

Sustainability Statement

“THE PUBLIC BANK GROUP HAS IN PLACE A LONG-HELD CORPORATE PHILOSOPHY FOCUSING ON CREATING VALUES FOR CUSTOMERS, SHAREHOLDERS, EMPLOYEES AND THE COMMUNITY IT SERVES. THIS DRIVES THE GROUP’S DIRECTION TO ENSURE THAT, AS THE GROUP GENERATES BUSINESS VALUES, IT ALSO CREATES ECONOMIC AND SOCIAL VALUES FOR ITS STAKEHOLDERS, AND AT THE SAME TIME, CONTRIBUTES TO ENVIRONMENTAL SUSTAINABILITY.”

ABOUT THE SUSTAINABILITY STATEMENT

The Public Bank Group’s actions and performance in creating values in the areas of Economic, Environmental and Social (“EES”) for its stakeholders are provided in this Sustainability Statement 2017. The preparation of the Sustainability Statement 2017 continued to be guided by Bursa Malaysia’s Sustainability Reporting Guide. Following the publishing of the Group’s first Sustainability Statement in 2016 which covered the Group’s 18 sustainability matters on the EES aspects, Sustainability Statement 2017 continues to report on the progress and provide updates on the Group’s performance in the 18 sustainability matters.

The Group had determined the continued importance and relevance of the 18 sustainability matters set out in Sustainability Statement 2017, after taking into account the view of stakeholders and the Group’s Management. For each sustainability matter, the Group has described the measures and performance in the process of managing the sustainability matter, guided by the Group’s business strategies and policies. Where possible, the Group has provided quantitative indicators to better reflect the effectiveness of the actions taken in managing the sustainability matter.

The Group recognises the growing attention given by stakeholders and the investing community on sustainable practices and EES matters of business corporations. It is to be emphasised that the Group has long incorporated sustainability matters in its business operation and has been managing these matters alongside its pursuit of business growth and value creation for stakeholders. Therefore, many sustainability matters as reported in the Sustainability Statement 2017 are not new. Going forward, the Group will continue to enhance its business operation to add further value to the stakeholders, while at the same time, to strengthen the disclosure on the manner which the Group manages and performs in the material sustainability matters, to assist stakeholders to make better-informed decisions.

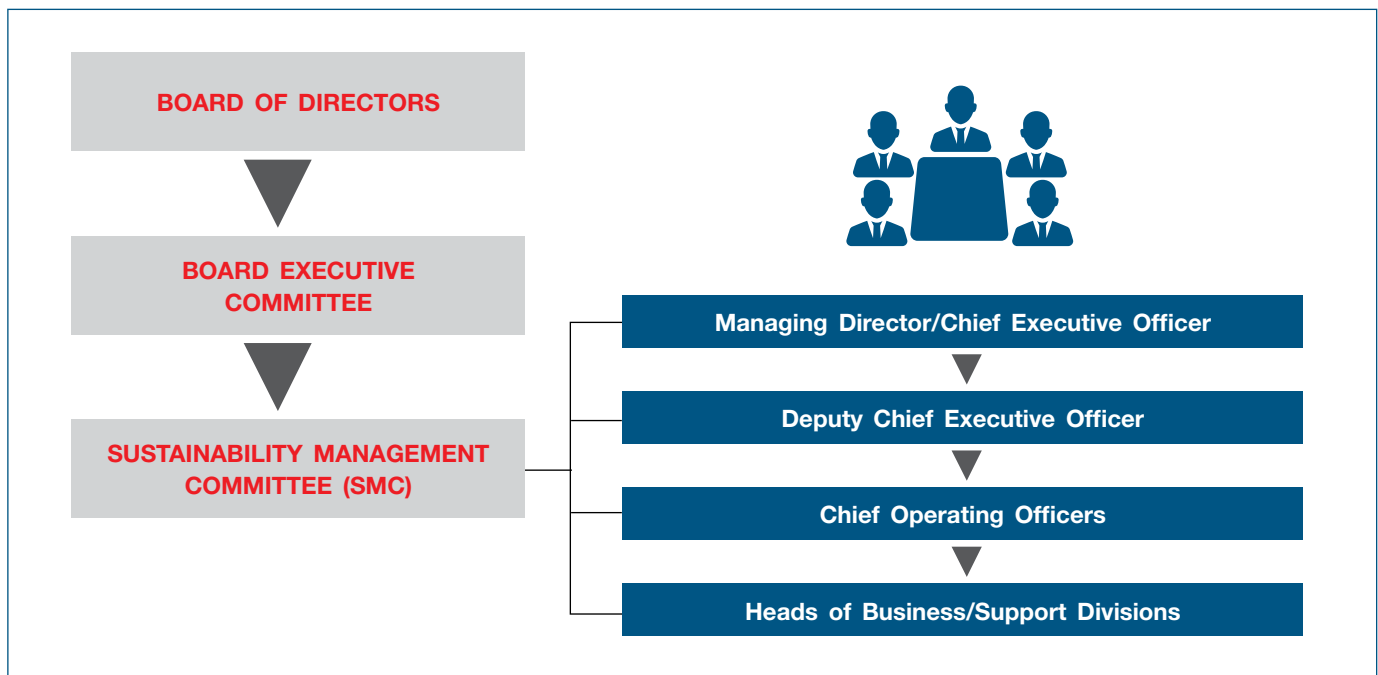
SUSTAINABILITY STATEMENT

Scope

Unless otherwise stated, Sustainability Statement 2017 covers the Public Bank Group's major business segments, namely the domestic banking operations of Public Bank and Public Islamic Bank Berhad in Malaysia for the financial year 2017.

The Group's subsidiary in Hong Kong, Public Financial Holdings Limited publishes its Environmental, Social and Governance Report in compliance with Listing Rules by Hong Kong Exchanges and Clearing Limited. The scope of the report includes Public Financial Holdings Limited and four of its subsidiaries, Public Bank (Hong Kong) Limited, Public Finance Limited, Winton Financial Limited and Public Securities Limited.

SUSTAINABILITY GOVERNANCE



At the Public Bank Group, the Board of Directors of Public Bank ("the Board") recognises that value creation for stakeholders is integral to the Group's long term sustainability. The Board is responsible for the oversight of embedding sustainability into the Group and its business strategy, and that adequate resources, systems and processes are in place for managing sustainability matters. This is also in line with the expectation outlined in the Malaysian Code of Corporate Governance.

To assist the Board in driving and reporting the Group's sustainability practice, the Group had in 2016 formalised the Sustainability Management Committee ("SMC") to ensure sustainability continues to be embedded in the Group's business strategy and operation. The SMC is chaired by the Managing Director with members comprising the Senior Management and relevant Heads of Business and Support Divisions. The SMC works closely with all the Business and Support Divisions to ensure all material sustainability matters are being considered and managed throughout the Group's business operation.

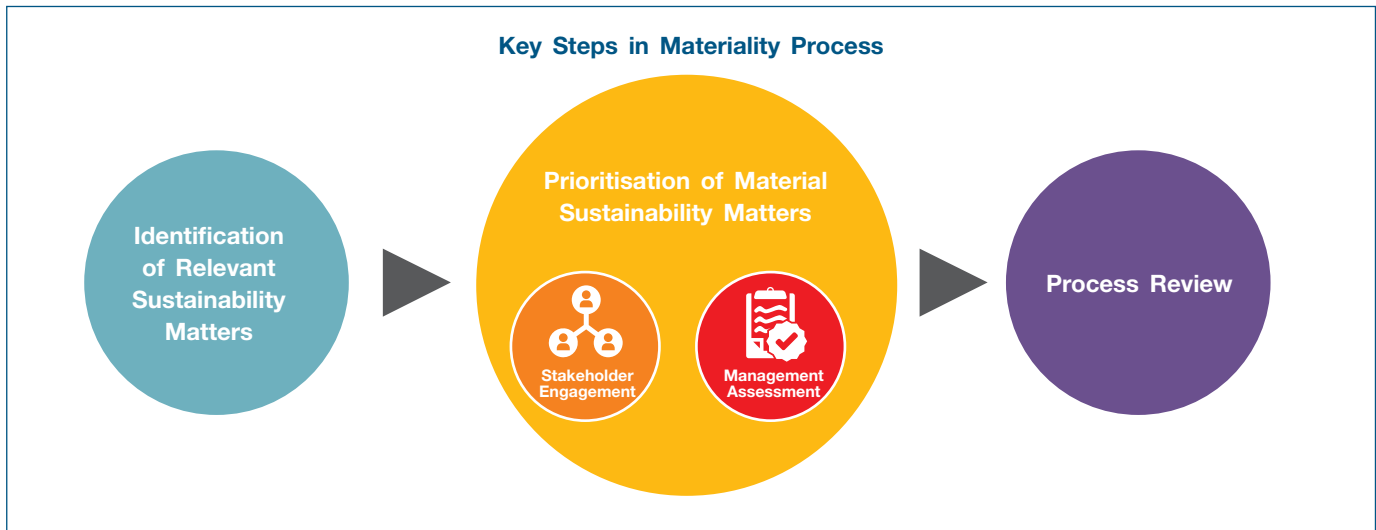


SUSTAINABILITY STATEMENT

MATERIALITY PROCESS

The Public Bank Group conducts a materiality review every year to identify the sustainability matters that are important and relevant to the Group and its stakeholders. The result would help the Group to manage the material sustainability matters. In this respect, the Group has a structured approach in place to assess the materiality of the sustainability matters. Stakeholder engagement is a key process as it enables the Group to have an understanding of stakeholders' expectations and concerns on the sustainability matters.

The Group's materiality analysis comprises the following steps:



The Public Bank Group conducted a review on the list of relevant sustainability matters from the 2016 materiality assessment. After assessing the conditions in the operating environment and the banking industry, and undertaking a screening on a broad range of references such as news, media analysis, sustainability research reports, feedback from institutional investors and international standards including the Global Reporting Initiative, the SMC concluded that the list of relevant sustainability matters identified in the 2016 materiality assessment remained valid.



To identify the level of importance of each relevant sustainability matter to the Group and the stakeholders, the Group carried out assessments to gauge the perception of stakeholders and Public Bank Senior Management on the level of significance of each relevant sustainability matter.

