officially launched the mobile phones application in 2023.

It has the significant advantage of allowing Warga BSN to learn and upskill at their own pace and convenience. Courses offered include mandatory learning modules, functional skills and knowledge sharing from across by the Bank's various departments.

BSN e-Learn has been instrumental in the high scores in both unique learners and average learning hours recorded in FY2023 contributing to 94.62% of the total training hours recorded.

Future Plans

Staying true to the intention of building a learning organisation, BSN remains steadfast to the 3 specific objectives laid down in the Bank's CSP to ensure a continuous stream of unique learners, healthy learning hours and number of certifications across the Bank.

On top of this commitment, BSN also intends to intensify efforts in implementing BSN's Learning and Development Strategy, following through on a 4-year plan spanning FY2023 - FY2026.



With the intention of modernising learning and development solutions and further consolidating the learning culture, BSN's FY2024 plans for learning and development includes:

- creation of BSN Learnscape via collaboration with named education providers;
- development of interactive microlearning and gamification e-learning modules;
- curation of podcasts to drive and showcase learning cultures; and
- improvement and refinement of the current mobile learning application (e-Learn).





Employee Engagement

BSN has an intense focus on keeping our workforce continually engaged recognising that good employee experience has a significant influence in the Bank's ability to attract and retain top talent. We have instituted a range of mechanisms across the employment lifecycle to deliver an enriching and rewarding experience to keep our employees engaged and passionate which in turn, drives long term sustainable growth and value creation. We also have in place communication channels for employees to voice their opinions, concerns and to receive their frank and objective feedback.

The Employee Engagement Survey (EES) for FY2023 was conducted in Q4 FY2023 with a response rate of over 90.00% across all Warga BSN. The EES focused on 5 metrics that keep Warga BSN engaged in their respective functions, namely:

- basic needs;
- career development;
- leadership and empowerment;
- work environment; and
- rewards and recognition.

Significantly, the employee engagement index in FY2023, recorded an increase of 2.50% to 80.00% compared to the previous year's level of 77.50%. The Bank recognises factors that caused the disengagement of Warga BSN, which were surfaced in the EES, and has instituted improvement plans to increase the engagement level, including:

- offering flexible work arrangements;
- introducing physical and mental wellness programmes;
- respecting boundaries between work and personal life;
- supporting regular check-ins to assess overall wellbeing; and
- setting up informal recognition programmes to celebrate achievements.

Employee Engagement Initiatives

In FY2023, in addition to the EES, BSN also conducted the following activities as part of our overall employee engagement programme:



Townhalls

Quarterly townhalls conducted physically and online to inform Warga BSN of the Bank's trajectory, and for them to offer feedback and suggestions to the senior management.



International Women's Day

As part a broader DEI strategy, BSN celebrated our female employees through a variety of activities including self-grooming, complementary massages and manicures, as well as a free flow of coffee, popcorn and cotton candy. Fazsfaizi, a renowned make-up artist was invited to grace the celebration which concluded with a tea party for all BSN ladies.



Hari Bersama Warga BSN 2023

Intended to equip and prepare Warga BSN for a smooth retirement, representatives from EPF and SOCSO were invited to deliver talks. Service booths were set up by both organisations to facilitate Warga BSN's access to their services.

Employee Health, Safety and Well-Being - Caring for Our People



BSN Soiree de Gala 2023

Warga BSN across the nation were gathered under one roof for a night of celebration. Themed 'Magnificent Cultures of the World', the celebrations was graced by the renowned artiste, Amy Search. Reflecting the theme, the evening was a visual feast of stunning attires donned by Warga BSN. Beyond a simple celebration, the gala night is a manifestation of positive inclusion across various vibrant cultures.



CEO Lecture Series

In line with our aspiration of becoming a learning organisation, BSN curated a series of lectures delivered by guest CEOs to share deeper insights into various aspects of strategies for Warga BSN. The lectures are intended to cultivate innovative thinking and spark creativity in Warga BSN.



Employee Health Screening

Dedicated to fostering a workplace that focuses on health and well-being, the Bank collaborated with EPF and SOCSO to provide free health screening for Warga BSN including staff from our subsidiary Permodalan BSN Berhad aged 40 and above.



Breakfast with Chief Executive and Chief Operating Officer

These comprise a series of informal chats with the Bank's Chief Executive and Chief Operating Officer in a casual setting to instil ambition and impart valuable knowledge to the Bank's young executives.



Merdeka Celebration Day

BSN brought together all Warga BSN at the Bank's headquarters with the objective of fostering unity and celebrating the diverse backgrounds of all Malaysians. In a day that was enveloped by a sense of camaraderie, various activities covering performances and a best dress contest, were held to appreciate the richness of the Malaysian culture.



Hajj Intensive Course

This pro-bono programme was conducted to prepare Warga BSN who will soon embark on their sacred Hajj journey. The programme which expresses the Bank's appreciation and support these Warga BSN's pure intentions successfully equipped them with knowledge and confidence towards a blessed Hajj.



Management Retreat Series

Embracing the ethos of inclusivity in decision making, BSN conducted several retreats with key personnel from amongst Warga BSN for ideation and open dialogue. The key personnel provided insightful feedback and suggestions which acted as a "check and balance" and ensured that consideration of proposed BSN trajectories direction is holistic.



Weekly Religious Talks

Graced by the presence of multiple Islamic thought leaders, as well as BSN's very own representatives from the Islamic Banking Department, weekly talks were held to instil the values of integrity and responsibility, in line with the teachings of Islam, into Warga BSN's hearts and minds. Over a year, topics were discussed weekly. The talks provided not just guidance on work, but also on personal matters as well.

Performance Reviews

All our employees receive a formal performance review to evaluate their performance against a set of defined key performance indicators. The review facilitates the identification of development opportunities and training needs that are aligned to the employees' areas of responsibility and career aspirations.

The review also facilitates a collaborative exchange between evaluated employees and their evaluating managers in formulating and agreeing on mitigating actions to resolve performance gaps.

In FY2023 100% of employees received performance reviews.

Future Plans

Moving forward, BSN is actively considering recruiting people with disabilities (PWD) to be part of Warga BSN. Obviously this consideration will need to take account of the necessity to establish the requisite accommodative facilities to support PWDs - in this, the Bank will endeavour to seek the advice of organisations that have successfully introduced PWDs into their workforce as well as from support organisations.



Health, Safety and Well-Being



BSN is committed to establishing a safe, healthy and conducive working environment to enable our workforce to excel and constantly deliver excellence through minimising operational risks and regulatory compliance issues. Workplace safety provides the Bank's workforce with the peace of mind to execute well and support the achievement of our business objectives underscoring the "Be Safe, Be Productive" the clarion call to Warga BSN to exercise due care, diligence and discipline to secure a safe work environment and prevent unwarranted incidents.

