



Progressive Islamic Cooperative Bank.

MISSION

Enhance economic well-being of our members, and...



Enhancing economic well-being of our members, customers and nation.

Conscious
Irawa

Behaviour
Mulia

Ident
kin

C
kin

Tr
kin

C
kin

Diligent
Rajin



ANCHORED ON VALUES

This year's cover celebrates Bank Rakyat's distinct corporate culture, anchored by six core values. These values have been defined by the letters R.A.K.Y.A.T to encourage constant reminders and understanding within every employee. **R.A.K.Y.A.T** - Rajin (Diligent); Amanah (Trustworthy); Kompeten (Competent); Yakin (Confident); Akhlak Mulia (Exemplary Behaviour) and Takwa (God-Conscious).

This **R.A.K.Y.A.T** culture was introduced to foster a positive work culture among our employees and continues to guide the workforce towards higher performance, delivered in signature style.

Together, the word **RAKYAT** is featured on the cover as the bedrock upon which the Bank strives to provide the best possible service to all stakeholders. The prominence of green foliage and the seaside as core landscapes highlights the Bank's drive to protect natural resources through sustainable initiatives.

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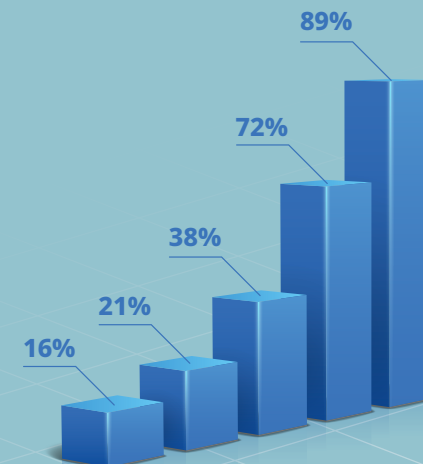
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About Us

Our story began humbly in 1954 in Bukit Mertajam, Penang. We were originally established as Bank Agong Kampong Bekerjasama-sama Persekutuan Tanah Melayu Dengan Tanggongan Berhad.



BANK RAKYAT OVERVIEW

We are the LARGEST ISLAMIC cooperative bank

in the country and the second largest Islamic financial institution in terms of asset size. Our journey began as a pioneer cooperative bank in 1954 with the mandate to raise the social and economic status of rural communities, provide opportunities for self-improvement and to build a better future for their families as well as their communities for the stability and prosperity of our nation. We have proudly surpassed this mandate.

We became known as Bank Kerjasama Rakyat Malaysia (Bank Rakyat) in 1973 and extended our membership to individuals. Governed by our by-laws and the Bank Kerjasama Rakyat (Malaysia) Berhad Act 1978, we are allowed to provide financing to non-members as well. We now serve not just our members, but also individuals, businesses, corporations, MSME and a whole range of others.

Our Strength

Employees

6,117
personnel

Customers

8.54
million

Shareholders

817,631
individuals and cooperatives

Total Assets

RM117.33
billion

Profit Before Taxation and Zakat

RM1.70
billion

Members' Share Capital

RM2.99
billion



148
BRANCHES
NATIONWIDE

BANK RAKYAT OVERVIEW

Our Principle Activities

Our principal activities are those of a cooperative that carries out banking activities based on Shariah principles through accepting deposits and providing financial services for retail and commercial needs.

Our Mantra

We are engraved distinctly in Malaysia's banking history and will endeavour to remain **"Your Bank of Choice"** by becoming **"Malaysia's No. 1 Progressive Islamic Cooperative Bank"**.

Our Legacy

Our ongoing legacy has been one of unyielding courage, formidable spirit and commendable achievements. The numerous local, regional and international awards we have received over the years proves that we are not only a major player in the domestic Islamic banking scene but also an international leader in Islamic banking.

Our Product

Personal Banking

Savings-i Account, Personal Financing-i, Auto Financing-i, Home Financing-i, Pawn Broking-i, Education Financing-i, Credit Card-i and Debit Card-i.

Business Banking and Cooperative

i-bizRAKYAT, e-Current Account-i, Term Financing-i, Bridging-i, Contract Financing-i, Cash Line-i, Tijari, Share-i and working capital for Ar-Rahnu X'Change, Micro Financing-i, Cooperative Financing-i, Business Property-i, Commercial Hire Purchase-i and Small Medium Enterprise-i.

CORPORATE INFORMATION

Bank Website

www.bankrakyat.com.my

Bank Secretary

Mohamad Khairil Abidin

Auditor

Auditor General of Malaysia
National Audit Department
Aras 9, Blok F2, Kompleks F,
Lebuhraya Perdana Timur, Presint 1,
Pusat Pentadbiran Kerajaan Persekutuan,
62000 Putrajaya.

Tel: 03-8091 1000

Fax: 03-8091 1454

Cooperative Registration Office

2192

Registered Office

Bank Kerjasama Rakyat Malaysia Berhad
Tingkat 35, Menara 1,
Menara Kembar Bank Rakyat,
No. 33, Jalan Rakyat, KL Sentral,
50470 Kuala Lumpur.

Corporate Office

Bank Rakyat
Tingkat 35, Menara 1,
Menara Kembar Bank Rakyat,
No. 33, Jalan Rakyat, KL Sentral,
50470 Kuala Lumpur.

Tel: 03-2612 9600

OUR BUSINESS PILLARS



Members

To ensure continuous success by collectively directing the company's affairs, whilst maintaining shareholders' confidence by ensuring the appropriate interests of shareholders and stakeholders are met. Further, to deal with issues relating to business, finance, corporate governance, corporate social responsibility and corporate ethics in a transparent manner.



Customers

To conduct business in a fair and transparent manner by providing Shariah compliant banking services and products, to offer prompt, courteous and effective services and to focus on sound corporate governance and responsible financing.



Cooperative Movement

To steer the development and advancement of the cooperative movement and contribute to making the cooperative movement a force in the economic growth of the nation.



Islamic Principle

To uphold an exemplary Islamic financial system by providing Shariah compliant financial services that is exceptional, recognised and trusted, with the aim of being acknowledged as a model Islamic development finance institution.



Society

To effect positive changes in society by providing Islamic financial services and corporate social responsibility activities that will elevate the standard of living and well-being of Malaysians.



Nation

To be a responsible corporate citizen that is not just driven by profit, but more notably, bringing positive changes to the economy, generating jobs and spearheading economic activities that will assist Malaysia in achieving a developed nation status with a high-income economy.

THE BANK RAKYAT BRAND

NO. 1
LARGEST ISLAMIC COOPERATIVE BANK IN MALAYSIA

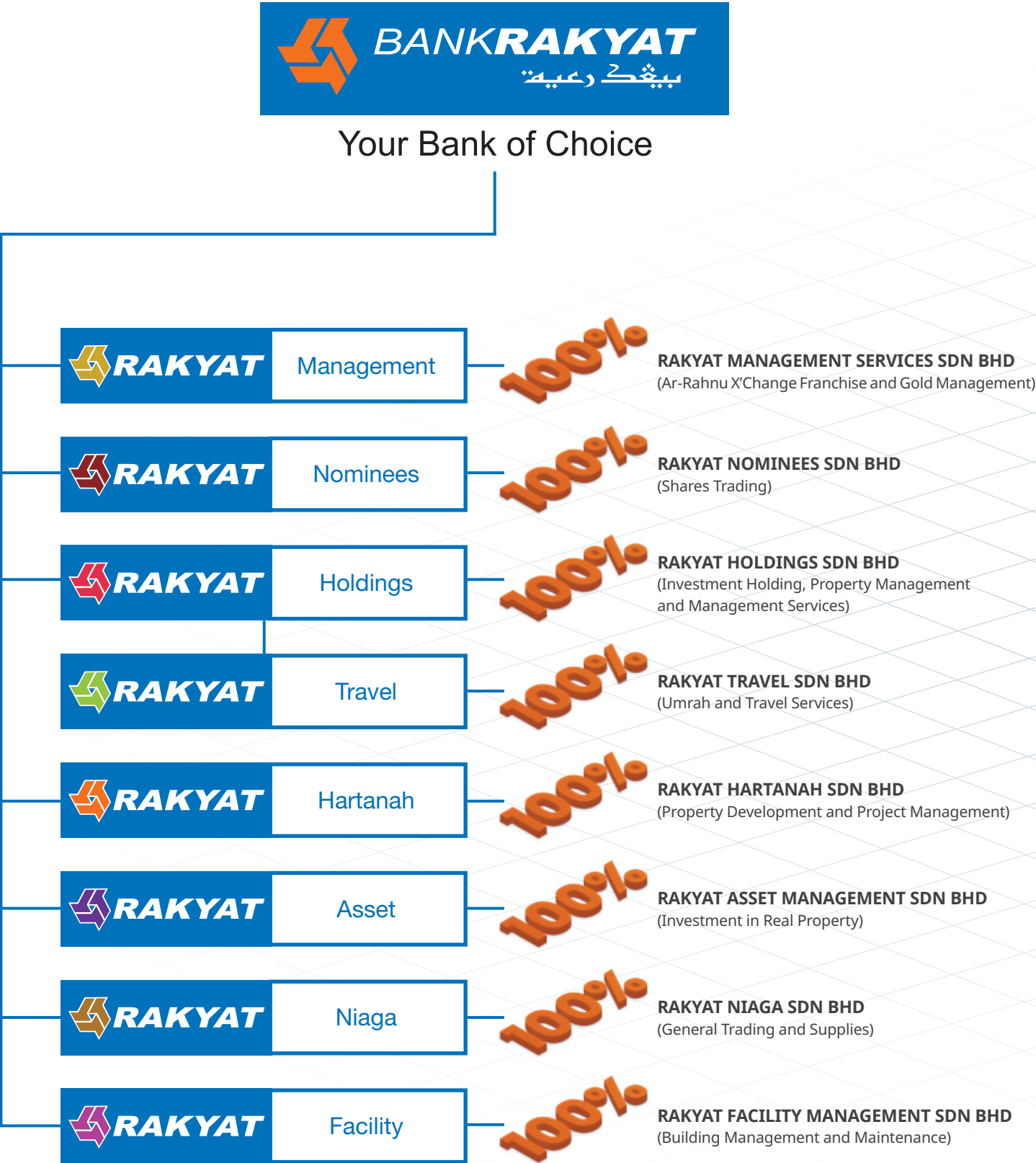
PREMIERE COOPERATIVE MALAYSIA 2021

(The Top Cooperatives for 2021 by Suruhanjaya Koperasi Malaysia (SKM))

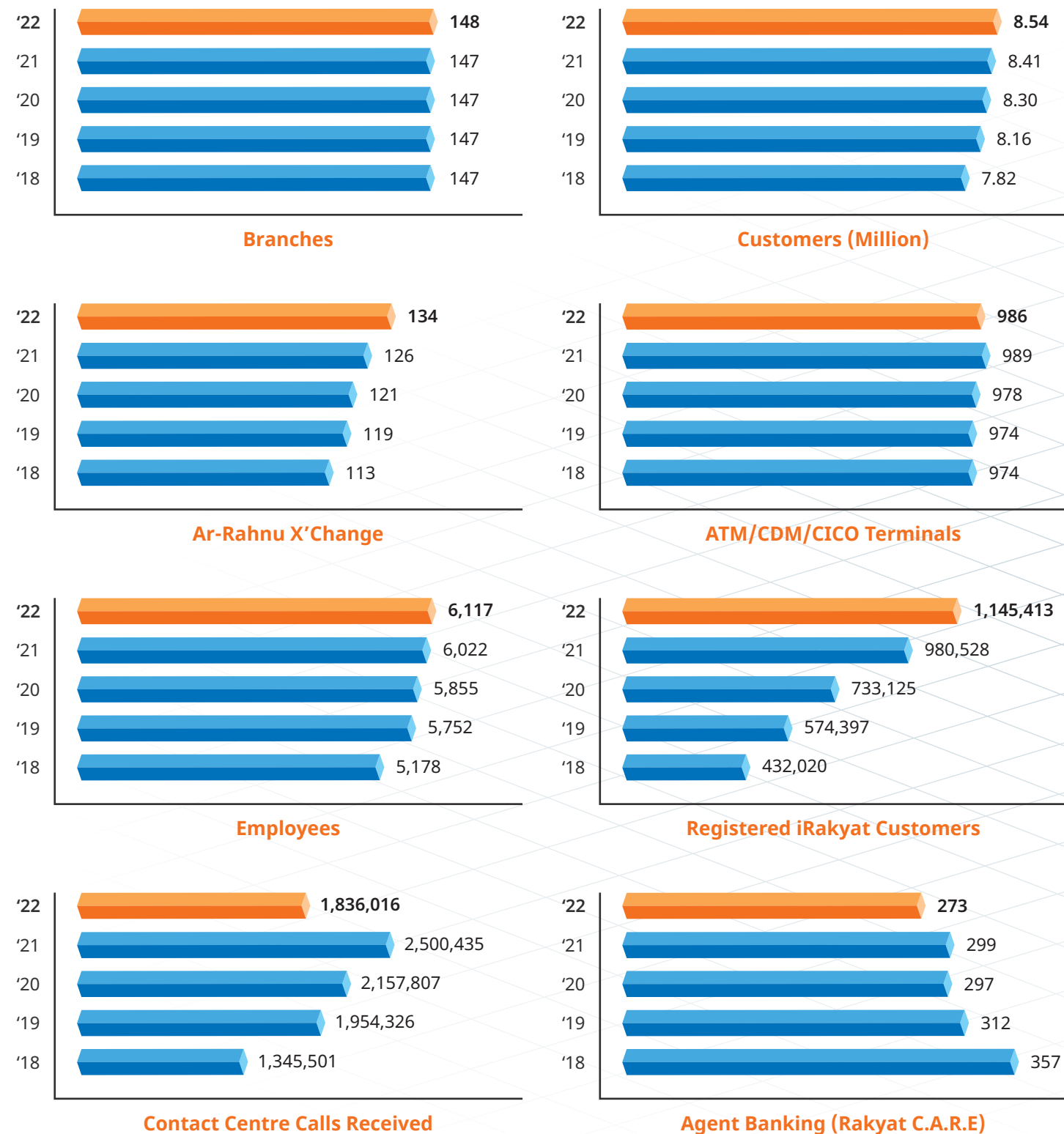
2ND
LARGEST DEVELOPMENT FINANCIAL INSTITUTION IN MALAYSIA

(Assets Size)

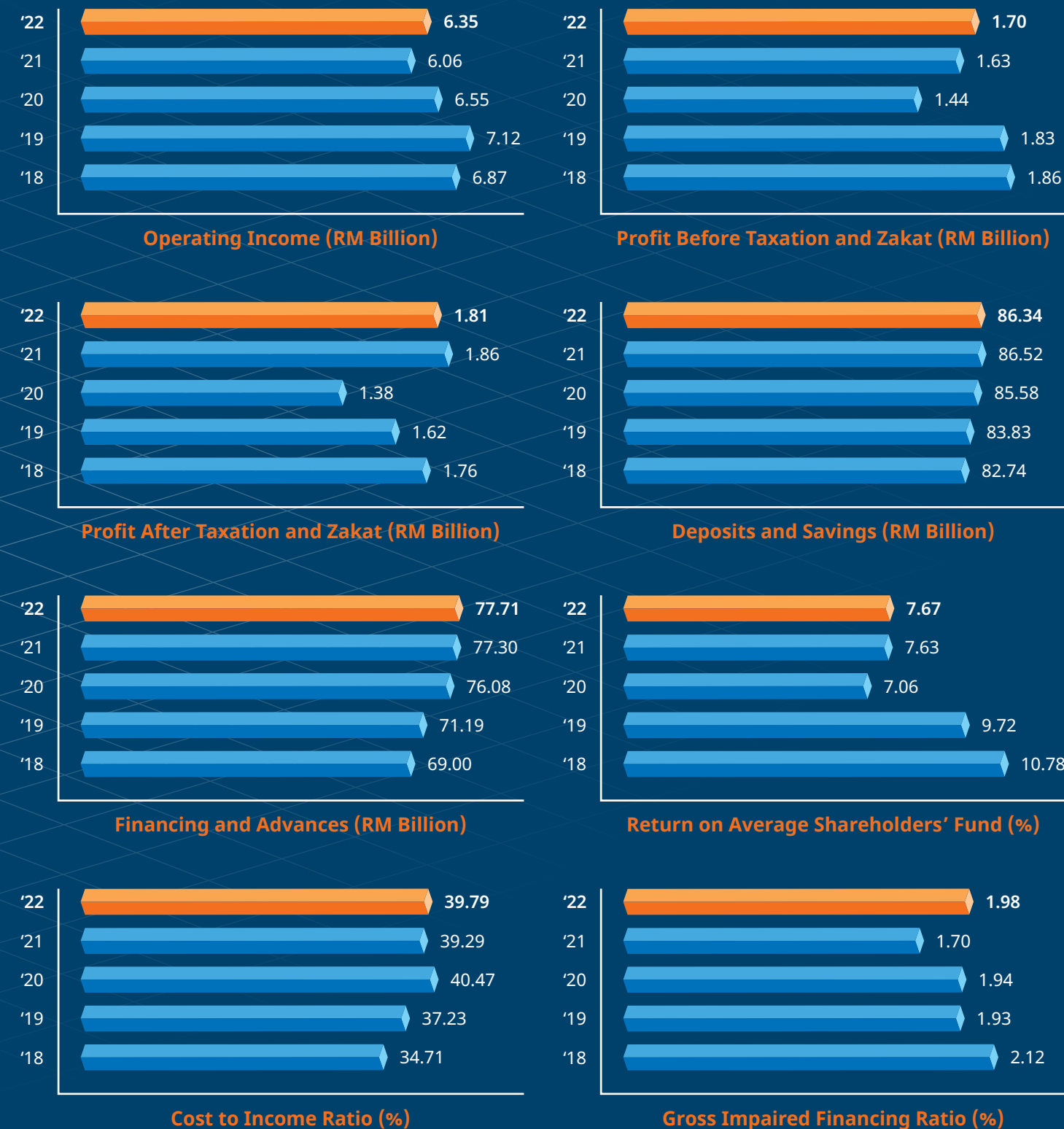
GROUP CORPORATE STRUCTURE



FIVE-YEAR PERFORMANCE (NON-FINANCIAL)



FIVE-YEAR PERFORMANCE (FINANCIAL)



OUR PRESENCE THROUGHOUT MALAYSIA

Branches

148

Offers full-fledged Islamic banking services.

27

Ar-Rahnu X'Change

Offers Islamic pawn broking services.



Rakyat Xcess

4

Offers essential services except Ar-Rahnu X'Change.

21

Rakyat Xcess and Ar-Rahnu X'Change

Offers Islamic pawn broking and essential services.



Bank Rakyat Service Agent

78

A special programme where cooperative is appointed as agent to market product and banking facilities of Bank Rakyat.



273

Rakyat C.A.R.E

Offers basic banking services, especially in rural areas in a cost effective way through the use of non-banking retail channel.

Bank Bergerak/ ARROW

7

Offers mobile basic banking services and Islamic pawn broking (Ar-Rahnu) through dedicated vehicle assigned at specific locations.



986

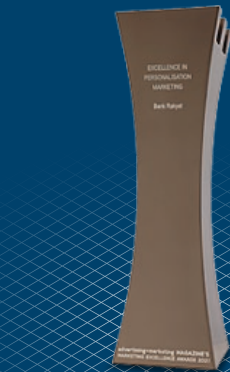
ATM/CDM/CICO

Provide self-service banking facilities that cater basic banking services (i.e. deposit, withdrawal, fund transfers etc).

OUR PRESENCE THROUGHOUT MALAYSIA

STATE	BRANCHES	AR-RAHNU X'CHANGE	RAKYAT XCESS	RAKYAT XCESS AND AR-RAHNU X'CHANGE	BANK RAKYAT SERVICE AGENTS
Selangor	22	5	-	4	11
Kuala Lumpur/ Putrajaya	15	2	-	-	8
Negeri Sembilan	7	1	1	2	4
Johor	15	5	2	2	1
Pahang	11	1	1	2	7
Kelantan	8	2	-	1	9
Melaka	4	2	-	-	4
Terengganu	8	1	-	1	3
Perak	12	4	-	2	5
Kedah	10	3	-	3	6
Perlis	2	-	-	-	5
Sabah	13	-	-	-	2
Sarawak	14	1	-	4	7
Pulau Pinang	7	-	-	-	6
Total	148	27	4	21	78

2022 ACCOLADES



EXCELLENCE IN PERSONALISATION MARKETING 2021 BY MARKETING EXCELLENCE AWARD



INDUSTRY EXCELLENCE IN CORPORATE SOCIAL RESPONSIBILITY (CSR) BY MALAYSIA TOP ACHIEVERS 2022



THE GOLDEN GLOBE TIGERS AWARDS 2022 (ASIA EDITION) CORPORATE SOCIAL RESPONSIBILITY OF THE YEAR - NURI NUTRISI



THE GOLDEN GLOBE TIGERS AWARDS 2022 (ASIA EDITION) OUTSTANDING SOCIAL IMPACTS - RAKYATPRENEUR



EXPERTS' CHOICE AWARDS - TOP 10 RAYA TVCS 2022



BANK OF THE YEAR AWARD (CATEGORY: BEST INITIATIVES) FOR EXCELLENCE INITIATIVE IN RAKYATPRENEUR, BANK RAKYAT UNIPRENEUR AND KEBUN NURI NUTRISI - SUSTAINABILITY AND CSR MALAYSIA AWARDS



BANK OF THE YEAR FOR OVERALL SUSTAINABILITY EXCELLENCE - SUSTAINABILITY AND CSR MALAYSIA AWARDS



INTEGRITY, GOVERNANCE AND ANTI-CORRUPTION AWARDS (AIGA) 2022



LONG-STANDING EXCELLENCE IN SUSTAINABILITY - SUSTAINABILITY AND CSR MALAYSIA AWARDS



EXCELLENCE IN TOTAL REWARDS STRATEGY (GOLD) - HUMAN RESOURCES EXCELLENCE AWARDS 2022



BEST TEAM HR (MNC) (SILVER) - HUMAN RESOURCES EXCELLENCE AWARDS 2022



EXCELLENCE IN WORKFORCE MOBILITY (SILVER) - HUMAN RESOURCES EXCELLENCE AWARDS 2022

2022 ACCOLADES

ABBREVIATIONS

ABM	Association of Banks in Malaysia
ARROW	Ar-Rahnu on Wheels
BNM	Bank Negara Malaysia
BOD	Board of Directors
BRSFP	Bank Rakyat's Sustainability Framework and Policy
BU	Business Unit
CEO	Chief Executive Officer
CCPT	Climate Change and Principle-based Taxonomy
CSR	Corporate Social Responsibility
CRMSA	Climate Risk Management and Scenario Analysis
CX	Customer Experience
DFI	Development Financial Institution
DKN 2030	National Entrepreneurship Policy
ESG	Environmental, Social and Governance
EV	Electric Vehicle
FSB	Financial Sector Blueprint 2022 - 2026
GBI	Green Building Index
GRI	Global Reporting Initiative
IoT	Internet of Things
JC3	Joint Committee on Climate Change
KUSKOP	Ministry of Entrepreneur and Cooperatives Development
LED	Light Emitting Diode
MANCO	Management Committee
MSME	Micro, Small and Medium Enterprise
PDPA	Personal Data Protection Act
PMF	BNM's Performance Measurement Framework
QR2E	Quick Response to Entrepreneurs
RMS	Rakyat Management Services Sdn Bhd
SC	Securities Commission
SME	Small and Medium Enterprises
SRI	Sustainable and Responsible Investment



ACTING CHAIRMAN'S MESSAGE

Dear Stakeholders,

Assalamualaikum WBT.

I am pleased to present to you Bank Rakyat's Sustainability Report for the financial year 2022 ("FY2022"), outlining our initiatives and targets in integrating sustainability across our operations to create value for our stakeholders and drive the industry's transition towards a green economy.

Sustainability has become increasingly important in the finance industry, particularly in recent years. The urgency of climate change has made it apparent that the industry needs to step up its efforts to mitigate the effects and advocate for social change. As key players in the financial system, banks have a responsibility in driving positive environmental, economic, and social change for the benefit of all.

As an Islamic bank, Bank Rakyat has a unique approach to sustainability that aligns with our principles and values rooted in Shariah. Our approach fully supports Bank Negara Malaysia's (BNM) and the government's commitment to meeting the objectives of the Paris Agreement by enhancing our capacity as a catalyst in the transition to a green economy.

Changing Lives Through Sustainable Initiatives

The year in review saw the Bank continue to progress in our sustainability journey. With the input of our stakeholders, we developed a robust Sustainability Framework and Policy (BRSFP) that applies our unique approach to tackling climate change and contributing to the United Nations Sustainability Development Goals (UNSDGs) for socioeconomic development. Driving this Framework and Policy is the Sustainability Roadmap, a five-year plan aligned with the Bank Rakyat 2025 (BR25) strategic plan to ensure our transformation delivers sustainable value for all our stakeholders.

To enforce our commitment, Bank Rakyat has established a Sustainability Task Force, whose role is to conceptualise, develop innovative products, and integrate sustainability throughout our operations.

Throughout the year, we enhanced our digital offerings, allowing us to better serve our customers and increase our reach to the unserved and rural communities. We stepped up our physical presence as well, ensuring many more Malaysian communities have access to financial services and information.

Through our digital transformation initiatives, we hope to reduce our impact on the environment while increasing operational efficiencies and providing our customers with the best customer experience, delivered with the warm personal touch that is a hallmark of Bank Rakyat's brand and values.

DATUK MOHD IRWAN MOHD MUBARAK
Acting Chairman

ACTING CHAIRMAN'S MESSAGE

Bank Rakyat continued to play an active role at the grassroots of the communities we serve, particularly through our RAKYATpreneur and Bank Rakyat UNIPreneur programmes. More than 1,000 entrepreneurs from all states have benefitted from these programmes, the latter of which involves 24 universities across Malaysia. In addition to providing financing, these programmes take a holistic approach to helping budding asnaf entrepreneurs in the B40 segment and students to start and grow their businesses through comprehensive training sessions. It is through initiatives like these that we hope to continue to empower Malaysians with the capacity to change their lives and uplift their communities. In this report, we have included testimonies from Malaysians who have grown their businesses into success stories.

The Path to Net Zero

Given the impact of climate change on enterprise value, viability and profitability, it is imperative that Bank Rakyat integrates climate change considerations into all aspects of our operations. The Bank aligns with BNM's Climate Change and Principle-based Taxonomy (CCPT) to guide us in our financing and investment decisions. This alignment builds on BNM's Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Guideline, which informs our implementation of an impact-based risk management system.

To augment our initiatives in sustainability governance and risk management, the Bank's efforts towards achieving net zero by 2050 include making changes to our physical infrastructure. Our long-term environmental goal is to achieve carbon neutrality through energy efficiency measures, renewable energy sourcing and offsetting remaining emissions through credible carbon offset projects. We are in the process of obtaining Green Building Index (GBI) certification for our Menara Kembar headquarters in Kuala Lumpur. Our other initiatives include environmentally related volunteer activities and facilitating green growth through our financing activities. We have begun actively increasing our green financing portfolio, which includes financing and investments that support environmentally friendly projects and businesses such as electric vehicles, solar panels and green homes.

Underlining our financing initiatives is our strong adherence to ethical corporate governance, which includes transparency, accountability and responsible decision-making. This approach fosters trust among stakeholders and promotes long-term sustainability. Through our products and services, we strive to create awareness and educate our customers and the public on the importance of sustainability. In addition to these initiatives, the Bank facilitates the distribution of zakat funds, channelling them to support charitable projects and initiatives that address societal needs.



Our contributions

Our sustained profitability allows us to make financial contributions that benefit communities through zakat and Corporate Social Responsibility (CSR) funds. The Bank also supports the Malaysia Cooperative Societies Commission (MCSC) in developing the Malaysian cooperatives ecosystem via the Cooperative Education Trust Fund (CETF) and Cooperative Development Provident Fund (CDPF).

All our efforts have earned us several awards in 2022, among them Malaysia Top Achievers' Industry Excellence in Corporate Social Responsibility (CSR), Integrity, Governance and Anti-Corruption Awards' (AIGA) Anugerah Emas, The World Brands Foundation's Iconic Brand of the Year and The Golden Globe Tigers Awards (Asia Edition) for CSR of the Year for our Kebun Nuri Nutrisi programme and Outstanding Social Impacts for our RAKYATpreneur programme.

Moving forward, I'm excited to see the development of our RAKYATpreneur and Bank Rakyat UNIPreneur seed funding programmes. I believe these programmes truly embody our mandate of empowering and uplifting communities by providing access to financial tools, knowledge and resources. We will be actively involved in the growth and progress of the asnaf and asnaf student entrepreneurs, supporting them every step of the way.

While these programmes are our own initiatives, the Bank is also a participant of BNM's iTEKAD programme that provides access to capital, microfinancing and structured training to budding entrepreneurs from the lower-income communities.

Our achievements over the past year will serve as motivation for us to further strengthen our foundations within the community and the environment. We are committed to continuously innovating our approach to educate and inspire generations of Malaysians, empowering them to pursue their dreams for the socioeconomic development of our nation and the long-term sustainability of our planet. Thank you.

CEO'S MESSAGE

Dear Stakeholders,

Assalamualaikum WBT.

I am pleased to present to you Bank Rakyat's Sustainability Report for 2022. This report details our efforts in empowering communities, individuals and our contributions to the fight against climate change.

At Bank Rakyat, we are committed to making a positive impact on the environment, society, and the economy through our Islamic banking practices. As a responsible Islamic bank, we recognise the importance of sustainability and the role that we can play in creating a better future for everyone.

Our Role as the Economic Hub of the Community

Our mandate as a Development Financial Institution (DFI) is to support the socioeconomic development of the *rakyat*, particularly the B40 segment of the population.