SUSTAINABILITY STATEMENT

On stakeholder engagement, the Group conducted formal and informal engagements with them through a range of platforms that helped the Group to keep up to date with the concerns and issues of stakeholders. These included the following:

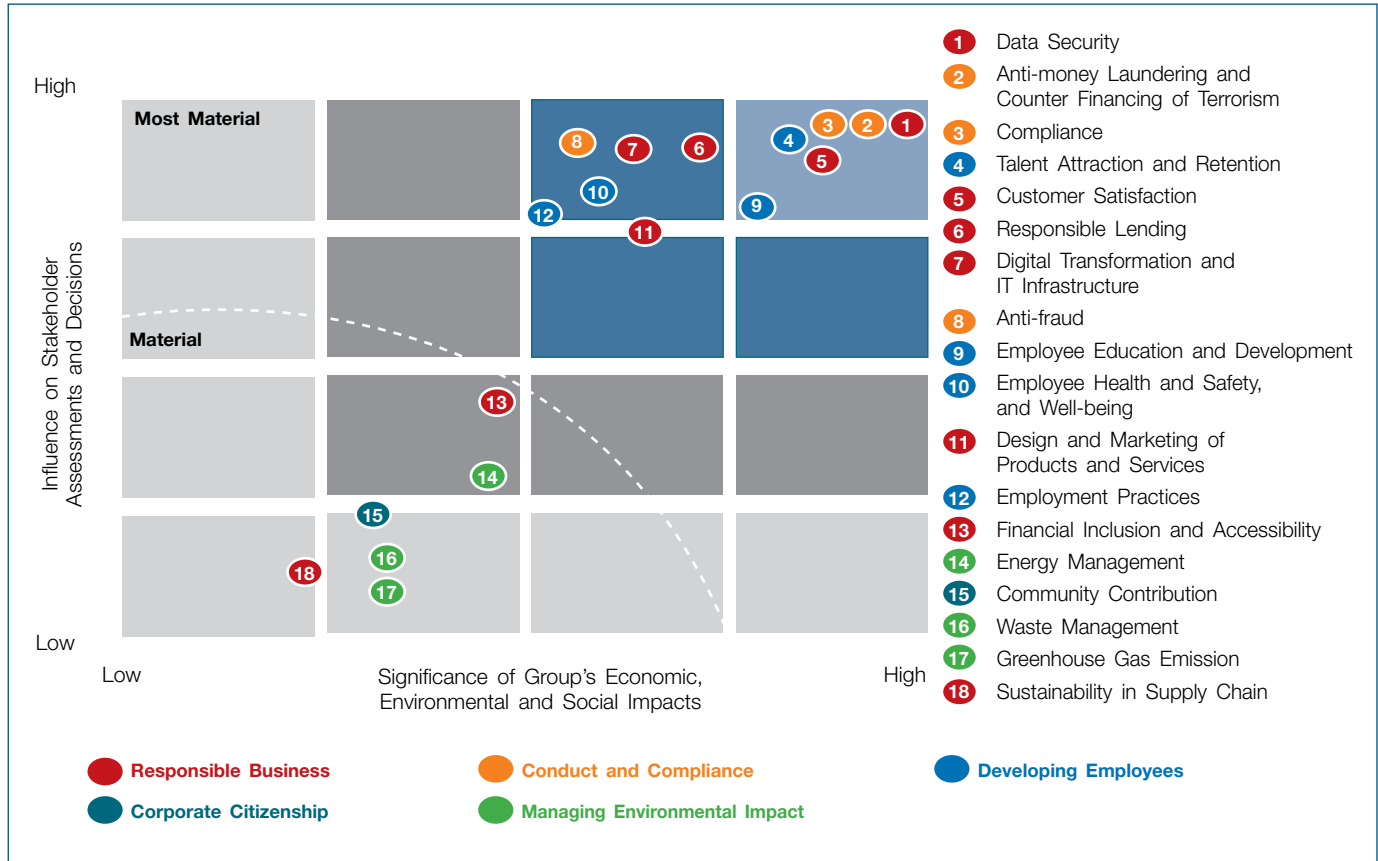
Stakeholder Group	Engagement Platforms	Key Issues
Employees	<ul style="list-style-type: none"> • Appraisal meetings • Employee engagement activities • Training programmes • Individual development plans • Public Bank intranet 	<ul style="list-style-type: none"> • Performance and remuneration • Education and development • Employee health and safety, and well-being • Public Bank employment practice
Customers	<ul style="list-style-type: none"> • Branches • Customer surveys • Online and phone customer service channels • Social media 	<ul style="list-style-type: none"> • Interest rates • Fees and charges • Access to banking products and services • Fair and ethical banking conduct • Data privacy • Customer service • Financial inclusion
Shareholders and Investors	<ul style="list-style-type: none"> • Investor relations channel • Investors conferences and roadshows • Annual General Meeting 	<ul style="list-style-type: none"> • Financial performance • Business strategies and directions • Ethical business conduct • Compliance with regulations
Regulators	<ul style="list-style-type: none"> • Ongoing meetings • Industry forums • Submissions to authorities' inquiries • Consultation sessions 	<ul style="list-style-type: none"> • Compliance with regulations • Responsible business conduct • Corporate culture
Rating Agencies	<ul style="list-style-type: none"> • Regular meetings • Analyst briefings 	<ul style="list-style-type: none"> • Financial performance • Business strategies and directions • Good business conduct • Public Bank's response to changes in operating environment
Media	<ul style="list-style-type: none"> • Interviews • Annual General Meeting • Result briefings • Press release 	<ul style="list-style-type: none"> • Business performance • Timely and transparent reporting • Ethical business conduct • Mutual relationship building
Industry Association	<ul style="list-style-type: none"> • Industry forums, meetings and consultation sessions 	<ul style="list-style-type: none"> • Banking conduct and culture • Response to changes in banking operating environment

Based on the feedback from stakeholder engagement and management assessment, the Group had derived a materiality matrix of the 18 sustainability matters with different significance level to the Group and the stakeholders. The assessment showed that the materiality of the sustainability matters had remained the same as in 2016. Sustainability matters falling in the upper right quadrant are considered most material and important for the Group to manage.



SUSTAINABILITY STATEMENT

Public Bank's Materiality Matrix



Note: For more details on the categorisation of the sustainability matters, please refer to page 205.








Step 3

The SMC had reviewed the materiality process in identifying material sustainability issues of the Group, and approved the materiality matrix.

SUSTAINABILITY STATEMENT

MANAGING SUSTAINABILITY MATTERS

Based on the materiality matrix derived from the result of materiality process, the Public Bank Group has categorised the 18 sustainability matters into five themes, as follows:

 <p>RESPONSIBLE BUSINESS</p> <ul style="list-style-type: none"> • Data Security • Customer Satisfaction • Responsible Lending • Financial Inclusion and Accessibility • Design and Marketing of Products and Services • Digital Transformation and IT Infrastructure • Sustainability in Supply Chain 	 <p>CONDUCT AND COMPLIANCE</p> <ul style="list-style-type: none"> • Compliance • Anti-money Laundering and Counter Financing of Terrorism • Anti-fraud 	 <p>DEVELOPING EMPLOYEES</p> <ul style="list-style-type: none"> • Talent Attraction and Retention • Employee Education and Development • Employee Health and Safety, and Well-being • Employment Practices 	 <p>CORPORATE CITIZENSHIP</p> <ul style="list-style-type: none"> • Community Contribution 	 <p>MANAGING ENVIRONMENTAL IMPACT</p> <ul style="list-style-type: none"> • Energy Management • Waste Management • Greenhouse Gas Emission
--	---	--	--	--



SUSTAINABILITY STATEMENT

KEY HIGHLIGHTS 2017

CUSTOMER SATISFACTION



93% of customers rated frontline services as “Excellent” and “Good”

94% of customers rated loan delivery services as “Exceeded Expectation” and “Within Expectation”

96% of conformance level for 10 minute-Standard Waiting Time

69% of conformance level for 2 minute-Standard Waiting Time

GROSS IMPAIRED LOANS RATIO



0.5%

E-BANKING

Number of registered customers for:



PBe: **↑ 26.8%**

PB engage: **↑ 53.5%**

FINANCIAL INCLUSION

• Served **> 6 million** customers

• Granted new loans of

RM18.80 billion for **> 49,000** home purchasers

RM12.72 billion for **> 170,000** motor vehicle buyers

RM16.12 billion for **> 40,000** SMEs



COMPLAINT MANAGEMENT



compliance rate on meeting the Group’s 10-day internal turnaround time

WHISTLEBLOWING MECHANISM

- Reporting channels:
 - PBALERT link <https://www.pbebank.com/Whistleblowing>
 - Email to PBALERT@publicbank.com.my
- Available to all staff, interns, consultants, contractors, vendors, suppliers and/or customers
- Ensure confidentiality
- Effective response action



KEY HIGHLIGHTS 2017

WOMEN EMPOWERMENT

45.8%

of women in management

48.8%

of women in top management



STAFF DEVELOPMENT



32 training hours per employee

Employee participation (headcount):

- Classroom training: **41,498**
- E-learning: **132,137**

BLOOD DONATION DRIVES



> 400 donors



TALENT DEVELOPMENT

Contributed

USD1.25 million

to the Asia School of Business MBA
Endowed Scholarship

TOTAL INCOME TAX PAID FOR 2017



RM1.35 billion

REDUCING ENVIRONMENTAL FOOTPRINT

- Lighting with **energy efficient LED lights**
- Running on **environmental-friendly air-conditioning system**
- Promoting **paperless banking**



GREEN BUILDING



**Menara
Public
Bank 2**



SUSTAINABILITY STATEMENT



RESPONSIBLE BUSINESS

- Data Security
- Customer Satisfaction
- Responsible Lending
- Financial Inclusion and Accessibility
- Design and Marketing of Products and Services
- Digital Transformation and IT Infrastructure
- Sustainability in Supply Chain

RESPONSIBLE BUSINESS

Responsible business is an agenda of high importance to the banking industry. Sustainability in banking business is built on trust and integrity. Thus acting responsibly is a prerequisite to business sustainability. Failure to do so may be detrimental to stakeholders' interest and lead to loss of trust.

At the Public Bank Group, responsible business conduct is the core of its strategic thrust. The Group has fostered a corporate culture that is centred on the principles of fair and ethical conduct to safeguard stakeholders' interest. In this section, the Group describes its efforts and the performance measures in the seven sustainability matters, namely data security, customer satisfaction, responsible lending, financial inclusion and accessibility, design and marketing of products and services, digital transformation and Information Technology infrastructure, and sustainability in supply chain.

I. Data Security

Data security matters more today than ever. Managing data security has been a challenge and major risk in today's corporate environment. The incidents of customer data breach of late have raised grave concerns on the loopholes in security at corporates. This highlights the importance for corporations to take a more serious approach in protecting data privacy.

Being in the banking business, the Public Bank Group holds and processes a large amount of confidential and personal information of customers. The Group is responsible to protect the confidentiality and integrity of customer information. The Group is mindful that compromising on data security may cause great loss of business and reputation. On the contrary, the Group can earn trust by putting customer data protection as top priority.

The Group has a group-wide governance framework driving a holistic approach for the preservation and security of the Group's data. Top senior leadership drives improvements through various initiatives and continuous reviewing and strengthening of the Group's capabilities and privacy practices. Key initiatives in 2017 included responsible data handling, ongoing assessment of data privacy practices and coordinating communication throughout the Group.



The Public Bank Group places high priority on the principles of integrity and reliability to protect information security

Preserving Data Confidentiality as Key Risk Indicator

At the Public Bank Group, there is no room for complacency in the matter of protecting data security. The Group has made protecting data confidentiality a strategic priority of its day-to-day operation, and close monitoring and concrete prevention actions are required. Loss of confidential data is set as a Key Risk Indicator, which serves to ascertain any breaches of preservation of data confidentiality. Punitive action and corrective action plan will be taken immediately in any cases of data breach.

SUSTAINABILITY STATEMENT

Banking Secrecy Framework

To foster a strong culture of data security awareness among all employees, the Public Bank Group has put in place internal policies, guidelines and procedures which provide guidance to the employees on protecting data confidentiality. These include the Information Security Policy, Corporate Information Security Management Policy, and Data Management and Statistical Reporting Framework. The Group’s Code of Ethics has also clearly set out the standards expected of staff when handling data.

In 2017, the Group developed the Banking Secrecy Framework which has enhanced the processes for the management of compliance with the Group’s secrecy provisions. The Framework also sets out a detailed description on governance structure, and escalation process in the event of breach of secrecy provisions. The Group will review the Framework annually or as and when necessary to ensure that it remains relevant and applicable all the times.