Employee Health, Safety and Well-Being - Caring for Our People

Occupational Safety and Health Policy

The Bank's Occupational Safety and Health Policy (OSHP), guided by the Occupational Safety and Health (Amendment) Act 2022, (OSHA) emphasises BSN's commitment to ensuring a safe workplace and working environment for Warga BSN, customers, vendors, and visitors alike. Explicitly reinforcing our commitment to occupational safety, the Bank:

- enforces strict compliance to all relevant occupational health and safety laws and guidelines;
- conducts regular inspections, secures all required work permits, and has in place emergency procedures;
- performs regular assessments of the occupational safety and health management system to ensure proper working order and for continuous improvement;
- ensures staff involvement through participation of Union and worker representatives in safety and health committees at all levels;
- provides sufficient resources and facilities for an effective safety and health management system;
- adequately informs all Warga BSN and ensures that relevant personnel are trained in workplace safety and emergency response procedures;
- ensures that the conduct of operational procedures is supervised for compliance to prescribed safety precautions;
- provides the requisite training in workplace safety and emergency procedures;
- investigates all workplace incidents following the Hazard Identification, Risk Assessment and Risk Control (HIRARC) procedures in place;
- proactively addresses complaints and suggestions related to occupational safety and health; and
- considers safety and health risks in all changes and new implementations and, where needed, enforces all necessary control measures prior to execution.

All the foregoing also lends to instilling and continually reinforcing a workplace safety culture across the Bank's operational footprint.

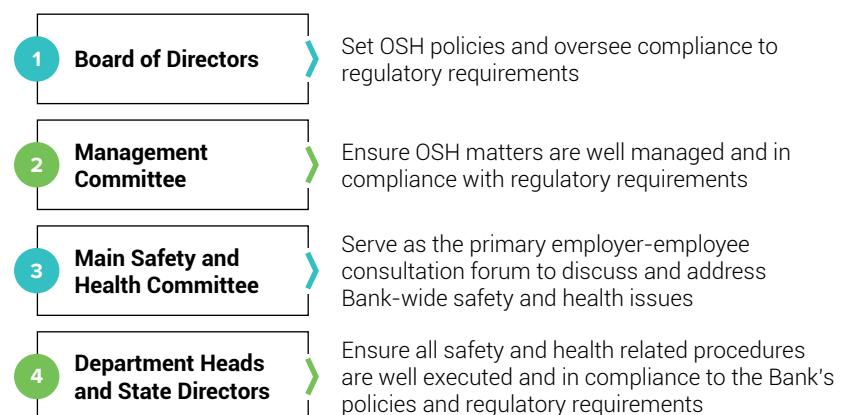
BSN's Occupational Safety and Health (OSH) Approach

We uphold the health and safety of Warga BSN as a core organisational value, ensuring every aspect of our workplace aligns with regulatory requirements, international standards, and industry best practices. Our mission is to set a benchmark for excellence by:

- rigorously complying with all applicable legal mandates and responding effectively to directives from relevant authorities;
- integrating a robust OSH Management System that is consistent with international standards and industry best practices;
- fostering a culture that prioritises prevention and champions a positive OSH mindset across the Bank; and
- addressing and continually improving the safety and industrial hygiene factors essential to creating and maintaining a healthy work environment.

OSH Governance Structure

The Bank has established a robust governance structure to exercise oversight and governance over all aspects of OSH. This governance structure has the involvement of all relevant Warga BSN, from the Board to operational personnel reflecting the integration of safety and health considerations across all levels of the Bank.



OSH Committee

BSN has established an OSH Committee in line with the requirements of Safety & Health Committee Regulations 1996, which calls for a chairperson, a secretary, and representatives from both employers and employees.

This Committee meets every quarter and is currently chaired by our Chief Executive, with a Department of Occupational Safety and Health (DOSH)-competent safety and health officer as the secretary, other members comprise eight representatives each from both employers and employees, and representatives from departments and states.

Department/state representatives are key enablers in enforcing all occupational safety and health policies and guidelines, including escalating all incidents to HRMD to ensure these occurrences are well-tracked and mitigated.

Ultimately, it is the responsibility of all Warga BSN across all departments and states to practice safe and healthy working conduct and ensure all matters relating to safety and health are managed as best as practicable.

Branch Safety Inspection Programme

BSN's 4-year branch Safety Inspection Programme was established in FY2022 with a goal to inspect all branches nationwide on OSH and OSHA compliance for operational branches. To this end, an annual target of inspecting an average of 99 branches is set.

The inspection determines root causes of non-compliance and identifies opportunities for improvement across 6 factors:

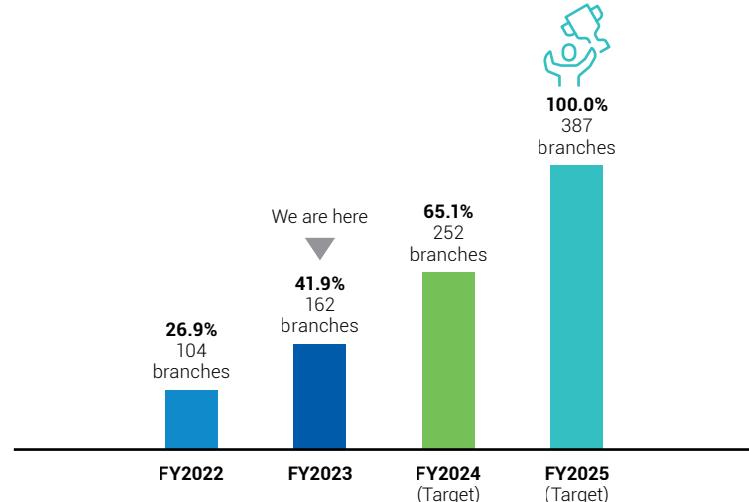
- Personnel
- Machine
- Material
- Process/method
- Nature
- Measurement

Initiated in FY2022, the first year recorded a total of 104 branches being successfully inspected.

Further progress was recorded in the financial year under review, with a total of 58 branches being successfully inspected across 9 states, namely Johor, Kedah, Melaka, Negeri Sembilan, Penang, Pahang, Sabah, Sarawak and Terengganu.

The programme which started in FY2022, aimed to be completed by FY2025.

Progress Bar Towards Completion of Inspection Across All Branches



The representative of the OSH Committee paid a visit to Pahang Main Branch, as part of the inspection programme. This is to ensure that the safety aspects are well-managed.

Employee Health, Safety and Well-Being - Caring for Our People

Areas of improvement identified through the inspections are documented in a risk matrix and action plans are developed to rectify weaknesses. The action plans are communicated to relevant state management to ensure full compliance with legal requirements.

The Bank is of the view that the Branch Safety Inspection Programme is on track for completion by FY2025 and anticipates hitting the next milestone of 252 branches by the end of FY2024.

OSH-Related Training

BSN strives to ensure that Warga BSN are adequately trained in OSH and workplace safety, this is integral to our continuous efforts in inculcating a culture of workplace safety and reinforcing an awareness of workplace hazards and the requisite safety precautions.