Throughout the past year, we continued to prioritise our economic, environmental, social and governance initiatives, implementing new programmes to reduce our carbon footprint, promote financial inclusion, enhance transparency and accountability and support our communities. We also engaged with our stakeholders to understand their sustainability priorities and aligned them with our organisational strategies. We listened to our customers to improve our products and services to best suit their needs.

Throughout FY2022, we focused on enhancing our financial services that truly reflect our core identity as an Islamic cooperative bank that places the interests of its stakeholders first.

We enhanced our product offerings via physical and digital approaches to increase our reach to the B40 segment, MSME and cooperatives. Our efforts were reflected in the increase in total financing approved for businesses and individuals to RM27.17 billion in FY2022, from RM19.16 billion, previously. More Malaysians can now call themselves proud homeowners as we increased funds for affordable homes. As a cooperative bank serving the community, we focused on increasing funding for the B40 segment of the population, providing them with the capacity to improve their lives and contribute to the development of their communities.

DATO' DR. MOHAMMAD HANIS OSMAN
Chief Executive Officer



CEO'S MESSAGE



Accelerating the Green Transition

As we embrace our role as a DFI in propelling the nation's green transition, our BR25 strategic plan includes monitoring and managing our environmental impact as part of a collective effort in moving the financial services industry towards minimising the impact of climate change and ensuring the businesses we help finance contribute to this global cause in their own way.

In FY2022, we enhanced our efforts in accelerating the green transition by establishing a sustainable ecosystem that encompasses internal operations, infrastructure and external elements such as branding.

Through our financing and investment initiatives aligned with BNM's CCPT, we can now identify, classify and conduct due diligence assessments on green sectors that can accelerate the nation's goal of achieving net zero emissions and encourage the adoption of sustainability for businesses.

Our Menara Kembar Bank Rakyat is our flagship building, and we have implemented measures to obtain Green Building Index (GBI) certification, including monitoring and managing energy use, upgrading the façade, digitalising processes, recycling and creating a vertical garden.

FY2022 marks a renewed and streamlined approach to our sustainability initiatives and reporting. Moving forward, Bank Rakyat will continue to focus on enhancing and embedding the core elements of sustainability into our business operations and work culture, hand in hand with performing our duties as a DFI. Innovation and progress will be the driving points of sustainability initiatives and financing activities, meeting the evolving needs of our customers, adhering to regulatory requirements and engaging our stakeholders in driving the industry towards responsible finance.

Our progress over the past year has been encouraging, but there are many more milestones to reach in our journey to becoming a net zero organisation. Bank Rakyat will continue to build on the foundations in sustainability we have established in the past year, working towards uplifting communities, empowering Malaysians and contributing to the industry's fight against climate change.

On this note, I would like to thank the Ministry of Entrepreneur and Cooperatives Development; Bank Negara Malaysia (BNM) and all relevant regulatory bodies for their invaluable support. My gratitude extends to our Board of Directors, Management Committee, Shariah Committee and shareholders, and of course, our employees, for their continued trust and commitment.

Thank you.

MSME's form the backbone of our economy, and these businesses are also a means to uplift communities and transform lives. Through our digital transformation initiatives, we enhanced our products for businesses and equipped our Quick Response to Entrepreneurs (QR2E) platform with the Enterprise e-Biz Application or eBiz Suite, which includes Google Workspace and the MyMall e-commerce hub. The application will be continuously enhanced to enable our customers to run their entire business on a single platform.

Our mandate as a DFI includes promoting financial literacy, and Bank Rakyat is uniquely positioned to reach out to the unserved and rural communities. We increased our total access points to 1,566, from 1,494, previously. We emphasised our role as the economic hub of the communities we serve, increasing our access points in unserved and rural areas to 118. As it may be difficult for these communities to access financial services due to their location, we bring banking to them via our Bank Bergerak initiative or Bank on Wheels. We upgraded this initiative to include Ar-Rahnu, or gold and jewellery pawning, as this is an accessible method of obtaining microfinancing.

Our Agent Bank has also played a significant role in these communities by facilitating access to our financial services and promoting financial inclusion, and we continue to improve our offerings through this channel.

Of particular interest is our award-winning flagship Kebun Nuri Nutrisi programme which aims to promote food and nutrition security, agricultural education, social inclusion, economic development and entrepreneurship through farming. Bank Rakyat initiated the programme in 2019 with participation from schools and tertiary education centres throughout the nation. To date, this initiative has benefited more than 19,000 participants. In FY2022, we expanded Kebun Nuri Nutrisi into a large-scale project, partnering with the Federal Agricultural Marketing Authority (FAMA) to streamline our impact towards social and environmental goals.

Sustainability Is Rapidly Becoming a Core Focus of The Bank

“Sustainability has become increasingly important in the finance industry, particularly in recent years. The urgency of climate change has made it apparent that the industry needs to step up its efforts to mitigate the effects and advocate for social change. As key players in the financial system, banks have a responsibility in driving positive environmental, economic, and social change for the benefit of all.”

(Datuk Mohd Irwan Mohd Mubarak)





ABOUT THIS REPORT

Bank Rakyat has included its Sustainability Report as part of its Annual Report since 2017. In 2019, we produced an inaugural standalone Sustainability Report. However, as sustainability reporting systems within the Bank were nascent at the onset of the COVID-19 pandemic and with several national Movement Control Orders (MCOs) in place, it is only now we have the opportunity to renew our sustainability reporting journey.

This Sustainability Report provides an update on progress made on Bank Kerjasama Rakyat Malaysia Berhad’s (“Bank Rakyat,” or “the Bank”) sustainability roadmap in alignment with the Bank’s BR25 Strategic Blueprints.

To further strengthen the report, we prepared it with reference to the Global Reporting Initiative (GRI), taking into consideration Bank Rakyat’s most significant impacts on the economy, environment, and society and how we managed these impacts. Our report aims to enhance the transparency of our sustainability activities by continuing to contribute to the UNSDGs, as part of our responsibility as a DFI and the largest Islamic cooperative bank in the nation.

In addition, report has been prepared taking into consideration the following guidelines, frameworks and standards as stipulated below:

- BNM’s Implementation Guide for Value-based Intermediation (VBI)
- BNM Performance Measurement Framework (PMF)
- Bursa Malaysia Sustainability Reporting Guide
- United Nations Sustainable Development Goals (SDGs)
- Securities Commission (SC) Sustainable and Responsible Investment (SRI) Sukuk Framework
- BNM’s Climate Change and Principle-based Taxonomy (CCPT)
- Task Force on Climate Related Financial Disclosures (TCFD)

For comments, questions, or feedback regarding this report, please contact:

Sustainability Department
29th Floor, Tower 1, Bank Rakyat Twin Tower,
No 33, Jalan Rakyat, KL Sentral,
50470, Kuala Lumpur
Tel: 03-26129600

ABOUT THIS REPORT

Boards Responsibility Statement

The Management Committee (MANCO) and the STF have reviewed and requested the approval of the Board of Directors for this report to ensure fair and balanced reporting on the significant impacts of Bank Rakyat on the economy, environment and society. Although the contents of this report have not been externally assured, we have plans to undertake an independent assurance towards our sustainability reporting in the near future.

Scope and Basis of Reporting

The data in this report covers the entire operations of Bank Rakyat and the subsidiaries over which it has direct control and holds a majority stake during the financial year ended 31 December 2022 (“FY2022”). It does not include the Group’s value chain comprising third party contractors, suppliers and vendors.

How This Report is Structured

This report details how our BRSFP is implemented, integrated and managed across the various business units.

The information contained in the following pages incorporates:

- Findings from a strategic review that contextualises Bank Rakyat’s initiatives against local and industry best practices, as well as global Environment, Social and Governance (ESG) trends.
- New sustainability initiatives or enhancement of existing initiatives that address sustainability-related challenges at Bank Rakyat.

For disclosure purposes, the above information is categorised into four key areas:

Economic

The Bank’s activities that generate direct economic value, while our initiatives prioritise economic progress.

Environmental

The Bank’s operations that impact and are impacted by environmental matters, with emphasis on climate change mitigation. A growing number of global companies are making disclosures in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), while within Malaysia, these recommendations are outlined in BNM’s CCPT.

Social

This area covers the Bank’s impact on local communities and society, management of human capital matters and our relationship with our customers.

Governance

The Bank upholds the highest standards of integrity and acts in the best interests of our stakeholders. This area details our measures in ensuring good governance practices throughout the organisation.

OUR SUSTAINABILITY HIGHLIGHTS 2022

The year 2022 has been impactful as we continue to build a Sustainable Future for the Bank and its stakeholders via our three key BRSFP pillars of driving socioeconomic development, accelerating the green transition and strengthening our internal foundations.



Our sustainability journey highlights include:

Driving socioeconomic development

- Uplifting communities through financial inclusion and financial literacy via our various social financing programmes including RAKYATpreneur and Bank Rakyat UNIPreneur, with a total of 743 participants. We are elated that 60% of RAKYATpreneur and 66% of Bank Rakyat UNIPreneur participants saw an increase in their revenue during these capacity-building programmes.
- Green financing and capacity-building support for MSME and cooperatives to the tune of RM800 million.
- RM15.5 billion approved financing for individuals in the B40 group.
- Meeting the banking needs of the community including the rural community with 1,566 banking access points, 273 agent banks and seven mobile banking via Bank Bergerak and ARROW.
- Economic additionality because of Bank Rakyat’s activities in the economy include the sustaining of revenues and jobs of SMEs and cooperatives totalling RM4.24 billion and 4,930 jobs, respectively. Both SMEs and cooperative customers increased revenues by RM646 million and created 210 new jobs in 2022.
- Implementing BR25 Blueprint on Digitalisation and delivering an outstanding customer experience via our various innovative digital channels, i.e., iRakyat mobile banking application, our i-bizRAKYAT corporate internet banking platform and our BRICK channel for quick access to product information.
- Kebun Nuri Nutrisi, the Bank’s flagship award-winning community investment programme, aims to enhance food and nutrition security, agricultural education, social inclusion, economic development and entrepreneurship by establishing a nourishing farm.

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Accelerating the green transition via

- ESG financing segment, approving close to RM1.1 billion in financing to 25 customers, RM800 million of which falls under Green Financing and Climate Change and CCPT classification.
- Introduction of new sustainability financing products for green homes, electric vehicles and renewable energy via solar panels.
- Reducing and offsetting carbon via our Green Building Initiative for our two towers at Headquarters.
- 2,620 volunteerism hours under BaktiRAKYAT involved planting trees equivalent to 12 tonnes of carbon emissions reduction and community activities to promote a greener environment.

Strengthening our internal foundations

- Enhancing the sustainability governance structure and policies in Bank Rakyat including:
 - the implementation of the BRSFP
 - The development of the Green Financing and Investment Taxonomy
 - The crafting of the Sustainability Risk Policy
 - Engaging with BNM on the Climate Change and Principle-based Taxonomy to classify investments and financing by the Bank
 - Formation of the Sustainability Task Force
- Implementation of CCPT Measurement tools
- Capacity building for Board of Directors in the areas of Shariah and Sustainability awareness
- Capacity building for our employees in ESG Risk Assessment for Lenders and Asset Managers, ESG, Sustainability and Climate Change workshop as well as ESG - Driving Catalytic Change for Business Sustainability

OUR SUSTAINABILITY JOURNEY

Development Finance Institutions (DFIs) play a crucial role in promoting sustainability by driving inclusive and sustainable economic growth through long-term financing, technical expertise and risk mitigation facilities that support sustainable development. In alignment with the UN SDGs, DFIs invest and mobilise capital towards critical areas of sustainable development, particularly in financial inclusivity.



Bank Rakyat has always prioritised the needs of the communities we serve as a supporting partner in providing suitable, affordable and quality financial services that spur socioeconomic development.

As the largest Islamic DFI in the country, our adherence to Islamic principles provides the foundation to our sustainability approach, placing emphasis on ethical practices, social impact and environmental considerations. With this foundation firmly in place, we initiated our BR25 roadmap in 2020, which outlines six key blueprints to drive the Bank towards resilience in the face of the evolving global landscape.

Building on the BR25 blueprints, the Bank's revamped approach ensures that sustainability values and practices are embedded in our working culture, processes and products and services, with the aim of creating value for all our stakeholders in a responsible and transparent manner.

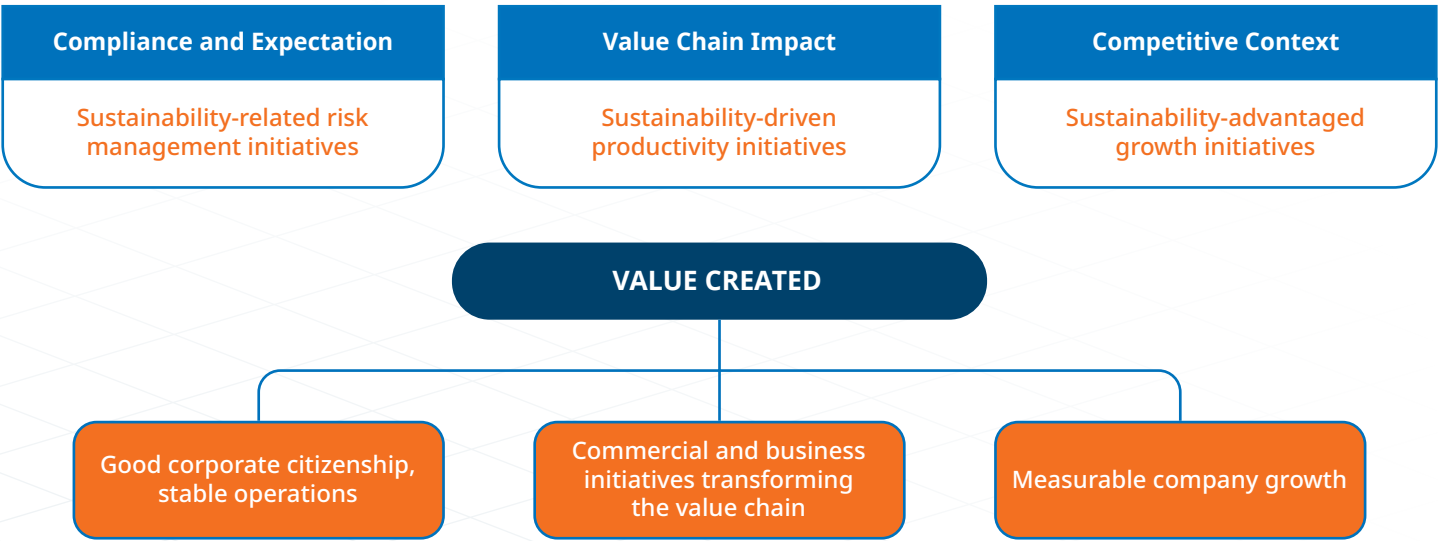


Embracing sustainability is a key growth driver for the Bank, as reflected in our organisational strategies. We adopted value chain thinking into our processes to ensure our operations and people are future-ready. This involved digitalisation and innovation within our processes and product offerings, focusing on the additionality factor of creating a positive and measurable impact. We established a Sustainability Governance Structure, Roadmap and the Bank Rakyat BRSFP.

The Bank held key stakeholder listening activities and integrated their viewpoints into formulating the BRSFP. Having established our BRSFP and Sustainability Roadmap, the Bank is now focusing our resources on further enhancing our commitment to the sustainability agenda at the forefront of the Islamic banking industry.

We have outlined both short and long-term initiatives to mobilise our resources towards generating high-impact sustainable value creation, driven by value chain thinking across the board. Towards this end, we undertook a comprehensive analysis of Bank Rakyat's value chain and categorised our initiatives according to the framework depicted below. Our value creation is underpinned by these initiatives which have been integrated into the ambitions, targets and milestones of the Sustainability Framework.

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Short-term initiatives

The Bank is focused on establishing sustainability foundations through capacity building for employees and commitment to implementing CCPT fully. The Bank has categorised short-term initiatives (1 - 2 years) as Quick Wins and High Priorities. The STF is tasked with planning and/or executing these initiatives during the Interim period of the Sustainability Roadmap.

Quick Wins

Projects categorised under Quick Wins are initiatives that are executed within two years from initiation. These initiatives began in FY2021.

Target	Action
"Greening" of Menara Kembar Bank Rakyat to achieve Green Building Index (GBI) certification	<div>1. Conducted a preliminary GBI Assessment to identify gaps in fulfilling requirements for certification.</div> <div>2. Implemented 13 "greening" initiatives for GBI certification including:<ul style="list-style-type: none">• Creating a vertical garden.• Switching to energy-efficient lighting.• Introducing a recycling programme.</div>
Digitalisation of workflows and processes	<div>1. Identified current gaps in existing infrastructure and moved towards modular, cloud-enabled architecture. Prepared prerequisites for new digital initiatives aligned with BR25.</div> <div>2. Centralised all digitalisation initiatives under one dedicated department to monitor progress and streamline initiatives.</div> <div>3. Enhanced existing digital platforms and launched new ones to improve accessibility, efficiency, security and enhance customer experience .</div> <div>4. Developed a five-year strategic plan (FY2023 - FY2027) with three phases to digitalise key mechanisms.</div>

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High Priorities
High Priority projects are aimed at meeting compliance expectations and regulatory requirements.

Target	Action
Bank-wide capacity-building on sustainability and ESG	<div>1. Implemented BRSFP.</div> <div>2. Established the STF to implement and execute initiatives aligned with BR25 and Sustainability Roadmap.</div> <div>3. Proposed the Sustainability Awareness and Capacity-building Programme that includes training and certification under BR25 recalibration.</div> <div>4. Strengthened sustainability governance.</div>
Establishment of systems and/or processes to report the proportion of the Bank's portfolio classified as C1-C5, per BNM's CCPT requirements	<div>1. Replaced Due Diligence Assessment & Classification of Economic Activities in Green Financing with a more user-friendly CCPT measurement methodology to provide more granular definition of accounts and expedite the due diligence process.</div> <div>2. Simplified CCP classification process through automation.</div> <div>3. Scheduled CCPT training for employees.</div> <div>4. Completed CCPT reporting.</div>
Establishment of ESG risk approach, including setting the ESG risk appetite of the Bank and integrating ESG risk assessment processes into relevant BU's day-to-day activities	<div>1. Developed the Sustainability Risk Policy.</div> <div>2. Established related governance structure.</div> <div>3. Proposed gap analysis and implementation plan on BNM's Policy Document on Climate Risk Management and Scenario Analysis (CRMSA) issued in November 2022.</div> <div>4. Developed VBI related banking products and services.</div>
Establishment of internal SRI Sukuk Framework	Sukuk Sustainability Working Group (SSWG) established.

Long-term Initiatives

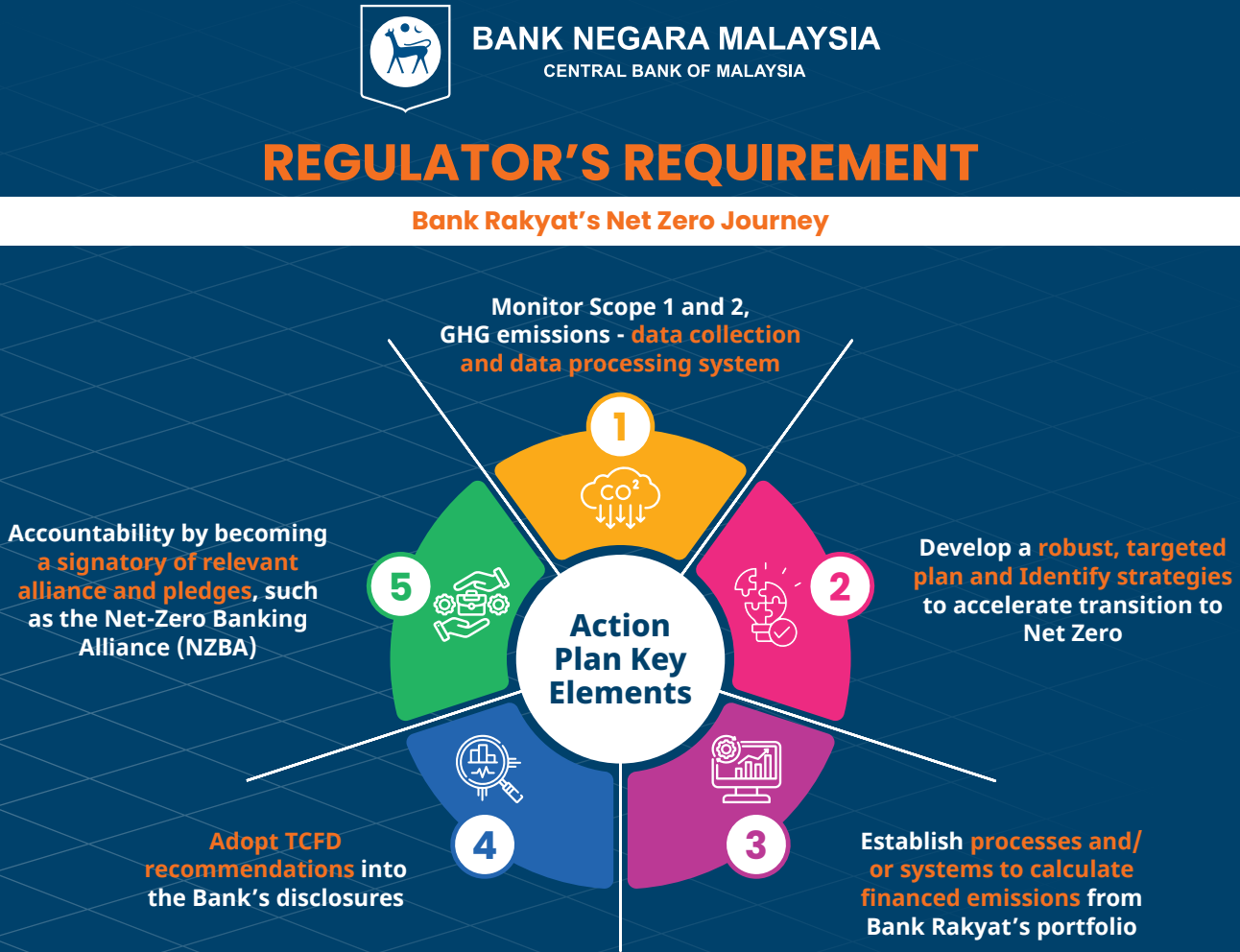
In the fight against climate change and its impacts, banks and financial institutions have adopted the TCFD framework to steer their organisations towards net zero emissions. The Net Zero target by 2050 has become an industry expectation.

BNM, under the Joint Committee on Climate Change (JC3), has urged Malaysian financial institutions to facilitate the transition to a low-carbon economy, outlining the industry's collective initiatives and approaches in policies and frameworks.

Towards this end, Bank Rakyat has aligned with BNM and government initiatives to accelerate the industry's green transition. The overarching goal of our long-term initiatives is to become a carbon neutral or net zero organisation by 2030 for our operational emissions (Scope 1 and 2) and achieve net zero for both operations and portfolio by 2050.

In FY2022 Bank Rakyat established key milestones, deliverables, and approaches to long-term initiatives in our Sustainability framework, which maps our Net Zero Journey. Each milestone in the Net Zero Journey involves integrating sustainability into our operations, building capacity, and implementing reporting methodologies guided by and/or in compliance with the VBI, TCFD, CCPT and CRMSA, in addition to industry frameworks and policies already adopted by the Bank.

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In FY2022, the Bank's execution of the BRSFP involved key environmental initiatives aligned with the Bank's Sustainability Framework and Mission statement under the environmental pillar Accelerating the Green Transition.

Reducing and offsetting carbon emissions

- Targeted GBI certification for our headquarters in Kuala Lumpur. Conducted a preliminary assessment to determine the measures to implement for certification, and these measures were executed accordingly.
- Planted 500 trees (equivalent to 12,144-kilogram carbon dioxide offset) via our BaktiRAKYAT Programme.

Facilitating Green Growth

- Targeted RM300 million for ESG financing.
- Developed and launched green personal financing packages for EV, Solar Panels and Green Homes.

Enhanced sustainability policies and reporting

- Developed and implemented the Green Financing and Investment Business Taxonomy including CCPT Measurement Methodology to assess the customers in meeting the climate objective.
- Establish the Sustainability Risk Management Policy to a) ensure business activities and strategy are aligned with the risk appetite and commitment on sustainability; b) define the governance structure, aligned with the Bank's Group Risk Management Framework.
- Collected data and submitted CCPT reporting.
- Established the Sustainability Task Force to advise on, develop and monitor the Bank's implementation of sustainability initiatives across operations.

ABOUT THIS REPORT



SHARIAH LEADERSHIP IN SUSTAINABILITY

Bank Rakyat is the largest Islamic cooperative bank in Malaysia, and the second largest Islamic financial institution in terms of asset size. One of our Business Pillars is to uphold an exemplary Islamic financial system by providing Shariah compliant financial services that are exceptional, recognised and trusted, with the aim of being acknowledged as a model Islamic development finance institution.

Although Shariah and sustainability in the banking industry evolved at separate times, there is a high degree of compatibility between the principles of both in that they are focused on promoting the welfare of people and the planet and showing that purpose and economic growth can exist side by side. As such, the Bank’s commitment to Shariah principles forms a natural bedrock which strengthens our contribution to the UNSDGs, as we embark on reporting our Environmental, Social and Governance impacts. Further the underlying ethical values of Islam enhance our efforts to support our customers as they transition to a green economy by assessing our financing and investment activities according to VBI commitments.

The concept of embodying Shariah Leadership is the foundation of the BRSFP, cutting across all three sustainability pillars and contributing towards the Bank’s vision of Building a Sustainable Future.

Our BRSFP aligns with BNM’s VBI Framework that aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with shareholders’ sustainable returns and long-term interests.

As a member of the VBI Community of Practitioners, Bank Rakyat jointly developed the VBIAF - Guidance Document. The guidance document aims to facilitate the implementation of an impact-based risk management system for assessing the financing and investment activities of Islamic financial institutions in line with their respective VBI commitments. The VBIAF also serves as a reference for financial institutions to incorporate environmental, social and governance (ESG) risk considerations in their risk management system.

Internally, Bank Rakyat has included embodying Shariah Leadership in our approach to the leadership and culture, operations, products and services, transparency and stakeholder management aspects of Economic, Environmental, Social and Governance sustainability material topics.

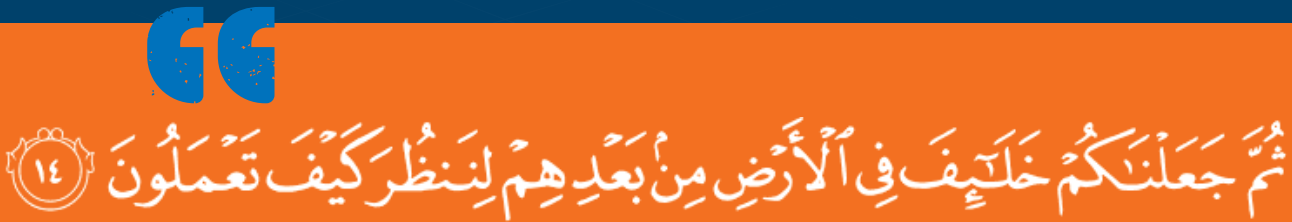
The Bank has outlined clear indicators for increasing public awareness and understanding of Shariah concepts and Islamic finance, and for collaborating with industry peers to align the Islamic finance ecosystem with socioeconomic development objectives. To play our part in catalysing the socioeconomic development of the communities we serve and support BNM’s Financial Inclusion agenda, the Bank continuously strives to provide access to suitable, affordable, and quality Shariah-compliant financial services and products to all segments of society, contributing to balanced and sustainable economic growth and development. This is underpinned by our digitalisation initiatives and our efforts in widening our reach into the unserved and rural areas.

From a leadership perspective, it is crucial that the Bank’s leadership set the right tone from the top and ensure it cascades down to the operations and offerings in compliance with Shariah, without compromise. The “right tone” includes instilling self-discipline among employees and other stakeholders through transparent commitment, shaping the right behaviour through an inclusive culture and striving for continuous improvement by proactively adopting best practices.

By Embodying Shariah Leadership and ensuring that Shariah principles remain deeply embedded within our culture, practices and products, Bank Rakyat strives to usher in a more equitable, just and sustainable Malaysia.

The Annual Report 2022 identifies the members of the Shariah Committee (pages 100 to 109) and outlines the various Shariah related activities Bank Rakyat have demonstrated its Shariah Leadership as the largest Islamic bank in Malaysia. (Refer pages 46 to 47).

OUR SUSTAINABILITY APPROACH



“Thus We have made you trustees on earth, so We could see how you would act”.

al-Quran 10:14 (Surah Yunus)

Sustainability at the Core of Our Business

Islamic environmental ethics are based on the following principles: One God (Tawhid), Stewardship (Khilafa), Responsibility (Amanah), Balance (Mizan) and Justice (Adl). The earth has been entrusted to Man and it must be cared for and protected accordingly. As such, Bank Rakyat’s adherence to Islamic principles forms the backbone to our approach towards sustainability and daily operations.

Sustainability is one of the central challenges of the 21st century as organisations attempt to balance market demands for growth with the need to manage their impact on society and the natural environment.

Islamic finance principles emphasise fairness and serve to protect the stakeholders in the financial system from speculation and uncertainty. It promotes a balanced life in the world and the Hereafter under Maqasid Shariah and Shariah Law, which is based on adherence to obligations to Allah and responsibilities towards the community. Maqasid Shariah revolves around the five principles of protection of faith (*al-din*), protection of life (*al-nafs*), protection of intellect (*al-aql*), protection of lineage (*an-nasl*) and protection of property/wealth (*al-mal*).

Islamic finance strives to promote a thriving society via inclusive and equitable development. This is observable in Islam’s prohibition of usury/interest (*riba*), which translates to unjust exploitative gains made in trade or business.