The Objectives of the Banking Secrecy Framework:

- To set out the governance process
- To establish the internal control processes and procedures
- To establish the escalation process
- To train and educate staff

Raising Awareness via Staff Circulars

The Public Bank Group also continued to tap on the electronic staff circular platform to strengthen staff awareness on information protection. Regular notices are circulated through this employee communication channel to keep them mindful of protecting data privacy, and also to provide employees timely information and updated guidance on security and privacy practices.

Cyber Security

The Public Bank Group is well aware that while technology and its advancement present many opportunities, it also gives rise to the risk of cybercrime which places bank’s data at risk of data breach. In 2017, the Group continued to initiate various efforts to reinforce data security across the Group. Among the initiatives was the introduction of Cyber Resilience Framework which sets out the guidance for employees to strengthen cyber security. In addition, it has been

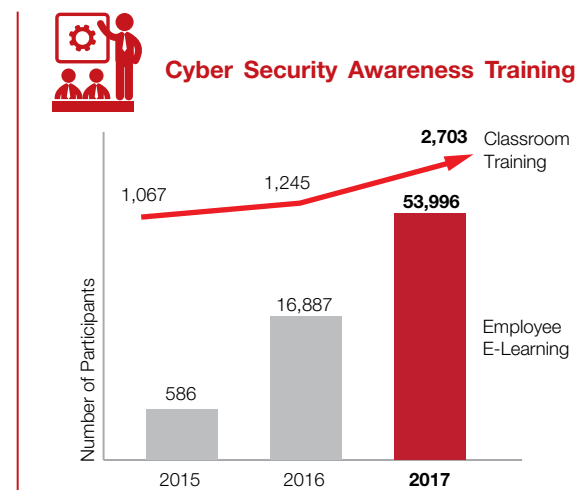
the Group’s ongoing practice to engage the services of Information Technology consultants to conduct independent security assessment of Public Bank, which is benchmarked against international standards. The Group has also widened its collaboration with international security vendors to provide latest updates and alerts on cyber threats.

During the year, the Group had intensified cyber security awareness training to the employees, with a significant increase in the number of employees participating in cyber awareness training programmes.

Engaging customers on the latest cyber threats and methods to identify data theft is also an effective measure taken by the Group to raise customer awareness on the issue. While it helps to keep customers up to date with the latest security measures that the Group has undertaken, it also helps to increase their awareness and knowledge to prevent customers from falling for scams.

Training and Awareness Programme

Employee training is essential in protecting data confidentiality. To keep employees up to date with the Public Bank Group’s policies and best practices concerning information protection, the Group ensures employees are trained and informed of the latest development in data security. The Group makes such training sessions mandatory for employees through a series of e-learning courses and classroom training throughout the year. Furthermore, the Group also conducts on-site briefing and inspections by compliance personnel and internal auditors to raise awareness among branches.





SUSTAINABILITY STATEMENT

II. Customer Satisfaction

The Public Bank Group serves a large diverse base of satisfied customers. The Group's approach to meeting customer satisfaction is driven by one core objective – serving our customers well. Various initiatives have been drawn up and are ongoing to enhance as well as measure the level of customer satisfaction.

Customer Service Charter

The Charter sets out four pillars building on the core values of:

- *Know your customer*
- *Timely and efficient service*
- *Transparent and personal service*
- *Banking made accessible*

Employees in the Public Bank Group are guided by Public Bank's Customer Service Charter which sets out the standard of service that employees should strive for in serving the customers. It also outlines the Group's internal standard, set in quantitative terms, for delivering service to customers.

It is to be emphasised that the Group has set a more stringent standard in customer service delivery as compared to the minimum industry standard. These include customer waiting time, account application turnaround time and turnaround time in addressing a customer complaint. The Group's Customer Service Charter is made known to the customers through display at branch banking halls and on the Group's corporate website.

ISO 9001 Standard Certification

The Public Bank Group takes pride that its continuous enhancements and execution of customer service delivery have enabled the Group to consistently maintain the ISO 9001 certification. For frontline service, the Group had established the "Provision of Customer Service at the Front Office" in 2000, and has been upholding the bank-wide ISO 9001 certification for 17 years since its implementation. For its loan delivery service, the Group's ongoing efforts to ensure efficient and effective loan processing turnaround time has enabled the Group to hold bank-wide ISO certification for its "Provision of Customer Service in Loan Delivery" for 15 years since its establishment in 2002.

Queue Management System

The Public Bank Group's Queue Management System ("QMS") serves as a standard and guide for frontline staff in serving customers waiting in line at frontline counters of banking halls. In meeting the minimum industry standard for 80% of customers to be served within a 10-minute waiting time, the Group has consistently achieved the target set, with a high conformance level of 96% in 2017.

Nevertheless, the Group has always strived to exceed expectation. Although the minimum industry standard is set for a 10-minute waiting time, the Group has an additional higher standard that 80% of its customers are to be served within a 2-minute waiting time. This standard of 2-minute waiting time has long been put in place by the Group since 2001, even before the introduction of the minimum industry standard.

In 2017, the Group achieved close to 70% conformance level in meeting the Group's higher standard of 2-minute standard waiting time. For the 3-minute and 5-minute waiting time, the Group achieved a higher conformance level of 75% and 82% respectively.

As part of ongoing efforts to further improve its service level to customers at the frontline counters, the Group appointed Customer Service Ambassadors to assist customers to utilise self service machines to make their banking transactions more efficient. Also, to enhance the speed of service and waiting time of customers at the frontline counters, the Group has migrated transactions of cash deposit and withdrawal of RM5,000 and below by customers to self service machines. The measure became effective across all branches in Malaysia from September 2017.

SUSTAINABILITY STATEMENT

Customer Feedback Survey

The Public Bank Group measures customer satisfaction to gauge whether its services are meeting the needs and expectations of customers.

For customer service at frontline counters and loans delivery, the Group was able to maintain a high rating for customer satisfaction, with 93% of customers rating their experience in the frontline counters “excellent” and “good”, while 94% of customers rated the Public Bank’s loan service delivery as “exceeded expectation” and “within expectation”.



CUSTOMER WAITING TIME

96% of conformance level within 10 mins

82% of conformance level within 5 mins

75% of conformance level within 3 mins

69% of conformance level within 2 mins

Frontline service delivery

93% of customers rated as “Excellent” and “Good”

Loans service delivery

94% of customers rated as “Exceeded Expectation” and “Within Expectation”

Complaint Management

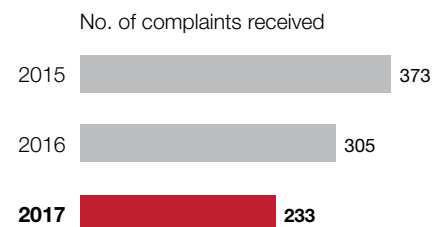
In managing customer complaint, the speed and manner in which the complaint is handled matters, as the Group believes that prompt and effective resolution impacts customer satisfaction. The Group makes it convenient for customers to raise issues. A complaint form is made available for customers’ easy access at all bank branches. To proactively manage customer satisfaction, customer making a complaint is promptly engaged to provide explanation on the issue and there is speedy follow up to ensure a complete resolution.

The Group has an effective complaint management system, the Complaint Tracking System, which is being actively managed by the Group’s Complaint Unit to ensure all customer complaints are promptly addressed. The System enables all parties involved to track, update and monitor the current status throughout the complaint management life cycle. The System also enables the Complaint Unit to keep track of the resolutions, in terms of aggregate, type and frequency to allow statistical analysis of complaints to be produced for post-mortem review and continuous improvement initiative. The functionality of the System has enabled the Complaint Unit to effectively manage the turnaround time in complaint management.

The Group acknowledges customer complaint within 24 hours on business days, and will address the issue in an equitable and objective manner, as well as provide a reply to the customer no later than 10 days. This is a more stringent standard than Bank Negara Malaysia’s 14-day complaint resolution requirement. In 2017, the Group continued to achieve 100% compliance with the internal standard of turnaround time in ensuring resolution is complete. This helps to promote higher level of customer satisfaction in complaint resolution.



Achieved 100% compliance rate in meeting the Group’s 10-day internal turnaround time





SUSTAINABILITY STATEMENT

III. Responsible Lending

As one of the country's major financial institutions, responsible lending is an important aspect of preserving stability of the financial system. The Public Bank Group is cognisant that lending practices which are based solely on business growth, with no regard for the interest of borrowers, may bring consequences not only to its financial performance, but also bring financial risks to the borrowers, which will in turn, have an impact on the country's financial stability. The Group is also mindful of its fiduciary duty of lending responsibly to protect the interest of its depositors who place their funds with the Group.

Public Bank's Credit Policy

Well-reputed for its sound and prudent credit practice, the Public Bank Group has long established a prudent and comprehensive credit evaluation process. Public Bank's Credit Policy forms the foundation of the Group's credit function, which provides credit officers with guidance and direction on proper and responsible credit practices. The Policy has been further enhanced to be in line with relevant guidelines issued by Bank Negara Malaysia, which include "Responsible Financing" and "Best Practices for the Management of Credit Risk". The Credit Policy outlines the roles and responsibilities of the parties involved, customer qualification criteria, steps to be taken in case of customer delinquency, and the terms and conditions for providing financing. The Group regularly reviews the Credit Policy to ensure it is aligned with the latest regulatory requirements, economic environment and the management's expectation in promoting a prudent lending culture.

Credit Scoring System

In addition, the Public Bank Group has in place an internal statistical-based credit scoring system for housing loan and hire purchase loan applications. The system enables a more objective credit assessment and also allows credit officers to better quantify the risks involved. Moving forward, the Group will extend the application of the system to the assessment of commercial financing applications.

Support for Customers Experiencing Financial Hardship

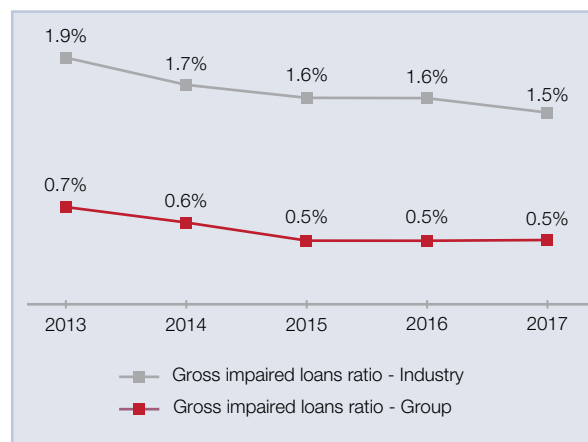
Supporting customers who are experiencing financial hardship is an important part of the Public Bank Group's commitment to responsible lending. The Group provides reasonable assistance to the customer upon verifying the customer's financial condition, to avoid the problem from worsening. In relation to this,

the Group has in place the Policy On Rescheduling & Restructuring of Loans and Financing, the core intention of which is to assist borrowers to overcome their short term financial difficulties. The assistance that the Group offers include modifying repayment terms, and referral to Agensi Kaunseling dan Pengurusan Kredit ("AKPK") or Small Debt Resolution Scheme ("SDRS"). For the past three years, the Group had referred 8,902 cases with total outstanding loan amount of RM321.0 million to AKPK. In addition, the Group is also supportive of customers who are affected by natural disasters. On the recent flood in several states in Malaysia, the Group had activated its Relief Assistance Programme to offer affected customers a moratorium of up to six months of the monthly instalment payments of loans and financing. In 2017, the Group had offered moratorium to alleviate the burden of 1,576 customers who experienced financial difficulties arising from natural disasters.