In FY2023, the Bank recorded a total of 13,352 training hours across 1,541 Warga BSN on various safety and health-related courses, including:

- Basic Occupational First Aider
- OSH Coordinator Trained Person
- Fire Safety
- Emergency Response and Preparedness
- Slip, Trip, and Fall
- Working Safely at Height
- Defensive Driving
- ISO 45001 Audit
- ISO 45001 NIOSH Certification
- Chemical Handling
- Personal Protective Equipment
- Competency for Basic Scaffolding Erector

To boost safety awareness among all staff, Corporate OHS regularly sends out engaging "OSH Quick Takes" on important topics like Road Safety, Electrical Safety, Noise Control, and Slip, Trip, and Fall Prevention.

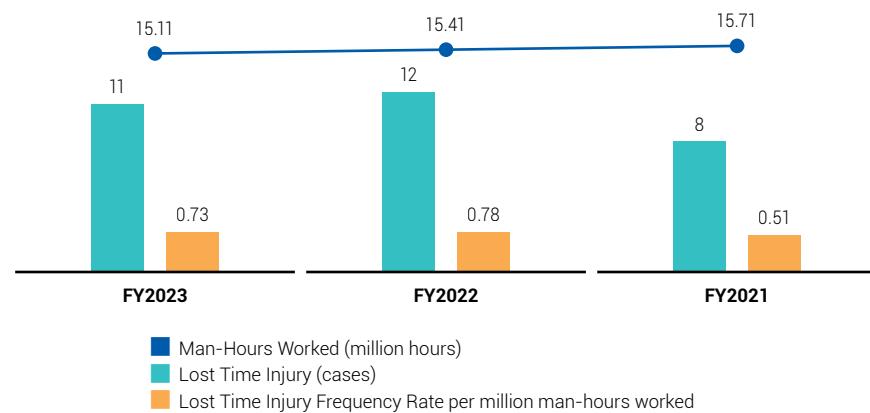
These concise, informative messages are shared through Departmental and States WhatsApp Group Channels, ensuring that Warga BSN stays informed and attentive to safety practices. This proactive approach highlights our dedication to creating a vigilant and safety-conscious workplace culture.



To enhance road safety for our employees, BSN has provided new helmets, raincoats, and gloves to all official Bank riders. These measures are aimed at increasing the level of protection for our riders, ensuring their safety and well-being while they perform their duties.

Work-Related Injuries

The Bank's diligence to OSH continues to contribute to the Bank's low LTI (lost time injury) cases and LTI frequency rate which for FY2023, stood at 11 cases and 0.73 respectively, marginally improved in comparison to FY2022 levels of 12 cases and a 0.78.



Most of the recorded workplace accidents, approximately 70% of all accidents, were due to slips, trips, and falls. In terms of incident rate, based on DOSH data, BSN recorded a rate of 2.25, lower than the financial services industry average of 2.46.

BSN continues to experience zero fatalities in FY2023, retaining its fatality-free record since FY2021.

Ergonomics Programme

In furtherance of our commitment to creating and maintaining a safe and conducive work environment, BSN has appointed a professional ergonomist as an independent party to review all ergonomics-related injuries confirmed by an occupational health doctor.

This appointment is aimed at ensuring thorough investigations and effective corrective actions. The ergonomist will provide detailed assessments for workplace layout and work process enhancements, as well as evaluations for the purchase of chairs in BSN.

Future Plans

To further instil the culture of "Be Safe, Be Productive" within all Warga BSN, the Bank aspires to carry out a Bank-wide health and safety climate assessment, on top of the ongoing Branch Safety Inspection Programme.

The assessment will benchmark BSN's overall safety culture against the Hudson Ladder model to understand our OSH stance. The assessment is set to be completed by the second quarter of FY2024, and the results will be presented in the next reporting cycle.

Concurrently, BSN has embarked on the journey towards ISO 45001 - Occupational Health and Safety Management System certification. This initiative aims to embed occupational safety and health deeper within the Bank's operations and ensure our occupational safety and health processes are robust and consistent with globally recognised standards.

Employee Health, Safety and Well-Being - Caring for Our People



Corporate Social Responsibility (CSR)

As a good and responsible corporate citizen, BSN has an obligation to care for society. As the Bank creates value we also conscientiously reciprocate our local communities for all the support and assistance they have extended us through thick and thin.

The Bank is conscious of the need for us to display our humanity and give back to society to show gratitude for our successes. We place great importance in supporting the vulnerable in their time of need and support the less privileged to pursue their goals and aspirations.

The Bank, through its CSR brand image, "BSN Care"- has a specific focus on six areas, namely:



Education



Community



Health and Safety



Sports



SDGs



Business Engagement

The CSR programme is executed each year targeting beneficiaries from the underprivileged/vulnerable groups for instance the B40 segment.



At BSN, CSR initiatives are a constant each year. Those that were conducted in FY2023 are tabulated below:

CSR Activity/Programme	Summary	Investment (RM)
BSN Jom To School 2023 - BSN Keeps Schools in Shape	Contributed to restore and improve infrastructures for 25 schools nationwide, including sports locker rooms, installation of air-conditioners, refurbishment of halls and other vital necessities.	500,000
Donation to Sekolah Kebangsaan (SK) Pulau Pababag	Donated to 25 students and two teachers from Sekolah Kebangsaan Pulau Pababag, Semporna, Sabah, who were involved in a collapsed jetty incident.	10,000
Donation to Sekolah Menengah Kebangsaan (SMK) Tekek	Donated to the said school as a mean to enhance learning environment in driving development of students across the island.	10,000
Transforming Schools - Making ESG Possible	Collaborated with Persatuan Lestari Hijau, Penang, to inculcate ESG principles and advocacy for sustainable practices within students across four selected BSN adopted schools.	20,000
Fire Safety Awareness Campaign	Collaborated with the Fire and Rescue Department to conduct fire safety awareness campaign across 65 orphanages and welfare homes in imparting the dangers when it comes to fire.	91,000
Donation for Johor's Flood Victims	Collaborated with the Department of Social Welfare Malaysia, to supply for the immediate basic needs such as foods and hygiene necessities in facilitating recovery of the 500 families that were affected by the flash flood.	50,000
BSN Ikhlas Ramadan	Donated festive foods such as bubur lambuk, cookies and other ramadan delicacies to more than 13,000 of our customers as well as general public in conjunction with the holy month of Ramadan.	65,000
BSN Beraya Bersama Atuk & Opah	Provided essential aid, including food and other basic necessities to 13 senior citizen care homes. On top of that, Warga BSN also accompanied the elders to celebrate the festive season.	162,500
Van Jenazah Donation	Contributed a new funeral van for Masjid Jamek Al-Faizin in Pontian, Johor as a replacement of their ageing 20 year old van - alleviating them from the expenses associated with maintaining it.	160,000
Raya Food Basket	Distributed 90 food baskets and duit raya to the underprivileged B40 communities of Meru Raya, Ipoh and Nilai, Negeri Sembilan.	15,000
Donation to the Palestinian War Victims	Contributed via the Tabung Akaun Amanah Kemanusiaan Rakyat Palestine (established by the Ministry of Foreign Affairs) in solidarity with the Palestinian people.	300,000

***RM1.54 million**
total CSR investment for FY2023



* Note: Beyond the investments above, there were other donations, sponsorships and contributions that were made that amounting to RM0.16 million in total.