In doing business, Islamic financial institutions are accountable towards their stakeholders and have fiduciary duties in ensuring their actions benefit the communities they serve. As the largest Islamic cooperative bank in Malaysia, our commitment to uplifting communities and safeguarding the environment is reflected in our Core Values of *Rajin* (Diligent); *Amanah* (Trustworthy); *Kompeten* (Competent); *Yakin* (Confident); *Akhlak Mulia* (Exemplary Behaviour); and *Takwa* (God-conscious) that anchor our corporate culture. Since our establishment in 1954, we have been the rakyat’s Bank of Choice, with an enduring history of raising the social and economic status of rural and unserved communities. This is our mandate and guiding principle that has and will continue to shape our organisational goals. Recognition of this obligation has led to the desire to enhance and solidify our accountability for responsible and sustainable economic growth based upon Islamic values.

Sustainability is defined according to the UNSDGs and BNM’s VBI initiatives. The VBI aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with the shareholders’ sustainable returns and long-term interests.



OUR SUSTAINABILITY APPROACH

Both the UNSDGs and the VBI promote ESG elements as the criteria for assessing the impact of sustainability practices. In the context of the Bank's operations, the incorporation of the Economic element will be a distinguishing factor in determining the underlying values and priorities that will benefit the Bank's stakeholders.

The Bank aims to be a model for other domestic financial institutions to generate meaningful progress on the UNSDGs. Our BR25 strategic Blueprint for sustainability supports UNSDGs and adopts VBI elements of identifying positive and negative impacts of the Bank's financing and investing activities on stakeholders.

The Bank views sustainability as a journey of transformation by deepening our commitment to holistic value creation through enhanced data governance, systems, policies and processes. This forward-looking perspective builds upon the Bank's dual status as an Islamic cooperative bank and Development Financial Institution (DFI).

Bank Rakyat's sustainability initiatives and goals are detailed in our BRSFP and are aligned with our mission to drive socioeconomic development for the nation and accelerating the green transition.

The Bank has an intrinsic role and duty to serve the nation through sustainable value creation. While sustainability, traditionally, has not been a central pillar of the strategy, the Bank has always created an overwhelmingly positive impact particularly via our socially targeted initiatives aimed at uplifting communities, ensuring financial inclusion for rural communities, supporting SMEs and microentrepreneurs through training, outreach and advisory, enhancing financial literacy and educating the next generation. Our activities in this space have resulted in broader sustainability-related impacts in terms of job opportunities and increased revenues for our business customers (refer to page 23) and we are well-positioned to pursue this focus through our ongoing and future activities.



It is a natural progression for the Bank, as the largest domestic DFI, to be the catalyst for change by embracing and leading sustainable development, particularly in the areas of Social and Governance.

Our leadership role is reflected in our efforts to promote the development of the SME sector, supporting and advising these businesses in starting and enhancing their own sustainability journeys. In 2019, the Bank became the first local organisation to partner with the United Nations in Malaysia's Together for Sustainable Development Goals programme to champion SDG programmes in the country. In this sense, Bank Rakyat is not just a cooperative Islamic bank, but an organisation that continuously strives to incorporate sustainability throughout the value chain.

SUSTAINABILITY GUIDING PRINCIPLES

Establishing a solid foundation of good governance and ethical culture firmly rooted in Shariah values ensures a robust approach to sustainability by leveraging the convergence of Islamic finance and the sustainability agenda.

The Bank has identified five (5) Sustainability Guiding Principles which serve as the foundation for our BRSFP and guide top-level decision-making on all matters related to sustainability. These principles incorporate Shariah values, VBI, the CCPT, UNSDGs, GRI Standards 2021, in addition to the Malaysian Code on Corporate Governance (2021) and other internal and external policies.

Sustainable impact creation – Maximising positive impacts while reducing negative impacts on society and the environment.

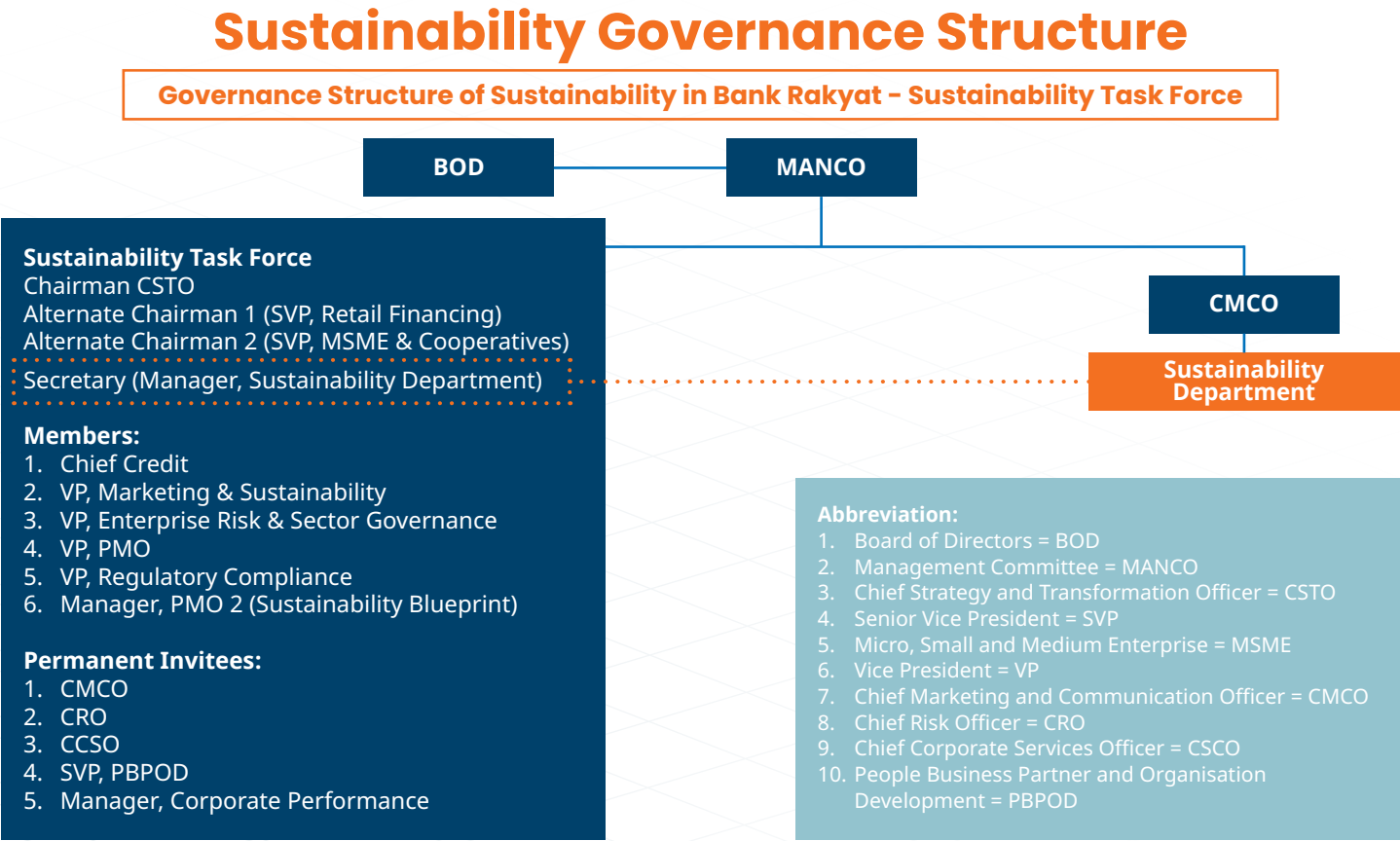
Customer and Member Support – Proactively engaging with our customers and members to encourage them to embrace sustainable practices.

Stakeholder Engagement and Partnership – Actively consulting, engaging and partnering with relevant stakeholders to effectively manage sustainability-related risks and leverage opportunities for sustainable growth.

Impact-based Risk Management – Implementing appropriate measures to ensure robust management of sustainability-related risks across the organisation.

Supportive Workplace – Providing a conducive work environment where our employees can thrive, develop their capabilities and contribute to the Bank's sustainability agenda.

OUR SUSTAINABILITY APPROACH



Bank Rakyat has established a robust and comprehensive sustainability governance structure, with clearly delineated roles and responsibilities for all entities involved, ensuring successful integration of sustainability and effective management of ESG matters.

Our governance structure provides clear insight and ownership of the Bank's sustainability strategy and management of climate-related risks.

Bank Rakyat's Board of Directors is the ultimate body responsible for ensuring the effective integration of sustainability considerations into all activities and operations. The Board oversees the Bank's sustainability strategy, sustainability integration and overall ESG risk management which is then implemented, monitored and overseen by the MANCO. The MANCO is tasked with the effective execution of the Bank's sustainability strategy, principally by monitoring and driving the implementation of the Bank's sustainability initiatives, projects, and programmes.

STF was set up in 2022 and plays a pivotal role in driving the sustainability agenda within Bank Rakyat and ensuring the oversight of sustainability strategy and implementation across all the Bank's activities. The STF is headed by a chairman and comprises the Heads of our various Business Units and is supported by the Sustainability Department.

The main task of the STF is to develop and implement the BRSFP and related policies according to the Sustainability Blueprint, ensuring the adoption of Value Chain Thinking throughout the organisation through sustainability programmes and initiatives.

Our Value Chain Thinking encourages us at BR to think about interconnections between various parts of our business. Rather than focusing on specific business activities or business units in isolation, we consider our organisation as a whole. In doing this, we continually review our sustainability-related initiatives and ensure they are fully integrated into our BRSFP to guide our sustainability strategy. We look for opportunities to enhance or transform our value creation for all stakeholders whilst ensuring economic growth for the Bank. This approach ensures that our stakeholders such as businesses, also become contributors to the transformation of our value chain, by using their own economic growth to create jobs, upskill and source local materials.

The STF works in tandem with the Chief Marketing and Communications Officer (CMCO) and Sustainability Department to ensure a uniform integration of sustainability throughout the Bank's operations, products and services. The embedding of a solid sustainability foundation in the Bank enables the execution of the Bank's sustainability strategy and capacity building for the employees.

OUR SUSTAINABILITY APPROACH

Sustainability is the way forward for the financial industry. As financiers of innovation and development, the behind-the-scenes role of banks is as crucial to the global sustainability aspirations as the innovations themselves in achieving net zero.

While there may be tensions between the desire for profit and responsible banking, banks need to consider wider stakeholders' interests, including their customers, investors, and society at large, when making financial decisions. Ultimately, balancing profitability and sustainability requires a holistic organisational approach that includes a commitment to responsible financing, investment in green and sustainable projects, and adopting sustainable business practices.

From another perspective, incorporating sustainability in our business model creates plenty of opportunities in new markets, innovation, and improving operational efficiency. As a DFI with a mandate to uplift Malaysian communities, this approach provides us with a broader and deeper understanding of the needs of the people we serve, paving the way for sustainable value creation.

Balancing profitability, sustainability, and value creation

As a financial institution, Bank Rakyat balances profitability, sustainability and value creation by considering factors that are unique to each element, while also considering their synergies and potential.

Our approach to this balancing act includes managing profit rate spreads, providing fee-based services to sustain revenue streams, implementing effective risk management controls, diversifying our offerings and ensuring we focus on operational efficiency and cost control. Throughout this, we strive to maintain profitability and sustainable growth in delivering value to our stakeholders through dividends and capital appreciation.

Our profitability goals blend well with the requirements of sustainable practice and further augment our services. We have integrated environmental, social and governance factors into our financing decision-making process and operations, as outlined by the CCPT and VBIAF, supporting sustainable projects and initiatives while adapting our own procedures and infrastructure.

As a DFI with a strong presence at grassroots level, we promote responsible financing practices and advocate for financial inclusion and support for unserved communities via our many initiatives such as Kebun Nuri Nutrisi, Bank Bergerak and funding for affordable housing.

Placing people and communities first

Every initiative at Bank Rakyat starts with the customer's needs and how we address them. Our customer-centric approach has been the hallmark of our brand since the very beginning, and we are proud to have played a significant role in the development of our nation. With the developments in technology and digitalisation, we can better address these needs and build even stronger relationships with our customers.

Our people are the heart of our operations, and the Bank has invested in establishing a positive and conducive workplace that recognises and develops their talents. Our remuneration packages are highly competitive to attract and retain the best in the market and place us far above the rest of the industry. By ensuring the well-being of our people, they can pay it forward by providing the best possible customer service.



OUR SUSTAINABILITY APPROACH



Besides providing access to financial education and funding, the Bank also takes a proactive approach in contributing to communities through our philanthropic initiatives that address environmental and social needs. We recognise our responsibility to ensure that the next generation can continue to enjoy the bounties and beauty of nature, just as we did. As nature has provided its resources for us, we shall provide for nature. Similarly, we strive to give back to the communities that have given us the privilege of supporting their growth and development. While these initiatives are not aimed at profit, they provide returns of another kind both in the afterlife and in the joy and sincerity of sharing *rezeki*, or blessings, with others.

A robust supporting structure for sustainability

The expectation by Malaysian regulators for financial institutions to integrate sustainability into organisational governance, and our own initiative to raise the standards of transparency and accountability, have led us to establish a strong sustainability function in the form of our Sustainability Task Force (STF).

The STF plays a vital role in ensuring the planning and integration of sustainability across our operations align with the targets in our Strategic Plan. Sustainability ownership, roles and responsibilities, the reporting structure, as well as communication and collaboration among our various Business, Support and Control units are clearly defined by the STF placing

our sustainability targets in clear view. Adherence to laws and regulations is important for us to have good governance and to remain operationally sound. To this end we will adhere to both CCPT and to the CRMSA as set out by BNM.

We recognise the need to continue to build trust among our stakeholders including our members, customers, employees and regulators as the nation's largest Islamic bank. Achieving a sustainable society is an enormous challenge and our role at the Bank continues to be one of making meaningful environmental and social impacts through our business and services. As we continue to learn and transform and discover how we can create additional value, the STF will continue to work tirelessly to integrate sustainability across our existing business and support units' activities effectively. Each and every employee is vital in ensuring we do this successfully. We shall support our clients in their own sustainability journeys with sustainability linked products and services as well as our ongoing advisory and training support. We will also continue to be proactive in embedding sustainability in our own operations through various initiatives such as our Green Building Index project. As our sustainability foundations have been laid and put firmly in place, we progress on our sustainability journey to the next phase of further enhancing our initiatives for a greener, brighter future for all.

SUSTAINABILITY IMPLEMENTATION

Bank Rakyat’s Sustainability Framework and Policy (BRSFP)

Our BRSFP aims to enhance the initiatives and ambitions in the six BR25 Blueprints, which are digitalisation, great customer experience, human capital, small and medium enterprises value creation centre, sustainability and Shariah governance.

The BRSFP acts as a compass in our journey towards sustainability providing clear direction for the Bank’s sustainable transformation. By operationalising the BRSFP, Bank Rakyat has embraced sustainability as a growth driver for the organisation.

In establishing the BRSFP, Bank Rakyat’s existing initiatives and practices were compared against industry best practices, global ESG trends, as well as guiding frameworks, standards and regulatory requirements. The BRSFP was developed in accordance with the following regulatory requirements, as well as in reference to external initiatives, standards and guidelines.

Standard, Framework, Guideline or Regulation	Details	Input to Sustainability Framework
Bank Negara Malaysia (BNM) Implementation Guide for Value-based Intermediation (VBI)	VBI places emphasis on generating measurable positive and sustainable impact to the economy, community and environment by integrating Shariah principles in banking practices, conduct and offerings.	The Sustainability Framework focuses on Bank Rakyat’s outward social impact. VBI is reflected across all pillars of the Sustainability Framework.
BNM Performance Measurement Framework (PMF)	Requires development financial institutions (DFIs) to have a performance measurement framework, through which the DFI can monitor its role in supporting the development agenda of the nation.	Reflected across all pillars of the Sustainability Framework. Key indicators incorporated into the Implementation Guidebook.
Global Reporting Initiative (GRI) Standards	A set of globally-recognised sustainability reporting standards. Provides guidance on materiality, as well as key metrics and indicators that should be considered for organisations’ material topics.	Has guided materiality assessment and will guide Implementation Guidebook on data tracking. Reflected across all pillars in the Sustainability Framework.
Bursa Malaysia Sustainability Reporting Guide	The Sustainability Reporting Guide provides guidance on materiality, as well as key metrics and indicators that should be considered.	Guidance on materiality has informed materiality assessment and prioritisation. Reflected across all pillars in the Sustainability Framework.
Sustainable Development Goals (SDGs)	Global sustainability goals established by the United Nations. The Sustainability Framework is aligned to 5 key SDGs.	Targets within these 5 SDGs will guide and be incorporated into this Implementation Guidebook.
Securities Commission (SC) Sustainable and Responsible Investment (SRI) Sukuk Framework	Aims to facilitate the financing of sustainable and responsible investment initiatives.	Reflected in the “Accelerating the Green Transition” pillar.
United Nations Principles for Responsible Investment (UN PRI)	Guides investors to integrate ESG considerations to manage risks and enhance returns.	Reflected in the “Accelerating the Green Transition” pillar. To be elaborated in this Implementation Guidebook.
Task Force on Climate-related Financial Disclosures (TCFD) Recommendations	Voluntary climate-related financial disclosures related to governance, strategy and risk.	Guidance on integration into existing risk management, strategy and governance will be included in this Implementation Guidebook. Effective risk management will be reflected in the “Accelerating the Green Transition” pillar.
BNM Climate Change and Principle-based Taxonomy (CCPT)	CCPT requires financial institutions to integrate climate change risk management into their banking and investment activities.	Guidance on integration into existing risk management, strategy and governance will be included in this Implementation Guidebook. Effective risk management will be reflected in the “Accelerating the Green Transition” pillar.

SUSTAINABILITY IMPLEMENTATION



SUSTAINABILITY VISION

To Build a Sustainable Future for the Bank and its stakeholders



SUSTAINABILITY MISSION

Bank Rakyat will Build a Sustainable Future by driving socioeconomic development for the nation and accelerating the green transition

Bank Rakyat’s commitment to Building a Sustainable Future is supported by three pillars to create sustainable value for the Bank and its stakeholders which are tied to the UNSDGs. The concept of Embodying Shariah Leadership forms the foundation of the BRSFP, cross cutting all three pillars in contributing towards the Bank’s vision of Building a Sustainable Future.

Pillar 1: Driving Socioeconomic Development for the Nation

Guiding principles:

- Empowering individuals
- Uplifting communities
- Supporting and sustaining businesses



SUSTAINABILITY IMPLEMENTATION

United Nations Sustainable Development Goals (UNSDG) alignment:



For Malaysia to become a sustainable and inclusive nation, there is a pressing need to reduce socioeconomic inequalities and support marginalised communities. Bank Rakyat remains committed to empowering individuals and uplifting communities, providing access to information and resources and enhancing capabilities.

By nurturing entrepreneurs, promoting financial literacy and financial inclusion, and encouraging the development of communities across Malaysia, Bank Rakyat aims to enable inclusive socioeconomic development and build a more sustainable future for all.

- Goals:
- Create a measurable positive impact on the wellbeing of our customers, members, communities, and public.
 - Act as a key enabler for entrepreneurs and SMEs by supporting their growth.

Pillar 2: Accelerating the Green Transition

- Guiding Principles:
- Reimagining banking and financial services
 - Advancing financial inclusivity
 - Facilitating green growth
 - Protecting the environment

UNSDG alignment:



The financial sector plays a crucial role in enabling the transition to a low-carbon and more sustainable economy. Bank Rakyat is committed to mobilising its resources to safeguard the environment and achieve positive environmental outcomes.

By reimagining the banking system and experience, Bank Rakyat strives to support the growth of socially responsible

businesses, expand access to financial services and encourage the development of new, innovative and environmentally friendly technologies. These efforts aim to promote positive change across Malaysia.

- Goals:
- Establish a robust portfolio of sustainable finance products that enable the transition to a low-carbon economy.
 - Provide an enhanced range of digital offerings for a seamless cross-platform customer experience.

Pillar 3: Strengthening Our Internal Foundations

- Guiding Principles:
- Nurturing a future-ready workforce
 - Fostering a supportive workplace

UNSDG alignment:



At the heart of Bank Rakyat's journey of sustainable transformation is our commitment to developing, nurturing and supporting our workforce. We will continue to invest in our human capital, ensuring that our employees are equipped with the skills and knowledge they need to progress in their careers and support the Bank's strategic ambitions.

We aim to cultivate a culture of continuous learning and high performance, both of which will ensure that our workforce can address current and future social, economic and environmental needs.

Our commitment to Islamic principles underpins these pillars. By embodying Shariah leadership and ensuring that Shariah principles remain deeply embedded within our culture, practices and products, Bank Rakyat strives to contribute to creating a more equitable, just and sustainable Malaysia.

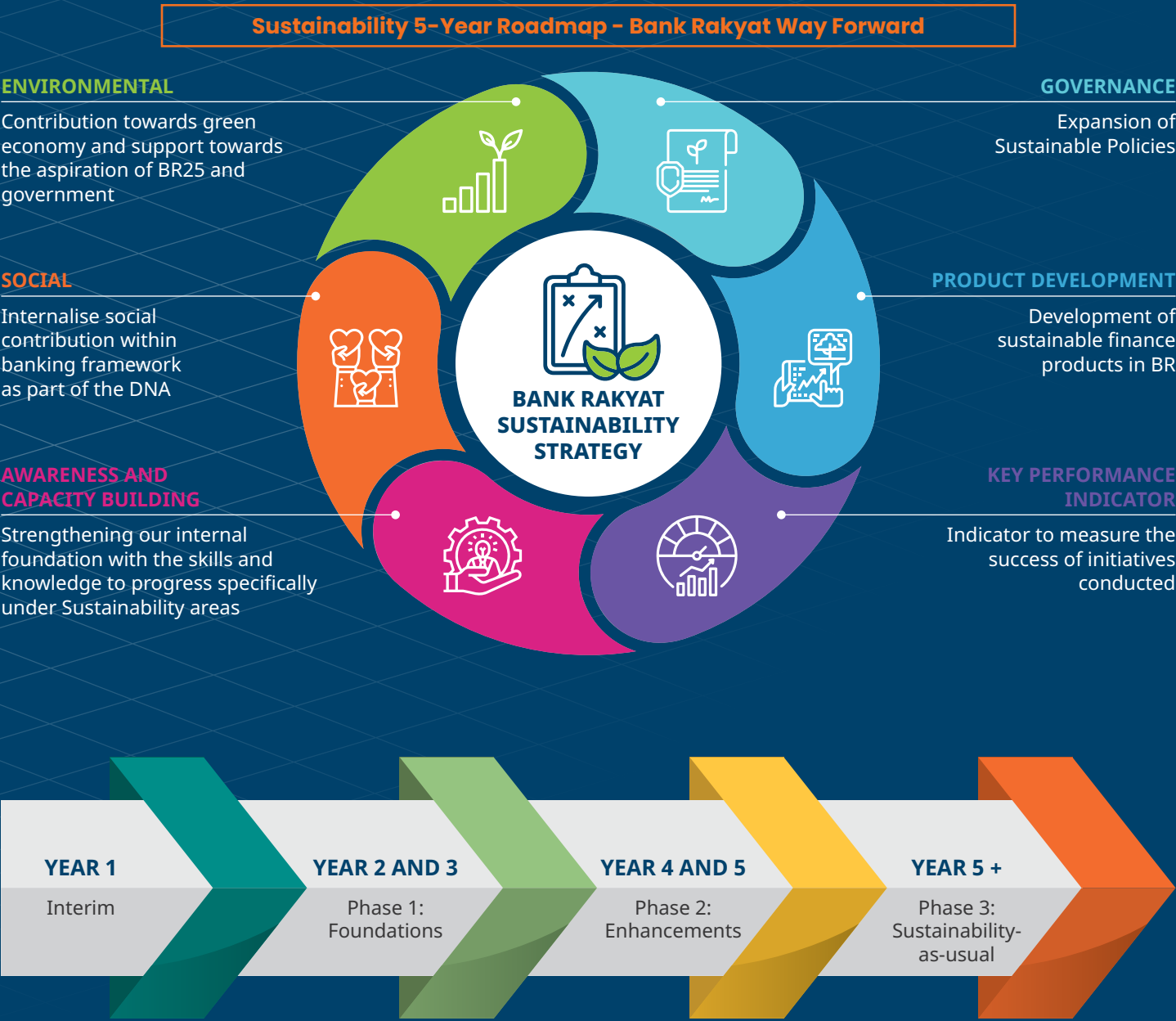
- Goals:
- Establish a future-ready workforce to drive the Bank's sustainable transformation.
 - Establish Bank Rakyat as a leader in the Islamic finance industry, with a workforce that embodies Shariah principles.

SUSTAINABILITY ROADMAP

Sustainability Roadmap

Bank Rakyat launched its five-year Sustainability Roadmap to drive initiatives in the Framework towards the targets outlined in the BR25 Strategic blueprints and ensure long-term transformation across our business units.

The Roadmap will be implemented in five (5) phases focusing on six (6) key areas, with the initial groundwork conducted during the Interim of FY2022 and Phase 1. Each subsequent phase builds on the progress made, with the goal of integrating sustainability into the core of Bank Rakyat's culture.



SUSTAINABILITY ROADMAP

YEAR 1 (2022)

Throughout FY2022, Bank Rakyat established the groundwork for driving the Sustainability Roadmap and integrating sustainability throughout our operations.

Targets/tasks	Actions/achievements
Sustainability Task Force (STF)	<p>The STF was established in FY2022, comprising representatives from each business unit (BUs) who are responsible for advising the MANCO on ESG matters throughout the interim period.</p> <p>The advisory role includes:</p> <ol style="list-style-type: none">1. Enable the Bank to introduce and rollout sustainability-linked products and services.2. Enable the Bank to ensure that Sustainability considerations are embedded into existing business3. Support units' activities including meeting the regulatory requirements (such as CCPT reporting).4. Review and provide regular progress updates on Sustainability to Management Committee (MANCO) and Board of Directors (BOD).
Expanding the Sustainability Department (initiative led by STF)	The Bank has begun recruiting and allocating resources to expand the Sustainability Department to ensure integration of sustainability across the Bank's operations.
Board of Directors	The Board holds ultimate responsibility over sustainability integration at Bank Rakyat via BR25 Sustainability Blueprint
Management Committee	<p>The Management Committee's responsibilities are:</p> <ol style="list-style-type: none">1. Steering, coordinating, and ensuring the effective execution of Bank Rakyat's sustainability strategy across the organisation, in line with the BRSFP2. Monitoring and advising on the implementation and execution of sustainability initiatives across the Bank.3. Communicating Board-approved sustainability policies or strategies to employees for execution.
Human Capital, in conjunction with Sustainability Department	Human Capital and the Sustainability Department are tasked with organising training and capacity-building activities for employees across the Bank's operations to enhance ESG knowledge and practical implementation.



OUR APPROACH: CORPORATE GOVERNANCE ROADMAP



Bank Rakyat is committed to enhancing transparency and corporate governance to build trust among stakeholders. We strive to maintain the highest standards of corporate governance, which is crucial for ensuring we meet the needs of our stakeholders and support long-term sustainability. The Bank adheres to applicable laws, regulations, and industry best practices while fostering a culture of transparency, accountability and ethical conduct. Our sustainability governance is underpinned by our strategy document, BR25 Blueprint on Sustainability and our robust BRSFP which guides the implementation of sustainability in Bank Rakyat's strategy, policies and practices to become a sustainable bank.

A comprehensive coverage of Bank Rakyat's Corporate Governance is available in the Annual Report 2022 (pages 124 to 177). The following is a summary of relevant information regarding Bank Rakyat's governance structure and composition and sustainability strategy, policies, practices and stakeholder engagement.

BOARD OF DIRECTORS

Composition and Independence

Bank Rakyat's Board of Directors is composed of highly qualified individuals from diverse backgrounds, ensuring a balanced representation of skills, expertise and experience. As of 31 December 2022, the Board comprises ten (10) members, with one (1) Independent Non-Executive Chairman, seven (7) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors (nominees from the Ministry of Finance (MOF) and Ministry of Entrepreneur and Cooperatives Development (KUSKOP or the Minister).

The composition of the Board considers a variety of factors, including gender, age, educational background, professional experience, skills and knowledge. The Directors come from a variety of backgrounds and have expertise and skills in banking, accounting, law, information technology, socioeconomics/public policy and public administration. This diversity enables the Board to have the critical capabilities, expertise and experience necessary to conduct its functions effectively. The profile of each Director is on pages 90 to 99 of the Annual Report. The composition promotes independence in decision-making and reduces conflicts of interest.

The Board of Directors at Bank Rakyat has clearly defined roles and responsibilities. It provides strategic guidance, sets the company's objectives and monitors the management's performance. The board ensures effective risk oversight, approves major corporate decisions and oversees the company's corporate governance framework.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP

Governance Structure

Bank Rakyat has established a robust governance structure to facilitate accountability and transparency and ensure responsible business conduct. The Bank follows a clear division of responsibilities, separating the roles of the Chairman and the CEO, in line with Corporate Governance best practices. The Bank follows the recommendations of the BNM's Corporate Governance Policy Document (CG Policy) for DFIs and primary legislative and regulatory provisions such as the Development Financial Institutions Act 2002. This separation of duties ensures a balance towards better supervision and effective oversight of the management. The Bank's corporate structure, composition, roles and remuneration as set out in its Annual Report 2022 (pages 124 to 177) and this standalone Sustainability Report is consistent with the disclosure requirements under GRI Standards 2021. TCFD outlines the importance of Board oversight and accountability to driving long-term value creation and building trust. In its 11 recommendations board oversight of climate related risks and opportunities as well as Management's role in assessing and managing climate-related risks and opportunities is crucial. To this end, we at Bank Rakyat have set up the necessary structures, policies, roles, responsibilities and decision-making via our STF, sustainability and risk management departments. Further, in line with BNM's planned mandatory TCFD-aligned climate-related financial risk disclosures from 2024, we have set out an implementation plan following CRMSA to ensure effective oversight of climate-related risks to safeguard Bank Rakyat's resilience against the adverse impacts of climate change. The sustainability governance structure is covered on pages 36 and 37 of this report. Bank Rakyat's Board of Directors is responsible for developing, approving and updating the Bank's purpose, mission statement, sustainability strategy, policies and goals and risk management. The Bank's MANCO is responsible for the execution of the Board's directives in respect of sustainability strategies, policies and practices and the management of impacts on the economy, environment and society. MANCO is supported by the Sustainability Task Force and the Sustainability Department.