Low Gross Impaired Loans Ratio

At the Public Bank Group, each lending segment has its own credit evaluation unit to carry out careful analysis and ensure compliance with the Credit Policy. To measure the effectiveness of the actions undertaken, the Group has set an internal target for its gross impaired loans ratio for the different lending segments, including house financing, hire purchase and corporate lending. Over the years, the Group's stringent practice in responsible lending has resulted in the Group achieving the lowest gross impaired loans ratio in the domestic banking industry. The strong asset quality of the Group's lending portfolio has also resulted in lower financial loss to the Group, which in turn contributed to sustained profitability of the Group and enhanced shareholder value.

Gross impaired loans ratio



SUSTAINABILITY STATEMENT

IV. Financial Inclusion and Accessibility

Extensive Delivery Channel for Convenient Accessibility

To cater to the banking service needs of the community at large, the Public Bank Group also focused on building channel capabilities. The Group's wide branch network of 259 branches located conveniently across the nation has continued to serve customers seeking direct interaction with the Bank. Tapping on technology, the Group is able to deploy a wide array of delivery channels, such as self service machines, PBe internet banking and PB engage mobile banking to provide customers seamless and convenient accessibility to banking services.

Strong Supporter of House and Vehicle Ownership

Throughout the years, the Public Bank Group's lending business has helped many customers to purchase houses and vehicles. In 2017, the Group provided financial assistance to over 49,000 home purchasers and more than 170,000 motor vehicle buyers. This translates into RM18.80 billion and RM12.72 billion of new loans to customers for the purchase of homes and motor vehicles respectively. The amount represented 34.0% and 23.0% of total new domestic loans approved by the Group in 2017.

Supporting SMEs in Business Expansion

Financing to the small and medium enterprises ("SMEs") is a core business for the Public Bank Group. In addition to promoting its flagship product, the SWIFT Plan, the Group has been proactively supporting financing schemes initiated by the Government and Bank Negara Malaysia. The Group also collaborates with Credit Guarantee Corporation and Syarikat Jaminan Pembiayaan Perniagaan Berhad to assist SMEs which lack collateral to obtain financing for their business growth. The Group's support to SMEs is well reflected in its domestic financing granted to SMEs in 2017, with a 7.7% growth to RM71.74 billion in total financing to SMEs, of which RM16.12 billion was new loans granted to SMEs during the year.

In 2017, the Group participated in the inaugural finance carnivals across the country organised by Bank Negara Malaysia. The carnivals aimed to educate the public, including the SMEs, on financial services, financial management and consumer protection. In addition, it was also an opportunity for the Group to showcase the wide range of financial services and products offered.

Lending/Financing to Priority Sectors

The Public Bank Group is also a strong supporter of Bank Negara Malaysia's policy on Lending/Financing to the Priority Sector. The Policy was set out by Bank Negara Malaysia to ensure that SMEs and purchasers of affordable houses costing up to RM250,000 in Peninsular Malaysia and RM300,000 for Sabah and Sarawak, have access to financing at reasonable cost. In support of the Policy, the Group has set financing targets to these priority sectors. In 2017, the Group continued to achieve the target set in financing to these sectors. For affordable house financing, the Group exceeded its target by over 70% during the year. While for SME financing, the Group achieved more than three fold its target set for 2017.

Wide Range of Deposit Products

The Group's wide range of deposit products are designed to cater to the needs of different ages and life stages of customers. With as low as RM20 of initial deposits, customers can open a Basic Savings Account with Public Bank. In addition, the Group also offers specially designed deposit products for children below 18 years old, such as the PB Bright Star Savings Account which needs only RM50 initial deposit and the WISE Savings Account which needs as little as

**259**

Domestic Branches

**> 2,000**

Self Service Machines



Granted new loans of

RM18.80 billionfor **> 49,000**
home purchasers**RM12.72 billion**for **> 170,000**
motor vehicle buyers**RM16.12 billion**for **> 40,000**
SMEs
26.8%

PBe Internet Banking

53.5%

PB engage Mobile Banking



Served

> 6 million

customers



SUSTAINABILITY STATEMENT

RM1 to open an account. The easy opening of account encourages them to inculcate savings habit from young. Meanwhile, senior citizens can opt for the 50 PLUS Savings Account which offers them additional benefits, such as special discounts on the Group's products, higher interest rates and waiver of service charge.

Special Care Counters

The Public Bank Group is committed to ensuring that its products and services are supportive of customers with special care needs. All of the Group's 259 domestic branches are equipped with a Special Care Counter to serve the physically disabled, senior citizens and expectant mothers. These customers who need special care will enjoy priority service irrespective of the queue length, time of arrival and the nature of banking service they need.

V. Design and Marketing of Products and Services

At the Public Bank Group, the safety of retail products is paramount. There is a stringent and rigorous process of product evaluation and approval governing the launching and enhancement of products to ensure compliance with Bank Negara Malaysia's requirements and the Group's internal policies. During the process, Risk Management plays an active role to provide advice and assessments on the risks involved.

On the aspect of marketing, the Group must ensure the adherence of all marketing materials to Bank Negara Malaysia's guidelines. This is reviewed by the Group's Compliance function prior to the launching of products and services. The Group also holds the marketing team accountable for ethical business conduct. Employees involved are to familiarise themselves with regulations and guidelines. In addition to making sure that the sales staff are fully compliant with all applicable regulatory requirements, sales staff must possess the required certification and knowledge when conducting product marketing. During the marketing process, sales staff must ensure customers understand the products. In this respect, a Product Disclosure Sheet which highlights important information about the product must be provided to customers to enable customers to make an informed decision. For customer convenience, the Product Disclosure Sheets are available online on the Group's corporate website.

For the Group's bancassurance business undertaken in partnership with AIA Group Ltd, a PBB-AIA joint Market Conduct Committee has been established to oversee sales practices by its sales and marketing team. The Committee is responsible to ensure the team delivers fair treatment and quality service to its customers. In addition, quality assurance review sessions are conducted on a monthly basis on outsourced call centres to ensure quality service standard by the telemarketing representatives and marketing executives. Bancassurance Financial Executives and Insurance Specialists are also required to convey clear and concise product information to customers as outlined in the Bancassurance Product Sales Presentation Checklist and Bancassurance Service Guide.

Staff are to comply with the following guidelines and policies:

- *Bank Negara Malaysia's Guidelines on Product Transparency and Disclosure*
- *Bank Negara Malaysia's Guidelines on Introduction of New Products*
- *Public Bank Group's Policy on Product Transparency and Disclosure*
- *Public Bank Group's Policy and Procedures on Risk Management Practices for New Products*



AIA Vitality

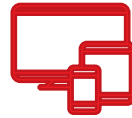
As a responsible corporate citizen, Public Bank is supportive of initiatives to inculcate a healthy lifestyle among stakeholders. In the bancassurance partnership with AIA, Public Bank supports AIA Vitality, a unique health and insurance programme that motivates and rewards its members for pursuing a healthier lifestyle, by providing a platform for the Bank's customers to sign up as AIA Vitality members at a nominal fee. By doing healthy activities such as exercising and health screenings, members earn vitality points which can be utilised for a range of benefits and rewards such as discounts on health screenings, air fares, hotel rates, fitness devices and gym membership fare. Members are also eligible to receive additional benefits from their AIA insurance plans.

SUSTAINABILITY STATEMENT

VI. Digital Transformation and IT Infrastructure

Technology is becoming more prevalent and is currently redefining how customers are interacting with their banks as more customers are migrating to faster and more innovative ways of banking. If banks do not leverage on technology to innovate, banks could risk losing customers.

The Group is closely monitoring the potential implication of technological adoption which meets the expectations of customers who have grown to be more technology savvy. With its large customer base, there is huge growth potential in the development of digitalisation in meeting customer expectation. In relation to this, the Group has been exploring ways to tap on digital technology to enhance existing systems and to serve its customers better. The Group is highly aware of the potential opportunities and risks arising from technology advancement. Adoption of technology innovation will be made if it is relevant to the needs of the Group's customers.



Alipay

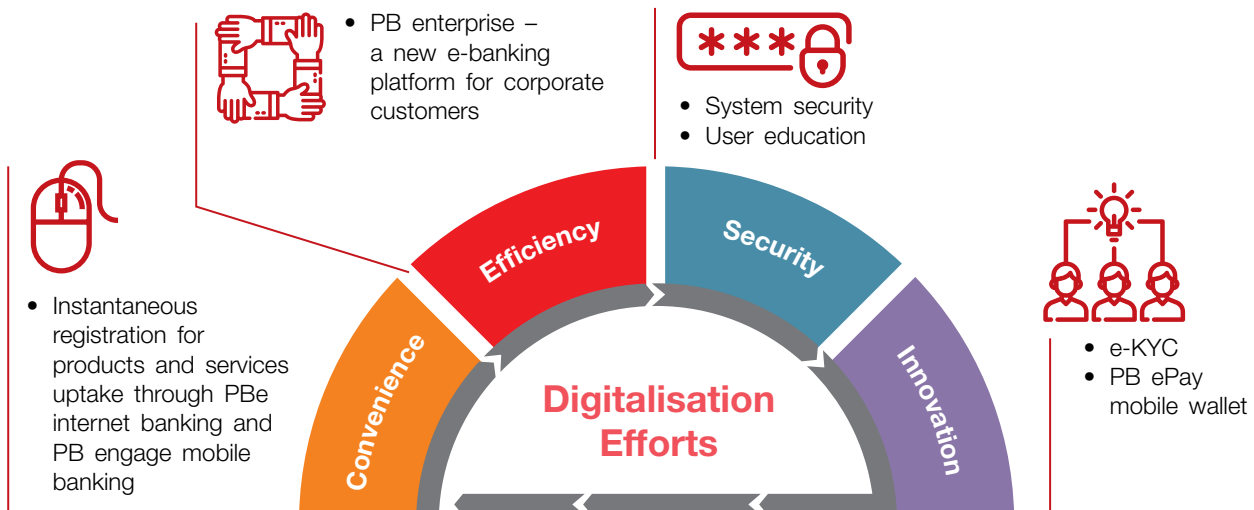
Among the notable initiatives during the year was the implementation of Alipay Mobile Wallet. The effort was in collaboration with Ant Financial Services Group, an affiliate company of the Alibaba Group, to connect Malaysian merchants with Alipay mobile wallet services. Alipay mobile wallet services caters to the needs of Alipay users from China who frequently travel and shop in Malaysia, offering them the convenience of payment service over having to carry large amounts of cash.

PB Direct

In its bancassurance business, the PB Direct e-submission application was implemented with AIA. PB Direct enables an easier, simpler and faster distribution of bancassurance products through the use of tablet. Sales staff is able to visit customers at their convenience and at a place of their choice. Today, the PB Direct is enhanced with features that enable sales staff to adopt a customised sales approach that encompasses financial health check, customer fact finding, e-brochures, personalised sales quotation, e-application form and e-signatures.

The Four Key Drivers – Convenience, Efficiency, Security and Innovation

Moving forward, internet and mobile banking are fast becoming convenient touch points for customers to perform their banking transactions. In view of this, the Group is initiating efforts to design its PBe internet banking and PB engage as its flagship channels. The Group's digitalisation efforts will continue to be based on four key drivers, namely Convenience, Efficiency, Security and Innovation.