Siti Sawiyah Mohd Dewa and her daughter Siti Nur Izzati Madzlan



Mathew and his daughter Tasyera



50 years of developing generation after generation of Malaysians

The Bank's nationwide operations are made possible by the beating hearts of more than 7,500 Warga BSN who tirelessly serve Malaysians from all walks of life. We take pride in growing with them.

The mother-daughter pair of Siti Sawiyah Mohd Dewa (58) and Siti Nur Izzati Madzlan (29) are prime examples of this. Siti Sawiyah has served BSN for 35 years across multiple functions, including branch management.

Scaling her way up from a humble start as a teller, the now assistant vice president finds satisfaction in the smiles of the underserved and unserved Malaysians that she has interacted with and assisted across her tenure in BSN.

Siti Nur Izzati, who joined BSN back in 2020, is inspired by her mother's strong will and work ethics and aspires to build her own legacy the way Siti Sawiyah did.

In the remote regions of Sabah, access to financial services has long been limited. Yet, one institution has consistently bridged this gap for local communities - BSN. By providing essential banking services in underserved areas, BSN became more than a bank; it became a lifeline, supporting everyday life and fostering local economic resilience.

Mathew, a 60-year-old resident of Sabah, grew up with BSN as a constant presence in his community. He watched as BSN offered stability and opportunities to families, including his own, shaping their lives in meaningful ways. Now, that legacy continues with his daughter, Tasyera Mathew. At 27, she proudly serves in BSN's Transformation & Sustainability Department, contributing to the very institution that has been part of her family's journey.

These are the stories that are the cornerstone of what we do at BSN - generational, creating ripples of growth that span lifetimes, upholding aspirations across generations.

Performance Data

In our effort to produce a clear and transparent report, we have matched all quantitative data to the relevant Material Matters, where possible.

Some of our Material Matters do not have quantitative data and have been covered in the narrative in the previous section of this report. The figures below have been internally assured. However, for this report, only disclosures related to Greenhouse Gas Emissions were externally assured. We will further expand the boundaries of our external assurance as our reporting processes and disclosures mature.

Financial Inclusion:

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Branches	Number	378	390	390
Self Service Terminals				
ATM	Number	574	575	678
CDM	Number	147	148	315
CRM	Number	257	248	80
Consumer Banking Customers (Million)	Number	10.0	N/A	N/A
Active MyBSN Users (Million)	Number	1.44	1.01	1.14

Employee Health, Safety and Well-Being: Occupational Safety and Health

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Man-Hours Worked (Million)	Hour	15.11	15.41	15.71
Absenteeism Rate	Rate	0.05	0.02	0.01
Total Recordable Workplace Accident	Number	17	14	22
Lost Time Injury Cases	Number	11	12	8
Lost Time Injury Frequency Rate (per Million Man-hours)	Rate	0.73	0.78	0.51
Workplace Injury Severity Rate (per Million Man-Hours)	Rate	8.73	5.26	10.19
Workplace Injury Incidence Rate (per 1,000 Employees)	Rate	2.25	1.89	2.92
Workplace Injury Frequency Rate (per Million ManHours)	Rate	1.12	0.91	1.40
Total Medical Leave Recorded due to Workplace Injuries	Days	132	81	160
Fatality	Number	0	0	0

Employee Health, Safety and Well-Being: Diversity, Equity and Inclusion:

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total Employees by Gender				
Total Male Employees	Number	3,773	3,725	3,804
Total Female Employees	Number	3,783	3,683	3,719
Total Employees	Number	7,556	7,408	7,523
Total Employees by Employment Contract and Gender				
Permanent Employees (Male)	Number	3,518	3,460	3,530
Permanent Employees (Female)	Number	3,389	3,255	3,267
Contract Employees (Male)	Number	255	265	274
Contract Employees (Female)	Number	394	428	452
Total Employees by Age Group				
< 30 Years Old	Number	1,780	1,924	2,158
30 – 50 Years Old	Number	4,290	4,157	4,118
> 50 Years Old	Number	1,486	1,327	1,247
Gender Mix by Employee Category (% Female)				
Executive (Female)	Percentage	43.76	50.15	49.65
Officer (Female)	Percentage	58.48	58.99	59.69
Clerk (Female)	Percentage	44.78	43.92	43.76
Mean Salary Ratio (Female : Male)				
Executive	Ratio	0.82 : 1.00	0.79 : 1.00	0.77 : 1.00
Officer	Ratio	1.02 : 1.00	1.00 : 1.00	1.01 : 1.00
Clerk	Ratio	1.00 : 1.00	1.04 : 1.00	1.08 : 1.00
Mean Bonus Ratio (Female : Male)				
Executive	Ratio	0.79 : 1.00	0.76 : 1.00	0.84 : 1.00
Officer	Ratio	1.00 : 1.00	0.99 : 1.00	1.02 : 1.00
Clerk	Ratio	0.95 : 1.00	1.00 : 1.00	1.00 : 1.00

Performance Data

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total New Employee Hires	Percentage	11.96	10.58	8.15
New Employee Hires by Age Group				
< 30 Years Old	Percentage	8.85	7.96	5.98
30 – 50 Years Old	Percentage	3.00	2.54	2.17
> 50 Years Old	Percentage	0.11	0.08	0.00
New Employee Hires by Gender				
Male	Percentage	5.24	4.54	3.15
Female	Percentage	6.72	6.05	5.00
Employee Turnover (%)				
Total Employee Turnover	Percentage	9.99	12.12	8.99
Employee Turnover by Age Group (%)				
< 30 Years Old				
Voluntary	Percentage	5.04	5.10	4.07
Involuntary	Percentage	0.78	1.35	1.41
30 – 50 Years Old				
Voluntary	Percentage	2.87	3.13	1.85
Involuntary	Percentage	0.26	0.57	0.35
> 50 Years Old				
Voluntary	Percentage	0.57	1.13	0.86
Involuntary	Percentage	0.46	0.84	0.45
Employee Turnover by Gender (%)				
Male				
Voluntary	Percentage	3.65	4.12	2.83
Involuntary	Percentage	0.94	1.48	1.05
Female				
Voluntary	Percentage	4.83	5.25	3.95
Involuntary	Percentage	0.57	1.27	1.16

Employee Health, Safety and Well-Being: Talent Development:

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total Training Investment	RM	4,961,367	2,100,462	2,671,688
Total Training Hours Recorded	Hour	995,476	971,724	1,309,592
Average Training Hours Recorded per Employee	Hour	132	131	174
Training Hours Recorded by Gender				
Male	Hour	468,952	468,584	657,976
Female	Hour	526,524	503,140	651,616
Training Hours Recorded by Employee Category				
Executive	Hour	459,512	511,680	761,124
Officer	Hour	330,424	300,756	361,216
Clerk	Hour	169,540	159,288	187,252

Employee Health, Safety and Well-Being: CSR

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total CSR Investment ¹ Recorded (Million)	RM	1.54	1.01	3.83
Total Tax and Zakat ² Paid (Million)	RM	48.2	127.4	113.6
Total Beneficiaries	Person	18,369	10,001	7,452

Note:

1. CSR investment is defined as all investment made by BSN via donations, sponsorships and community-related programmes under all six pillars of BSN CARE initiative.
2. BSN's budget allocation for zakat contribution is fixed at RM3 million per annum, should zakat payable be lesser than the fixed allocation, the balance will be donated.