Board Audit and Examination Committee (BAEC)

The BAEC is responsible for ensuring effective internal controls, risk management and compliance within Bank Rakyat. Internal controls are an essential element to strengthen the integrity and credibility of Bank Rakyat's sustainability reporting. The BAEC reviews and recommends risk management strategies, policies and guidelines to the Board. Additionally, it monitors the Bank's risk profile, mitigation plans and the overall effectiveness of the risk management framework. The BAEC also oversees compliance with relevant laws, regulations and internal policies, including anti-money laundering/counter-financing of terrorism initiatives. Further details of the composition, roles and, responsibilities of the BAEC is found on page 155 to 161 of the Annual Report 2022.

Board Risk Committee (BRC)

The BRC supports the Board in fulfilling its responsibilities related to risk management and compliance. Its primary objective is to identify, assess and manage risks effectively. The BRC reviews risk methodologies for measuring and monitoring significant risks, such as credit, market, operational and compliance risks. It also ensures that the Bank's risk governance and business units' activities align with regulatory guidelines. The BRC monitors compliance initiatives and activities, including anti-money laundering measures and reviews capital management, business continuity planning and product development risks. Further details of the composition, roles, and responsibilities of the BRC can be found on pages 137 to 140 of the Annual Report 2022.

Board Nomination and Remuneration Committee (BNRC)

The Board Nomination and Remuneration Committee is responsible for recommending suitable candidates for director positions and ensuring a fair and transparent remuneration framework for the board and senior management. The committee follows a rigorous selection process based on qualifications, expertise and diversity. It also ensures that the compensation system aligns with the Bank's risk appetite, capital requirements and long-term performance goals. Further details of the composition, roles, and responsibilities of the BNRC can be found on pages 140 to 144 of the Annual Report 2022.

Other Board Committees

In addition to the above committees, Bank Rakyat has established Board Tender, Board Investment, Board Financing, Board IT and Board Integrity and Governance Committees. These committees assist the Board in executing its duties and responsibilities related to their respective areas. They operate within defined terms of reference and provide expertise and guidance to ensure effective governance practices across the organisation. Further details of the composition, roles and responsibilities of these other Board Committees can be found on pages 144 to 150 of the Annual Report 2022.

Risk Management and Sustainability Risk Management

Effective risk management is a crucial aspect of Bank Rakyat's operations, ensuring the protection of customers and maintaining financial performance. The Bank recognises the importance of managing risks within acceptable parameters while striving for business growth.

Group Risk Management plays a vital role in providing independent oversight and management of risks across the Bank. It operates within the Group Risk Management Framework, which outlines objectives, guiding principles, and the governance structure for risk management processes.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP

The framework has been established in accordance with the BNM's Guidelines on Risk Governance.

In 2022, Bank Rakyat took significant steps to embed risk management functions across different Business and Supporting Units. This integration ensures that risk management activities are well-coordinated and cohesive throughout the Bank.

For detailed information on Bank Rakyat's risk management practices, please refer to the Annual Report 2022, specifically pages 162 to 164.

Sustainability Risk Management is a key focus area for Bank Rakyat, considering sustainability as a strategic pillar. The Bank is committed to establishing policies and procedures that govern sustainability risk management, aligning with the principles outlined in our BRSFP. The integration of VBI principles, guided by the overarching objectives of Shariah is being embedded into the financial and operational activities of the Bank. This provides a more structured mechanism to enhance good governance and ensures the Bank supports the sustainability agenda through its operations.

Bank Rakyat continues to enhance its sustainability governance policies and practices by developing a sustainability risk policy to be rolled out in 2023. The policy is aligned with the requirements of VBIAF, TCFD and CCPT and the Bank's internal risk management framework. The policy establishes the principles of sustainability risk to ensure business activities and strategy are aligned with the Bank's risk appetite and commitment to sustainability and the respective governance roles and responsibilities.

Climate Risk Management

BNM issued the CRMSA policy in November 2022. Following this, Bank Rakyat reviewed its current practices in managing climate-related risks and is developing an implementation plan to ensure all policy requirements are adhered to and existing gaps are mitigated.



Risk Awareness Culture

Bank Rakyat actively promotes a culture of responsible risk management and prudent risk-taking. This year we continued our journey to embed ESG and climate change-related risks into our risk management approach to align with TCFD/CRMSA and JC3 recommendations on ensuring that climate-related risks are integrated into our existing risk management processes. We use three lines of defence:

- 1. Business and operational unit internal controls, adherence to policy and procedures,
- 2. Risk Management, Shariah and Compliance Division, providing ongoing risk and compliance control assessments and monitoring of adherence to internal policies, legal and regulatory requirements, and;
- 3. Internal Audit, testing adequacy of internal control systems and recommending improvements.

Several initiatives are in place to strengthen the risk culture within the organisation. These include a comprehensive Risk Awareness Programme aimed at promoting and maintaining a Bank-wide risk culture. Additionally, training sessions are conducted for all credit personnel at branches to ensure the adoption of best practices when extending retail financing to customers.

By fostering a strong risk culture, Bank Rakyat aims to ensure that risk management practices are consistently applied throughout the organisation, promoting accountability and responsible decision-making at all levels. In addition, the use of the Bank's risk management systems enables us to identify significant organisational impacts on the economy, environment and society in accordance with GRI Standards 2021. Further, both financial and sustainability reporting are enhanced as strong internal controls are in place to mitigate risks and improve the credibility of the information reported.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP



ETHICS, INTEGRITY AND COMPLIANCE

Code of Business Conduct and Ethics

In line with best practices in responsible business conduct including GRI Standards 2021 on policy commitments, Bank Rakyat has implemented a comprehensive Code of Business Conduct and Ethics (the Code) that outlines the expected standards in the banking industry and considers the needs of various stakeholders. The Code is linked to the six values of Bank Rakyat (page 1) and sets the tone for the culture of business conduct at the Bank.

The Code is applicable to the Board of Directors, Management, Employees, Suppliers, Contractors and Business Partners of the Bank and protects employees, customers and Bank Rakyat by providing a mutual understanding of what is acceptable business conduct and what is not. Business decisions and conduct for all stakeholders are based on whether the activity is Shariah compliant, legal, complies with Bank Rakyat's policies, reflects the core values of the Bank, protects the Bank's interests, meets with the approval of the community and whether it is the right thing to do.

The Code covers Integrity, Teamwork, Serving customers, maximising members' value and collaboration with the stakeholder community.

Employees are expected to invest time and energy into understanding the requirements of the Code. Upon joining the Bank, employees are required to sign a declaration stating they understand the Code and will undertake to comply with its provisions. In addition, employees receive training on Bank Rakyat's corporate culture.

Anti-Corruption and Bribery

To combat malpractice and unethical behaviour, the Board has established the Fraud Mitigation Policy and Anti-Bribery and Corruption Policy. In addition, the Bank is developing an Organisational Anti-Corruption Plan (OACP) and ISO 37001 Anti-Bribery Management System (ABMS) to promptly identify, report, investigate and monitor any instances of bribery and corruption. Fraud Management and Corporate Integrity are aligned with the Bank's Fraud Management Framework and the Management of Integrity and Governance by Malaysia Anti-Corruption Commission (MACC).

These initiatives align with the Bank's BR25 journey, ensuring compliance with relevant regulations, acts, Shariah principles and laws.

Bank Rakyat was one of 92 organisations (from both the public and private sectors) to have received recognition at the inaugural Integrity, Governance and Anti-Corruption Awards 2022. This is a strong testament to the Bank's commitment and efforts in cultivating a culture of integrity and good governance.



Bank Rakyat also held a Compliance Day 2022 to allow Bank personnel to interact and exchange ideas with policymakers as well as to support the Bank's BR25 aspirations to establish a high-performance culture by embracing compliance as a responsibility of everyone in the Bank.

Anti-Money Laundering and Counter Financing of Terrorism

Bank Rakyat has implemented policies, procedures, and controls to mitigate these risks and ensure compliance with the Anti-Money Laundering, Anti-Terrorism Financing, and Proceeds of Unlawful Activities Act 2001 (AMLA).

We have established a robust framework comprising policies, procedures and controls to counter the risks associated with money laundering, terrorism financing and other criminal activities. These measures are continually reviewed and enhanced to maintain their relevance and alignment with regulatory requirements.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP

Bank Rakyat's Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) practices include the following key components:

- a. Know Your Customer (KYC) and Customer Due Diligence (CDD): The Bank mandates the implementation of KYC and CDD procedures to ensure a thorough understanding of customers and their transactions. These measures enable the Bank to identify and verify customers' identities, assess their risk profiles and detect suspicious activities.
- b. Sanctions and Compliance Programme: Bank Rakyat maintains a formal Sanctions and Compliance Programme to prevent the engagement of individuals or entities subject to sanctions imposed by local and international authorities. This programme helps in preserving the Bank's reputation and avoiding involvement with sanctioned entities.

Bank Rakyat had engaged an external auditor to conduct a high-level assessment of its AML/CFT Programme. The findings from this assessment have been used to improve operating models, address identified issues and enhance existing controls. Notably, significant enhancements have been made to the Bank's AML/CFT policies and procedures, particularly in the area of CDD.

To strengthen its CDD capabilities, Bank Rakyat implemented a new external screening system. This system enables better detection of individuals or entities sanctioned by both local and international authorities, thereby enhancing the Bank's ability to identify potential risks and suspicious transactions.

Training and Awareness

Bank Rakyat emphasises the importance of upholding AML/CFT practices throughout the organisation. Employees receive regular training through various channels, including role-based training, e-learning platforms, guidance notes and certification programmes for designated employees. These training initiatives are tailored to address the specific needs of different businesses and supporting units, ensuring that employees possess adequate knowledge of AML/CFT in proportion to the potential risks faced by their respective units.

Integrity and Good Governance

Bank Rakyat's commitment to integrity and good governance has been recognised through awards and accolades. The Bank received recognition at the Integrity, Governance and Anti-Corruption Awards 2022, organised by the Malaysian Institute of Integrity (IIM). Furthermore, the Bank was awarded the Gold Winner in Anugerah Integriti, Governans dan Antirasuah (AIGA) 2022, reinforcing its dedication to cultivating a culture of integrity and good governance. Building on this culture is a high priority for the Board and management, and efforts will continue to nurture it further.

Bank Rakyat actively promotes integrity and ethical decision-making through campaigns and awareness initiatives. The 'JOM BERSUARA: Tolak Rasuah Cegah Jenayah' campaign was launched in conjunction with Fraud and Integrity Awareness Day 2022, fostering a positive work environment and ethical approach to decision-making. Compliance awareness has been strengthened through various programmes, including the Compliance Tour, training programmes, compliance reviews and specialised awareness programmes for entities obtaining financing facilities from the Bank.



OUR APPROACH: CORPORATE GOVERNANCE ROADMAP

As a development financial institution (DFI), Bank Rakyat prioritises credit risk management to safeguard its assets and support the mission of the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) to drive the cooperative sector's economic growth. The Bank conducts periodic reviews of frameworks and policies to ensure the effectiveness of credit risk management practices.

To strengthen competency in Shariah and Sustainability, Bank Rakyat encourages personnel to undertake training and certification courses. The Bank has also established an Embedded Risk Function (ERF) in branches and regional offices to promote a risk-aware culture within the First Line of Defence. Additionally, the Bank supports the National Scam Response Centre (NSRC), coordinating rapid responses to online financial scams.

Efforts to strengthen information and cyber security controls have been prioritised. Bank Rakyat has invested in technology to ensure data protection and payment security, constantly aligning its cyber security programme with the risk strategy. The Bank's Chief Information Security Office (CIS Office) oversees cyber security effectiveness and scalability, ensuring resilience against threats and staying ahead of cyber risks.

Growing Value as a TRUSTed Partner

Bank Rakyat remains committed to building resilience and supporting individuals, micro, small and medium enterprises (MSME) and cooperatives through economic uncertainties and challenges. The Bank aligns with the National Entrepreneurship Policy 2030 (DKN 2030) and serves as an agency of KUSKOP. It also champions financial inclusion and the agenda of additionalities, contributing to the economic well-being of members and the broader society.



Despite the challenging economic environment, Bank Rakyat focuses on strengthening resilience and inclusivity. The Bank's BR25 journey emphasises greater inclusivity and resilience in supporting underserved segments, MSME and cooperatives. This commitment aligns with Islamic principles, the Bank's mandate, and the Financial Sector Blueprint (FSBP) 2022 - 2026 outlined by BNM.

Whistleblowing Policy

At Bank Rakyat, we are committed to upholding the highest standards of corporate governance and sustainability. As part of our dedication to transparency, integrity and accountability, we have implemented a robust whistleblowing policy to provide a safe and confidential avenue for reporting concerns regarding improper conduct within our organisation.

Our Whistleblower Policy is aligned with the Whistleblower Protection Act 2010, BNM Corporate Governance Policy and BNM Guidelines on Corporate Governance for Development Financial Institutions.

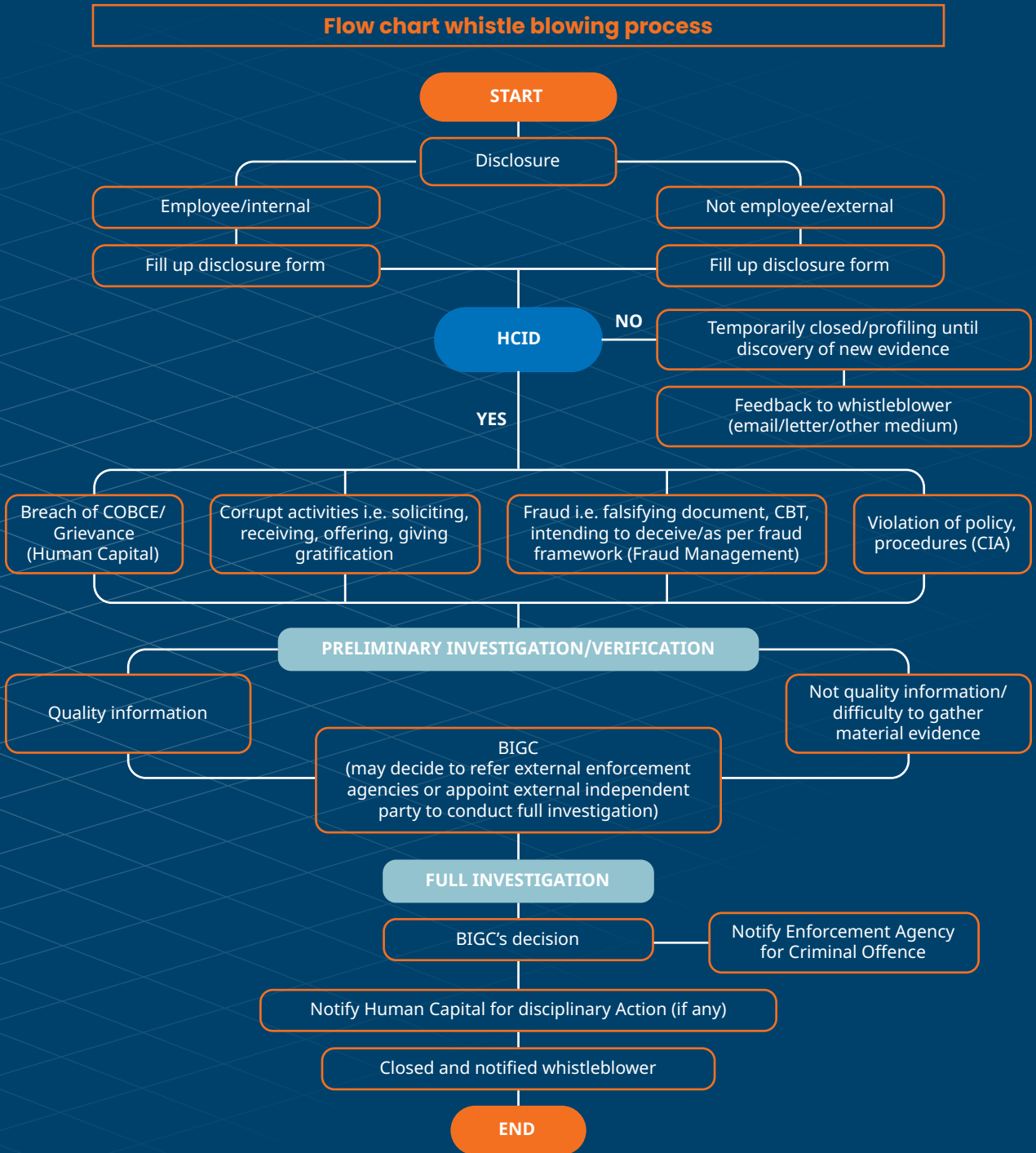
The Whistleblower Policy applies to all employees of the Bank and any person falling within our defined scope. The Policy ensures that individuals have the means to report any suspected, potential or actual improper conduct without fear of reprisal or even anonymously.

In developing this Policy, we have considered the relevant legislative requirements and guidelines, demonstrating our commitment to compliance and responsible corporate governance.

Our Policy aims to ensure that all legitimate concerns are objectively investigated, addressed, and appropriate measures are taken. The Whistleblower Policy is guided by the following objectives, which are:

- **Upholding Values:** The Policy seeks to protect the values of transparency, integrity, impartiality and accountability within the Bank.
- **Effective Reporting:** We establish structured and effective reporting channels to facilitate the objective investigation and resolution of legitimate concerns.
- **Awareness and Compliance:** The Policy clearly identifies the parties to whom concerns can be escalated within the Bank. Furthermore, we ensure that all employees and individuals within the defined scope of this Policy are aware of other avenues for whistleblowing to regulators or law enforcement agencies.
- **Protection and Non-Retaliation:** We strive to create an environment where employees and individuals feel secure in raising concerns about illegal, unethical or questionable practices. The Policy protects the identity of whistleblowers who have acted in good faith and prohibits detrimental action or retaliation against them.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP



Upon registering a disclosure of Improper Conduct, a preliminary investigation will be conducted to determine whether there are merits to initiating a full investigation. The findings of the preliminary investigation and recommendation shall be referred to Board Integrity and Governance Committee (BIGC) for further decision. The BIGC may decide and give mandate to other independent party to investigate.

If it is a criminal offence, in consultation with BIGC and/or legal advisor may decide if the matter should be referred to the relevant authorities, such as the Police or MACC for further action.

OUR APPROACH: CORPORATE GOVERNANCE ROADMAP

The Whistleblower identity will be accorded with protection of strict confidentiality unless otherwise required by law. The Whistleblower will be protected from detrimental action within the Bank because of the disclosure. The Bank shall not tolerate detrimental action against the Whistleblower who has made disclosure in good faith even if the investigation subsequently finds it to be untrue.

Our Whistleblower Policy is an essential component of our sustainability efforts, enabling us to identify and address any improper conduct promptly. We encourage all employees and individuals to utilise the established reporting channels confidently. Together, we can uphold our values and contribute to a sustainable future for the Bank and our stakeholders.

IT Security and Applications

Bank Rakyat places significant importance on IT security and continuously enhances its systems. The BR25 Digitalisation Blueprint has accelerated the Bank’s digital transformation via a structured and comprehensive strategic plan in creating a more integrated, modular, and cloud-enabled architecture. (Refer to pages 60 to 61 of this report on Bank Rakyat’s digitalisation transformation).

Robust Cybersecurity and Technology Risk Management

Efforts to strengthen the controls and protection over information assets continue to be the main agenda in upholding the Bank’s values. The Board IT Committee and Board Risk Committee play a key role in ensuring sustainable oversight of all IT and digitalisation/innovation strategies, plans and operations, information, cybersecurity, data privacy risk management and third-party technology risk management. The Committees also ensure timely implementation, monitoring of all systems, and good corporate governance practices as well as IT strategy oversight.

Proactive measures have been taken to ensure resiliency of our systems and provide high availability to our customers through these continuous improvement efforts:

- Enhancement to the Technology Risk Management Policy and Cyber Resilience Framework Policy to ensure technology and cyber risks are identified, assessed and managed effectively.
- Alignment of the Bank’s cyber security programme with risk appetite to ensure adequacy and resiliency of IT infrastructure.
- Heighten technology and cyber defence capabilities to protect information assets;
- Improvement to critical systems’ architecture and design to ensure High Availability;
- Comprehensive protection from cyber threats and losses through Cyber takaful subscription; and
- Elevate security awareness for Board, Management and employees in detecting and responding effectively towards technology and cyber threats.

The Bank also remains committed to staying ahead of the cyber threats by prioritising technology investment to ensure data protection and payment security are secure and up to standard.

Personal Data Protection Policy

Bank Rakyat has established a comprehensive Personal Data Protection (PDPA) policy that outlines its commitment to protecting personal data of customers, employees, vendors, sub-contractors and others with whom it has business dealings. Our policy is dedicated to taking adequate measures to protect its Data Subjects’ Personal Data and to operate in a manner that is consistent with the PDPA 2010. The policy includes the following key elements:

- a. Consent: Bank Rakyat ensures that customers’ personal data is collected, processed and disclosed only with their consent, except where required by law.
- b. Data Collection: The Bank collects personal data for specific purposes and obtains the necessary consent from individuals. It specifies the types of personal data collected, such as names, contact information, financial details and transaction records.
- c. Data Processing and Storage: Bank Rakyat processes personal data in a secure manner and limits access to authorised personnel only. It retains personal data for the duration necessary to fulfil the intended purposes and complies with applicable retention periods.
- d. Data Security: The Bank employs various security measures, including encryption, access controls and firewalls, to protect personal data from unauthorised access, disclosure, alteration or destruction, through compliance with Bank Rakyat IT Security Policy.
- e. Data Transfer and Disclosure: Bank Rakyat ensures that personal data is transferred and disclosed in compliance with PDPA regulations. It may disclose personal data to third parties, such as regulatory authorities, only when required or authorised by law.
- f. Rights of Individuals: Bank Rakyat acknowledges individuals’ rights to access, correct and delete their personal data. It provides a process for individuals to make such requests and promptly respond to them.

Responsible Procurement Practices

In keeping with Bank Rakyat’s dedication to Shariah practices, we strive to uphold strict standards in reference to the Bank’s Procurement Policy. The Policy ensures adherence to policies and best practices in ensuring accountability, transparency and fairness to provide opportunities for qualified businesses while ensuring the best value and risk mitigation for the Bank, in alignment with Shariah principles.



STAKEHOLDER ENGAGEMENT

Bank Rakyat recognises the importance of not only engaging with but developing strong long-term partnerships with external stakeholders, including communities, regulators, and other industry peers. These ongoing collaborative efforts are necessary to formulate organisational goals and support the achievement of sustainable development objectives.

The Bank’s active and continuous consultation with the various key stakeholder groups enables it to proactively manage sustainability-related impacts and capitalise on opportunities for sustainability-driven economic growth. Consultations take place through various platforms and via specifically selected engagement methods.

In addition to frequent and regular communication with stakeholder groups, specialised engagement sessions may also be conducted to achieve specific goals. In FY2022, the Bank held several stakeholder listening activities and conducted an online materiality survey to obtain input for the development of our BRSFP. Stakeholders involved included 22 key business units, management committees and other key internal and external stakeholders.

Our key stakeholder groups and our routine methods of engagement are detailed below.

Stakeholder Groups	Modes of Engagement/ Frequency	Matters of Interest	How we respond
Members (shareholders)	<ul style="list-style-type: none">• Annual General Meetings.• Annual Report and Sustainability Report.• Investor relations.• Email correspondences (ongoing).	<ul style="list-style-type: none">• Financial performance.• Societal impact of products and services.• Ethical business practices.	<ul style="list-style-type: none">• Good corporate governance and ethical practices.• Responsible and inclusive financing for economic development.

STAKEHOLDER ENGAGEMENT

Stakeholder Groups	Modes of Engagement/ Frequency	Matters of Interest	How we respond
Employees	<ul style="list-style-type: none">Intranet (ongoing).Web communities (ongoing).Town hall sessions (Monthly).Employee-related events (regularly).Grievance system (as needed)'Open door' policy (ongoing).Engagement sessions.Materiality survey.	<ul style="list-style-type: none">Employee welfare.Career progression.Ethical business practices.Societal impact.	<ul style="list-style-type: none">Employment practices and benefits .Occupational Health and SafetyGood corporate governance and ethical practices.
Customers	<ul style="list-style-type: none">Social media (ongoing).Customer service channels (ongoing).Public Complaints Bureau (ongoing).Bank Rakyat Customer Satisfaction Survey (BRCS) (biennial).Customer Townhalls.Mystery Shopper programmes.	<ul style="list-style-type: none">Innovative products and services.Streamlined customer services.Ethical business practices.Personal data protection.Customer satisfaction.	<ul style="list-style-type: none">Good corporate governance and ethical practices.Responsible and inclusive financing.Innovative digitalisation and data security.Financial literacy.Green transitioning.
Vendors	<ul style="list-style-type: none">Tendering process.Performance evaluation.	Procurement practices.	Responsible procurement practices.
Government and Regulators	<ul style="list-style-type: none">Meetings (as needed).Forums.Regulatory briefings (as needed).	<ul style="list-style-type: none">Products and services.Ethical business practices.Overall performance.Regulatory compliance.	<ul style="list-style-type: none">Responsible and inclusive financing.Economic development additionality.Good corporate governance and ethical practices.
Local communities and non-Government Organisations (NGOs)	<ul style="list-style-type: none">Briefings, meetings, volunteering programmes.Community programmes (as needed).	<ul style="list-style-type: none">Indirect economic contribution.Community contribution.	Community investment employees volunteerism.
Media	Meetings, press releases and press briefings (as needed).	<ul style="list-style-type: none">Good governance practices.Societal impact.	<ul style="list-style-type: none">Good corporate governance and ethics.Responsible and Inclusive financing.Community investment and development.

OUR MATERIALITY MATTERS

A materiality assessment and stakeholder consultation are central to the Bank’s sustainability reporting. The materiality assessment was performed using the GRI 3: Material Topics 2021 process. Identifying our material topics helps to set the key strategic priorities from a sustainability perspective. Material topics are informed by both quantitative and qualitative information from the various engagement methods.

The Bank will consider its material sustainability matters on an ongoing basis. However, as with industry practice, a full and detailed materiality assessment will be carried out every two years, unless there are substantial changes to our business model and activities. An annual review of material topics including internal and external factors, our value chain and changes in legislation and regulations will be conducted to ensure that the material topics are still relevant to the Bank and our stakeholders.

During the year, the Bank engaged with an external consultant to conduct a materiality assessment exercise with key internal stakeholders of the Bank’s business units. The internal stakeholders who participated in the materiality assessment are directly involved in the implementation of the Bank’s sustainability blueprint and, during daily operations, have regular engagement with the external stakeholders identified above (pages 62 to 63)

12 material topics (see below) were identified through discussions with the internal stakeholders, peer review and benchmarking, sector research and secondary sources. The material topics were prioritised according to their significance to stakeholders and to the Bank.

Suggest to colour-code the material topics in the chart according to Economic (Blue), Environmental (Green), Social (Yellow) and Governance (Red). Note that there are some overlaps in material topics. For the chart, only the main topic required e.g., Anti-corruption, Governance.



OUR MATERIALITY MATTERS

The 12 material topics as identified above were reviewed against our BRSFP and were then aligned to its three key pillars of Driving Socioeconomic Development for the nation, Accelerating the Green Transition, and Strengthening our Internal Foundations. The discussion on each material topic can be found in this report on the relevant pages outlined next.

Sustainability Framework and Policy Pillars	Material Topics	Pages
Driving Socioeconomic Development for the Nation	Uplifting Communities	55 to 66
	Customer Experience	65 to 66
	Data Security	50, 60 to 61
	Risk Management	44 to 45
	Digitalisation and Innovation	60 to 63
Accelerating the Green Transition	Environment	84 to 91
Strengthening our Internal Foundations	Shariah	32
	Governance	43 to 50
	Fraud, Anti-corruption and Integrity	52 to 57
	Diversity, Equity and Inclusion	97 to 98
	Occupational Health and Safety	98
	Future-ready Workforce	94 to 98



OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

UNSDGs	Targets We Are Contributing Towards
	1.4 Ensure equal rights to economic resources. 1.5 Build resilience of the poor and those in vulnerable situations. 1.A Ensure significant mobilisation of resources to end poverty.
	8.3 Growth of micro, small and medium-sized enterprises, including through access to financial services. 8.10 Encourage and expand access to banking, takaful and financial services for all.
	10.1 Progressively achieve and sustain income growth of the bottom 40% of the population. 10.2 Empower and promote the economic inclusion of all.
	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.



Through innovative products and services and digitalisation delivered with a personal touch, Bank Rakyat reaches customers across a diverse range of needs and areas, from individuals to cooperatives, supporting the aspirations of the rakyat and contributing to the nation's economic development.

We have aligned our organisational goals and economic sustainability initiatives with the five (5) strategic thrusts outlined in BNM's Financial Sector Blueprint 2022 - 2026 (FSB), which are:

- (i) funding Malaysia's economic transformation.
- (ii) elevating the financial well-being of households and businesses.
- (iii) advancing digitalisation of the financial sector.
- (iv) positioning the financial system to facilitate an orderly transition to a greener economy, and
- (v) advancing value-based finance through Islamic finance leadership.