SUSTAINABILITY STATEMENT

Convenience

With customers continuing to demand for more convenience from their banks, the Group focuses on enhancing user experience by introducing new and innovative functionalities, enhanced user-friendliness and more personalised internet and mobile banking experience. In relation to this, the Group is expected to introduce instantaneous registration, or in other words, the uptake of products and services through PBe internet banking and PB engage mobile banking. This is expected to provide greater banking convenience for customers, who do not have to visit the branch.

Efficiency

The Group is working towards migrating its corporate customers from the current internet banking platform to a new business channel known as PB enterprise. The new platform provides corporate clients multiple functional enhancements and more customisable features to suit their needs. The Group's corporate customers would have administrator rights to their business banking platforms and would be able to add and remove users comprised of employees in their companies. They could also provide separate access and limitations to each user as they deem fit.

Security

While the internet has created tremendous business opportunities and easy accessibility to information, it has also created opportunities for scammers, hackers and identity thieves.

The Group takes online security and the protection of its customer information seriously. The Group has remained steadfast not only in mitigating fraud risks but also in educating and informing customers in a holistic manner on online safe practices and keeping them updated on the latest modus operandi of scams. The Group will continue to review the fraud landscape and take proactive measures in terms of system security and user education to thwart cyber threats.

Innovation

The PBe internet banking and PB engage have massive potential for scaling and improvements. The Group will continuously look into enhancements of these online channels for better user experience and functionality.

The Group has embarked on the e-Know-Your-Customer initiative driven by Bank Negara Malaysia. The electronic Know-Your-Customer is a process in which the financial institution verifies the identity of its clients through an electronic or paperless method, without the customer having to fill in forms or going through data entry.

The Group has also identified key areas of growth by striking strategic partnerships with prominent parties, such as Alipay and SamsungPay, and will continue to engage with potential FinTech companies to further drive innovation in developing its own mobile wallet.

VII. Sustainability in Supply Chain

Although sustainability in supply chain is not one of the most material in the list of Public Bank Group's sustainability matters, the Group recognises that as it spends on goods and services, its initiatives to support a sustainable supply chain would in turn make a difference to sustainability of the community.

The Group has been working and exploring ways to apply sustainability criteria in its sourcing practices. In 2017, the Group continued to conduct visits to the vendors and suppliers' offices and factories to assess their business practices, of which EES matters such as occupational health and safety, employment practices, business conduct with regard to the environment are taken into consideration. Apart from this, the Group also made an effort to screen vendors' sustainability policies to gain a better understanding of their sustainability practices.

While the Group has begun moving in the right direction in managing sustainability in supply chain, the Group is well aware that there is significant room for improvement. The Group will be more attentive and proactive in implementing sustainability practices in its supplier network going forward.

SUSTAINABILITY STATEMENT



CONDUCT AND COMPLIANCE

- Compliance
- Anti-money Laundering and Counter Financing of Terrorism
- Anti-fraud

CONDUCT AND COMPLIANCE

As a responsible bank, the Public Bank Group is committed to responsible business conduct in complying with regulations. The Group is mindful of the important role of a financial institution in the economy and society. Financial stability and integrity of financial institutions hold the key to support economic growth, which affect the well-being of society.

In response to tighter regulations and public concerns on banks' conduct in recent years, the Group has been investing heavily to enhance the capability of its compliance function. Instead of compliance being a box-ticking process, it is the Group's target to inculcate a stronger compliance culture and ethical conduct within the Group.

In this section, the Group describes its policies, governance and measures taken in the areas of compliance, anti-money laundering and counter financing of terrorism, and anti-fraud.

Whistleblowing Policy and Procedure

The Public Bank Group has put in place a whistleblowing mechanism which serves as a channel for staff, interns, consultants, contractors, vendors, suppliers and/or customers to disclose any illegal, unethical, questionable practices or improper conduct committed or about to be committed within the Bank. Reporting channel include the PBALERT Link at <https://www.pbebank.com/Whistleblowing>, and email PBALERT@publicbank.com.my. The Bank is committed to accord protection of confidentiality to the whistleblower to the extent reasonably consistent with the need to conduct an adequate investigation.

Please refer to Whistleblowing Policy and Procedure on page 107 of this Annual Report.

I. Compliance

Compliance risk is a principal risk in the Public Bank Group. The Group has built a strong risk culture on the commitment to compliance with laws, regulations and internal controls. Due to the elevated importance of compliance, the Group has been allocating and investing more resources to ensure strict compliance with legal and regulatory requirements.

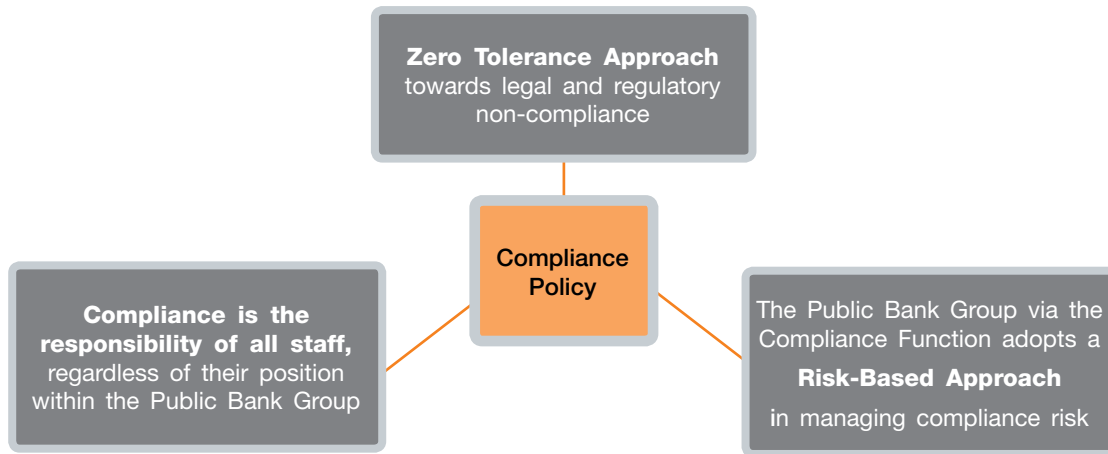
The Group constantly strives to keep up with the latest developments and has remained pragmatic and forward looking in risk identification and management. In 2017, the Group further enhanced its Compliance Policy upon conducting a Quality Assurance Review. The enhanced Policy which has been approved by the Board codifies three main principles, namely Zero Tolerance Approach, Compliance is Everyone's Responsibility and Risk-based Approach.

Compliance Policy

The Public Bank Group's Compliance Policy is developed with reference to the requirements of the Policy Document on Compliance issued by Bank Negara Malaysia. It sets out the Group's compliance expectations covering the key areas of compliance principles, compliance structure and governance, and compliance risk management approaches and activities, and is applicable to all staff within the Group. The Compliance Policy is available on the Group's intranet to ensure all staff are kept mindful of its importance and being informed of the latest changes in the area of compliance.



SUSTAINABILITY STATEMENT



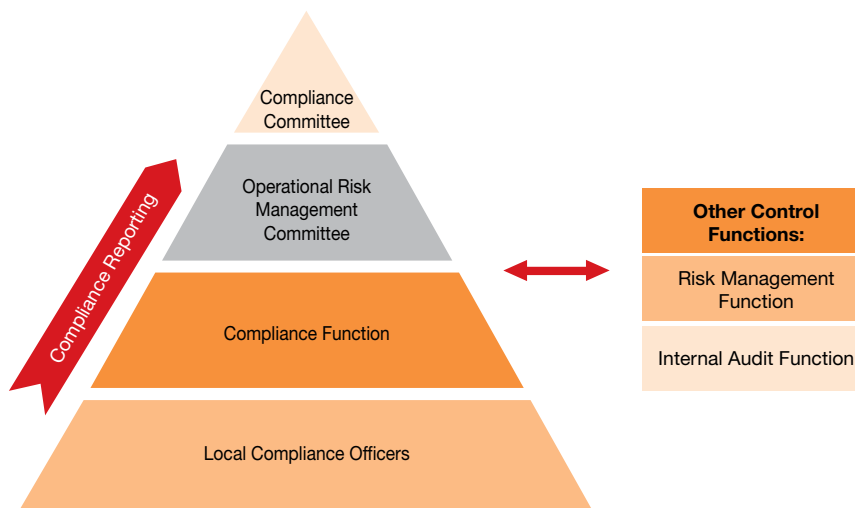
The Group's compliance function undertakes Compliance Risk Assessment on a periodic basis to assess and identify compliance risk. Based on the assessment result, compliance function will develop a Compliance Plan comprising the appropriate testing and resource plans which commensurates with the level of compliance risk identified. Compliance officers will then conduct regular assessment on rectification measures in mitigating compliance risks.

Compliance Governance

At the Public Bank Group, the Board holds the overall responsibility to oversee the management of the Group's compliance risk. The Board is assisted by the Board Compliance Committee in discharging their oversight role for compliance matters and is responsible for group-wide compliance risk management. At the same time, the Group's Senior Management also holds the overall responsibility for the effective management of compliance risk and execution of compliance function. To carry out a more effective compliance function, the Operational Risk Management Committee also plays a proactive role to assist the Board Compliance Committee.

Furthermore, compliance officers at branches perform regular compliance checks. The Group also has a team of mobile compliance officers to conduct compliance checks at branches, when necessary.

Above all, the Group places great importance that every employee is constantly reminded of their responsibility for managing compliance risk related to their work portfolio and complying with applicable laws, regulations and standards in both personal and business conduct at all times.



SUSTAINABILITY STATEMENT

II. Anti-money Laundering and Counter Financing of Terrorism

Due to their role as a financial intermediary in mobilising funds, banks are highly exposed to the risks of criminals and terrorists using banks as a channel to move and manage their funds in an illegal manner. As the level of sophistication in money laundering and financing of terrorism is rapidly expanding, banks are facing growing scrutiny on their practices in anti-money laundering and counter financing of terrorism (“AML/CFT”). In light of this, continued review and update of compliance measures is critical to ensure effective application of risk mitigation.

As the industry evolves, the Group has been attentive to changes in the operating environment. In 2017, the Group conducted a review and updated the AML/CFT Policy to be in line with the regulatory changes to ensure the Policy remains applicable and relevant.

The Group also taps on the Group’s staff circular to keep all staff up to date with the latest development in AML/CFT. All Heads of branches, divisions and departments across the Group’s business operations are required to brief and ensure employees are conversant and comply with the regulations and controls. Compliance officers also conduct on-site visits to branches and hire purchase centres to gauge the effectiveness of AML/CFT measures. Throughout the year, mandatory training is conducted for employees to facilitate understanding of AML/CFT risks. These include classroom training, e-learning courses and quizzes. The Group has also continued to encourage more staff to raise their credentials through taking up the AML/CFT certification.

Anti-Money Laundering and Counter-Financing of Terrorism Policy

All employees are required to abide by the Public Bank Group’s AML/CFT Policy. The Policy sets out the Group’s obligation to the requirements imposed under the Anti-money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. It also outlines the requirements in the implementation of the risk-based approach in managing AMF/CFT risks, and the roles of the Board and Senior Management in AML/CFT measures.

Please refer to AML/CFT Policy on page 107 of this Annual Report.