Performance Data

Employee Health, Safety and Well-Being: Human and Labour Rights

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Substantiated Complaints on Human Rights Violation	Number	0	1	0
BSN Union Meetings Held	Number	12	12	12
Parental Leave				
Total Employees Entitled to Parental Leave by Gender				
Male	Number	3,004	2,974	2,956
Female	Number	3,712	3,606	3,662
Total Employees That Took Parental Leave by Gender				
Male	Number	296	350	340
Female	Number	313	305	309
Total Employees that Returned to Work in FY Under Review After Parental Leave Ended, by Gender				
Male	Number	296	349	340
Female	Number	309	303	300
Total Employees that Returned to Work After Parental Leave Ended, that were Still Employed 12 Months After, by Gender				
Male	Rate	273	321	320
Female	Rate	290	273	283
Return to Work Rates of Employees that Took Parental Leave, by Gender ¹				
Male	Percentage	100	100	100
Female	Percentage	99	99	97
Retention Rates of Employees that Took Parental Leave, by Gender ²				
Male	Percentage	92	92	94
Female	Percentage	94	90	94

Note:

1. The Return to Work Rate is calculated by dividing the total number of employees that did return to work after parental leave, with the total number of employees due to return to work after taking parental leave, which is then multiplied by 100.
2. Retention Rates is calculated by dividing total number of employees retained 12 months after returning to work following a period of parental leave, with total number of employees returning from parental leave in the prior reporting period, which is then multiplied with 100.

Good Governance: Anti-Bribery and Corruption

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Anti-Bribery and Corruption Training Coverage				
Executive ¹	Percentage	100%	100%	100%
Officer ²	Percentage	100%	100%	100%
Clerk ³	Percentage	100%	100%	100%
Operations Assessed for Corruption-Related Risks ⁴	Percentage	100%	N/A	100%
Risk Rating	Level	Medium	N/A	Medium
Corruption-Related Incidents	Number	0	0	0

Note:

1. Executives in BSN are those with job grades of E1-E8 or equivalent to AP8 for our auxiliary police team.
2. Officers in BSN are those with job grades of P1-P3 or equivalent to AP5-AP7 for our auxiliary police team.
3. Clerks in BSN are those with job grades of N1-N4 or equivalent to AP1-AP4 for our auxiliary police team.
4. Per the biennial risk rating assessment in collaboration with Malaysian Anti-Corruption Commission.

Good Governance: Data Privacy and Cybersecurity

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Attempt of Cyber Attack	Number	303	432	792
Data Breach	Number	0	0	0

Good Governance: Sustainable Procurement Practices

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total Suppliers Registered	Number	467		
Local Suppliers	Number	458		
International Suppliers	Number	9		
Proportion of Local Suppliers	Percentage	98.07		
Proportion of International Suppliers	Percentage	1.93		

Performance Data

Climate Change: GHG Emissions

Indicator	Measurement Unit	FY2023	FY2022	FY2021
Total GHG Emissions ¹	tCO ₂ e	38,158.79	34,432.75	23,290.59
Scope 1 Emissions	tCO ₂ e	2,897.35	1,146.39	960.34
Scope 2 Emissions ²	tCO ₂ e	22,565.84	22,305.10	22,330.25
Scope 3 Emissions	tCO ₂ e	12,695.60	10,981.26	-
Breakdowns				
Scope 1 Emissions - Fugitive ³	tCO ₂ e	1,507.13	-	-
Scope 1 Emissions - Stationary Combustions	tCO ₂ e	4.46	11.87	7.28
Scope 1 Emissions - Mobile Combustions	tCO ₂ e	1,385.77	1,134.52	953.06
Scope 2 Emissions - Purchased Energy	tCO ₂ e	22,565.84	22,305.10	22,330.25
Scope 3 Emissions - Category 6: Business Travel ⁴	tCO ₂ e	278.46	-	-
Scope 3 Emissions - Category 7: Employee Commuting	tCO ₂ e	12,417.14	10,981.26	-
GHG Emissions Intensity (per RM Million Revenue)	tCO ₂ e	15.49	16.30	11.78
Energy Use				
Total Energy Use	MWh	34,846.02	33,609.10	32,962.85
Total Energy Use	GJ	125,442.49	120,989.30	118,663.19
Energy Intensity				
Energy Intensity	MWh/RM Mil Revenue	14.14	15.91	16.67
(i) Electricity Use	MWh	29,770.24	29,426.26	29,459.44
(ii) Fuel Use	MWh	5,075.78	4,182.85	3,503.41
(i) Electricity Use	GJ	107,172.86	105,934.52	106,053.97
(ii) Fuel Use	GJ	18,269.63	15,054.78	12,609.23

Note:

1. GHG emissions are derived in accordance with the requirements of the 'GHG Protocol Corporate Accounting and Reporting Standards' and its supplementary by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) as well as 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories by Intergovernmental Panel on Climate Change (IPCC).

For Scope 1 emissions, the equivalent CO₂ emissions for fugitive emissions were calculated based on methodologies set in 'US EPA Greenhouse Gas Inventory Guidance' by the United States Environmental Protection Agency (US EPA), using global warming potential values (GWP) from IPCC's Sixth Assessment report.

The equivalent CO₂ emissions from both stationary and mobile combustion on the other hand were calculated based on tier 1 methodologies set in the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, using global warming potential values (GWP) from IPCC's Sixth Assessment report as well as conversion coefficient and equivalence from National Energy Balance 2020 by Malaysian Energy Commission.

For Scope 2 emissions, the equivalent CO₂ emissions for electricity used are calculated based on 'Grid Emission Factor (GEF)' in Malaysia by Malaysian Energy Commission.

For Scope 3 emissions, the equivalent CO₂ emissions for electricity used are calculated based on methodologies set in 'GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Version 1.0) - Supplement to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, combined with emission factors from United Kingdom's Department for Environment Food and Rural Affairs (DEFRA) GHG Conversion Factors for Company Reporting (2021, 2022 and 2023).

