

Code of Ethics for Directors




 HongLeong Islamic Bank	HONG LEONG ISLAMIC BANK BERHAD
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1.	PURPOSE
	Hong Leong Islamic Bank Berhad (“ Bank ”) is committed to a high standard of professionalism and ethics in the conduct of business and professional activities.
2.	SCOPE
	<p>This Code of Ethics for Directors (“Code of Ethics”) is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieving the following intended objectives:</p> <ul style="list-style-type: none"> a) to establish standards of ethical conduct for Directors based on acceptable belief and values the Bank upholds; b) to uphold the spirit of accountability and transparency in line with the legislation, regulations and guidelines governing the Bank; and c) to promote sustainability of the Bank by pursuing Environmental, Social and Governance (“ESG”) strategies in its business.
3.	POLICY STATEMENT
	<p>The Board shall observe this Code of Ethics.</p> <p>A Director of the Bank is responsible for fully understanding and complying with the Code of Ethics. He/ she is required to provide an affirmation that he/ she has read, fully understood and will comply with this Code of Ethics, annually.</p>
4.	CODE OF ETHICS PRINCIPLES
4.1.	<p>In the performance of his/ her duties, a Director should at all times observe the following principles:</p> <p>Corporate Governance</p> <p>A Director shall:</p> <ul style="list-style-type: none"> a) have a clear understanding of the aims and objectives, capabilities and capacity of the company; b) devote sufficient time and effort to prepare for, attend and participate at Board and Board Committee meetings and to know what is required of the Board and each of its Directors, and to discharge those functions. A Director of the Bank shall attend at least 75% of all Board meetings held during a financial year and must not appoint another person to attend or participate in a Board meeting on his/ her behalf; c) ensure at all times that the Bank is properly managed and effectively controlled; d) stay abreast of the affairs of the Bank and be kept informed of the Bank's compliance with relevant legislation and contractual requirements; e) insist on being kept informed on all matters of importance to the Bank in order to be effective in corporate management;

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4.	CODE OF ETHICS PRINCIPLES (CONT'D)
	<p>f) limit his/ her directorship to a manageable number of companies to which he/ she can best devote his/ her time and effectiveness. While it is a Director's own judgement pertaining to his/ her abilities and how best to manage his/ her time effectively in the companies in which he/ she holds directorships, he/ she shall not hold more than five (5) directorships in public listed companies;</p> <p>g) have access to the advice and services of the Company Secretary, who is responsible to the Board to ensure proper governance practices, procedures, rules and regulations are adhered to or complied with;</p> <p>h) at all times exercise his/ her powers for the purposes they were conferred, for the benefit and prosperity of the Bank;</p> <p>i) provide the following disclosures to the Board:-</p> <ul style="list-style-type: none"> i) for Independent Non-Executive Director, immediately disclose any change in circumstances which may affect his/ her status as an Independent Non-Executive Director; ii) immediately disclose any fact or reason that may affect his/ her satisfaction of the requirement and standards of a fit and proper person as required by the Laws; iii) as soon as practicable disclose his/ her interests in contracts, whether directly or indirectly etc. with the Bank. For this purpose, a general notice given to the Bank that he/ she is an officer or member of a specific corporation and is to be regarded as interested in any contract with that corporation is sufficient declaration of interests; iv) disclose his/ her interests in the Securities of the Bank and/ or its related corporations in respect of any initial acquisition of Securities or changes thereof within the period prescribed by the Laws. For this purpose, a Director shall give notice in writing to the Bank of such particulars relating to the Securities and particulars of any changes in his/ her interests in the Securities; v) disclose the nature and extent of his/ her conflict of interest or potential conflict of interest, including interest in a material transaction or material arrangement of the Bank, as soon as practicable after the relevant facts have come to his/ her knowledge, and if such conflict of interest situation, material transaction or material arrangement is being deliberated during a Board or Board Committee meeting, to be absent from the meeting during such deliberations; <p>j) neither divert to his/ her own advantage any business opportunity that the Bank is pursuing, nor may he/ she disclose to any other person (other than authorised persons in connection with the Bank's business) or use Confidential Information or Price-Sensitive Information obtained by reason of his/ her office for his/ her own advantage or that of others, including but not limited to dealing in the listed Securities of the Bank or of other listed company as long as he/ she is in possession of Price-Sensitive Information relating to such listed securities;</p> <p>k) at all times act with utmost good faith towards the Bank in any transaction and to act honestly and responsibly in the exercise of his/ her powers in discharging his/ her fiduciary duties;</p> <p>l) be willing to exercise independent judgment and, if necessary, in his/ her fiduciary duty, openly oppose if the vital interest of the Bank is at stake;</p>