No. of Trained Participants on AML/CFT	2017	2016	2015
Classroom training	2,567	2,045	1,535
E-learning	36,557	34,859	32,886
Quizzes	9,426	7,638	7,306
AML/CFT Certification	43	36	22

III. Anti-fraud

The increasing sophistication of banking fraud has driven up losses of banks and customers. Improving defences and enhancing fraud management capability are therefore of high priority for banks to focus on in order to mitigate such losses.

The Public Bank Group has been continuously enhancing its operational process and upskilling its employees to be in a state of readiness to identify and prevent any risks of fraudulent cases. In 2017, the Group continued to carry out training programme to heighten staff awareness and knowledge on anti-fraud, with a total number of 4,896 employees participating in the programme.

Anti-fraud Policy

The Public Bank Group has an Anti-fraud Policy providing guidance to employees on fraud prevention and management. All staff are responsible in the prevention and detection of defalcations, misappropriations and other irregularities. They are required to immediately escalate any suspected fraudulent incident. The Policy also sets out employees’ responsibility to uphold the values of integrity and honesty in their daily operation.

Please refer to Anti-fraud Policy on page 107 of this Annual Report.



SUSTAINABILITY STATEMENT



DEVELOPING EMPLOYEES

- Talent Attraction and Retention
- Employee Education and Development
- Employee Health and Safety, and Well-being
- Employment Practices

DEVELOPING EMPLOYEES

The Public Bank Group believes that culture dictates results, and it is a culture of engagement excellence that creates sustainable results. In building such a culture, the Group’s strategy involves four elements: culture setting, culture alignment, culture coaching and culture motivation.

Today, the Group has a workforce of over 18,000 employees, for whom the Group has endeavoured to create a culture of meritocracy and transparency, and among whom it promotes excellence, initiative and the courage to do the right thing. Through such proactive development, the Group does not only benefit from having an effective workforce that delivers results in pursuit of the Group’s business goals, it also benefits the individual employee in terms of building his or her own character.

The Group has a set of well-founded business principles and corporate values guiding staff to keep the highest standards of integrity as well as to comply, in spirit and words, with all laws and regulations when conducting business. “Courageous Integrity” is the guiding principle whereby staff are courageous to do the right thing without compromising ethical standards and integrity, and behave in a “Dependable, Open and Connected” way in their everyday work. The Group advocates the living of values by all staff, promotes their awareness and commitment, and empowers leaders and managers to drive value-aligned behaviour in the workplace.

In this section, the Group describes its sustainability practices in empowering its employees, which encompass the material matters of Talent Attraction and Retention, Employee Education and Development, Employee Health, Safety and Well-being, and Employment Practices.

Developing Performance & Maximising Potential

The Public Bank Group’s long term success hinges on providing its people with the right development tools and knowledge to excel as well as to compete effectively in a multitude of environment. The Group takes a long term view of employees’ personal and professional growth, and provides them with new learning and development opportunities to acquire deeper skills. The Group’s Knowledge and Learning Centre thus continues to work closely with the three lines of defence and the business units to align its programmes with the Group’s business needs and to drive compliance performance. Through active partnership with the various units, the Group’s training curriculum integrates business strategies and action plans with the required skill set for organisational effectiveness. The Group takes a very keen interest in training as it is deemed to define the culture of the organisation not only in terms of learning for current job proficiency but also the risk culture, regulatory compliance, business ethics, leadership ethos, professionalism and future readiness.

The Group’s investment in staff development therefore remains well above the minimum set by Bank Negara Malaysia. For 2017, the Group invested about RM46.9 million in human capital, training a total of 41,498 participants over 3,356 classroom days and 132,137 staff logged onto the e-learning platform to upscale themselves for an equivalent of 3,425 training days.



The Public Bank Group operates with the philosophy that high performance can only be achieved and sustained through a culture which captures the heart and mind of every employee.

SUSTAINABILITY STATEMENT

Staff Development

	2017	2016	2015
Employee participation in training			
Classroom (Headcount)	41,498	36,722	35,813
E-learning (Headcount)	132,137	83,546	71,168
Average training budget per employee (RM)	3,103	3,017	2,844
Total hours of training per employee	32	30	31
Staff training as percentage of salaries (minimum statutory requirement of 2.5%)	3.1	3.1	3.2

While the Group's Knowledge and Learning Centre at Bangi remains the hub of learning activities, training is also being carried out at its overseas operations. Staff of the Group's overseas operations are therefore very much wrapped in the culture of the Group and in sync with the Group's objective to build a solid and sustainable business in its operation across the region.

To ensure the training is always value-added, training needs are periodically assessed and reviewed to be in line with the ever-changing operating and business environment. In November 2017, the Group conducted a Skill Gap Analysis on Customer Service nationwide to identify competency gaps among staff, and training is provided for the staff to bridge the skill gap. The Group designs training programmes which address the needs of the staff, while ensuring the training is in line with the Group's business strategy and direction. This enables the Group to deliver targeted learning and development opportunities that benefit not only its employees at the individual level, but ultimately elevate the overall strength, sustainability and capability of the entire organisation.



At the Public Bank Group, it is important for employees to be multi-faceted in competence. Learning is a journey. It is a continuous process to upscale competency. The employees are encouraged to pace and push boundaries with mindful learning. This means to develop the habit of learning everywhere, every day.

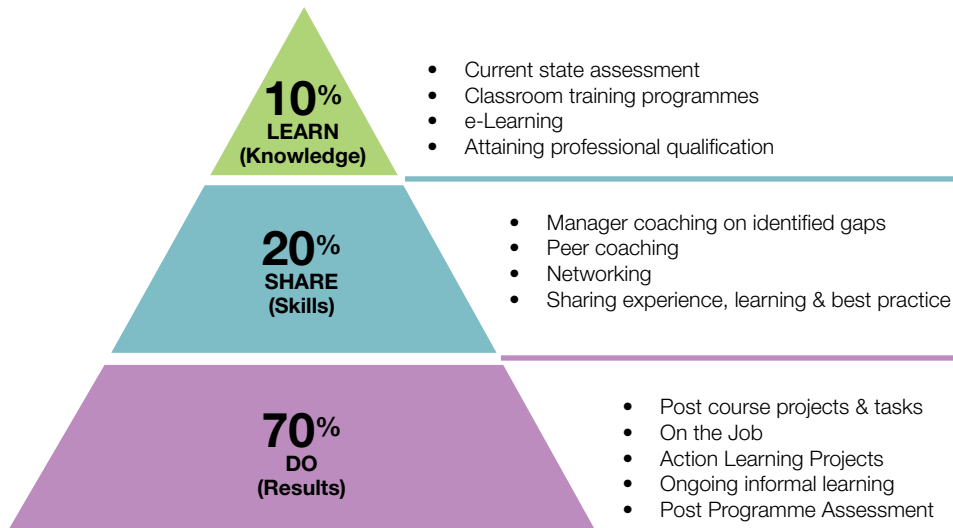




SUSTAINABILITY STATEMENT

As the Group is placing more expectation on staff to take higher responsibility and actively upscale their competencies and skills, the Group is stepping up its training and development activities. The Group's 70:20:10 training framework (Experiential: Coaching & Mentoring: Formal Learning) integrates learning framework ratio and emphasises on-the-job learning to help employees to develop greater passion for self-learning as well as to provide them holistic learning programme. Staff are encouraged to take personal ownership of their development by upgrading their skills, taking on expanded responsibility and cross-rotational roles.

70:20:10 Framework



Furthermore, the Group focuses on continuous learning and the move from “push” to “pull” training. The Group believes that corporate training requires content, context, and deep expertise.

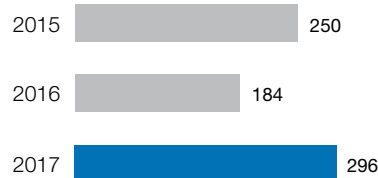
In relation to this, the Group takes pride that it achieved the highest number of graduates for banking qualifications offered by the Asian Institute of Chartered Bankers (“AICB”) in 2015, 2016 and 2017.

Instilling Professionalism

Professionalism is consciously and consistently instilled throughout the Public Bank Group as staff are encouraged to be certified through qualifications such as:

- Chartered Banker
- Professional Credit Certification
- Certified Financial Planner
- Certified Documentary Credit Specialist
- Certification in AMLA
- Certification in Regulatory Compliance
- Certification in Bank Risk Management
- Certificate in Internal Auditing for Financial Institutions
- Certification in Islamic Banking & Finance

Number of Public Bank's AICB Graduates





To further instil professionalism, the Group's training approach is supplemented with competency checks at various timelines to ensure that appropriate knowledge is being imparted and retained. In respect of this, the Group has in place the Mastery Test and Executive Assessment exercises, which have been set as a key criteria for staff promotion. The exercises also serve as an analysis of development gaps.

	2017		2016		2015	
	No. of Sessions	No. of Candidates	No. of Sessions	No. of Candidates	No. of Sessions	No. of Candidates
Mastery Test	1	17	1	7	2	417
Executive Assessment	4	204	1	163	2	281

In upholding the Group's philosophy to provide staff with opportunities for career advancement, 2,142 staff had been assessed in 2017 and included in the talent pool, whilst a total of 749 staff had been promoted to take on greater responsibilities as part of their career advancement.

Embedding a Culture of Good Conduct

The Public Bank Group's Code of Ethics sets out the standards of good and ethical banking practices, which all staff should uphold to maintain confidence in the security and integrity of the Group's business practices. It is a requirement that all employees of the Group understand and observe the Code. All staff undergo the e-learning on Code of Ethical Conduct annually. New recruits are also required to attend a one-day programme on Introduction to Ethics in Banking. The programme is opened to other staff as well. In 2017, total staff trained under the programme are as follows:

Introduction
to Ethics in
Banking

1,054
participants

e-Learning
on Code
of Ethical
Conduct

14,702
participants

A well-disciplined and professional workforce is the cornerstone of a successful organisation. Employees are expected to be vigilant about wrong doings, malpractices or irregularities at their workplace. They are also made aware of the Group's Whistleblowing Policy and Procedure so that they can promptly report any such instances to the Management for immediate rectification or other necessary measures to minimise potential or reputational loss. To preserve the core value of integrity, the Group will not tolerate any act which is in breach of this value.

The Group uses various communication channels to remind staff of the requirement to adhere to the rules and ethical standards set out in the Staff Code of Conduct. The Group has set standards and established policies and procedures to manage actual or potential conflict of interest of its staff. Robust organisational structure has been designed to ensure adequate segregation of duties and avoid conflicts of interest. Staff working in sensitive or high-risk areas is required to adhere to job-specific rules and undergo training regarding avoidance of conflict of interest when carrying out their duties.



SUSTAINABILITY STATEMENT



Developing Performing Leaders

The Public Bank Group's leadership and learning solutions are focused on supporting the staff to develop critical skills and capabilities. The Group believes that leadership shapes culture that drives organisational performance. The Group constantly looks out for strong performers to be groomed into future leaders. The Leadership Development Programmes are designed to groom the right leaders so that it has the right calibre of leaders, in the right roles and at the right time to meet current and future needs.

For 2017, the Group conducted a range of leadership programmes for its leaders:

- ✓ - RETAIL BANKING LEADERSHIP
- ✓ - LEADING A HIGH PERFORMING TEAM
- ✓ - MANAGING CHANGE AND SUSTAINABILITY
- ✓ - MANAGERIAL INTELLIGENCE
- ✓ - RESULT ORIENTED COACHING
- ✓ - CORPORATE COUNSELING

A series of learning and development programmes for senior leaders are also in place. To ensure that senior leaders are up-skilled in contemporary thinking on executive management, arrangement are made to expose them to banking leadership thoughts and trends via collaborations with institutions such as Retail Banking Academy, ICLIF, INSEAD, London Speakers Bureau, Melbourne Business School and Harvard Club of Malaysia.