2. Disclosures relating to purchased electricity are currently limited to peninsular Malaysia, which excludes Sabah and Sarawak due to data limitations. However, BSN is committed to obtaining and disclosing its consumption across East Malaysia, once the information becomes available.
3. Disclosures relating to Scope 1 Emissions - Fugitive are currently limited to air-conditioners, fire extinguishers and refrigerators across BSN's operations, which excludes air-conditioners in its fleet of vehicles. However, BSN is committed to obtaining and disclosing the fugitive emissions from vehicular air-conditioners, once the information becomes available.
4. Disclosures relating to Scope 3 Emissions - Category 6: Business Travel are currently limited to air travel due to data limitations. However, BSN is committed to obtaining and disclosing its consumption across land as well as sea travel modes, once the information becomes available.
5. Please refer to the financial statements within the annual reports for FY2021, FY2022 and FY2023 for more information on BSN's revenue.

GRI Content Index

Bank Simpanan Nasional has reported the information cited in this GRI Content Index for the period 1 January 2023 - 31 December 2024 with reference to GRI standards.

GRI Standard	Section	Information Location
GRI 2 General Disclosures 2021		
1. The Organization and its reporting practices		
2-1 Organisational details	(a) About BSN	Sustainability Report (SR) page 11 - 17
2-2 Entities included in sustainability reporting	(a) About This Report, Reporting Boundaries	SR page 2
2-3 Reporting period, frequency and contact point	(a) About This Report: (i) Reporting Boundaries (ii) Help Us Improve	(i) SR page 2 (ii) SR page 3
2-4 Restatements of information	Not applicable, this is the first Sustainability Report	
2-5 External assurance	(a) About This Report, Assurance (b) Reference Information, Statement of Assurance	(a) SR page 3 (b) SR page 144 - 145
2. Activities and workers		
2-6 Activities, value chain and other business relationships	(a) About BSN	SR page 11 - 17
2-7 Employees	(a) Employee Health, Safety and Well-Being, Workforce Distribution: (i) Distribution by Employment Terms (ii) Distribution by Gender	(i) SR page 108 (ii) SR page 109
3. Governance		
2-9 Governance structure and composition	(a) Board of Directors  (b) Board Charter 	
2-10 Nomination and selection of the highest governance body	(a) Board Charter 	
2-11 Chair of the highest governance body	(a) Board of Directors 	
2-12 Role of the highest governance body in overseeing the management of impacts	(a) Sustainability Framework (b) Sustainability Governance (c) Materiality Assessment	(a) SR page 30 - 34 (b) SR page 35 - 36 (c) SR page 40 - 43
2-13 Delegation of responsibility for managing impacts	(a) Sustainability Framework (b) Sustainability Governance	(a) SR page 30 - 34 (b) SR page 35 - 36
2-14 Role of highest governance body in sustainability reporting	(a) Sustainability Governance	(a) SR page 35 - 36
2-15 Conflicts of interest	(a) Board Charter 	
2-16 Communication of critical concern	(a) Stakeholder Engagement (b) Good Governance, Whistleblowing	(a) SR page 37 - 39 (b) SR page 73

GRI Standard	Section	Information Location
2-17 Collective knowledge of the highest governance body	(a) Board of Directors  (b) Climate Change, Institutional Strengthening	(b) SR page 96
2-18 Evaluation of the performance of the highest governance body	(a) Board Charter 	
2-19 Renumeration policies	(a) Board Charter  (b) Sustainability Governance	(b) SR page 35
2-20 Process to determine renumeration	(a) Board Charter 	
4. Strategy, policies and practices		
2-22 Statement on sustainable development strategy	(a) Chairman's Statement (b) Message from the Chief Executive	(a) SR page 6 - 7 (b) SR page 8 -10
2-23 Policy commitments	(a) Good Governance (b) Employee Health, Safety and Well-Being, Respect for Human Rights	(a) SR page 68 - 80 (b) SR page 106 - 107
2-24 Embedding policy commitments	(a) Good Governance: (i) Anti-bribery and Anti-Corruption (ii) Anti-Money Laundering (iii) Whistleblowing (iv) Risk Management and Governance (v) Compliance (vi) Procurement Oversight and Transparency	(a) SR page 68 - 80
2-25 Processes to remediate negative impacts	(a) Stakeholder Engagement (b) Good Governance: (i) Whistleblowing (ii) Compliance (c) Employee Health, Safety and Well-Being: (i) Freedom of Association and Collective Bargaining (ii) Employee Engagement	(a) SR page 37 - 39 (i) SR page 73 (ii) SR page 77 - 78 (i) SR page 107 (ii) SR page 117
2-26 Mechanisms for seeking advice and raising concerns	(a) Stakeholder Engagement (b) Good Governance, Whistleblowing (c) Employee Health, Safety and Well-Being: (i) Freedom of Association and Collective Bargaining (ii) Employee Engagement	(a) SR page 37 - 39 (b) SR page 73 (i) SR page 107 (ii) SR page 117
2-27 Compliance with laws and regulations	(a) Good Governance, Anti-Bribery and Anti-Corruption Affirmation	(a) SR page 70
2-28 Membership associations	(a) About BSN, Partnerships	(a) SR page 13

GRI Content Index

GRI Standard	Section	Information Location
5. Stakeholder engagement		
2-29 Approach to stakeholder engagement	(a) Stakeholder Engagement	(a) SR page 37 - 39
2-30 Collective bargaining agreements	(a) Employee Health, Safety and Well-Being, Freedom of Association and Collective Bargaining	(a) SR page 107
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	(a) Economic Performance, Economic Results	(a) SR page 82
201-4 Financial assistance received from government	(a) About BSN, Products and Services Portfolio - Guarantee(s) from the MOF in respect of BSN's micro financing programmes	(a) SR page 16
GRI 202: Market Presence 2016		
202-2 Proportion of senior management hired from the local community	All employees at all levels are hired locally	
GRI 203: Indirect Economic Impacts 2016		
203-2 Significant indirect economic impacts	(a) Financial Inclusion, Performance Against Mandate	(a) SR page 54 - 56
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	(a) Good Governance, Procurement Oversight and Transparency, Local Procurement	(a) SR page 80
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	(a) Good Governance, Anti-Bribery and Anti-Corruption Affirmation	(a) SR page 70
205-2 Communication and training about anti-corruption policies and procedures	(a) Good Governance, Communications and Programmes	(a) SR page 71
205-3 Confirmed incidents of corruption and actions taken	(a) Good Governance, Anti-Bribery and Anti-Corruption Affirmation	(a) SR page 70
GRI 206: Anti-competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There is no legal action pending or completed during the reporting period regarding anti-competitive behavior or violations of anti-trust and monopoly legislation	
GRI 207: Tax 2019		
207-1 Approach to tax	(a) Good Governance, Taxation and Zakat	(a) SR page 78
GRI 3 Material Topics 2021		
3-1 Process to determine material topics	(a) Materiality Assessment	(a) SR page 40 - 43
3-2 List of material topics	(a) Materiality Assessment	(a) SR page 40 - 43