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4.	CODE OF ETHICS PRINCIPLES (CONT'D)
	<p>m) attend continuous professional development programmes to keep abreast with corporate governance developments and regulatory requirements;</p> <p>n) ensure that reasonable steps are taken in accordance with relevant Laws to properly wind up or strike off the Bank register if the Bank is not likely to commence business or has ceased to carry on business and is not likely to commence business in the future or again to carry on business, as the case may be;</p> <p>o) not during the term of his/ her appointment as a Director of the Bank be an Active Politician or accept any appointment as a director of or consultant to any person, firm or company that may be or is in conflict with the interest of the Bank or that may put him/ her in a position of conflict of interest in his/ her role as a Director of the Bank; and</p> <p>p) refrain from offering, giving or receiving gifts and other form of benefits from person or entities who deal with the Bank where the gift would reasonably be expected to influence the performance of the Director's duties in any aspect.</p>
4.2.	<p>Relationship with Shareholders, Employees, Creditors, Customers and Other Stakeholders</p> <p>A Director shall:</p> <p>a) be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the Bank;</p> <p>b) ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;</p> <p>c) ensure adequate safety measures and provide proper protection to workers and employees at workplaces;</p> <p>d) at all times promote professionalism and raise the competency of management and employees; and</p> <p>e) adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.</p>
4.3.	<p>Sustainability Practices</p> <p>A Director must take accountability for ESG in the Bank by –</p> <p>a) integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;</p> <p>b) ensuring that the Bank sets its sustainability strategies, goals and targets which are aligned with the Bank's overall strategy and vision;</p> <p>c) being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;</p>

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4.	CODE OF ETHICS PRINCIPLES (CONT'D)
	<p>d) striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;</p> <p>e) ensuring that the Bank's policies are in line with international trends to promote human rights in the corporate environment;</p> <p>f) ensuring that the activities and the operations of the Bank do not harm the interest and well-being of the environment and the society at large; and</p> <p>g) ensuring effective use of natural resources and continuously reducing its carbon footprint.</p>
4.4.	<p>Corporate Liability</p> <p>A Director must ensure that the Bank –</p> <p>a) practices the highest level of integrity and ethics;</p> <p>b) complies fully with the applicable laws and regulatory requirements on anti-corruption;</p> <p>c) effectively manages the key corruption risks of the Bank;</p> <p>d) puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the Bank, in order to address any corruption risks arising from weaknesses in the Bank's governance framework, processes and procedures;</p> <p>e) conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the Bank;</p> <p>f) provides employees with adequate training and communicate to business associates the Bank's anti-corruption position, to promote their understanding of the same, especially in relation to their role within or outside the commercial organisation in the context of the Bank;</p> <p>g) conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced; and</p> <p>h) ensures that the Bank's Anti-Bribery and Corruption Policy be made publicly available and should also be appropriately communicated to all employees and business associates.</p>
4.5.	<p>Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions ("AML/CFT/CPF & TFS")</p> <p>To prevent the Bank from risk of being exposed to money laundering/financing terrorism/proliferation financing activities ("ML/TF/PF"), a Director must ensure that the Bank –</p> <p>a) adopts policies and procedures which are consistent with the principles set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") and the relevant guidelines on AML/CFT/CPF & TFS, and keeps the shareholders and employees abreast on matters under AMLA and Bank Negara Malaysia policy document on AML/CFT/CPF and TFS, as applicable;</p>