Employee Engagement

Employee engagement is one of the key elements of corporate cultural health. The Public Bank Group recognises the importance of listening to its staff. The Group adopts an open and two-way dialogue with employees. Through understanding the views of its staff, it helps to shape the decisions the Group makes, thereby helping to create an environment in which staff are actively involved. The Group believes that engagement inspires commitment and organisational citizenship.

In the first year of joining the Bank, Management Trainees are placed under the CEM (Call, Engage and Mentor) programme. The Programme helps and leads them to transit to the role of a working adult from that of a student. Dedicated officers will call the Management Trainees on a regular basis, to check on their progress and to address any concerns which they might have. The proactive engagement initiative has contributed to a high retention rate of Management Trainees of close to 80%.

SUSTAINABILITY STATEMENT

The Group is also committed to helping employees achieve their ambitions even before they enter the working world. In 2017, the Group continued to reach out to young talents by having a series of on-campus engagement activities.

Campus Engagement Activities	2017	2016
Career Fairs/Event	36	43
On-campus Interviews	10	8
On-campus Career Talks	9	4
Career/Group Interview Workshops	2	3
Employer-Student Network Sessions	1	1
Student Visits to Menara Public Bank	9	7
“A Day with PBB” Workshop	2	–
	69	66

Public Bank also offers internship opportunities for young talents who are interested to learn about the banking industry.

Year	No. of Interns
2017	116
2016	105
2015	81
2014	40

The Group taps on various communication channels in place within the Group to actively engage with employees. Through internal platforms such as Management Seminar, Sales Convention, Briefing on Governor’s Messages, Regional Manager Briefings, and Business Meetings, Senior Management is able to communicate the latest developments of the Group and the operating environment to the employees. Leveraging on these channels, employees are kept informed of the Group’s business direction, plans and expectation.

No. of Participants	2017	2016	2015
July Convention	1,817	-	-
Management Seminar	1,446	1,439	1,408
Sales Convention	1,270	1,160	1,275
Business Meeting	177	252	257

Health and Wellbeing

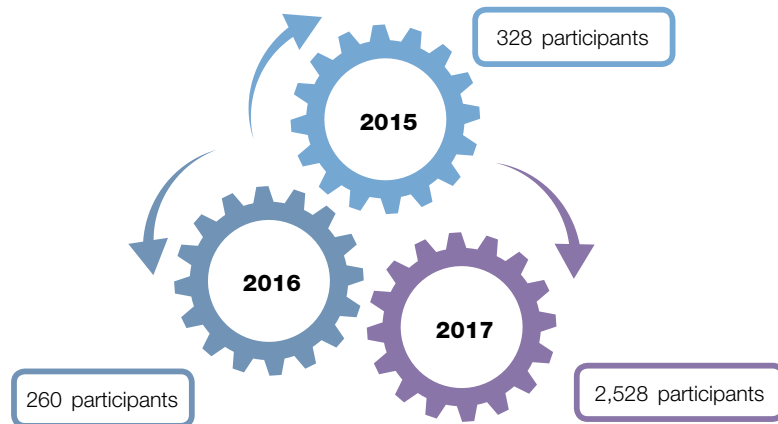
A key component to keep employees continuously engaged and motivated is through a conducive and nurturing work environment, which cares about employees’ mental and physical well-being. The Public Bank Group is committed to looking after its employees’ health in the belief that a healthy body and mind will have a positive impact on their professional and personal life.

Throughout 2017, based on the theme Energise and Revitalise, the Group organised various workshops with an aim to encourage staff to adopt a healthy diet and lifestyle, and to consistently rejuvenate and energise their body and mind. Ongoing initiatives include the conduct of Stress Management, Wellness and Health promotion programmes and regular health talks. All supervisory staff are also encouraged to undergo biennial medical check-ups subsidised by the Group.



SUSTAINABILITY STATEMENT

Staff Attendance at Total Wellness Workshop



The Group recognises that family is an important aspect of its employees' well-being. The Group has in place numerous family friendly policies including medical and hospitalisation benefits for immediate family members, including maternity and paternity leave entitlement. Furthermore, lactation facilities have been made available in Menara Public Bank to cater to the needs of new mothers. A series of Parenting Workshop, where staff are given professional guidance on how to bond with their teenagers, was also conducted to promote harmony in the family. The Group also grants sabbatical leave ranging from a few months to a few years to enable staff to meet their domestic obligations or personal aspiration.

No. of Staff granted sabbatical leave	2017	2016	2015
- Domestic Obligation	54	31	35
- Health and Wellbeing	17	8	16
- Further Studies	1	2	1
	72	41	52

The Group supports life-long learning through both in-house and extra-curricular activities. The Group operates two staff libraries with a comprehensive range of reading materials, covering professional development reference materials as well as self-help books on subjects such as emotional well-being, positive attitude and others. Other literature on diverse topics and interests are provided so that staff have an avenue to pursue their hobbies and interests to balance their lifestyle.

Embracing Equal Opportunities, Diversity and Inclusiveness

The Public Bank Group views the diversity of its employees as a source of strength. The Group takes the approach which aims to increase and leverage diversity of thoughts, to improve workforce agility, enhance risk management capability, drive innovation, and to provide better support to its diverse client base.

The Group shows the same respect, guided by the principle of meritocracy and fairness, to anyone regardless of level, grade and age in providing equal opportunities for recruitment, promotion, transfer or learning development opportunities.

Placement is made to ensure that staff is put in positions where they can most effectively display their ability and grow their potential. Clear career path and development are designed and made known to staff so that they are able to chart their future.

The Group also adopts a gender equality principle, complementing the Government's measures to enhance human capital by leveraging on women's talent. The Group has actively planned and created an environment which increases women's representation especially in the Group's management. This is reflected in the huge representation of women in the Group's management and top management, at 45.8% and 48.8% respectively.



Human capital sits at the core of the Public Bank Group's business strategy. The Group's long term success depends on having the right people, with the right skills, in the right roles, thriving in the right culture.

The hallmark of a successful organisation is neither the number of awards it obtains nor the number of customers it serves. It comes from the core values which have been ingrained in the organisation since inception. An organisation may have a vision that sets its goals; a mission that guides its directions. However, it is the values that form the foundation that carries the organisation safely through its journey.

SUSTAINABILITY STATEMENT

Performance Data		
Human Resource Malaysia	2017	2016
WORKPLACE		
Supervisory (%)	67.6	67.4
Non-supervisory (%)	32.4	32.6
Female (%)	60.0	59.9
Male (%)	40.0	40.1
Age group (%)		
< 30	29.0	31.9
30 to < 40	31.3	31.0
40 to < 50	28.7	27.0
50 and above	11.0	10.1
Diversity (%)		
Malay	37.8	37.4
Chinese	55.4	55.8
Indian	6.5	6.5
Others	0.3	0.3
Service in the Group (%)		
< 1 year	5.0	4.8
1 to < 5 years	16.5	18.6
5 to < 15 years	33.5	31.9
15 years and above	45.0	44.7
Women in management (%)	45.8	44.5
Women in top management (%)	48.8	45.8
Total no. of recruitment (Headcount)		
Supervisory	923	926
Non-supervisory	108	63
Total no. of promotion (Headcount)		
Supervisory	769	810
Non-supervisory	103	102
EMPLOYEE TURNOVER		
Supervisory (%)	9.3	8.5
Non-supervisory (%)	2.9	2.7
Employee turnover breakdown by supervisory age group (%)		
< 30	77.8	81.4
30 to < 40	13.6	12.3
40 to < 50	6.5	4.1
50 and above	2.1	2.2

Human Resource Malaysia	2017	2016
Employee turnover breakdown by non-supervisory age group (%)		
< 30	63.5	66.2
30 to < 40	27.0	25.2
40 to < 50	8.8	6.5
50 and above	0.7	2.1
PERFORMANCE MANAGEMENT		
Total number of employees appraised (%)	97.2	96.9
Total number of staff awarded bonus (%)	96.6	96.4
STAFF DEVELOPMENT		
Employee participation in training:		
Classroom (Headcount)	41,498	36,722
E-learning (Headcount)	132,137	83,546
Average no. of participants per training programme	25	24
Average training budget per employee (RM)	3,103	3,017
Total hours of training per employee	32	30
Staff training as percentage of salaries cost (minimum statutory requirement of 2.5%)	3.05	3.11
EMPLOYEE WELFARE		
Total amount of staff loans approved (RM'000)	288,375	311,550
Total outstanding amount of staff loans (RM'000)	1,836,884	1,763,757
Benefits paid under the Group's protection insurance policies:		
(i) Personal Accident Insurance (RM'000)	803	143
(ii) Group Term Life Insurance (RM'000)	2,896	878

SUSTAINABILITY STATEMENT



CORPORATE CITIZENSHIP

- Community Contribution

CORPORATE CITIZENSHIP

The Public Bank Group remains committed to giving back to the community. As a major bank in the country, the Group believes that it plays a key role in contributing towards the economic growth and well-being of the community. During the year, the Group continued to extend financial support aimed at improving lives and delivering positive social impact to the communities by organising various corporate philanthropic initiatives focusing on two main priorities:



To support talent development that contributes to the advancement of the economy



To strengthen the local communities in which the Group operates by providing volunteerism and charitable donations

Key initiatives in 2017 were as follows:

- **ASB MBA Endowed Scholarship:** The Group supported the Asia School of Business project through contributing USD1.25 million of endowed scholarship.

Asia School of Business (“ASB”) was established as a collaboration between MIT Sloan and Bank Negara Malaysia to be a premier business school that develops transformative and principled leaders who will contribute to a better future and advance the emerging world. The Public Bank Group shows full support for this endeavour as it will create an immense positive impact towards educating the next generation of talent for Malaysia as well as for the region.



Sponsored
**USD1.25
MILLION**

for ASB MBA Endowed Scholarship

- **Star Achiever Programme:** To motivate students to achieve their best in academics, the Group organises a yearly Star Achiever Programme for PB Bright Star Savings account holders. Under the Programme, students who excel in public examinations are entitled to cash awards given by the Group.



Awarded
> 130

school children under Star Achiever Programme

SUSTAINABILITY STATEMENT

- Educational Visit:** The Group hosted several educational visits for undergraduates from various universities. The objectives were to provide opportunity for the students to gain insight into banking and finance operations as well as career opportunities with the Bank. In addition to that, the Group was invited to participate in the Sunway University's Actuarial and Banking Forum as part of its student engagement initiative.



- *University of Malaya*
- *UCSI University*
- *Sunway University*
- *Asia Pacific University of Technology & Innovation*
- *Nilai University*
- *University of Tunku Abdul Rahman*
- *Monash University*
- *Multimedia University*
- *Xiamen University Malaysia*



Hosted
9 visits
for universities



Benefited
> 500
undergraduates

- School Adoption Programme:** The Group has adopted 860 schools throughout the country. Under the Programme, the Group distributes Buku Wang Saku to the students upon opening of children savings account and conducts financial education programme for the adopted schools. The Group also provides ongoing support to teachers to integrate financial education into formal school curriculum by providing technical advice and relevant materials on specific banking and finance matters.