GRI Standard	Section	Information Location
3-3 Management of material topics	(a) Deliberation of Material Topics (i) Financial Inclusion (ii) Customer Experience (iii) Good Governance (iv) Economic Performance (v) Innovation and Digitalisation (vi) Climate Change (vii) Data Privacy and Cybersecurity (viii) Employee Health, Safety and Well-Being	(a) SR page 46 - 125
GRI 302: Energy 2016		
302-1 Energy consumption within the organisation	(a) Climate Change, Responsible Consumption, Energy Management	(a) SR page 98
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	(a) Climate Change, Greenhouse Gas ("GHG") Emissions	(a) SR page 93
305-2 Energy indirect (Scope 2) GHG emissions	(a) Climate Change, Greenhouse Gas ("GHG") Emissions	(a) SR page 94
305-3 Other indirect (Scope 3) GHG emissions	(a) Climate Change, Greenhouse Gas ("GHG") Emissions	(a) SR page 94
305-4 GHG emissions intensity	(a) Climate Change, Greenhouse Gas ("GHG") Emissions	(a) SR page 93
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	(a) Employee Health, Safety and Well-Being, Workforce Diversity: (i) Recruitment (ii) Turnover	(i) SR page 110 (ii) SR page 111
401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	(a) Employee Health, Safety and Well-Being, Remuneration and Employee Benefits	(a) SR page 112
401-3 Parental leave	(a) Employee Health, Safety and Well-Being, Remuneration and Employee Benefits	(a) SR page 112
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being: (i) Occupational Health and Safety Policy (ii) BSN's Occupational Safety and Health ("OSH") Approach	(i) SR page 120 (ii) SR page 120
403-2 Hazard identification, risk assessment, and incident investigation	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being: (i) Occupational Health and Safety Policy (ii) OSH Committee (iii) Branch Safety Inspection Programme	(i) SR page 120 (ii) SR page 121 (iii) SR page 121 - 122

GRI Content Index

GRI Standard	Section	Information Location
403-3 Occupational health services	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being: (i) OSH Committee (ii) Branch Safety Inspection Programme (iii) Ergonomics Programme	(i) SR page 121 (ii) SR page 121 - 122 (iii) SR page 123
403-4 Worker participation, consultation, and communication on occupational health and safety	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being, OSH Committee	(a) SR page 121
403-5 Worker training on occupational health and safety	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being, OSH-Related Training	(a) SR page 122
403-6 Promotion of worker health	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being: (i) Remuneration and Employee Benefits (ii) Employee Engagement, Employee Health Screening	(i) SR page 112 (ii) SR page 118
403-8 Workers covered by an occupational health and safety management system	All employees are covered by BSN's Occupational Safety and Health Management System	
403-9 Work-related injuries	(a) Employee Health, Safety and Well-Being, Work-Related Injuries	(a) SR page 123
GRI 404: Training and Education 2016 2018		
404-1 Average hours of training per year per employee	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being, Talent Development	(a) SR page 114
404-2 Programs for upgrading employee skills and transition assistance programs	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being, Learning and Development	(a) SR page 113 - 115
404-3 Percentage of employees receiving regular performance and career development reviews	(a) Employee Health, Safety and Well-Being, Health, Safety and Well-Being, Employee Engagement, Performance Reviews	(a) SR page 119
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	(a) Board of Directors 	
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	A strict no discrimination policy is practiced. (a) Employee Health, Safety and Well-Being, Respect for Human Rights	(a) SR page 106 -107
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	(a) Employee Health, Safety and Well-Being, Corporate Social Responsibility ("CSR")	(a) SR page 124 - 125

GRI Standard	Section	Information Location
GRI 415: Public Policy 2016		
415-1 Political contributions	No political contributions were made directly and indirectly during the reporting period	
GRI 417: Marketing and Labeling 2016		
417-2 Incidents of non-compliance concerning product and service information and labeling	There were no instances of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling during the reporting period	
417-3 Incidents of non-compliance concerning marketing communications	There were no instances of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion and sponsorship during the reporting period	
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no breaches of customer privacy or losses of customer data during the reportin period	

TCFD Index

In developing our climate-related disclosures, the Bank has adhered to the guidance provided by JC3's TCFD Application Guide for Malaysian Financial Institutions. These disclosures are structured around the four thematic areas: Governance, Strategy, Risk Management, and Metrics and Targets.

TCFD Element	Recommended Disclosures	Disclosures	Page References	Section References
Governance				
Disclose the organisation's governance around climate-related risks and opportunities	G1 (Basic) - Board Oversight of Sustainability and Climate-related Matters	a) Describe nature of Board oversight and accountability with respect to sustainability and climate-related matters, risks and opportunities.	35 - 36	Sustainability Governance
	G2 (Basic) - Sustainability Governance Structure Including Climate-Related Matters at the Management Level	b) Describe management-level sustainability governance structure as well as processes for sustainability and climate-related matters, including accountability, responsibility, and decision making.	35 - 36	Sustainability Governance
	G3 (Basic) - Sustainability and Climate-Related Board Credentials	c) Describe the initiatives undertaken and training programmes conducted annually to build capacity of Board members and management on sustainability issues including climate-related matters and the relevant credential obtained by the Board members.	About Us - Board of Directors ②	www.bsn.com.my ②
	G4 (Basic) - Sustainability and Climate-Related Training		96	Institutional Strengthening
	G5 (Basic) - Sustainability and Climate-Related Discussions in Board Meetings	d) Describe the frequency of Board meetings per year in which sustainability and climate-related issues have been and/or a summary of key climate-related issues and initiatives deliberated.	35	Sustainability Governance
	G6 (Stretch) - Sustainability/ Climate-linked Remuneration	e) Describe the relationship between top management performance against specified sustainability and climate-related targets.	35	Sustainability Governance

TCFD Element	Recommended Disclosures	Disclosures	Page References	Section References
Strategy				
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	S1 (Basic) - Identification of Climate-Related Risks and Opportunities	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	75, 92	Climate-Related Risks and Governance, Climate Change
	S2 (Basic) - Impact of Climate-Related Risks and Opportunities	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	75, 92	Climate-Related Risks and Governance, Climate Change
	S3 (Basic) - Strategy and Risk Appetite on Climate-Related Risks and Sustainability Measures	c) Describe strategy and appetite regarding climate-related risks and opportunities, and the measures towards sustainability in the financial institution's business activities.	75, 92	Climate-Related Risks and Governance, Climate Change
Risk Management				
Disclose how the organisation identifies, assesses and manages climate-related risks	R1 (Basic) - Process for Identifying and Assessing Climate-Related Risks	a) Describe the organisation's processes for identifying and assessing climate-related risks.	75, 95	Climate-Related Risks and Governance, Climate Risk Management
	R2 (Basic) - Process for Managing Climate-Related Risks	b) Describe the organisation's processes for managing climate-related risks.	75, 95	Climate Risk Management and Portfolio Profiling
	R3 (Basic) - Process for Integrating <ol style="list-style-type: none"> 1. Process for Identifying and Assessing Climate-Related Risks and 2. Process for Managing Climate-Related Risks into Overall Risk Management 	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	75, 95	
Metrics and Targets				
Disclose the metrics and targets used to assess and manage relevant climate-related risks	M1 (Basic) - Key Climate-Related Metrics	a) Describe the metrics or climate-related targets used to assess climate-related risks and opportunities.	30-34, 93	Sustainability Framework, GHG emissions
	M2 (Basic) - Key Climate-Related Targets	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	30-34, 93	Sustainability Framework, GHG emissions