For Malaysia to become an inclusive nation, socioeconomic inequalities must be addressed to reduce income disparity. Supporting this aim, Bank Rakyat is committed to empowering and uplifting individuals and communities by providing access to financial tools, knowledge and resources. By nurturing entrepreneurs, promoting financial literacy, enhancing the customer experience, promoting access to finance, encouraging the development of communities and supporting the growth of cooperatives, Bank Rakyat aims to not only enable inclusive socioeconomic development but build a more sustainable future for all.

As a Development Financial Institution (DFI), Bank Rakyat is tasked with driving the nation's economic development through financial services that both create value for the Bank's stakeholders and support economic and social goals from the grassroots level up. The PMF for DFIs incorporates additionality into DFIs business operations to generate both a wider and deeper development impact. Additionality is defined as a positive impact attributable to the participation and contributions of a DFI.

The FSB will drive the industry's reform and sustainability initiatives towards the aspiration of a "Prosperous, Inclusive and Sustainable Malaysia".

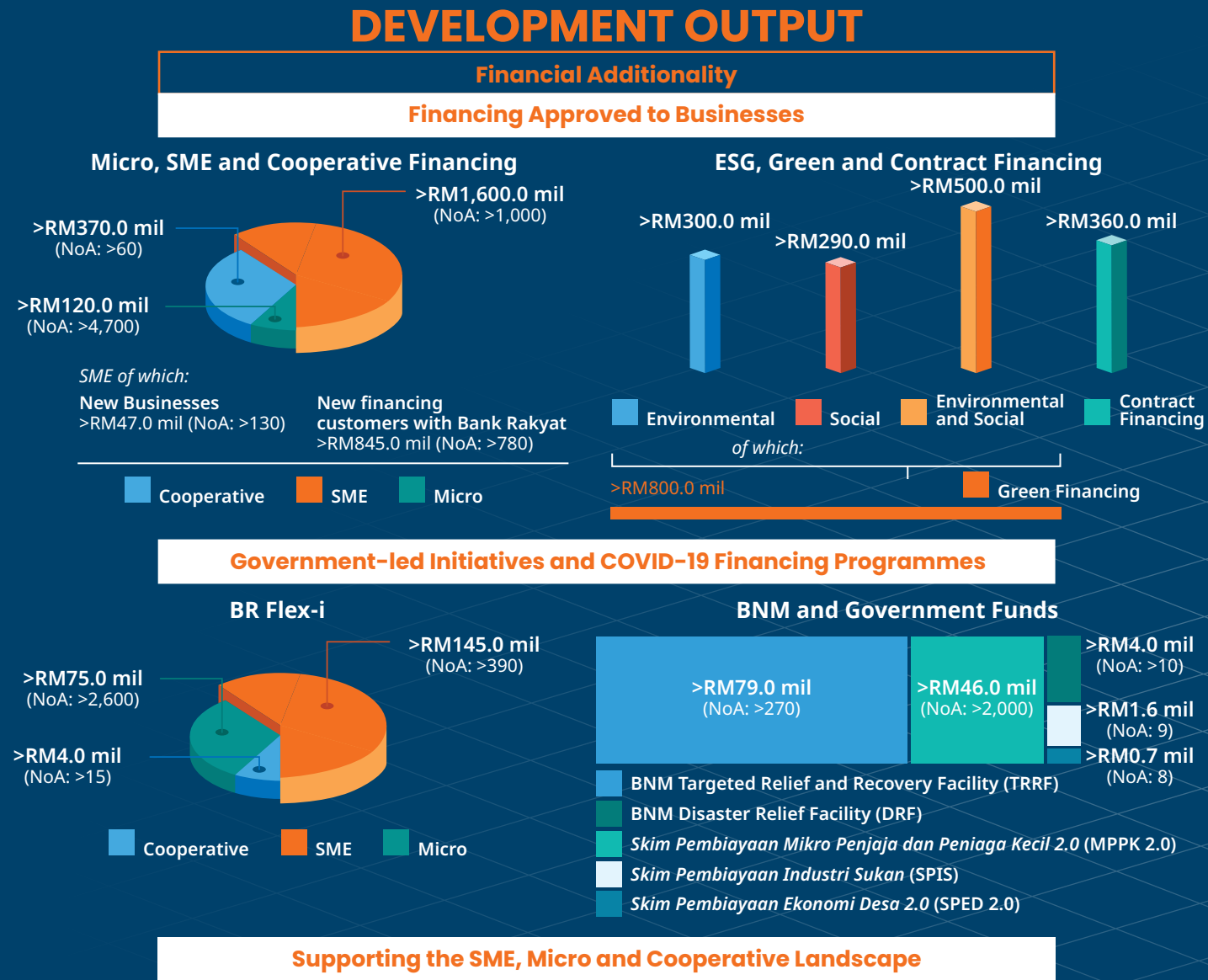
What is good for the rakyat is good for our business

During the year in review, both the Bank's individual and business accounts showed rapid expansion, reflecting our commitment to ensuring access to financial products and services while placing the Bank on a path of continued economic growth and value creation.

TOTAL FINANCING APPROVED	
FY2022	FY2021
RM27.17 billion	RM19.16 billion
41.8% increase	

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Supporting the backbone of the economy



	FY2022 (RM)	FY2021 (RM)
Cooperatives	372.18 million	438.21 million
SMEs (ex-micro)	1.63 billion	838.53 million
Of which new businesses	47.06 million	44.93 million
Of which first time customers	849.77 million	N/A
Micro, small and medium enterprises (MSME)	123.38 million	53.15 million

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT



The nation's economy is driven by SMEs and individually owned businesses. These account for more than 97% of business establishments, generating more than 38% of Malaysia's gross domestic product (GDP).

As such, Bank Rakyat is mandated as an agency under the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) to facilitate the development of microenterprises, SMEs and cooperatives by extending financing, providing advisory services and training to ensure sustainable growth. Part of this mandate is supporting new businesses, which is the essential first step towards socioeconomic mobility for business owners and their communities.

The Bank provides annual support to the cooperative ecosystem and development through contributions made to Suruhanjaya Koperasi Malaysia (SKM) in the Cooperative Education Trust Fund (CETF) and Cooperative Development Provident Fund (CDPF). The total contributions made are based on 2% and 1% of the Bank's annual Profit before Tax and Zakat (PBTZ), respectively.

In FY2022, Bank Rakyat approved a total of RM2.12 billion in financing for more than 5,800 businesses and cooperatives, including RM47 million for 133 new businesses (operating less than three years), and RM850 million for 784 to new Bank Rakyat financing customers.

The Bank also extended financing to businesses through contract/project financing packages totalling more than RM360 million for 15 customers who have secured contracts or projects from various government agencies.

In alignment with the green economy priority of the FSB, the Bank identified businesses under the ESG financing segment, approving close to RM1.1 billion in financing to 25 customers, RM800 million, which falls under Green Financing and the CCPT classification. More information on our progress on TCFD and Green Financing is available in the Driving Environmental Development section of this report on pages 90 to 91.

The pandemic has had a lasting impact on the livelihoods of Malaysians, many of them small business owners. Bank Rakyat continued to help through the BR Flexi-i Financing programme, approving RM225 million for more than 3,000 MSME and cooperatives in FY2022. The Bank also provided targeted financing assistance to sports industry businesses via the Skim Pembiayaan Industri Sukan (SPIS). The RM10 million allocated to the Bank under SPIS has been fully utilised, benefiting 49 sports entrepreneurs.

Under the revamped KUSKOP Skim Pembiayaan Mikro Penjaja and Peniaga Kecil (MPPK) to MPPK 2.0, the Bank was allocated with RM50 million to assist micro and informal entrepreneurs. As of December 2022, the Bank has approved more than RM46 million for over 2,000 micro business owners, including 1,100 women entrepreneurs.

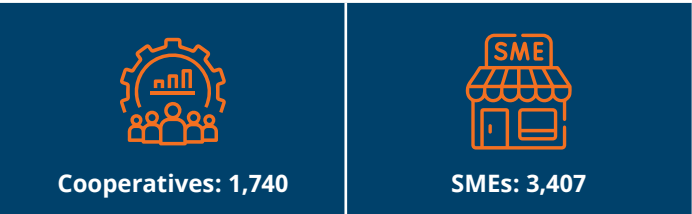
To help business owners in rural areas, the Bank offers Skim Pembiayaan Ekonomi Desa 2.0 (SPED 2.0), an initiative by the Ministry of Rural and Regional Development (KKDW). RM0.7 million was approved under this scheme in FY2022.

Throughout FY2022, the Bank continued to support the financial relief programmes under BNM and the government, approving RM79.5 million under the BNM Targeted Relief and Recovery Facility (TRRF). The effects of climate change are beginning to emerge in Malaysia with the recent flooding and the accompanying physical climate impacts of damaged property and infrastructure affecting customers and other stakeholders. As a result, Bank Rakyat has approved more than RM4 million for MSME under the BNM Disaster Relief Facility to help businesses affected by the floods.

More information on financing assistance is available in our Annual Report 2022.

While the benefits of financing businesses are direct, these activities also generate a positive spillover effect in the local economy, creating more jobs, spurring economic activity and improving access to financial services, resulting in sustainable and resilient economic development. An indicator of this positive spillover is the number of jobs created and sustained by businesses that received financing from us.

Total jobs created and sustained by our clients*:



* As of 2021, data based on SMEs and cooperatives granted financing in 2020 and before.

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT



Stories from Malaysian Entrepreneurs

Bank Rakyat's services benefit Malaysians from all levels of society. Our Bicara Usahawan initiative is a platform to hear the stories of our business customers and gather feedback on how we can enhance our services to help Malaysian businesses thrive.

Lizio Godfrey Musigil,
LB-G Crayfish Aquaculture, Putatan, Sabah

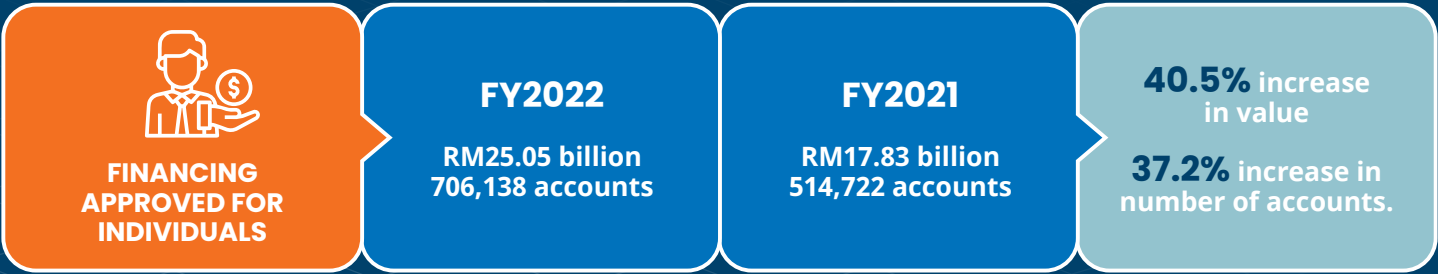
"I found Bank Rakyat's officers to be very helpful. I was quite surprised because they offered a more personalised service. They visited my site to offer explanations several times, even after my financing had been approved. The relationship between the Bank and client is continuous."

Mariyah Yaakob,
Mariyah Holdings Sdn Bhd, Johor Bahru

"Just after I established my bulk sewing business as a private limited company, I approached Bank Rakyat for financing. They have been very helpful, guiding me every step of the way in growing my business into the success it is today."

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Helping Malaysians fulfil their aspirations

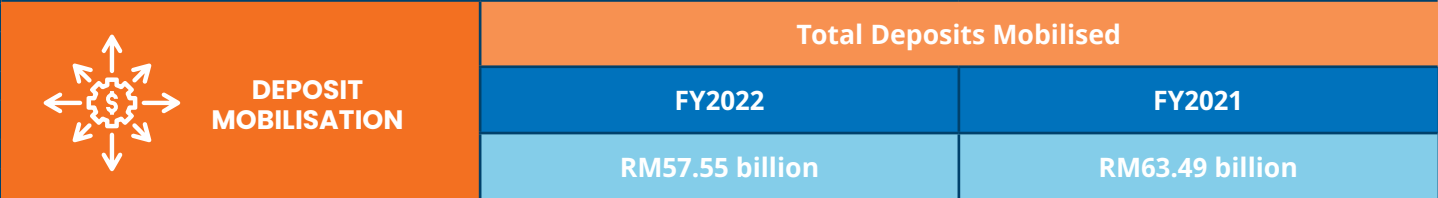


	FY2022 (RM)	FY2021 (RM)
B40	15.55 billion	10.87 billion
Members	4.9 billion	3.81 billion
Affordable housing (<RM300k)	726.85 million	627.27 million

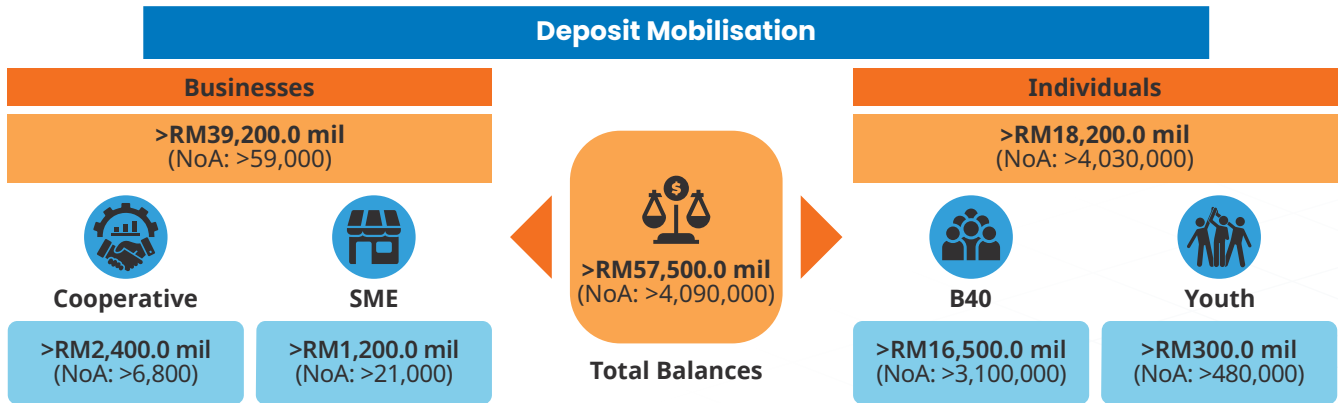
Our commitment to improving the socioeconomic aspect of communities also focuses on providing access to financing to individuals, especially those from lower-income backgrounds. Our financing helps improve their daily lives and this includes making their homeowner aspirations possible. This commitment is evident in the increase in total financing to RM25.05 billion in FY2022, benefiting more than 700,000 Malaysians.

Due to the rising cost of living and the effects of the pandemic, the B40 segment has grown as households previously in the M40 segment (household monthly income range of RM4,850.00 – RM10,959.00) experienced a loss or reduction in income. In response to this, Bank Rakyat proactively ramped up financing for the B40 segment in FY2022 to RM15.55 billion, 43% more than in FY2021, benefiting more than 580,000 individuals.

The hikes in the Overnight Policy Rate (OPR) over the course of the year have led to an increase in rental rates, making it unviable for many Malaysians in the lower-income group to continue renting a house, flat, or apartment. Living in shared homes for an extended period can also have a detrimental impact on mental health. This situation spurred the Bank's efforts to increase accessibility to financing for affordable homes in line with UNSDG 11, target 11.1. Through financing slum upgrading, we have ensured access for all to adequate, safe and affordable housing and basic services. This has also propelled the economic, social and community services that are needed to empower the residents to improve their quality of life. We increased the total amount approved for affordable housing purchase in FY2022 by 16% to RM726.85 million, helping more than 4,000 Malaysians achieve their homeowner aspirations, or 17% more accounts than in FY2021.



OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT



Our customers’ deposits are mobilised to create better opportunities for productive investment while promoting financial inclusion by encouraging Malaysians to save and build wealth. In FY2022, total deposits mobilised were RM57.55 billion. Of this amount, RM16.55 billion came from the accounts of 3.1 million individual accounts from the B40 segment.

From the non-individual segment, a total deposit balance of RM39.26 billion was mobilised from more than 59,000 business accounts.

Crowd-in Funding for Development

Bank Rakyat has undertaken a collaboration with six institutions namely, Majlis Agama Islam dan Adat Melayu Terengganu (MAIDAM), Kolej Profesional Baitulmal Kuala Lumpur, Surau Al-Barakah Bank Rakyat, Universiti Kebangsaan Malaysia (UKM), Universiti Sains Islam Malaysia (USIM) and Yayasan Waqaf Malaysia for the Bank to act as the intermediary to collect waqf funds from any public or private parties via online or physical. The total accumulated crowd-in Waqf amount for this financing was RM721.11 thousand, with the Bank’s own portion amounting to around RM184.71 thousand. Correspondingly, the crowd-in efficiency ratio was recorded at 390%.

Building relationships through digitalisation

As our name implies, Bank Rakyat has always been a community-centric bank. The Bank is the economic heart of the communities we serve, a role we take seriously. Our relationship with the communities and individuals is based on a foundation of trust, understanding and respect built throughout the years.



Our long-standing customers are unique in that they prefer personal communication and face-to-face interactions with our employees. Besides serving their financial needs, we place great emphasis on growing with our customers. At the same time, we understand the importance of digitalisation to enhance accessibility and convenience in the digital era, particularly for the younger generation. Digital financial inclusion and access means affordable and safe financial services for everyone including those in rural and underserved areas, supporting socio-economic growth, protecting against environmental shocks and safeguarding assets against risks. The B40 can access banking services more readily via say mobile phones, manage their finances and make investments in economic opportunities more easily, leading them to improve their economic well-being. Women gain more control over their finances and MSME can access finance more quickly, expanding the business to provide more jobs and increased revenues.

Such financial inclusion and financial access via digital means enables economic growth and progress towards many of the UNSDGs including UNSDG 1: Poverty; SDG 5 Gender Equality; SDG 8 Decent Work and Economic Growth and SDG 9 Industry, Innovation and Infrastructure.

The Bank’s approach to digitalisation takes this into consideration, employing an approach that combines the best of both worlds to offer our members flexibility and increase our operational efficiency without compromising on the culture of building long-term relationships.

Digital transformation

Bank Rakyat is a key enabler for entrepreneurs, SMEs and cooperatives, playing a crucial role in supporting their growth and development. Our facilities and services have a measurable positive impact on the well-being of members, customers and communities.

By enhancing our offerings through digitalisation, our products and services will be accessible to even more people, providing them with the tools and information for socioeconomic growth.

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Leveraging digital technologies, the Bank can streamline operations, reduce manual processes and offer new products and services to meet the changing needs of customers and the demands of the digital age. The data collected and analysed through applications can be used to personalise offerings, improve risk management, enhance data security and reinforce good governance. In this way digitalisation is a transformative power, changing the way the Bank’s stakeholders live and work and contributing to UNSDG 9 Industry, Innovation and Infrastructure.

Digitalisation is a crucial component of sustainability. From an environmental perspective, digitalising our processes eliminates the need for paper and reduces carbon emissions from travel to and from our branches. In addition, digital financial inclusion helps low-income and rural communities who are exposed to environmental risks to become more resilient to climate-related economic impacts and enable the channelling of funds to rural MSME.

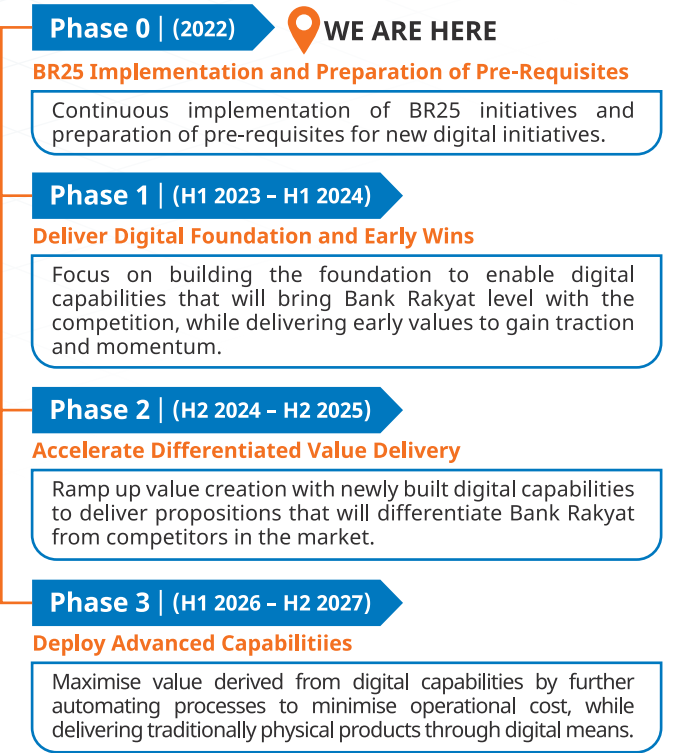
Digitalising our processes and products enhances data security by providing better control over access to sensitive information, reducing the risk of data breaches and cyber-attacks. Digitalisation can also enable the implementation of advanced security measures, such as encryption and multi-factor authentication, which can further strengthen data security. Enhanced real-time tracking and reporting of data and information improves accountability and transparency while enabling faster decision-making and more effective risk management. All these benefits align our objectives with the VBIAF and TCFD as digitalisation will help us to enhance our sound aligned business strategy, financial planning and ESG/ climate-related risk management by supporting our decision-making through the development of ESG metrics, targets and supporting data.

In line with the global transition to digital to reduce our carbon footprint and preserve the environment, in FY2022 the Bank accelerated its digital transformation via a comprehensive and structured Digital Transformation Blueprint, an extension of the BR25 Digitalisation Blueprint. At Bank Rakyat, we recognise our strategic responsibilities for the actual and potential impacts of climate-related risks and opportunities on the Bank and our strategy and financial planning. We are not only responsible for the direct emissions of our internal operations but also strive to drive the reduction of indirect emissions from our financing and investing activities and ensure our customers are contributing to a greener economy. Digitalisation of our operations (via digital operations, digital banking, and digital onboarding) is an important way to make progress towards our environmental goals. Digitalisation will further enable us to produce comprehensive and high-quality information on the impacts of ESG/climate change risks on our operations and our stakeholders in line with TCFD and CCPT requirements.



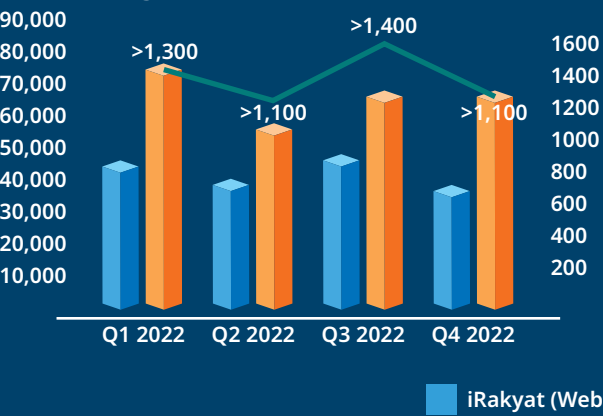
The five-year (FY2023 to FY2027) strategic plan was developed to digitalise the Bank’s key mechanisms, in three phases, designed to enable us to build a future-ready technology, minimise operational costs and offer our customers a better value proposition through an enhanced range of digital offerings that provide a seamless cross-platform customer experience.

More information on the Digital Transformation Blueprint is available in our Annual Report on page 59.



OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

New Digital Channel Users Onboarded



Digital Channel Transaction Volumes (No.)

iRakyat (web)	iRakyat (mobile)	i-bizRAKYAT	Ar-Rahnu e-Appointment	Branch e-Appointment	BRICK, QR2E and eBiz Suite
>21.1 mil	>7.5 mil	>930,000	>105,000	>52,000	>12,000

Digital Channel Transaction Values (RM)



Digital Platforms

Digitalising our offerings aligns with our mandate of providing accessible and affordable digital financial services to all members of society, including those who are traditionally underserved or excluded from the financial system. In line with UNSDG 10: Reduce inequalities, 10.2 empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status, Bank Rakyat endeavours to include people with disabilities, low-income individuals, women, rural residents and other marginalised groups in the financial system or workforce.

Digital inclusivity promotes financial inclusion which is essential for reducing poverty and achieving economic growth. By providing digital financial services that are accessible and affordable, Bank Rakyat can help to expand financial access and promote financial literacy among underserved populations.

As part of the BR25 Digitalisation Blueprint, the Bank continuously enhances our digital platforms according to the needs of our customers and to improve operational efficiency,

offering digital products that create a seamless experience for the customer. These platforms are part of a fully integrated and diverse Islamic banking system that optimises both in-person and digital approaches, built upon a modern IT infrastructure.

iRakyat Online Banking and Mobile Banking

In line with increasing access to financial services, Bank Rakyat's online banking platform provides our customers with the convenience of accessing our services anytime and anywhere, in a safe and secure environment. We extended this to the iRakyat Mobile Banking application to elevate the customer experience and align with the government's intention of encouraging widespread adoption of cashless transactions. The iRakyat Mobile Banking application features biometric login, including face identification, for enhanced security.



iRakyat Online Banking subscribers as of December 2022: 1.14 million (16% increase (YoY))

iRakyat Mobile Banking subscribers as of December 2021: 980,528 (288% increase YoY)

i-bizRAKYAT

To serve our business and corporate customers, we developed the i-bizRAKYAT platform. In FY2022, we enhanced the platform through several enrichment initiatives, including providing seamless assistance for administrative changes and matrix control. We also included capabilities for multiple file formats for bulk payments.

Subscribers as of December 2022: 18,956 (38% increase (YoY))

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Digital onboarding

We digitalised our onboarding process for both individual and business customers to enhance accessibility and reduce processing time via BRICK and QR2E.



Bank Rakyat Quick (BRICK)

Bank Rakyat Quick or BRICK is a new alternative channel for retail customers to quickly access and apply banking products including Personal Financing-i, Hire Purchase-i, Home Financing-i, and Takaful via online. Since June 2022, customer applications for savings accounts and credit card via the BRICK portal have also been enabled and has received 396 Savings Account applications and 129 Credit Card applications.

Quick Response to Entrepreneurs (QR2E)

Quick Response to Entrepreneurs (QR2E) by Bank Rakyat is a digital onboarding platform for our Business Banking Centre (BBC).

We enhanced this platform by including Enterprise e-Biz Application, or eBiz Suite, with the aim of offering our business customers a holistic solution to managing their daily business activities. Since its launching on 31 Mar 2022, the portal has attracted 784 applications.

e-Lelong Ar-Rahnu

Bank Rakyat's Pawn Broking-i (Ar-Rahnu) product currently commands more than 50% of the market share in Malaysia. e-Lelong Ar-Rahnu is the 24-hour digital version of our Ar-Rahnu gold auction service which will eventually replace the existing physical auction held in-branch. Customers can now securely place their bids online, anytime and anywhere.

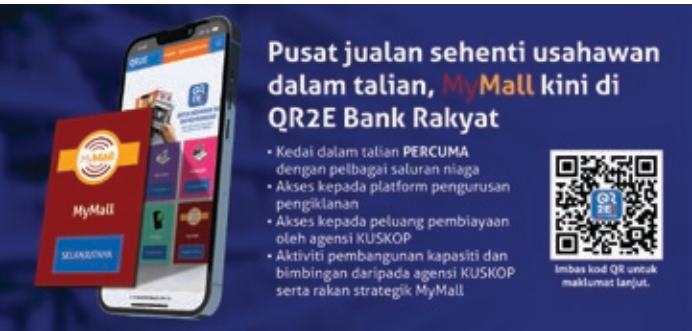


Launched in December 2022 in 10 pilot branches, this initiative will expand Bank Rakyat's Ar-Rahnu business by improving accessibility and reaching a wider market, therefore improving access to financial capital for entrepreneurs and micro businesses.

More information on Ar-Rahnu is available on page 64 of this report.

Fintech Collaboration

Small businesses do not always have the necessary technological expertise or resources to create IT solutions to run their businesses. Therefore, we have collaborated with Google Malaysia to offer Google Workspace to our business customers via the eBiz Suite portal. This collaboration will help our SME, microbusiness and cooperative customers simplify their processes, raise productivity and improve efficiency. Further, the ability to collaborate, share documents online, perform real-time editing, schedule meetings, off and online storage etc., reduces the need for travel, renting office space, and reducing emails, all of which help to reduce the carbon footprint of the business. In addition, Google itself has made a commitment to run on carbon-free energy by 2030 thereby using clean power only for its activities making Google Workspace one of the leading cloud storages. The Bank will continue to enhance the eBiz Suite portal with more features to help in the day-to-day activities of businesses to assist them in increasing productivity and also benefit the environment.



MyMall Collaboration

Since December 2022, our customers can access MyMall, an e-commerce hub under the KUSKOP, via QR2E. This value-add initiative further enhances the seamless experience offered by QR2E for our SME and corporate customers. Our customers can immediately access MyMall to network with other businesses and participate in e-commerce platforms as merchants.

Since launching, the platform has received 103 user applications and 10 merchant applications.

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Empowering individuals, uplifting communities

Total Access Points

Financial Access Point							
Access Point	Urban	Rural	1,448 (92%)				118 (8%)
			of which: Urban		of which: Rural		
	Total No.	No.	Transaction Volumes	Transaction Values	No.	Transaction Volumes	Transaction Values
Agent Bank	273	232	>54,000	>RM6.9 mil	41	>4,600	>RM0.4 mil
Bank Bergerak and ARROW	7	-	-	-	7	>12,000	>RM18.3 mil

Community banks like Bank Rakyat play a vital role in promoting financial literacy in local communities as a way to empower them. As a trusted financial institution, Bank Rakyat is uniquely positioned to educate our customers and community members on financial topics such as budgeting, savings and investing.