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4.	CODE OF ETHICS PRINCIPLES (CONT'D)
	<p>b) conducts its business in conformity with high ethical standards to ensure that laws and regulations are adhered to; and</p> <p>c) remains vigilant against undertaking any business transaction that is or may be connected with or may facilitate ML/TF/PF and ensure that approval is not given for transactions where there are good reasons to suppose that transactions are associated with ML/TF/PF activities.</p>
4.6.	<p>Reporting Violations of this Code of Ethics</p> <p>Directors must immediately report any concern about possible or actual breaches of this Code of Ethics or unlawful or unethical behaviour by any Director to the Board or the Chairman of the Board.</p>
4.7.	<p>Enforcement of this Code of Ethics</p> <p>In the event of any violation of this Code of Ethics by any Director, the Board shall determine appropriate actions to be taken after considering all relevant information and circumstances or may take necessary action to ratify on the non-compliance by Directors.</p>
5.	RECORDS
	<p>Company Secretarial Department shall maintain records of all documents and information relating to the annual affirmation by Directors that he/ she has read, fully understood and will comply with this Code of Ethics for Directors.</p> <p>Company Secretarial Department shall maintain a record of breaches of this Code of Ethics and the action(s) taken to address such breaches.</p>
6.	DEFINITIONS
	<p>“Active Politician” refers to being a member of any national or state legislative body, or who is an officer bearer of, or holds any similar office or position in a political party.</p> <p>“Board” refers to the Board of Directors of the Bank.</p> <p>“Bank” or “HLISB” refers to Hong Leong Islamic Bank Berhad.</p> <p>“Confidential Information” shall include, without limitation, the following:</p> <ul style="list-style-type: none"> i) Information of whatever nature relating to the Bank’s business, finances, operations, activities or affairs, whether of a technical nature or not (including but not limited to trade secrets, know-how, processes and other technical or business information) which is obtained, whether (without limitation) in writing, pictorially, in machine-readable form or orally, which you acquire directly or indirectly from the Bank or by observations during visits to the Bank’s premises or branches; ii) information (whether written or verbal) of or relating to the Bank’s respective customers or employees; iii) Board or Board committee papers; iv) discussion and minutes of the Board and Board committees; and

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6.	DEFINITIONS (CONT'D)		
	<p>v) information in respect of which the Bank or any entity within the Group is bound by an obligation of confidence to a third party.</p> <p>“Director” refers to any person occupying the position of director of the Bank by whatever name called, including executive and non-executive directors of the Bank. This includes a person in accordance with whose directions and instructions the majority of directors of the Bank are accustomed to act and an alternate or substitute director.</p> <p>“Laws” refers to the applicable laws and regulations including without limitation the policies, guidelines and directives as may be issued by the relevant authorities.</p> <p>“NC” refers to the Nomination Committee of the Bank.</p> <p>“Price-Sensitive Information” refers to information that on becoming generally available would or would tend to have a material effect on the price or value of securities, influence reasonable persons who invest in securities in deciding whether or not to acquire or dispose of such securities, or enter into an agreement with a view to acquire or dispose of such securities.</p> <p>“Securities” refers to shares/ options/ rights/ debentures/ contracts.</p>		
7.	POLICY DOCUMENTS INFORMATION		
7.1.	Policy Owner	Group Company Secretary	
7.2.	Responsible Person(s)	Group Company Secretary	
7.3.	Version No. and Date Approved	Version 1.0	Adopted Code of Ethics established by the Companies Commission of Malaysia
		Version 2.0	Approved on 24 October 2024
7.4.	Summary of Revisions	1. 2024 (Version 2.0): To revamp the Code to align with the new Code of Ethics issued by Companies Commission of Malaysia, relevant BNM CG Policy; insertion of new section on recordings maintenance.	
7.5.	Effective Date	24 October 2024	
7.6.	Next Review Date	October 2025	
7.7.	Relevant Legislation	a) Islamic Financial Services Act, 2013 b) Companies Act, 2016 c) Bank Negara Malaysia policy document on Corporate Governance. d) Bank Negara Malaysia policy document on Fit and Proper Criteria e) Bank Negara Malaysia Policy on Anti-Money Laundering, Countering Financing of Terrorism, Countering Proliferation Financing and Targeted Financial Sanctions for Financial Institutions;	

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7.	POLICY DOCUMENTS INFORMATION (CONT'D)	
		f) Malaysian Anti-Corruption Commission Act 2009 (“ MACC Act ”); and g) Guidelines for Adequate Procedures issued by the Prime Minister’s Department pursuant to S17A(5) of the MACC Act.
7.8.	Related Policies and Procedures	a) Board Charter b) Fit and Proper Policy for Directors and Chief Executive Officer c) Directors’ Conflict of Interest Policy
7.9.	Endorsed By	HLISB NC
7.10.	Approved By	HLISB Board