Statement of Assurance

SGS (Malaysia) Sdn Bhd,
OT-7, Quayside Tower, Kompleks Perniagaan Gamuda,
Persiaran Freeisia, Gamuda Kemuning 25.7,
42500 Telok Panglima Garang, Kuala Langat,
Selangor, Malaysia

Certificate No.: F580101/KL/IN/10913 (500001296)

ASSURANCE STATEMENT

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in the period 01/01/2023 – 31/12/2023 for

Bank Simpanan Nasional
Wisma BSN, 117 Jalan Ampang, 50450 Kuala Lumpur

has been verified in reference to ISO 14064-3:2019 as meeting the requirements in reference to:

WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard

To represent a total amount of:

2,897.35 t CO₂e (Scope 1 emissions)

22,565.84 t CO₂e (Scope 2 emissions)

12,695.60 t CO₂e (Scope 3 emissions)

Note: Scope 2 emission from East Malaysia operation excluded, as no data presented at time of verification assessment.

FOR THE FOLLOWING ACTIVITIES

Banking operations of Bank Simpanan Malaysia throughout Malaysia.

SCOPE

SGS (Malaysia) Sdn Bhd has been contracted by Bank Simpanan Malaysia (hereinafter referred to as "BSN") for the verification of direct and indirect carbon dioxide (CO₂) equivalent emissions as provided by BSN as displayed in their GHG Assertion in the form of Environment Performance Indicator (Revision Post OFI).

CONTENT

The management of BSN is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.

It is SGS responsibility to express an independent GHG verification opinion on the emissions as provided in the BSN GHG Assertion for the period 01/01/2023 – 31/12/2023.

SGS conducted a third-party verification following the requirements of ISO 14064-3:2019 of the provided CO₂ equivalent assertion in May 2024. The assessment included a desk review, interviews and site visits to the key locations. The verification was based on the verification scope, objectives and criteria as agreed between BSN and SGS on 29/2/2024.



SGS (Malaysia) Sdn Bhd,
OT-7, Quayside Tower, Kompleks Perniagaan Gamuda,
Persiaran Freeisia, Gamuda Kemuning 25.7,
42500 Telok Panglima Garang, Kuala Langat,
Selangor, Malaysia



LEVEL OF ASSURANCE

The level of assurance agreed is that of limited assurance for Scope 1, 2 and 3 emissions.

SCOPE

BSN has commissioned an independent verification by SGS of reported CO₂ equivalent emissions arising from their activities, to establish conformance with the guidance of the 'GHG Protocol - A Corporate Accounting and Reporting Standard' within the scope of the verification as outlined below. Data and information supporting the CO₂ equivalent assertion were historical in nature and proven by evidence.

STATEMENT OF INDEPENDENCE

SGS Group of companies is the world's leading testing, inspection, and certification, operating in more than 140 countries. SGS is recognized as the global benchmark for sustainability, quality and integrity. SGS (Malaysia) Sdn Bhd affirm our independence from BSN, being free from bias and conflicts of interest with the organization, its subsidiaries, and stakeholders.

The assertion of BSN emissions of greenhouse gases follows the methodological approach and scope of GHG Protocol. This approach includes the following:

- Organizational boundary was established following the operational control approach.
- Activities: Banking operations, office buildings, rest houses, store and other purpose-built buildings
- Location/boundary of the activities: Malaysia
- GHG sources, sinks and/or reservoirs included:
 - Scope 1 – stationary combustion, mobile combustion, fugitive emissions
 - Scope 2 – purchased electricity (West Malaysia operation only)
 - Scope 3 – business travel, employee commute
- Types of GHGs included: CO₂, N₂O, CH₄, and HFCs
- GHG information for the following period was verified: 01/01/2023 – 31/12/2023
- Intended user of the verification statement: Bank's stakeholders

OBJECTIVE

The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the CO₂ equivalent emissions are as declared by the organization's CO₂ equivalent assertion
- That the data reported are accurate, complete, consistent, transparent and free of material error or omission.

CRITERIA

Criteria against which the verification assessment is undertaken are the requirements of WRI/WBCSD GHG Protocol – A Corporate Accounting and Reporting Standard.

MATERIALITY

The materiality required of the verification was considered by SGS to be below 10% for Scope 1, Scope 2 and Scope 3 emissions, based on the needs of the intended user of the GHG Assertion.

SGS (Malaysia) Sdn Bhd,
QT-7, Quayside Tower, Kompleks Perniagaan Gamuda,
Persiaran Freesia, Gamuda Kemuning 26.7,
42500 Telok Panglima Garang, Kuala Langat,
Selangor, Malaysia

**CONCLUSION**

The GHG information of BSN for the period 01/01/2023 – 31/12/2023 disclosing Scope 1 emissions of 2,897.35 tonnes CO₂ equivalent and Scope 2 emissions of 22,565.84 tonnes CO₂ equivalent were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives, and criteria. A further 12,695.60 tonnes of CO₂ equivalent from scope 3 sources were verified by SGS to a limited level of assurance, consistent with the agreed verification scope, objectives, and criteria.

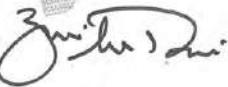
Based on the process and procedure conducted in reference to ISO 14064-3: 2019, nothing has come to SGS attention that cause SGS to believe the Greenhouse Gas Emission statement as reported in Environment Performance Indicator (Revision Post GF), has not been prepared and presented fairly, in all material respects, in reference to WRI/WBCSD Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard and criteria defined above.

On behalf of SGS (Malaysia) Sdn Bhd, QT-7, Quayside Tower, Kompleks Perniagaan Gamuda, Persiaran Freesia, Gamuda Kemuning 25.7, 42500 Telok Panglima Garang, Kuala Langat, Selangor, Malaysia


Mohd Shaharudin Bin Shaharman
Lead Auditor
SGS (Malaysia) Sdn Bhd


Mohd Rastam Bin Mokhtar
Director
SGS (Malaysia) Sdn Bhd

In the presence of:


Zarir Mohd Rawi

Chief Operating Officer
Chairman, Sustainability Taskforce
Bank Simpanan Nasional

Kuala Lumpur, 30th May 2024

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