We constantly review and enhance our physical channels for better community outreach and to improve access to financial services in rural areas as classified under the BNM Agent Banking Policy Document's Unserved and Underserved Mukim listing. Unserved refers to mukims with no access points at all while underserved categorises mukims with less than five access points in the vicinity. In addition to the 148 branches and 986 self-service terminals, we are present in small-scale branches within these communities. We also have 4 Rakyat Xcess, 27 Ar-Rahnu X'Change, 21 Rakyat Xcess and Ar-Rahnu X'Change and 1 Rakyat X'Lite located nationwide.

For more information on Financial Inclusion, please refer to pages 72 to 73 of this report.

Agent banking (Rakyat C.A.R.E)

Our agent banks play a role in socioeconomic development by facilitating access to our financial services and promoting financial inclusion in areas or unserved communities that may not be accessible or commercially viable for traditional banks to establish physical branches. Please refer to pages 73 to 75 of this report for more information.

Education Financing-i

Education is a key driver of social and economic development, as it can help individuals to acquire the skills and knowledge needed to secure better-paying jobs and improve their overall quality of life.

By providing easy and affordable access to financing for education, the Bank can help remove financial barriers to education and ensure that all individuals can pursue their educational goals. Financing below RM250,000.00 do not

require collateral, and all Malaysian citizens above 18 years old with a minimum fixed income of RM2,000.00 may apply.

Ar-Rahnu X'Change

Introduced in 1993, Ar-Rahnu is the Bank's pawnbroking service for gold and jewellery, which is in accordance with Shariah principles. It draws from the earliest forms of microfinancing in communities. Being free from interest (riba) and uncertainty (gharar), customers need only pay the principle plus a profit upon maturity.

The negative impacts of pawnbroking as a form of last resort financing on terms which are often not advantageous to those struggling to make ends meet or grow their micro businesses, are well documented. The gold/jewellery which is placed as security may be the only valuable possession owned by the customer which they stand to lose if the amount financing is not settled within a specified period. In addition, the amount financing is up to 80% of the value of the security given. However, Ar-Rahnu as practiced by Bank Rakyat has advantages over conventional pawnbroking in that the principles of Shariah are applied so as not to harm the customer. The payment terms can be extended each 6 months and up to 18 months. If the financing is not paid, the Bank has the right to dispose of the security item. Notice of auction will be sent to customer and the customer is entitled to any surplus after any payments due for the financing, fees, etc., unlike conventional pawnbroking where surpluses are not returned. If the customer does not make a claim for the surplus, it will be forwarded to the unclaimed money from which he can claim in future. (Please refer to page 72 for more details).

Ar-Rahnu pawnbroking is a useful tool in reducing poverty by promoting financial inclusion and providing access to affordable credit, particularly for the underserved, low-income and rural communities who may not have access to traditional finance due to their income level or lack of collateral.


OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

In 2022, Ar-Rahnu services contributed RM2.34 billion in income for the Bank (2021: RM2.02 billion).

Bank Bergerak and ARROW

Our Bank Bergerak, or Bank on Wheels, extends access to financial services to customers in underserved or rural areas through a fleet of modified vehicles. Bank Bergerak is covered on page 72 of this report.

Managing Customer Experience



Overall customer satisfaction score: FY2022 = 81% (FY2021:80.9%)



"Great customer experience is defined by how our customers feel at each point of contact, whether physical or virtual. To be able to deliver is the key to success we need to hold in our service."

Nizam Sani
Chief Marketing and Communications Officer



Our customers are the foundation of the Bank's businesses, as we depend on them for our economic growth. Our commitment is to continually enhance the customer experience through relationship building, digital technologies, optimising customer processes and ongoing development of our customer product portfolio, including sustainable financing. The importance of customer experience to both the Bank and our stakeholders is evident in our recent materiality assessment (refer to page 53 to 54).

Bank Rakyat's customer experience efforts are focused on cultivating and enriching long-term relationships. We view the Bank as an integral part of our customers' journey. With a profound understanding of the communities we serve, we can offer tailored financial solutions to meet our customers' unique needs. As a Development Financial Institution (DFI), our customers are also our members, emphasising our strong commitment to engagement and communication for building trust and relationships.

In 2022, we continued to enhance the ways we interact with customers, working on improving our service quality and operational excellence in moving towards achieving great customer experience. Our BR25 Blueprint clearly outlined our initiatives to support the four (4) pillars in Customer Service Charter.

By continuously monitoring and improving our efforts in this domain, benchmarking against industry standards and best practices, we distinguish ourselves from competitors and create enduring value for our stakeholders. At a practical level, this translates into a positive customer experience that fosters loyalty.

Bank Rakyat has established a dedicated integrated Experience Management (XM) team in 2021, with the inaugural XM meeting held in January 2022.

We introduced the Branch Service Rating to gauge our key performance indicators – an ongoing process that dissects each facet of the customer journey and leads to a series of engagements with all touchpoints to gain deeper insights for actionable improvements.

Internally, our employees participated in a series of customer-oriented upskilling sessions, reinforcing our core values and nurturing a high-performance culture. They were equipped with the latest customer experience and business tools through certifications such as Certified Customer Experience Professional, Certified Contact Centre Quality Assurance Analyst, Certified Contact Centre Professional and Certified Contact Centre Digital Agent, all endorsed by Western Kentucky University.

A number of campaigns were held throughout the year to focus on best practices, build brand loyalty and enhance knowledge on bank products so as to instill the service excellence and great customer experience culture. The pinnacle of it was the Customer Experience (CX) Week where an action plan was strategised with the objectives to raise awareness on CX Values and roles, promote CX Initiatives and to reward and recognise great achievers who offer outstanding customer experience.

For more detailed information on Customer Experience Management (CXMG), kindly refer to our Annual Report (pages 67 to 68).

OUR APPROACH: DRIVING ECONOMIC DEVELOPMENT

Survey	Objective	Key Measurement	Methodology	Target Respondents	Frequency
Malaysian Banking Industry Customer Satisfaction Survey (MBICSS). <i>Organised by Association of Banks in Malaysia (ABM) and Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) with full support of Bank Negara Malaysia (BNM) to conduct MBICSS.</i>	<ul style="list-style-type: none">To evaluate customer service standards for Malaysian Banking Industry.To establish a common benchmark for Banks in Malaysia to help customers make better financial decision.To reinforce fair and responsible practices among financial services providers.To promote quality and transparency of customer services.To identify strengths and opportunities for each bank against the minimum industry service standards.	<ul style="list-style-type: none">Net Promoter Score (NPS).Customer Service Charter Performance.	Face-to-face street intercepts via Computer Aided Personal Interview (CAPI).	External customer.	Biannually (once every two years) basis.
Bank Rakyat Customer Satisfaction Survey (BRCSS).	<ul style="list-style-type: none">To gauge current state of customer satisfaction. Identify drivers of satisfaction and gaps for improvement.To promote quality and transparency of customer services as listed in the Customer Service Charter.To establish: year-on-year comparison.Achieve readiness for MBICSS.	<ul style="list-style-type: none">Overall Customer Satisfaction.Net Promoter Score (NPS).Customer Service Charter Performance.	<ul style="list-style-type: none">Online survey via Google Form.Fully structured open and close end questionnaires.	Existing customer.	<ul style="list-style-type: none">Biannually (once every two years) basis.Alternately with MBICSS.
Mystery Shopping (MS)/Mystery Calling (MC) Programme.	<ul style="list-style-type: none">To support BR25 Great Customer Experience initiatives.To evaluate communication skills and understanding on product knowledge at branch.To measure the effectiveness of Customer Experience Campaign.To support Branch Service Rating.To track the Mystery Shopper/ Mystery Caller performance on yearly basis.	<ul style="list-style-type: none">Greeting and Communication.Product Knowledge.External and Internal Façade.Electronic Banking Centre (EBC) and Self Service Terminal (SST).	Fully structured open and close end questionnaires.	Bank Rakyat Branches and Head Office.	Every year.
Department Survey.	To identify employees satisfaction, experience and efforts in obtaining services or request from Head Office.	<ul style="list-style-type: none">Service Delivery Overall Experience.	<ul style="list-style-type: none">URL Link via BRSpace.Portal.QR Code.Link via normal email	Bank Rakyat staff who have experience dealing with departments at head office.	Every year.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

The Bank's social efforts encompass a range of initiatives, including the Yayasan Bank Rakyat outreach, the flagship Nuri Nutrisi programme, annual zakat contributions, Surau Al-Barakah activities and CSR programmes, among others, which is further highlighted below.

Bank Rakyat has been a supportive partner to its employees, customers, communities and society, extending a helping hand to those in need during these challenging times. In 2022, the Bank's initiatives focused on providing continued support to targeted groups such as B40 families, B40 students, entrepreneurs and particularly those affected by the economic crisis caused by the pandemic.

Furthermore, through its social development activities, Bank Rakyat is committed to contributing to the UNSDGs agenda. The Bank has prioritised six SDGs that directly align with its operations.



Goal 1: No poverty

SDG target 1.4 by 2030, ensure that all men and women, in particular the poor and vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.



Goal 4: Quality education

SDG target 4.6 by 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.



Goal 8: Decent Work and Economic Growth

SDG target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.



Goal 10: Reduced Inequalities

SDG target 10.2 by 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Social Sustainability Initiatives

The social sustainability initiative addresses pressing social challenges and promotes inclusivity, equality and access to financial services for all. Through strategic partnerships, community engagement, and innovative programmes, Bank Rakyat strives to create a better future for individuals and communities, where everyone can thrive and prosper together. Notably, the Bank not only supports and advances financial literacy amongst its stakeholders but also promotes the savings culture amongst customers and potential customers. Out of the total deposits valued at RM57.55 million, 29% of the deposits are from the B40 and under 1% at RM300 million is from those aged 18 and below. This is a testament to the Bank's efforts to ensure financial inclusion and the promotion of individual and household financial security and liquidity.

2022: RM57.55 billion deposit balance, 4,092,131 accounts

2021: RM63.49 billion deposit balance, 4,474,781 accounts

Total Number of Participants 2022: 20,663

The Cashless Village Programme was initiated by Bank Rakyat to improve the economic status of the villagers while exposed to financial literacy programmes. The Nuri Club aims to cultivate a culture of savings and promotes financial literacy for school children.

	Participants
Cashless Desa	2,857
Nuri Club programme	7,902

Total Number of Participants 2022: 10,759

Bank Rakyat continues to support the growth and advancement of cooperatives, small and medium enterprises (SMEs) and micro-entrepreneurs by providing financial assistance and advisory services, enabling these businesses to grow. The impacts are dealt with in the previous section on Driving Economic Development on pages 55 to 66.

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In 2022, various capacity-building initiatives were conducted, targeted towards microenterprises and cooperatives participated by more than 2,000 individuals and over 5,100 MSME.

Training, outreach, and advisory services conducted	
2021 Total number of participants	1,843
2022 Total number of participants	7,191

Bank Rakyat's ongoing support of small and medium enterprises is illustrated by the stories of these entrepreneurs and how they have managed to start small and expand their businesses. One such success story is that of Puan Jaafar.

From local microentrepreneur to exporter

Puan Latifah Jaafar from Selangor expanded her food paste microenterprise under the brand name Mak Wan with the assistance of Bank Rakyat. She produces many types of pastes to serve sumptuous dishes to her clientele which fulfil the original taste of Malay cuisine. Furthermore, she has now successfully introduced Malaysian cuisine by exporting her paste products into the international market.



Social Finance - Bank Rakyat Entrepreneur Leadership Series

Bank Rakyat takes immense pride in encouraging entrepreneurship activities as part of our wider stakeholder engagement strategy and contributing towards nation-building. We hope to help foster innovation and assist in capability/capacity enhancement community activities. The Bank Rakyat Entrepreneur Leadership Series, known as the RAKYATpreneur and Bank Rakyat UNIPreneur are philanthropic initiatives to assist entrepreneurs, which includes university students and single mothers in line with the government's push for the National Entrepreneurship Policy (NEP2030).



The RAKYATpreneur 3.0 and Bank Rakyat UNIPreneur 2.0 social financing initiatives have significantly bridged financial inclusion gaps. These programmes witnessed a remarkable increase in the participation of Asnaf entrepreneurs, with a total allocation of RM4 million in zakat funds, demonstrating the Bank's commitment to fostering a sustainable and inclusive economy. Both RAKYATpreneur 3.0 and Bank Rakyat UNIPreneur 2.0 showcased the Bank's holistic approach to sustainable development, encompassing financial support, training and mentorship.

By providing access to affordable microfinance, aspiring entrepreneurs from underserved communities were given the opportunity to thrive and contribute to the nation's economic growth. Through these initiatives, the Bank actively supported the growth of the entrepreneurial ecosystem, empowering individuals to create sustainable livelihoods and contribute to the nation's prosperity.

RAKYATpreneur

Bank Rakyat is also cognisant of the needs of the asnaf community. The RAKYATpreneur is a philanthropic initiative to assist potential Asnaf micro-entrepreneurs by providing financial aid to enhance their initial capital. It also assists in developing entrepreneurial skills, self-confidence and self-reliance among potential informal entrepreneurs.

RAKYATpreneur initiative identifies potential micro entrepreneurs who need nurturing and support to elevate their current businesses in terms of revenue and financial management. The support involves knowledge exchange, one-to-one guidance, advisory on key business improvements, progress evaluation, branding, and financial support. The micro businesses were in food and beverage, health and beauty, tailoring, grocery stores, printing, and perfumes. The RAKYATpreneur 2.0 (September 2021 to February 2022) saw 170 Asnaf entrepreneurs from community-based micro businesses throughout Malaysia participating. These participants had micro businesses with monthly revenues between RM1,000.00 to RM8,000.00 and managed to raise seed funding of either RM5,000.00 or RM10,000.00. During the six (6) month period, 62.5% of businesses showed an increase in sales.

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The RAKYATpreneur 3.0 (July 2022 to December 2022) saw an increase of Asnaf entrepreneurs to 300 participants. These participants had micro businesses with monthly revenues between RM1,000.00 to RM8,000.00 and managed to raise seed funding between RM5,000.00 to RM10,000.00.

With the entrepreneurial skills training including book-keeping, utilisation of the digital platform, and enhancing self-confidence and self-reliance, 60% of the RAKYATpreneur 3.0 participants improved the revenues for their own businesses during the six-month period, (July 2022 to December 2022). In addition, 200 participants opened Saving Account-i.

RAKYATpreneur SUCCESS STORIES

From Hotel Chef to F&B Kiosk Entrepreneur

Johairi Shah bin Abdullah story is inspiring as he overcame severe odds to own a business with the support and guidance of the Bank's RAKYATpreneur programme. Johairi was the unfortunate victim of a serious motorcycle accident in 2019, after being hit by a speeding vehicle. Due to the accident, he was unable to work as a result of injuries to his shoulder and wrist. Whilst enduring a painful convalescence, Johairi had no financial income and was forced to sell off assets to maintain himself and his family.

Fortunately, with the love and support of his wife who encouraged him to set up his own business venture, his situation improved. Using his 20 years of experience in Hotel F&B and with the help of funding from the Bank, Johairi set up a small business and obtained the furnitures he needed through the Bank's RAKYATpreneur programme. Johairi's story demonstrates the positive impact programmes like RAKYATpreneur can have on individuals who require support due to life changing circumstances.



Tailoring and Handicraft entrepreneur shares her success

Liza Iskandar Lee, a successful woman entrepreneur from Putatan, Sabah, is an inspiring example of the transformative impact of the RAKYATpreneur programme. Through the programme, she acquired the necessary skills to establish and run her tailoring and handicraft business, becoming a beacon of success within her community.

With the support of the RAKYATpreneur programme, Liza transformed her passion for tailoring into a thriving career. Equipped with newfound skills and knowledge, she established her own tailor shop. Her dedication to sharing her expertise led her to organise workshops.



Liza's journey highlights the power of the RAKYATpreneur programme in empowering individuals to pursue their entrepreneurial dreams. Through her hard work and the support, she received, she found success for herself, contributed to the local economy, and inspired others to follow their own paths of entrepreneurship. Her story exemplifies the boundless possibilities that arise when passion, skills, and proper support converge through initiatives like the RAKYATpreneur programme.

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Bank Rakyat UNIPreneur

The Bank Rakyat UNIPreneur is a philanthropic initiative to assist potential young Asnaf entrepreneurs by offering financial aid to enhance their capital. It also assists in the development of entrepreneurial skills, self-confidence, and self-reliance among young entrepreneurs that can be drawn on during future careers. By the end of December 2022, the initiative is run with the collaboration of 24 Malaysian Higher Education Institutions (19 public universities, four private universities, and one Jabatan Pendidikan Politeknik dan Kolej Komuniti).

The Bank Rakyat UNIPreneur selects participants from a list provided by universities of young Asnaf and potential entrepreneurs. During this period, entrepreneurs are coached, mentored, monitored and provided with branding to elevate the business and financing in alignment with the National Entrepreneurship Policy (NEP 2030) agenda.

The Bank Rakyat UNIPreneur pilot programme (September 2021 to February 2022) saw 100 participants successfully complete the programmes as per scheduled. Seed funding of RM2,000.00 was provided to each participant to commence businesses in six different areas including agriculture, information technology, fashion, handicraft, beauty and health, and food and beverage. Since joining the programme, 67 participants (67%) showed an increase in sales and have access to banking services with the opening of savings accounts.

The Bank Rakyat UNIPreneur 2.0 was held from July 2022 to December 2022 with 500 participants. This initiative hones in on university students, fostering a culture of innovation and entrepreneurship from an early age. Bank Rakyat collaborates with higher education institutions to provide students with a comprehensive platform that nurtures their business ideas into tangible ventures. Each of the participants received RM3000.00 seed funding and the Bank collaborates with higher education institutions to design training modules for budding entrepreneurs. From 500 participants 66% of them reported an increase in sales. Similarly, participants have access to banking services via the opening of a current account.

After the COVID-19 pandemic and subsequent lockdowns, the importance of digital transformation has taken place. Bank Rakyat not only places emphasis on the financial aspect but has noted the non-financial impact of the Bank Rakyat UNIPreneur programme, which includes having a structured module by universities involved, branding by Bank Rakyat and focusing on students by helping them prioritise their studies and run their businesses. With a structured module, students are coached, mentored and monitored by respective universities to improve entrepreneurial knowledge of participants. The structured module is developed by the 'Pusat Keusahawan' at the selected Institute of Higher Education.

This initiative has won several awards, which are outlined on page 16 to 17 of this report.

Bank Rakyat UNIPreneur SUCCESS STORIES

A growing pearl-based online business

Nazifah binti Ibrahim, a student from International Islamic University Malaysia always harboured a passion for business having studied Accounting and Economics for pre-university studies. Bank Rakyat's UNIPreneur programme further inspired Nazifah as she learnt about setting up and running a business from the comprehensive training and mentorship provided. As a result of the support and guidance of Bank Rakyat UNIPreneur programme, Nazifah fueled by passion and an entrepreneurial spirit turned her vision into a reality and set up an online business venture. Her online business "Addany's Scarves" has achieved remarkable success since 2022 due to her unwavering dedication and desire to provide high quality scarves and excellent customer service.



Nazifah's story serves as an inspiration that with the right mindset and committed financial and non-financial support, it is possible to transform one's vision into a reality. At the time of writing, she has a year of university to complete and as a budding entrepreneur who had turned her passion into a thriving business and is an inspiration for other potential young entrepreneurs.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Bank Rakyat UNIPreneur SUCCESS STORIES

A fast-growing bakery

Mohamad Kasturi Land Hawari, an MBA student, is also the founder of Kasturi Ranjana Legacy, a flourishing cake business established in 2018. With an unwavering enterprising spirit, he manages his cake business while working part-time in the administration department of a company.

Since joining the Bank Rakyat UNIPreneur programme, Kasturi has experienced remarkable growth in his cake business. The programme has provided him with invaluable resources, mentorship, and networking opportunities, enabling him to expand his customer base. Today, Kasturi receives steady orders including from his classmates and the university. He aspires to build his own brand one day. The programme's support has allowed him to grow his business by providing guidance on marketing strategies, fiscal management, and business development, empowering him to take his entrepreneurial journey to new heights.



Financial Literacy

By providing financial education resources and personalised guidance, the Bank helps individuals and families make informed financial decisions and achieve their financial goals. In this way, we serve not only as a financial service provider growing our ever-expanding customer base but also as educators and advocates for financial literacy.

Financial literacy has broader societal benefits. It can promote economic stability, reduce poverty and improve financial inclusion particularly for women. In addition to the existing development mandate and initiatives, the Bank consistently supports BNM's Financial Inclusion Agenda through the following objectives:

- Providing suitable, affordable and quality financial services to all segments of society in contributing to balanced and sustainable economic growth and development.
- Providing the public access to financing, financial services, financial redress and financial information.

Financial Literacy for Children

In line with the government's National Strategy for Financial Literacy 2019 - 2023, Bank Rakyat has taken the initiative to push for better financial literacy education for children. More than 19,800 had benefitted from valuable financial literacy education and exposure in 2022 through a variety of programmes and initiatives by Bank Rakyat, to inculcate financial literacy for the young through:

Nuri Savings-i Account

To instil a savings culture in children from an early age, it is important to take the first step in managing their wealth. The Nuri Savings-i Account provides an excellent platform for cultivating a savings culture among children. With a minimum deposit of RM20.00, the Nuri Savings-i Account is accessible to all children aged 12 years and below. Furthermore, Nuri account holders are eligible to become a Nuri Club member and get to participate in various activities organised by the club throughout the year as follows:

The following Nuri Club Programmes/Activities were conducted in 2022.

- Nuri Kuasa 10 programme, held across the nation, to promote financial literacy and inculcate a culture of savings for children and school children. It focuses on promoting the Nuri Club and the Bank's savings and deposit products offerings.
- Jom Menabung campaigns and colouring contests in selected locations.
- Nuri Teenpreneurship is designed to provide students from selected high schools with direct entrepreneurial experiences, whereby they were given funds to establish their own food and beverage stalls.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Empowering Financial Inclusion Agenda

In line with its commitment to promoting inclusive finance and contributing to balanced and sustainable economic growth, the Bank consistently supports the financial inclusion agenda, introduced by BNM, by providing accessible, affordable and high-quality financial services to all segments of society, including the underserved and underserved segments, hence, ensuring that no one is left behind.



Among the initiatives offered are Nuri, Cashless Desa, and Cashless School, which aim to promote digital financial services in rural areas and educational institutions. The Bank also extends its services through Bank Bergerak and Ar-Rahnu on Wheels (ARROW), ensuring convenient access to financial services in remote areas. Agent Banking, known as Rakyat C.A.R.E., brings banking services closer to the community (refer to page 75 in this report), and the Bank's various offerings like Rakyat Xcess, Ar-Rahnu X'Change, Rakyat X'Lite, and self-service terminals provide flexible and self-service options to customers.

To date, there are 4 Rakyat Xcess, 27 Ar-Rahnu X'Change, 21 Rakyat Xcess and Ar-Rahnu X'Change and 1 Rakyat X'Lite branches in strategic locations nationwide, including Sabah and Sarawak region, ensuring ease of accessibility.

These comprehensive initiatives enable the Bank to actively address the needs of diverse society segments actively, ensuring everyone has access to suitable financial solutions. By fostering financial inclusion, the Bank contributes to creating a more inclusive and prosperous society, empowering individuals and communities to thrive economically.

Bank Bergerak and ARROW

Our Bank Bergerak, or Bank on Wheels, extends access to financial services to customers in underserved or rural areas through a fleet of modified vehicles. Bank Bergerak announces its visiting schedule to communities in advance to allow customers to plan their engagement with the Bank to use or learn of our services.

As of FY2022, Bank Bergerak has a presence in four locations, namely Kuala Lumpur, Temerloh, Alor Setar and Kota Bahru.

Bank Bergerak and Ar-Rahnu on Wheels (ARROW) reaches out to underserved communities by frequently visiting community hubs, public areas, FELDA settlements and morning markets.

Services offered at Bank Bergerak include opening of Electronic Current Account-i and Savings Account-i (CASA), various banking counter services, wealth management and financial advisory. Customers visiting Bank Bergerak also receive updated information on the Bank's products and services.

The upgraded Bank Bergerak, known as Ar-Rahnu on Wheels (ARROW), was established in 2020 to provide similar services as offered by Bank Bergerak with the inclusion of Ar-Rahnu services such as Pawn Broking-i, payment of profit, redemption, jewellery cleaning and jewellery testing.

Bank Bergerak and Arrow	7 (FY2021: 6)
Total transaction value	RM18.36 million (FY2021: RM9.40 million)

Ar-Rahnu ensures individual, society and economic justice by practising the equitable distribution of income and eradicating poverty. Currently, ARROW operates in three locations, Kota Tinggi (Johor), Bintulu (Sarawak) and Sandakan (Sabah).

Bank Rakyat's ARROW units have proven to be efficient and effective in providing customers with accessible and affordable financial services without the need for traditional brick-and-mortar branches. These mobile units serve as an alternative channel, reaching customers in remote and rural areas and play a crucial role in providing accessible and inclusive banking services to underserved communities, promoting financial inclusion across different Malaysian regions.



OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Ar-Rahnu: An Islamic “benevolent financing”

A growing pearl-based online business

Pawn Broking-i, also known as Islamic pawnbroking, is a unique financial service that has gained popularity in Malaysia. It offers an alternative to conventional pawnbroking by incorporating Islamic principles and adhering to Shariah-compliant practices. Pawn Broking-i plays a significant role in providing financial assistance to individuals and businesses, particularly those who may not have access to traditional banking services.

The concept of Pawn Broking-i revolves around providing collateral-based financing to customers, secured against valuable assets such as gold, jewellery, or other valuable items. Unlike conventional pawnbrokers, Pawn Broking-i operates within the guidelines of Islamic finance, ensuring that transactions are conducted in compliance with Shariah principles.

One of the key principles of Pawn Broking-i is the concept of “tawarruq”, which means a benevolent financing. Instead of charging interest, Pawn Broking-i imposes a profit on the pledged item to cover administrative costs. This aligns with Islamic financial principles that discourage usury and promote fairness in financial transactions.

Pawn Broking-i institutions in Malaysia are regulated by BNM. These regulatory bodies ensure that Pawn Broking-i operators comply with the Shariah guidelines and safeguard the interests of customers.

One of the notable advantages of Pawn Broking-i is its accessibility to a wide range of individuals, including those without a formal banking relationship or with limited creditworthiness. It provides an avenue for individuals to obtain short-term liquidity in times of financial need, without resorting to interest-bearing financing that may be incompatible with their religious beliefs.

Pawn Broking-i transactions typically involve a transparent process. Customers bring their valuable items to a pawn broking institution, where the item's value is assessed by trained appraisers. The customer is then offered a financing amount based on a certain percentage of the item's appraised value. Once the financing agreement is agreed upon, the item is safely stored in a secure facility until the financing is repaid.

The payment period for a Pawn Broking-i financing is usually determined at the time of agreement, with options for extension or early redemption. If the customer fails to pay the outstanding amount (profit or/and principal) within the specified period, the pledged item may be sold by the pawn broking institution to recover the financing amount.

In Malaysia, pawn broking has gained popularity due to its alignment with Islamic principles, the accessibility it provides to underserved communities and its regulated nature. It is a reliable and viable financial solution, particularly for individuals who may face challenges accessing mainstream banking services.

Pawn broking has emerged as a significant financial service within the Malaysian context, offering an Islamic alternative to conventional pawnbroking. Its adherence to Shariah principles and regulated framework has contributed to its growing acceptance and utilisation. As the financial landscape continues to evolve, Pawn Broking-i plays a crucial role in promoting financial inclusion and providing accessible financing options to individuals and businesses.

In December 2022, the Bank introduced an online auction platform, e-Lelong Ar-Rahnu, that allows pawn broking customers to bid on jewellery or Pawn Broking-i gold items from anywhere, in real-time, 24/7.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Perkhidmatan Ejen Bank (RAKYAT C.A.R.E.) Bank Rakyat

Memudahkan Urusan Perbankan Untuk Semua

Perkhidmatan yang ditawarkan adalah:

- Pengeluaran Tunai
- Deposit Akaun Simpanan-i
- Pembayaran Bil Setempat
- Pindahan Wang
- Pembayaran Pembiayaan

Agent Banking (Rakyat C.A.R.E.)
Agent Banking known as Rakyat C.A.R.E., is an initiative introduced by BNM to ensure that basic banking facilities are accessible throughout Malaysia. Bank Rakyat has been providing Agent Banking Services since July 2015.

Bank Rakyat agent banks, conveniently located in communal areas such as sundry shops, offer cash deposits, cash withdrawals, utility payments and payment of financing transactions.

273 communities served by agent banks (FY2021: 299)
- 41 of which are in rural/underserved areas (FY2021: 50)

Total transaction value: RM7.4 million (FY2021: RM7.15 million)
- RM0.44 million of which is in rural areas (FY2021: 0.64 million)

Rakyat C.A.R.E. offers essential banking services such as savings accounts, cash withdrawals, intrabank fund transfers, bill payments and financing payments that are specific to Bank Rakyat, through appointed agents. With the availability of Rakyat C.A.R.E., customers can conveniently access banking services closer to their localities, providing significant benefits to the unserved and underserved community segments.

Rakyat C.A.R.E. brings several win-win benefits for the unserved and underserved communities and the Bank itself. Easier access to banking services creates more opportunities for these communities. For the Bank, appointing agents is a cost-effective alternative to other delivery channels like branches and self-service terminals. Additionally, expanding touchpoints helps attract retail deposits and enables the Bank to enter new markets. As for the appointed agents, this strategy offers additional income opportunities through the collection of transaction fees.

For FY2022, the Rakyat C.A.R.E network consisted of 273 active agent banking channels nationwide, with 59,000 transactions performed, recording more than RM7.4 million in transaction values.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Social Impact – Our giving back culture
Bank Rakyat has always been rooted in serving the people and the community around us. We recognise that corporate social responsibility (CSR) plays a vital role in our continued success and in creating long-term value for our stakeholders. CSR is an integral part of our aspiration to build sustainable futures for our stakeholders, focusing on underserved communities and the stability of our nation.

Each year, a portion of our business profits is allocated towards social impact and CSR initiatives conducted through various channels. These include our flagship Kebun Nuri Nutrisi programmes, outreach efforts by Yayasan Bank Rakyat, annual zakat and Waqf contributions, activities in Surau Al-Barakah, and CSR programmes conducted by Rakyat Management Services (RMS), the franchisor of Bank Rakyat’s Ar-Rahnu X’Change Islamic pawnbroking brand.

Today, our CSR programmes are aligned with Bank Rakyat Sustainability Framework and Policy, ensuring that we approach our initiatives with greater mindfulness as we aim to deliver meaningful impacts.

Nuri Nutrisi Programme
Bank Rakyat’s Nuri Nutrisi programme has received numerous CSR awards for its holistic impact and sustainable structure. The programme has been recognised for its significant benefits in improving underprivileged students’ health, education and welfare.

While Malaysia has made considerable progress in reducing poverty rates, the issue of quality nutrition among Malaysians remains a concern. In response, Bank Rakyat’s Corporate Communications department initiated the Nuri Nutrisi programme in 2019, focusing on providing nutritious food to underprivileged school children.

The main objective of Nuri Nutrisi is to raise awareness about nutrition, health and wellness by providing nutritious meals and safe drinking water to selected underprivileged students for three months during recess. Additionally, the programme organises nutrition education initiatives to educate students about healthy eating practices and making nutritious food choices.

As part of the Nuri Nutrisi programme, Bank Rakyat funds the establishment of ‘Kebun Nuri Nutrisi’ in partnership with schools and universities.

Kebun Nuri Nutrisi

Kebun Nuri Nutrisi, the Bank’s flagship award-winning community investment programme, aims to enhance food and nutrition security, agricultural education, social inclusion, economic development and entrepreneurship by establishing a nourishing farm. The Bank has been actively implementing the Kebun Nuri Nutrisi initiatives since 2019, involving various educational institutions nationwide, including tertiary education. So far, over 20 educational institutions have participated, benefiting approximately 19,000 recipients directly.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Kebun Nuri Nutrisi (Continued)

In 2022, Kebun Nuri Nutrisi expanded into a large-scale project through a partnership with the Federal Agricultural Marketing Authority (FAMA), focusing on creating substantial social and environmental impact. Boarding schools and the community, such as MRSM Langkawi, MRSM Balik Pulau, MRSM Ulul Albab Sungai Besar, Malay College Kuala Kangsar (MCKK) and the community of Kampung Warna-Warni Seberang Ramai, were the primary areas of focus.

SDGs and Bank Rakyat’s commitment to promoting a sustainable lifestyle among Malaysian communities, including non-citizens residing within those communities. The Kebun Nuri Nutrisi programme addresses a wide array of issues, including food security, nutrition, social inclusion and economic development, recognising the interconnections between the SDGs and the challenges they aim to tackle.

Ensuring Food and Nutrition Security

The Kebun Nuri Nutrisi programme focuses on enhancing recipients’ access to fresh, local and healthy food, particularly fruits and vegetables. By promoting the consumption of nutritious foods, the programme improves the recipients’ overall well-being while providing them with knowledge about local food production. This addresses their nutritional needs, empowers them in agriculture, and contributes to their agricultural knowledge and skills.

Environmental, Social, and Governance (ESG) Commitment

The Kebun Nuri Nutrisi programme acknowledges agriculture’s various environmental, social, and governance aspects. It aims to contribute to environmental conservation by preserving the land, improving soil health and enhancing water quality. Additionally, the programme fosters a diverse and inclusive community by offering opportunities for participation in agriculture and income-generating activities, particularly for B40 students and communities.

Empowering Sustainable Ecosystem

In contrast to short-term financial assistance, which lacks of sustainability, the Kebun Nuri Nutrisi initiative provides regular benefits while utilising market-leading technology to optimise production. The programme incorporates agricultural learning and entrepreneurship, allowing surplus produce to be sold to generate funds that support the recipients and their surrounding communities in a sustainable manner. During the COVID-19 pandemic, the profits from the initiative were utilised by many schools to provide B40 students with SIM cards and internet access for online learning.

Promoting Social Mobility and Inclusion

The Kebun Nuri Nutrisi programme was initially developed to uplift children from low-income families, allowing them to manage their own nutritious gardens or urban farms. By engaging in farming practices from an early age, this programme not only improves the recipients’ personal lives but also promotes environmental equity. It believes in the power of small yet influential steps to make a difference in life.



OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Leveraged Partnerships

The collaboration with FAMA has enhanced the direction and management of farming activities within the programme. This includes providing agricultural infrastructure, encompassing essential services, facilities and equipment required for efficient agricultural production and marketing. Recipients receive prior preparation through courses and advisory support, enabling them to embark on agriculture activities more effectively.

Community Agriculture for Shared Prosperity

Beyond promoting agriculture to students, the Bank aims to foster a robust agricultural economy that drives social progress through increased productivity, employment and income. This initiative not only ensures communities have access to nutritious food but also nurtures their entrepreneurial skills by allowing them to sell surplus produce. The funds generated are then used to expand sustainable initiatives that benefit the communities.

Bank Rakyat aspire to advance this Kebun Nuri Nutrisi programme by incorporating advanced technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), and smart farming. These innovative devices and precision agriculture techniques enhance profitability, efficiency, safety and environmental sustainability in farming practices. Currently, the Bank is collaborating with a one of Malaysian university to implement IoT technology in their farming practices.

In 2022, the following was completed:

- Fertigation of 500 polybags in MRSM Langkawi, Kedah.
- Hanging fertigation of 1,000 polybags in MRSM Ulul Albab Sungai Besar, Selangor.
- Hanging fertigation of 1,000 polybags in MRSM Balik Pulau, Pulau Pinang.
- 800 hydroponic pots planted in Malay College Kuala Kangsar (MCKK), Perak.
- 180 hydroponic pots planted in SK Putra, Perlis and SK Batu Rakit, Terengganu.
- 540 hydroponic pots planted in Kampung Warna Warni Seberang Ramai, Kuala Perlis, Perlis.
- 200 hydroponic pots planted in SMK Bukit Sentosa 2, Rawang, Selangor.
- 1,000 polybags of ginger planted in Universiti Malaysia Perlis (UniMAP).

In the year under review, Nuri Nutrisi won several awards, which are outlined on page 16 to 17 of this report.



Zakat Contribution for 2022

Bank Rakyat sees itself as more than just a business, understanding the importance of serving the people and contributing to nation-building. The Bank is committed to using its platform and resources to uplift underserved communities and make a positive impact on their lives.

The Bank’s focus on the underserved aligns with its commitment to social inclusion and the World Bank Group’s goals of ending extreme poverty and promoting shared prosperity. Bank Rakyat takes various interventions to address these goals, including reducing educational gaps by ensuring inclusive education for all children regardless of their income or residency status. The Bank also emphasises financial inclusion, invests in infrastructure and strives to improve access to clean water and sanitation.

Throughout the year under review, the Bank has consistently made contributions to the community and society through the allocation of zakat and corporate social responsibility (CSR) funds. These contributions amounted to RM25.7 million and reached over 120,000 recipients. The Bank’s zakat fund has been utilised to support entrepreneurs, provide medical treatment assistance, aid students, promote educational programmes, support shelter initiatives and provide disaster relief efforts.

- Bank Rakyat’s zakat contributions play a significant role in supporting and implementing initiatives that promote social equity in education, business and living standards for the underserved. In the year under review, the Bank distributed RM18.5 million in zakat to over 77,000 recipients through various programmes.
- In addition to zakat contributions, Bank Rakyat conducts numerous supportive programmes through Yayasan Bank Rakyat and Surau Al-Barakah. These programmes cover a wide range of areas, including education, community welfare and festive activities, further demonstrating the Bank’s commitment to positively impacting society beyond its core operations.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Yayasan Bank Rakyat (YBR) and Surau Al-Barakah

To assist individuals in need, Yayasan Bank Rakyat has implemented education and community initiatives. The foundation's funding is acquired through a contribution of 0.5% of the shareholding from each Bank Rakyat member, including individuals and cooperatives. This contribution is deducted from the annual dividend received by the members.

The foundation's primary objective is to enhance the education standards of underprivileged Malaysians, irrespective of their race, religion, or background. Additionally, the foundation aims to elevate the socioeconomic status of individuals by promoting knowledge and education. It also fosters a sense of compassion and support among Malaysians.

By implementing these initiatives and collecting contributions, Yayasan Bank Rakyat's foundation, YBR, strives to impact positively.

Funds contributed in 2022 to YBR are as follows:

Categories	Contributions
Bank Rakyat Members	RM14,303,012.00
Bank Rakyat	RM14,303,012.00
Total Contribution	RM28,606,024.00

Surau Al-Barakah, established to provide spiritual support and strength to all Bank Rakyat employees, actively contributes to the well-being of the Muslimah community. The name "Al-Barakah" is derived from the Arabic term meaning sustainable growth, reflecting the Surau's commitment to community engagement by offering assistance during times of need and fostering spiritual resilience while Jāriah Al-Barakah, a collaborative endeavour between Bank Rakyat and Surau Al-Barakah, was created to promote the practice of charitable giving among the Bank's employees and the wider community, which enabled more effective management of charitable activities. Through this initiative, in 2022, it collected RM265,948.71. RM820,874.00 was collected since its establishment, of which RM248,335.56 was distributed to beneficiaries.

In 2022, Surau Al-Barakah allocated RM349,356.80 for Islamic Dakwah and Knowledge Enrichment activities, as well as various Corporate Social Responsibility (CSR) initiatives. In addition to the customary contributions made during Ramadan and Aidiladha, an amount of RM66,404.80 was specifically dedicated to ZON BARAKAH BERGERAK in collaboration with Bank Rakyat branches.



The ZON BARAKAH BERGERAK initiative involved mobile visits to needy communities throughout Malaysia, providing them with donations in the form of food and cash. This effort aimed to support and uplift those in need. Furthermore, when Pahang and Selangor were devastated by floods, a total of RM75,000.00 was allocated to assist in repairing 29 affected mosques and suraus. Additionally, each mosque and surau received a copy of the al-Quran and a memento wall clock as a gesture of support and solidarity.

Surau Al-Barakah's contributions in FY2022 extended beyond religious and educational endeavours, as they actively engaged in community welfare and disaster relief efforts. By addressing the immediate needs of communities and providing them with spiritual guidance and resources, Surau Al-Barakah and Bank Rakyat demonstrated their commitment to making a positive difference in the lives of individuals and communities throughout Malaysia.

Through Surau Al-Barakah and Jāriah Al-Barakah, Bank Rakyat actively supports the Muslimah community, ensuring their well-being and fostering spiritual growth and resilience. The contributions made through this collaborative effort have made a meaningful impact on individuals in need, empowering them to overcome challenges and enhance their overall quality of life.



OUR APPROACH: DRIVING SOCIAL DEVELOPMENT



Employee Volunteerism Programme – Bakti RAKYAT

Further strengthening the culture of volunteerism, the Bakti RAKYAT initiative cultivates the value of cooperation, fosters team spirit, eradicates selfishness and builds a caring culture among Bank Rakyat employees. Contributing to the UN SDGs 1 (No Poverty), 8 (Decent Work & Economic Growth), 9 (Industry, Innovation & Infrastructure) and 17 (Partnerships for the Goals), the programme aims to develop and prioritise activities that boost economic progress and the sustainable development of stakeholder communities. Activities are identified with the collaboration of external organisations such as non-governmental organisations, local authorities, hospitals and schools and fall into one or more of three categories, i.e., community, environment or public service. The activities are fully in line with Shariah requirements and Bank Rakyat's Corporate Values (see page 1). Employee volunteerism contributes to various positive impacts to the communities via old folks' homes, orphanages and the homeless.

Impacts include providing clothing, online tuition and food, the programme also targets efforts to improve public facilities in mosques, hospitals, bus stations and schools, among others.

Apart from the contributions outlined above, the programme enables employees to take on leadership roles in the form of project leaders of various activities, providing opportunities for creativity and professional development. In addition, working together builds employee morale, encourages collaboration in and out of office and strengthens teamwork, productivity, leadership and people skills via project management. The close engagement with various communities highlights Bank Rakyat's employees as effective and positive role models which in turn enables the Bank to recruit top talent as they observe an organisation with purpose.

During the year Bakti RAKYAT volunteerism hours totalled 2,612 which amounts to approximately 326 working days. The following table highlights the type and number of activities and number of volunteer hours per month in 2022.

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Month (2022)	Location	Activities	Collaborator(s)	No. of volunteers	No. of volunteerism hours
January	BaktiRAKYAT Melaka/Negeri Sembilan	Conservation and beautification Programme	<ul style="list-style-type: none">Department of Fisheries MalaysiaTurtle Conservation and Information Centre, Pangkalan Balak, Malacca	50	200
February	BaktiRAKYAT WP Kuala Lumpur/ Putrajaya	Tree planting and maintenance programme	Forest Research Institute (FRIM)	40	160
March	BaktiRAKYAT Sabah	Infrastructure, improvement and beautification programme	Madrasah Waqaf Islamiyah Sabah (MAWIS)	36	108
April	BaktiRAKYAT Head Office	Rewang Ramadan	<ul style="list-style-type: none">PPR Seri Alam 2SEKATARAKYATSurau Al-Barakah	79	316
May	BaktiRAKYAT Johor	Green Malaysia: Our Trees, Our Lives	<ul style="list-style-type: none">East Johor State Forestry Department, MersingAssociation of Wives and Women Civil Servants of Malaysia, Mersing	23	92
June	BaktiRAKYAT Kedah/Perlis/ Pulau Pinang	Butterfly release and tree planting programme	<ul style="list-style-type: none">Bukit Gambir National Secondary SchoolMcDonald's	17	68
July	BaktiRAKYAT Kelantan/ Terengganu	Plogging combined with beach area cleaning.	NGO Green Plastic Gang (GPI)	140	560
	BaktiRAKYAT Kedah/Perlis/ Pulau Pinang	Clean up of flood affected Sekolah Menengah Agama Yayasan Al Khairiah, Baling Kedah.		15	60
August	BaktiRAKYAT Selangor	Mangrove tree planting and beach cleaning programme	<ul style="list-style-type: none">Kuala Selangor Municipal CouncilKelab Generasi Warisan Seri AsahanKampung Kuantan Fireflies Park	59	236
September	BaktiRAKYAT Pahang	Rope, signage, and lighting installation, and hiking trail cleaning activity	Tioman Development Board	12	48
October	BaktiRAKYAT Perak	Turtle pond cleaning and Ambong-Ambong tree planting programme.	Department of Fisheries, Malaysia Turtle Conservation and Information Centre, Segari, Perak.	103	412
	BaktiRAKYAT Perlis	Painting and cleaning activities for the homes in Kumpung Warna-Warni Seberang Ramai, Kuala Perlis.	Majlis Agama dan Istiadat Melayu Perlis (MAIPs).	48	192
November	BaktiRAKYAT Sarawak	Surau painting programme, village area cleaning, and solar lamp installation	i-CATS University College	40	160
Total volunteerism hours					2,612

OUR APPROACH: DRIVING SOCIAL DEVELOPMENT

Festive Contributions

During the festive months of Ramadan, Eid and Aidiladha, Bank Rakyat actively celebrates with the underprivileged and selected target groups through Surau Al-Barakah CSR initiatives.

RMS CSR Programme

Rakyat Management Services Sdn Bhd (RMS), a wholly owned subsidiary of Bank Rakyat, serves as the franchisor of the Ar-Rahnu X'Change Islamic pawn franchise brand. Like Bank Rakyat, RMS dedicates a portion of its profits to implementing CSR programmes that benefit the underprivileged in our community, regardless of their background.



To ensure an effective and cohesive programme structure, RMS has outlined its CSR initiatives as a brand marketing programme under the Ar-Rahnu X'Change Product and Brand Marketing Plan 2022 through three approaches: Corporate Sponsorship and Contributions, Asnaf Contributions and the 'Ar-Rahnu X'Change We Care' franchise initiative.

Under Corporate Sponsorship and Contributions, RMS actively supports various community projects, events and programmes by providing financial assistance or in-kind contributions. This approach aims to contribute to the betterment of society and address the needs of vulnerable groups.

Asnaf Contributions form another key aspect of RMS's CSR efforts. RMS collaborates with charitable organisations and foundations to provide aid and support to the Asnaf, particularly those facing financial difficulties. Through these contributions, RMS strives to uplift their lives and provide them with essential resources and opportunities.

The 'Ar-Rahnu X'Change We Care' franchise initiative focuses on empowering the franchisees of Ar-Rahnu X'Change outlets to engage in CSR activities within their local communities. This approach encourages franchisees to identify and address their communities' needs through various initiatives such as educational support, welfare programmes or environmental conservation efforts.

Through these comprehensive CSR approaches, RMS demonstrates its commitment to social responsibility and aims to make a positive impact on the lives of the underprivileged, fostering a more inclusive and compassionate society.

Ar-Rahnu X'Change We Care 2

In FY2022, the marketing direction of the Ar-Rahnu X'Change brand continued to focus on being a caring brand through the 'Ar-Rahnu X'Change We Care' campaign. This campaign, which began in 2020 and continued through 2022 with the 'Ar-Rahnu X'Change We Care 2' campaign, aimed to engage Ar-Rahnu X'Change customers in the CSR initiatives.

As part of the campaign, customers were given the opportunity to suggest the types of activities and target groups for the CSR programmes implemented. This approach ensured that the CSR initiatives aligned with the customers' interests and preferences, allowing them to be actively involved in the campaign's success.

By involving customers in the decision-making process, the 'Ar-Rahnu X'Change We Care' campaign aimed to create a sense of ownership and community engagement. It fostered a closer relationship between Ar-Rahnu X'Change and its customers, demonstrating the brand's commitment to caring for the community and addressing the needs of specific target groups as suggested by the customer.



**Taking a long term commitment
in fostering shareholder value**

We work towards reducing greenhouse gases, minimising waste and conserving resources as our goal to contribute positively to the environment.



OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT



Being a responsible financial institution, Bank Rakyat recognises the need to address environmental challenges and contribute to a sustainable future. In this section, we will outline our environmental objectives, strategies and performance metrics, showcasing our commitment to minimising our ecological impact while fostering long-term value for all stakeholders.

At Bank Rakyat, we believe that a thriving environment is vital for the well-being of current and future generations. We integrate environmental considerations into our business operations, seeking a harmonious balance between financial growth and resource preservation. We have been working towards reducing greenhouse gas emissions, conserving resources and minimising waste.

We also highlight our sustainable financing practices and the integration of environmental risk assessments into our financing and investment decisions.

BaktiRAKYAT and the Environment
The Bank's BaktiRAKYAT community programme also engaged in a variety of environment-related activities such as marine conservation, tree planting and beach cleaning. The objectives and activities of BaktiRAKYAT are covered on pages 79 to 81, of this report.

Sustainable Consumption
Bank Rakyat is committed to reducing its impact on the environment as part of its sustainable practices. To do so, it has been monitoring and focusing on the impact of its business activities throughout the nation and is constantly working to reduce the carbon footprint of its various activities. This is primarily done through reducing its energy consumption, water usage and the amount of paper used by the company.

To further complement these efforts, Bank Rakyat introduced its 3R Campaign, which promotes practices which Reduce, Reuse and Recycle waste. This included the implementation of green initiatives such as 'No Plastic' awareness days, the placement of recycling bins at Menara Kembar Bank Rakyat and promotion of carpooling among its employees.

OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT



Energy Consumption
Energy consumption has fluctuated over the past several years due to numerous factors such as the Movement Control Order, as work from home schemes were introduced. With normal office operations having resumed over the past year, energy consumption has also increased in tandem. Other issues that affected the consumption rates include occupancy rates, metre replacements and equipment testing.

Bank Rakyat tracks the annual electricity usage of its Menara Kembar Headquarters and its various branches nationwide. By successfully implementing energy-saving methods, we reduce our operational carbon emissions.

Bank Rakyat managed to reduce the energy consumption of its Menara Kembar Headquarters since 2019.

Substantial savings were derived from the Bank's decision to replace lighting fixtures with LED-type lights. The transition

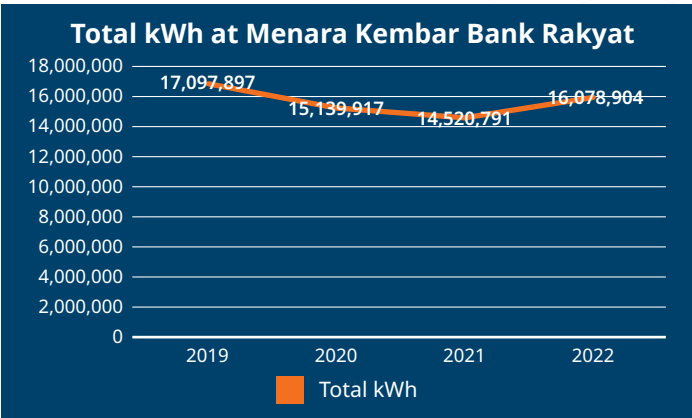
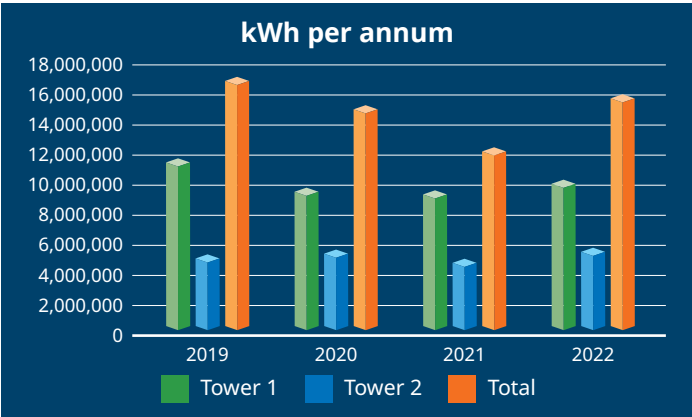
began in 2021 and as of December 2022, 99 per cent of all lights have been replaced.
The programme was conducted in three phases - parking areas, common areas and waiting areas.
The energy consumption for Menara Kembar Bank Rakyat since 2019 is as follows:

Year	Tower 1 (kWh)	Tower 2 (kWh)	Total (kWh)
2019	11,820,132	5,277,765	17,097,897
2020	9,744,857	5,395,060	15,139,917
2021	9,467,881	5,052,910	14,520,791
2022	10,297,023	5,781,881	16,078,904

OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Total energy consumption dropped during 2020 and 2021 due to the Movement Control Order (MCO) and increased in 2022 when employees returned to work in the offices. In spite of the increase in overall business activities in the headquarters for the year 2022, energy usage dipped by about six per cent compared to 2019.

Bank Rakyat will continue the monitoring of these energy consumption figures to form a firm base line, with which it can formulate better environmentally friendly programmes.



Material Consumption

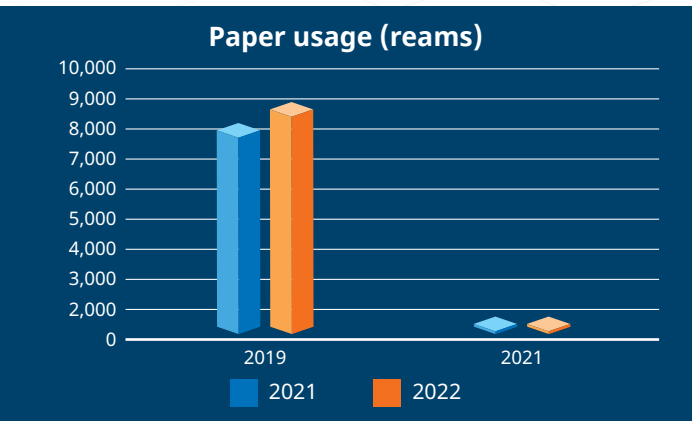
Bank Rakyat has been promoting sustainable practices among its employees and is steadily transitioning towards a paperless system. The Bank has introduced digitalisation as one of the various waste reduction methods and this has proved to be a vital factor in reducing the number of resources used in its operations.

This has further resulted in paper consumption reduction and better cost efficiency. Business practices include the use of an e-document system and ensuring printing and photocopying are done only when necessary and reusing scrap paper when possible.

For the year 2020, Bank Rakyat's nationwide usage of A4-sized paper totalled 19,750 reams while the A3-sized, usage stood at 294 reams.

For the year 2021, to save on courier costs and carbon emissions, all Bank Rakyat branches procured their own A4 and A3 paper rather than centrally sourcing paper from Headquarters (HQ). HQ usage was at 8,280 reams of A4 paper and A3 paper consumption was only 180 reams. This drop was due to the use of e-documents as the country was under the Movement Control Order. As the new paperless system was adopted, the year 2022 saw paper usage remain at the same levels, albeit a slight increase.

For the year 2022, paper consumption at the HQ stood at 8,920 reams of A4 paper while the usage for A3 paper was 260 reams.



The marginal increase in paper consumption can be attributed to the increase in business activities due to employees returning to office after the Movement Control Order but it was lower than in preceding years.

Please refer to pages 60 to 63 to find more information on Bank Rakyat digital transformation.



OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Water Consumption

Bank Rakyat aims to manage its resource consumption including water usage. To do this the Bank has commenced recording and monitoring of water expenditure per month to identify any unusual patterns in consumption. Information on expenditure is also recorded per individual towers at Menara Kembar Bank Rakyat.

Climate change and carbon emissions

To support the country's aspirations to achieve Net Zero status by 2050 as set out in the 12th Malaysia Plan, Bank Rakyat aims towards carbon neutrality in its operations and portfolio by 2050. In addition, we plan to achieve Net Zero for our operational emissions (scope 1 and scope 2) by 2030. To do this, not only do we have to innovate our internal banking operations and value chain to ensure energy and resource efficiency, but we are also incredibly supportive of green financing for our portfolio of customers using BNM's CCPT.

In addition, we facilitate green transition and growth through our continuing innovation of green financial products.

As a cooperative bank, our mandate has been to go beyond the bottom line. The current VBI framework has propelled us to create a better and sustainable future for the Bank and its stakeholders through innovation, collaboration and integration (refer to page 32 of this report for more details).

We are cognisant of the detrimental impacts of climate change and the impacts on people, the planet and businesses and the corresponding risks and opportunities. During the year we have played an active role in supporting BNM's Disaster Relief Facility to dispense funding to flood-hit businesses in 2022 (refer to page 57 to 58). As we commence our journey to support the transition to a low-carbon economy, we plan to set in place organisational structures, aligned to the recommendations of TCFD and BNM's CRMSA. The recommendations of TCFD on climate related financial disclosures and our ongoing response is as follows:

1. **Governance** – Disclose the organisation's governance around climate-related risks and opportunities.

Bank Rakyat's has set up a clear governance structure by developing and implementing its Sustainability Blueprint, BRSFP, Sustainability Risk Policy and Green Financing and Investment Business Taxonomy. (Refer to pages 33 to 42 of this report and pages 124 to 175 of the Annual Report 2022 for more on Governance).

2. **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.

It is important that the Bank's strategy incorporates the potential impact of material climate-related risks to strengthen resilience against climate-related risks and to promote a just and orderly transition for the Bank and its customers. Bank Rakyat aims to achieve carbon neutrality by 2050 in our own operations and value chain through our various activities such as digitalisation, green buildings, energy and resource efficiency as set out in our various strategic framework. We also support the just and orderly transition to a more sustainable economy by supporting our customers through green financing, investment and advisory. We have undertaken an exercise in 2022 to assess and categorise our financing and investments to see whether they meet climate objectives and promote a transition to a low-carbon economy using BNM's CCPT. We are pleased to note that out of a total of nearly RM1.1 billion financing granted to over 25 customers, approximately RM800 million or over 72%, meets the CCPT classifications of economic activities which are meaningfully contributing to climate objectives or at least undertaking efforts to transition to low carbon and sustainable practices. Please refer to pages 90 to 91 for more details.

3. **Risk Management** requires disclosure on how we identify, assess and manage climate-related risk.

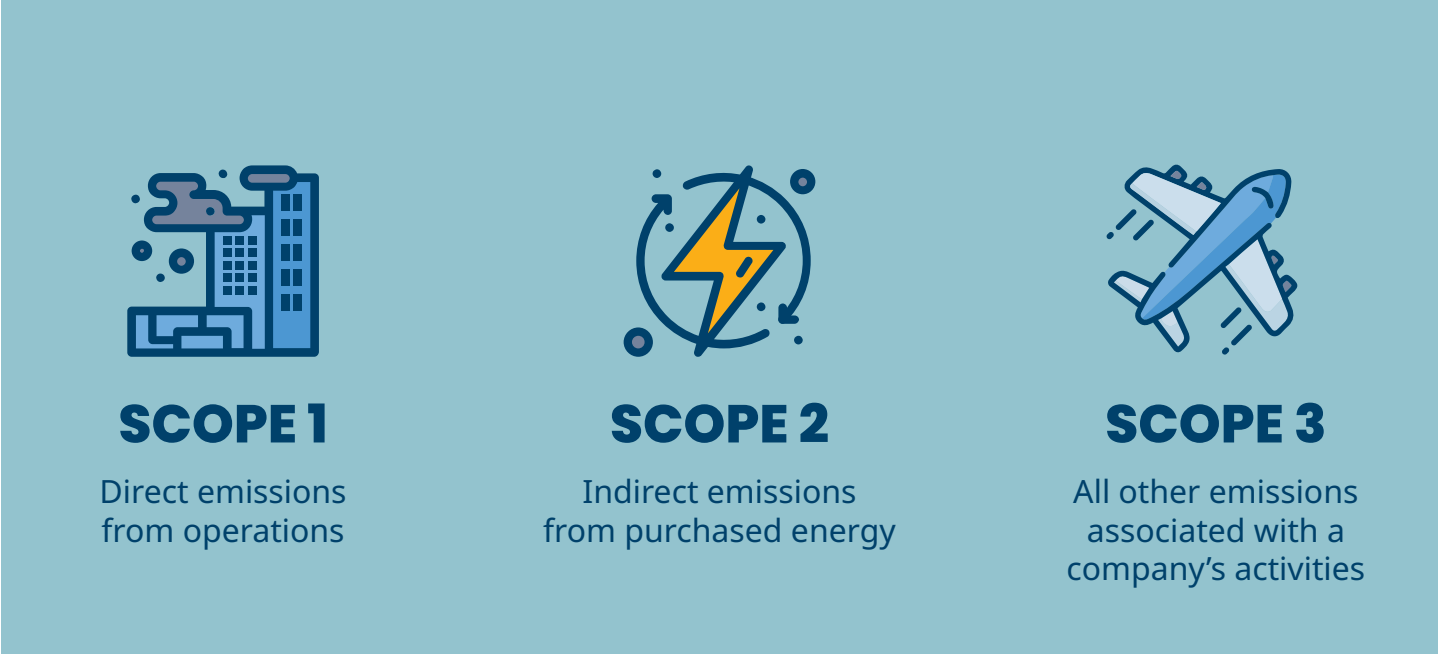
At present Bank Rakyat has a comprehensive risk management framework in place (please refer to details on pages 51 to 54 of this report). Apart from our BRSFP we have also developed a Sustainability Risk Policy which is aligned to TCFD and CCPT and is to be embedded into all the Bank's business activities to ensure the activities and strategy are aligned with the risk appetite and our commitment to sustainability.

4. **Metrics and Targets** requires us to disclose metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

We have begun the process of identifying how we allocate our capital resources to the various sectors via our financing and investment activities using the CCPT classifications which we report to BNM (referred to above). We will continue to collaborate with our stakeholders including the regulators to ensure we develop useful metrics and targets to manage our climate change and other sustainability-related commitments.

OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Scope 1, 2, and 3 Analysis



Bank Rakyat has been constantly outlining and assessing its sustainability initiatives and performance across Scope 1, 2 and 3 emissions. This demonstrates the Bank's commitment to reducing greenhouse gas emissions, promoting renewable energy and enhancing environmental stewardship throughout its operations and value chain.

Scope 1
Scope 1 includes direct greenhouse gas emissions resulting from the Bank's activities throughout the nation. Bank Rakyat sees the need to measure and manage these emissions and subsequently formulated several key initiatives to reduce them.

Bank Rakyat has implemented and achieved energy-efficient practices within its branches and headquarters, reduced fuel consumption and emissions from its generators, boilers, and company vehicles. This has resulted in a drop in power consumption at its headquarters. Refer to pages 85 to 86 for further information.

It has also encouraged a fleet optimisation strategy, which includes using low-emission vehicles and promoting carpooling and using public transportation among employees. Bank Rakyat has also placed four EV charging stations on three different floors in its Menara Kembar Bank Rakyat.

Scope 2
Scope 2 involves indirect greenhouse gas emissions due to the generation of purchased electricity, heating and cooling devices used by Bank Rakyat.

Bank Rakyat has also implemented energy conservation measures in its buildings and offices, including efficient lighting systems by using LED lights, Heating, Ventilation and Airconditioning (HVAC) optimisation, and intelligent energy management systems. In 2021, the Bank has already changed to more emissions-friendly IT equipment such as switching from desktop to laptop for 636 employees. Efforts have also been made to increase employee awareness of the importance of these measures. The Bank has conducted various internal awareness campaigns to educate employees about the importance of energy conservation and responsible energy usage in the workplace.

Scope 3
Scope 3 emissions are indirect greenhouse gas emissions due to Bank Rakyat's activities but are beyond its direct operational control.

To better control them, we have focused our efforts in areas such as Supply Chain Engagement, Customer Awareness and Investment Strategies.

OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Bank Rakyat has been actively engaging with suppliers to promote and encourage sustainable practices and for them to adopt emission reduction measures and prioritise sustainability in their operations.

We have also conducted campaigns to empower our customers to transition to the use of sustainable finance options and to understand the environmental impacts of their financial decisions.

To further improve its sustainable practices, Bank Rakyat has incorporated environmental, social, and governance (ESG) criteria into its investment decision-making processes such as with SRI Sukuk. This allows for the promotion of sustainable businesses and reduces the carbon intensity of our portfolio.

Menara Kembar Bank Rakyat and Green Building Certification
Being committed to reducing its carbon footprint and embracing eco-friendly practices, Bank Rakyat embarked on a journey to obtain green certification for its Menara Kembar Bank Rakyat.

Menara Kembar Bank Rakyat stands as a shining example of an environmentally responsible and sustainable building. Through various initiatives such as energy-efficient measures, water conservation initiatives, waste management practices and emphasis on indoor environmental quality, Bank Rakyat is working towards obtaining a Green Building Index (GBI) certification for its Headquarters. It is estimated that with these initiatives, we have saved over 950 tonnes of CO2 for 2022.



Embracing Sustainable Design
Menara Kembar Bank Rakyat was conceptualised with sustainability as part of its core design. The architectural design of the building incorporates several green features, including energy-efficient materials, optimal natural lighting, and efficient space utilisation. The building's orientation maximises daylight penetration, reducing the need for artificial lighting during the day and minimising energy consumption.

SUSTAINABILITY INITIATIVES



OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Energy Efficiency Measures

To enhance energy efficiency, Menara Kembar Bank Rakyat employs various technologies and systems. These include high-performance HVAC Systems which utilises state-of-the-art heating, ventilation, and air conditioning (HVAC) systems designed for energy efficiency. These systems optimise temperature control while minimising energy wastage. The use of an energy monitoring system, enables Facilities Management to monitor, analyse and control Menara Kembar Bank Rakyat's energy needs.



We have also introduced energy-efficient lighting with LED lighting fixtures installed throughout the Menara Kembar Bank Rakyat, significantly reducing energy consumption compared to traditional fluorescent lighting. This measure marks a significant improvement in energy usage as LED lighting reduces consumption by 80 per cent. As of 2022, about 99 per cent of all lighting in the Menara Kembar Bank Rakyat has been replaced and similar efforts are underway at all Bank Rakyat branches.

With a Smart Building Management System, we monitor and control various aspects of the building's operations, including lighting, HVAC and energy usage. Real-time data analysis and optimisation help to identify areas for energy savings and improve overall efficiency.

Waste Management and Recycling

Menara Kembar Bank Rakyat emphasises proper waste management and recycling practices. Recycling bins are strategically placed throughout the building, promoting waste separation and recycling. The permanent recycle bins separate three types of materials such as paper, cans and plastic. The recycling bins are at pantries of every floor from Level 1 to 36 of Tower 1.

Additionally, awareness campaigns and educational initiatives are conducted to encourage tenants and employees to adopt responsible waste management practices.

Indoor Environmental Quality

Ensuring a healthy and comfortable indoor environment is crucial for the well-being of occupants. Menara Kembar Bank Rakyat focuses on the following aspects:

Indoor Air Quality: The building incorporates air filtration systems and ventilation strategies to maintain good indoor air quality. Regular maintenance and filter replacement help to remove pollutants and provide a healthier working environment. Assessments are performed to determine and quantify contaminants such as carbon dioxide using the Industry Code of Practice on Indoor Air Quality, 2010.



Green Spaces and EV Charging

Menara Kembar Bank Rakyat features green spaces, indoor plants and biophilic design elements, creating a connection with nature and enhancing occupant well-being. These elements contribute to improved air quality, stress reduction and increased productivity.

Using the vertical garden concept, we have been reducing the carbon footprint of the towers by filtering pollutants and CO2, which also benefits those living nearby as the air quality is improved. An equal number of living plants and artificial plants (for aesthetic purposes) were used in the project that started in April 2022 and was completed in early July 2022.

Four EV charging stations have been installed in the corporate premises to help attract a good workforce that shares the same zeal for technological advancement and sustainability.

OUR APPROACH: DRIVING ENVIRONMENTAL DEVELOPMENT

Supporting the Green Transition

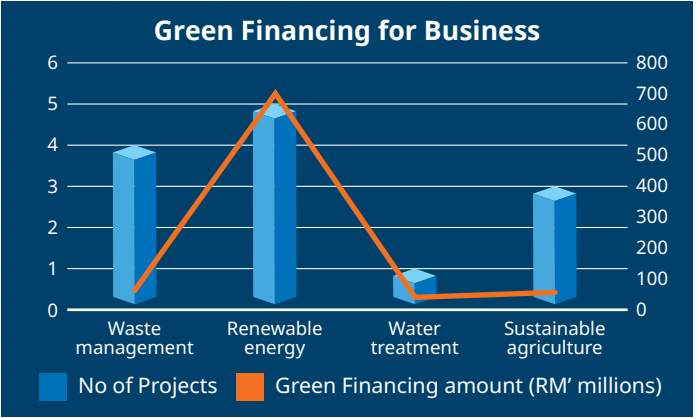
Bank Rakyat continues its efforts to comply with its regulators to ensure its activities contribute towards transitioning to a sustainable economy.

We are in regular communication with BNM on various initiatives such as CCPT and CRMSA. Commencing in 2022, we developed our own Green Financing and Investment Business Taxonomy to guide our business units in the customer evaluation process.

BNM's CCPT identifies green sectors, financing or investment which would provide a positive environmental impact and due diligence assessment of economic activities. In 2022, we approved RM1.1 billion to MSME, cooperatives, commercial and cooperatives of which 72 per cent is considered Green Financing as climate supporting or transitioning to low carbon practices in accordance with CCPT.

The green financing projects are summarised in the table and graph below:

	No of projects	Green financing amount (RM' millions)
Waste management	4	49.13
Renewable energy	5	699.66
Water treatment	1	23.45
Sustainable agriculture	3	31.2
	13	803.44



In line with our BRSFP and Mission statement, we are ensuring that not only do we align our banking practices to social objectives and encourage our business customers to engage in economic activities which meaningfully contribute to climate objectives and sustainable practices (refer above). We also encourage our individual customers to embrace greener practices by increasing the number of green finance offerings and increasing access to those offerings to promote financial inclusion.



Further from mid-2022, we have focused on offering Green Home mortgages whereby the homes are certified by the Green Building Index (GBI) and GreenRE (by REDHA). We have included developers listed under GBI and GreenRE as our panel developers and also offering financing to purchase Green Homes. The Bank has also engaged in a 'Pembiayaan Lestari' campaign to create awareness among our customers of the green financing available and has approved financing to the tune of RM1.8 million from the campaign alone.

At Bank Rakyat, we also offer special financing rates for the purchase of electric vehicles, although a nascent programme we see take-up increasing in this area in 2022 with disbursements being RM558,000.00 (2021: RM493,000.00). We expect this portfolio to grow as we are including hybrid electric vehicles in the portfolio from 2023.

Apart from green homes and electric vehicles, the Bank encourages the adoption of sustainable practices by individuals using Personal Financing-i product facilities or Credit Card-i for the purchase and installation of solar panel. At the end of 2022, the Bank has collaborated with five suppliers of solar panels to assist customers in purchasing and installing solar panels at their homes. There is also an ongoing engagement with companies listed under Solar Energy Development Authority (SEDA) for this purpose.

To further support the transition to a sustainable economy, we are currently collaborating with partners in the Islamic Finance Industry to support the green transition. This includes our collaborative work with other Islamic financial institutions on the development of the VBIAF: Sectoral Guide: Waste Management which provides guidance for implementing impact assessment of economic activities in the sector. The guide is expected to be completed in 2023.

Ensuring a highly skilled and competent workforce

The Bank prioritises training programmes to ensure that our employees stay on the cutting edge of education and knowledge. This is in line with good Islamic practices.



OUR APPROACH: STRENGTHENING INTERNAL FOUNDATIONS



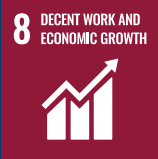
SDG target 3.8 Ensure universal health coverage by providing comprehensive financial risk protection, granting equitable access to high-quality essential health-care services and ensuring the availability of safe, effective, quality and affordable essential medicines and vaccines for all individuals.



SDG target 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and contribute to sustainable development.



SDG target 5.1 End all forms of discrimination against all women and girls everywhere.



SDG target 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, takaful and financial services for all.

One of our three pillars of sustainability is to strengthen the internal foundations of Bank Rakyat by recognising the pivotal role played by our employees. To ensure a highly competent and skilled workforce, the Bank prioritises comprehensive training programmes that empower employees to develop their capabilities and stay updated with industry best practices. Training initiatives encompass a wide range of areas, including technical expertise, leadership skills, customer service and compliance. By investing in continuous learning, Bank Rakyat fosters a culture of professional growth and innovation among its employees, enabling them to adapt to evolving challenges and excel in their respective roles.

Employee Training

Bank Rakyat Sustainability Awareness Workshop

As Malaysia recovers from the COVID-19 pandemic, climate change remains a major factor in its impact on business and economy. On 1 June 2022, Bank Rakyat participated in a Sustainability Awareness workshop to understand the trends of sustainability and how best to embed sustainability within the Bank. Beyond its corporate social responsibility (CSR), the Bank aims to integrate ESG into Bank Rakyat’s products and services, which directly impacts growth.

Ideaku Campaign

The Ideaku Campaign was launched on 18 August 2022 to encourage employees to generate diverse thinking and apply a culture of openness to share information, ideas and opinions with the Bank’s management. It also serves to appreciate employees who are an important asset to the Bank and reflects Bank Rakyat as a “Thinking Organisation” that practices and innovative, creative and high-performing culture among employees.



OUR APPROACH: STRENGTHENING INTERNAL FOUNDATIONS

Furthermore, to encourage our employees to improve, training courses are conducted through the Centre of Excellence. Details of these trainings (both physically and virtually) conducted for 2021 and 2022 are as follows:

Type of programmes (2021)	Total Programmes
Certification	84
Corporate Culture	39
Development Programme	14
Functional Programme	83
Leadership and Management	3
Soft skill	5
External Programme	178
Overseas Programme	4
TOTAL	410

Type of programmes (2022)	Total Programmes
Certification	89
Corporate Culture	65
Development Programme	34
External Programme	276
Soft skill	12
Functional Programme	126
Overseas Programme	9
TOTAL	611

Professional Development

In addition, employees are mandated by BNM to obtain professional certification. Details of the numbers of employees who obtained professional certification for 2021 and 2022 are as follows:

No.	Professional Certification Requirement by BNM (2021)	Number of employees
1.	Moody's Analytic	369
2.	Certified Credit Executive	92
3.	Business Credit Professional	26
4.	Retail Credit Professional	25
5.	Certification for Bank Auditors	27
6.	Bank Risk Management	14
7.	Advanced AMLA	6
8.	Certification in AMLA	7
9.	Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer	52
10.	Advance Regulatory Compliance	8
11.	Certification Regulatory Compliance	6
12.	Pasaran Kewangan Malaysia Certificate	18
13.	Professional Banker	22
TOTAL		672
Attended Certification Programmes		374

OUR APPROACH: STRENGTHENING INTERNAL FOUNDATIONS

No.	Professional Certification Requirement by BNM (2022)	Number of employees
1.	Moody's Analytic	560
2.	Certified Credit Executive	97
3.	Business Credit Professional	29
4.	Retail Credit Professional	25
5.	Certification for Bank Auditors	37
6.	Bank Risk Management	16
7.	Advanced AMLA	6
8.	Certification in AMLA	8
9.	Certified Anti-Money Laundering & Counter Financing of Terrorism Compliance Officer	55
10.	Advance Regulatory Compliance	8
11.	Certification Regulatory Compliance	6
12.	Pasaran Kewangan Malaysia Certificate	26
13.	Professional Banker	22
TOTAL		895
Attended Certification Programmes		321

Sustainability expertise and training

As part of our ongoing embedding of sustainability into our strategy, operations and business activities, we have identified areas requiring further capacity building in climate risk expertise and training. Plans are being implemented for bank-wide sustainability training for all employees in the future.

Employee Welfare and Benefits

In addition to training, Bank Rakyat understands the significance of providing competitive benefits to attract and retain top talent. Hence, the Bank offers a comprehensive package that includes a competitive salary and various other attractive benefits and incentives. By offering attractive benefits, Bank Rakyat ensures that its employees feel valued and motivated, enhancing their dedication and commitment to delivering exceptional customer service.

The numerous benefits enjoyed by the employees include:

- Children of employees who received excellent academic results are given an incentive as per the following details for the last 2-years, 2021 and 2022:

ACADEMIC ACHIEVEMENT INCENTIVES FOR CHILDREN OF EMPLOYEES	
2021	2022
UPSR - RM100.00 No. of Employees: 0 Total Contribution: RM0.00	UPSR - RM100.00 No. of Employees: 0 Total Contribution: RM0.00
PT3 - RM200.00 No. of Employees: 1 Total Contribution: RM200.00	PT3 - RM200.00 No. of Employees: 0 Total Contribution: RM0.00
SPM - RM300.00 No. of Employees: 6 Total Contribution: RM1,800.00	SPM - RM300.00 No. of Employees: 62 Total Contribution: RM18,600.00
STPM - RM400.00 No. of Employees: 1 Total Contribution: RM400.00	STPM - RM400.00 No. of Employees: 4 Total Contribution: RM1,600.00
DIPLOMA - RM400.00 No. of Employees: 25 Total Contribution: RM10,000.00	DIPLOMA - RM400.00 No. of Employees: 68 Total Contribution: RM27,200.00
DEGREE - RM500.00 No. of Employees: 30 Total Contribution: RM15,000.00	DEGREE - RM500.00 No. of Employees: 64 Total Contribution: RM32,000.00
CUMULATIVE No. of Employees: 63 Total Contribution: RM27,400.00	CUMULATIVE No. of Employees: 198 Total Contribution: RM79,400.00

OUR APPROACH: STRENGTHENING INTERNAL FOUNDATIONS

Employees are encouraged to upskill and further their education. Bank Rakyat offers scholarship schemes and incentives for those who completed their education or received good grades. The numbers of employees that pursued further education for 2021 and 2022 are as below:

Total Employees (Active)		
Category	2021	2022
Diploma	2	1
Degree	85	74
Master	2	3
TOTAL	89	78

The breakdown of employee incentives for 2021 and 2022 are as follows:

EMPLOYEE EDUCATION INCENTIVES	
2021	2022
DIPLOMA - RM1,000.00 No. of Employees: 6 Total Contribution: RM6,000.00	DIPLOMA - RM1,000.00 No. of Employees: 4 Total Contribution: RM4,000.00
DEGREE - RM2,000.00/ RM2,500.00 (First Class) No. of Employees: 34 Total Contribution: RM70,000.00	DEGREE - RM2,000.00/ RM2,500.00 (First Class) No. of Employees: 80 Total Contribution: RM163,500.00
MASTER - RM3,000.00 No. of Employees: 17 Total Contribution: RM51,00.00	MASTER - RM3,000.00 No. of Employees: 15 Total Contribution: RM45,000.00
PROFESSIONAL CERTIFICATE - RM700.00 No. of Employees: 53 Total Contribution: RM37,100.00	PROFESSIONAL CERTIFICATE - RM700.00 No. of Employees: 76 Total Contribution: RM53,200.00
CUMULATIVE No. of Employees: 110 Total Contribution: RM164,100.00	CUMULATIVE No. of Employees: 175 Total Contribution: RM265,700.00

Collective Bargaining

At Bank Rakyat we recognise the right of our employees to freedom of association. We welcome colleagues to join in collective bargaining agreements and we recognise collective agreements with Kesatuan Pegawai-Pegawai Bank Kerjasama Rakyat Malaysia Berhad (PEBARA) and Kesatuan Sekerja Kakitangan Bank Kerjasama Rakyat Malaysia Berhad (KSKBR), which cover a considerable number of our employees. We work closely with the trade union representatives to understand the needs and interests of our employees.

Child-care facilities for employees

To ease parents' childcare issues, the Bank has subsidised child-care facilities for its employees in the form of a child-care centre that is within the premises of its HQ.

Number of employees who send their children to the child-care centre:

- 2021 - 22
- 2022 - 16
- Gym - To encourage work-life balance, the Bank also has an on-site gym for employee use, which is also subsidised.

Supporting an inclusive work environment

Bank Rakyat promotes a supportive and inclusive work environment that fosters collaboration, teamwork and diversity. The Bank recognises the diverse backgrounds, skills and perspectives that its employees bring to the table and encourages an inclusive atmosphere where everyone's contributions are valued and respected. This commitment to diversity and inclusivity strengthens the organisation's internal fabric and enables Bank Rakyat to serve its diverse customer base better and effectively.

The Bank actively promotes inclusivity by offering employment opportunities to the differently abled and blind and focusing on empowering women within its workforce.



OUR APPROACH: STRENGTHENING INTERNAL FOUNDATIONS

Bank Rakyat's approach to equal employment opportunity is its dedication to providing job opportunities for the differently abled. The Bank acknowledges the unique talents and abilities that individuals with disabilities bring to the workplace. By actively seeking to hire and accommodate the differently abled, Bank Rakyat ensures they have equal access to employment and a chance to contribute their skills and expertise.

In addition to employing the differently abled, Bank Rakyat also focuses on empowering blind individuals by offering them meaningful employment opportunities. The Bank understands the importance of promoting inclusivity for the blind community and actively supports their integration into the workforce. By providing training, accessible work environments and assistive technologies, Bank Rakyat enables blind employees to thrive in various roles within the organisation.

Furthermore, it is also committed to empowering women within its workforce. The Bank recognises the significant contributions of women to the organisation and the importance of gender equality in the workplace. It actively promotes women's hiring and advancement, ensuring equal access to career opportunities, promotions and leadership positions. Through mentoring programmes, training initiatives and supportive policies, Bank Rakyat fosters an environment where women can excel and reach their full potential. By offering employment to the differently abled, blind individuals and empowering women, Bank Rakyat demonstrates its commitment to diversity and inclusivity. The table below identifies the numbers of females in senior positions in Bank Rakyat.

Position	2022	2021
Chief Officer	1	1
Senior Vice President	4	2
Vice President	27	12
Departmental Manager	87	87
Branch Manager	26	36
Grand Total	145	138

Bank Rakyat understands that its people are the foundation of its success. As such, it seeks to empower its employees to continuously grow, develop their skills and provide exceptional service through comprehensive training programmes, competitive benefits and a supportive work environment. By investing in its people, Bank Rakyat ensures a solid internal foundation, enabling it to thrive in a dynamic and competitive banking industry.



Actively caring for our people

Occupational Health and Safety

Bank Rakyat complies with all relevant OHS legislation. The Bank's Occupational Safety & Health (OSH) Policy and Manual guides the OSH Unit in managing workplace safety and well-being. OSH performance is monitored by the Main OSH Committee (MOC). OSH performance is presented to MOC every 3 months. The MOC is chaired by the Chief People Officer.

The OSH Unit conducts annual health screening on employees in stages. Health screening includes body symptom survey, indoor air quality, noise monitoring (for Call Centre workers) and chemical exposure monitoring for Ar-Rahnu operators.

OSH performance is subject to Internal audits including inspections of departments on a rotation basis.

The OSH Unit ensures that emergency preparedness is well managed through the organisation of technical competency training such as First Aid, CPR and AED training for all floor marshals at headquarters and branches.

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI sector standards	Sector standards are not applicable	
GRI STANDARD	DISCLOSURE	PAGE NUMBERS
GRI 2: General Disclosures 2021	2-1 Organisational details	About us, page 6 to 13
	2-2 Entities included in the organisation's sustainability reporting	About this report, page 26 to 27
	2-3 Reporting period, frequency and contact point	About this report, page 26 to 27
	2-4 Restatements of information	No restatements this is the first Sustainability report since 2019
	2-5 External assurance	No external assurance performed this year
	2-6 Activities, value chain and other business relationships	About us, page 6 to 17
	2-7 Employees	About us, page 6 to 17
	2-8 Workers who are not employees	Information not available on numbers of workers who are not employees but controlled by organisation
	2-9 Governance structure and composition	Corporate Governance Roadmap, page 43 to 50 and Annual Report 2022, page 124 to 177
	2-10 Nomination and selection of the highest governance body	Annual Report 2022, page 140 to 141
	2-11 Chair of the highest governance body	Annual Report 2022, page 136
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Roadmap page 43 to 50
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	Not applicable as no known conflicts of interest
	2-16 Communication of critical concerns	Corporate Governance Structure, page 35

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI sector standards	Sector standards are not applicable	
GRI STANDARD	DISCLOSURE	PAGE NUMBERS
	2-17 Collective knowledge of the highest governance body	Annual Report 2022, page 88 to 89
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2022, page 152 to 153
	2-19 Remuneration policies	Annual Report 2022, page 151 to 154
	2-20 Process to determine remuneration	Annual Report 2022, page 151 to 154
	2-21 Annual total compensation ratio	Bank Rakyat intends to publish this information in future once it commences reporting fully in accordance with GRI
	2-22 Statement on sustainable development strategy	Page 28
	2-23 Policy commitments	Sustainability Guiding Principles and Sustainability Framework and Policy, page 33 to 42
	2-24 Embedding policy commitments	Sustainability Framework and Policy and Sustainability Roadmap, page 33 to 42
	2-25 Processes to remediate negative impacts	Sustainability Risk Management, page 44 to 45
	2-26 Mechanisms for seeking advice and raising concerns	Governance Structure including Whistleblowing, page 45 to 49
	2-27 Compliance with laws and regulations	No significant incidents of noncompliance with laws and regulations during the reporting period
	2-28 Membership associations	Shariah Leadership, page 32
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, page 51 to 52
	2-30 Collective bargaining agreements	Page 97

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022			
GRI 1 used	GRI 1: Foundation 2021			
GRI sector standards	Sector standards are not applicable			
GRI STANDARD	DISCLOSURE			PAGE NUMBERS
GRI 3: Material Topics 2021	GRI Topic Standard	Our material topics	Our material topics	Our Materiality Matters, page 53 to 54
	201	Economic Performance	Risk management,	
	203	Indirect Economic impacts	Shariah and Uplifting communities	
	205	Anti-corruption	Shariah, Governance, Fraud, Anti-corruption and integrity	
	204	Procurement practices	Governance including green procurement	
	301	Materials	Environment	
	302	Energy	Environment	
	305	Emissions	Environment	
	401	Employment	Future Ready Workforce	
	403	Occupational Health and Safety	Occupational, Health and Safety	
	404	Training and Education	Future Ready Workforce	
	413	Local communities	Uplifting communities	
	405	Diversity and Equal Opportunity	Diversity, Equity and Inclusion	
	418	Customer privacy	Customer experience, digitalisation and innovation, data security	
	3-3 Management of material topics			Page 54

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI sector standards	Sector standards are not applicable	
GRI STANDARD	DISCLOSURE	PAGE NUMBERS
GRI 2: General Disclosures 2021	201-1 Direct economic value generated and distributed	Annual Report 2022, page 198 to 207
	201-2 Financial implications and other risks and opportunities due to climate change	Bank Rakyat has just implemented a Sustainability Risk Policy and does not have in place currently a system to calculate the financial implications of risks and opportunities due to climate change although the Bank is implementing CCPT
	201-3 Defined benefit plan obligations and other retirement plans	Not applicable
	201-4 Financial assistance received from government	Not applicable
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Investment in GBI, Digitalisation and Uplifting communities, page 60 to 65; 89
	203-2 Significant indirect economic impacts	Additional impacts, page 55
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Information not available
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti- Corruption/anti-money laundering policies, page 45 to 49
	205-2 Communication and training about anti-corruption policies and procedures	Anti- Corruption/anti-money laundering policies, page 45 to 49
	205-3 Confirmed incidents of corruption and actions taken	No significant incidents of corruption reported during the reporting period
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Paper usage, page 86
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environment, page 85 to 86
	302-2 Energy consumption outside of the organisation	No information available as systems not yet in place to capture required information

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI sector standards	Sector standards are not applicable	
GRI STANDARD	DISCLOSURE	PAGE NUMBERS
	302-3 Energy intensity	No information available as systems not yet in place to capture required information
	302-4 Reduction of energy consumption	Environment, page 85 to 86
	303-5 Water consumption	Page 87
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 112 to 114
	305-2 Energy indirect (Scope 2) GHG emissions	No information available as systems not yet in place to capture required information
	305-3 Other indirect (Scope 3) GHG emissions	
	305-4 GHG emissions intensity	
	305-5 Reduction of GHG emissions	
	305-6 Emissions of ozone-depleting substances (ODS)	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Annual Report 2022, page 229 to 230
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	OH&S matters, page 98
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	

GRI CONTENT INDEX

Statement of use	Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat) is reporting with reference to the GRI standards for the period 1 January to 31 December 2022	
GRI 1 used	GRI 1: Foundation 2021	
GRI sector standards	Sector standards are not applicable	
GRI STANDARD	DISCLOSURE	PAGE NUMBERS
	403-7 Prevention and mitigation of occupational health and safety impacts linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	No incidences reported this reporting period
	403-10 Work-related ill health	No incidences reported this reporting period
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training provided for employee, page 94 to 96
	404-2 Programmes for upgrading employee skills and transition assistance programmes	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity, page 97 to 98
	405-2 Ratio of basic salary and remuneration of women to men	Information not available
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No apparent risk, page 97
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Uplifting communities, page 75 to 81
	413-2 Operations with significant actual and potential negative impacts on local communities	No negative impacts identified
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidences of data breaches reported during reporting period



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