School Adoption Programme was initiated by Bank Negara Malaysia, whereby selected schools are adopted by financial institutions to promote the savings habit amongst school children.

SCHOOL



Adopted
860
schools



SUSTAINABILITY STATEMENT

- **Finance Carnival:** In supporting the objectives of educating the public on financial services, financial literacy and consumer protection, the Public Bank Group participated in the Finance Carnival organised by Bank Negara Malaysia which were held in Kuala Lumpur, Sabah and Sarawak in 2017. The Group invested resources to set up exhibition booths and sponsored activities held in the Carnival.
- **Professional Development:** The Group sponsored a total of RM60,000 to promote professional development in the country.

Sponsored
RM10,000 to
 the National Tax Conference organised by
 Inland Revenue Board and the Chartered Tax
 Institute of Malaysia

Sponsored
RM50,000 to
 the International Corporate Governance
 Network conference hosted by Kumpulan
 Wang Persaraan (Diperbadankan) and Minority
 Shareholder Watchdog Group

- **Festive Charity Programme:** Malaysia is a multi-racial country, where one can experience a multitude of cultural celebrations and festivals. Hence, the Group has taken this opportunity to organise festive charity programmes to give a helping hand and to bring festive cheer to the underprivileged.

Sharing blessings and thoughts with elderly friends during Chinese New Year

On 25 January 2017, the Public Bank Group shared blessings with the elderly at two old folks home. Each home received a sum of RM12,000, while an angpow worth RM88 each was distributed to 80 residents of both homes.



Donated

RM31,040 to

- Rumah Orang-Orang Tua Seri Setia
- Persatuan Kebajikan Dan Sosial Kim Loo Ting

Spreading festive joy during the holy month of Ramadan

On 19 June 2017, the Public Bank Group visited the Pediatrics Ward of Hospital Canselor Tuanku Muhriz and distributed duit raya and goodie bags worth RM15,600 to 120 children. Additionally, a total sum of RM10,000 was donated to the Hospital to assist in its daily operations and management costs for patients from the lower income group.



Donated

RM25,600 to

the Pediatrics Ward of Hospital Canselor Tuanku Muhriz

SUSTAINABILITY STATEMENT

Festival of Lights and Joy

On 18 October 2017, the Public Bank Group donated a total of RM10,000 to two orphanages home. Each child was given an angpow of RM100 to enable them to buy new clothes for the celebration of Deepavali festival, which amounted to RM10,000 of angpow in total.

Donated

RM20,000 to

- Rumah Kebajikan Karunia Illam (Girls)
Dan Anbu Illam (Boys)
- Pertubuhan Kebajikan Anak Yatim Mary

**Christmas Cheers to the Underprivileged**

On 8 December 2017, the Public Bank Group ran a Christmas Wish project which was a two-week-long charity drive during the Christmas month. A wish card was given to staff to be filled up and tied on to the Christmas Arch that was displayed at the Grand Lobby of Menara Public Bank. With the support of local and overseas staff of the Group, the project was an overwhelming success whereby each home received RM10,000, of which RM5,000 was from the staff and RM5,000 was from the Public Bank Group.

Donated

RM40,000 to

- Society of St Vincent De Paul
- Saint Barnabas Home
- YS Charity Foundation
- Rumah KIDS
- **Healthcare:** The Group believes the economic prosperity of a community correlates with the health and productivity of its population. During the year, the Group donated RM10,000 to Pantai Hospital to assist in its daily maintenance. Furthermore, two blood donation drives were conducted to assist the National Blood Bank to stock up their supplies for emergency needs.

**Blood Donation Drive:**

On 18 May 2017 and 23 November 2017, the Public Bank Group conducted blood donation drives at Menara Public Bank. Since 1994, the Group has been actively collaborating with the National Blood Bank and is still supporting this noble cause in saving the lives of those in need.





SUSTAINABILITY STATEMENT



In addition, a sum of USD3,000 was donated to the Nokor Tep Foundation to contribute to fundraising for the building of a hospital.

Donation to Nokor Tep Foundation

On 10 March 2017, Cambodian Public Bank donated USD3,000 to the Nokor Tep Foundation for the fifth consecutive year during the Neary Khmer Fundraising Elite Gala Dinner which was held in Phnom Penh. The Nokor Tep Foundation is a non-government organisation involved in raising funds to build a USD5.5 million 220-bed hospital (Nokortep Women's Hospital) which will be equipped with facilities to treat women's ailments including cancer.



Donated
RM10,000
to Pantai Hospital

Donated
USD3,000
to Nokor Tep Foundation



Blood donation drive
> 400
donors

- Disaster Relief Donations:** When disaster strikes, there is often a sense of helplessness at the sight of the devastation. At such times, the Public Bank Group understands the need to help the affected people to rebuild their lives.

Donation to the Cambodian Red Cross

On 8 May 2017, Cambodian Public Bank donated a sum of USD5,000 for the sixth consecutive year to the Cambodian Red Cross ("CRC") during the 154th anniversary International Red Cross and Red Crescent Day which was held in Phnom Penh. The funds donated were to assist CRC to carry out its year-long activities to help the poor especially in rural areas afflicted by natural disasters such as floods and droughts.

A helping hand to flood and landslide victims

In addition to the initial contribution of LKR200,000 (USD1,300) made by Public Bank's Head Office, the Public Bank Sri Lanka Operations staff had organised a donation drive on 2 June 2017 to reach out and respond to the flooding in Sri Lanka. The donation drive received an overwhelming response from customers and well-wishers, as the employees managed to collect much needed items such as water bottles, gas cookers, gas cylinders, dry rations, cooking utensils, bed sheets, books and clothing. All in all, Public Bank Sri Lanka Operations staff delivered more than USD6,500 worth of goods to people affected by the flood and landslides in Sri Lanka.

Donated
USD5,000
to the
Cambodian
Red Cross

Donated
USD7,800
to the disaster
victims in
Sri Lanka

SUSTAINABILITY STATEMENT

- Relief Assistance Programme:** To ease the burden of customers affected by natural disasters such as flood and landslide, the Group provided moratorium on monthly instalment or deferred loan repayment of up to six months for eligible cases. During the massive flood in November 2017, the Group not only provided a moratorium of up to six months for monthly instalment payments for loan and financing, the Group also offered restructuring and rescheduling of loans and financing, as well as waiver of certain bank charges for affected customers. As for affected staff, the Group provided special cash relief assistance to them and their families, in addition to granting compassionate leave to enable them to attend to their domestic affairs. Meanwhile, the Group worked together with the Taiwan Buddhist Tzu Chi Foundation Malaysia to provide cash payout services to eligible recipients under the “Penang Flood Victims” cash card programme at all Public Bank branches nationwide. In 2017, the Group had provided moratorium to 1,576 affected customers for a total loan amount of RM234.8 million.



Total loan moratorium
RM234.8 million



Assisted
1,576
affected customers

- PB TalentMax CSR Programme:** Through the Group’s on-boarding TalentMax programme, Management Trainees are given the opportunity to undertake Corporate Social Responsibility activities. In 2017, the young employees had undertaken various visits and voluntary work to orphanages homes, and did community work such as clean-up services at zoo and animal shelter, as well as feeding the needy.

PB TalentMax is a talent development programme for the Public Bank Group’s Management Trainees. The Programme exposes fresh graduates to the different facets of banking operations and management skills. It is specially designed to provide opportunities for the candidates to realise their potential, while building the right social skills and workplace behaviour. The Programme also emphasises on inculcating a culture of giving through encouraging the Trainees to contribute to the community through various social works.



Visited
8 orphanage homes

- Rumah Keluarga Kami
- Rumah Bakti Alkausar
- Rumah Caring
- Agathians Shelter Orphanage
- Pusat Jagaan Beribuan Kasih
- Rumah Charis Children’s Home
- Pertubuhan Kebajikan Astana
- Pertubuhan Kebajikan Yesurin Mahligai



Carried out community work
2 times at Zoo Negara
1 time at SPCA Selangor



Feeding the needy
2 times by reaching out to Fungates Superflow Foundation Soup Kitchen

SUSTAINABILITY STATEMENT



- Financial Aid to Staff:** The Group has a staff donation account under the Public Bank Group Sports Club (“PBGSC”), specifically for the sole purpose of soliciting voluntary donations from staff to assist fellow colleagues in times of need. During the year, PBGSC continued to extend a helping hand to staff, with a total of RM25,000 handed out to assist staff with family medical expenses, death or calamities. Since 2004, the Group had provided donations of more than RM270,000 to over 170 staff.



Benefitted
>170 staff
 since 2004

Last but not least, as a responsible corporate citizen, the Group fulfils its responsibility as a tax payer in contributing to the fiscal revenue and economy of the country. In 2017, the Group’s total tax payments to the Malaysian Government amounted to RM1.35 billion. The tax contribution will continue to facilitate national development and provide public services and amenities that benefit the society at large. All these efforts reflect the integration of sustainability into the Group’s corporate culture, mission and strategies for its banking business.



SUSTAINABILITY STATEMENT



MANAGING ENVIRONMENTAL IMPACT

- Energy Management
- Waste Management
- Greenhouse Gas Emission

MANAGING ENVIRONMENTAL IMPACT

Reducing the environmental footprint

The Public Bank Group recognises the need to contribute to addressing climate change as this is a core issue that is inextricably linked to the sustainability of a business into the future.

In 2017, the Group continued to initiate efforts to reduce its environmental footprint through the adoption of environmentally-sustainable practices in its day-to-day operation pertaining to the matters of Energy Management, Greenhouse Gas Emission, and Waste Management.

I. Energy Management and Greenhouse Gas Emission

In 2017, the Public Bank Group continued to work towards improving and tracking its impact in energy consumption and greenhouse gas emissions. The Group measures the progress of its efforts every year to track the effectiveness of its environment preservation measures.

Lighting with energy efficient LED lights

- In 2017, The Group had met the target set of replacing all the T8 fluorescent tubes and light bulbs in the Group’s Corporate Head Office (Menara Public Bank and Information Technology & Training Centre in Bangi) with LED tubes and LED bulbs.
- Logistic arrangements are currently being made to replace the T8 fluorescent tubes with LED light tubes for other premises presently occupied by the Group, including the 259 branches nationwide. This exercise is targeted to be completed by the second quarter of 2018.



Electricity Consumption (kWh)



GreenHouse Gas Emission (tCO₂)



Scope: Menara Public Bank, Information Technology & Training Centre in Bangi, and Bangunan Public Bank



SUSTAINABILITY STATEMENT

Running on environmental-friendly air-conditioning system

Air conditioning forms a major part of the Public Bank Group’s electricity consumption. The Group is mindful that greenhouse gas emissions from air conditioners have a great impact on the environment. To ensure energy efficiency, the Group conducts proper and regular maintenance of the air-conditioning installations at its premises. Among the continuous measures carried out by the Group included scheduled preventive maintenance for its major buildings installations, such as the centralised air-conditioning chillers, cooling towers and vertical transportation system, so as to ensure optimal operational and energy efficiency. Service maintenance contractors are appointed to carry out scheduled servicing of all air-conditioning equipment on a monthly basis for all the 259 Public Bank branches nationwide. Currently, the Group continues its ongoing measure of replacing all its air-conditioning units which are running on ozone depleting R22 refrigerant gas with more environmental-friendly R410A refrigerant gas.

Environmental Conservation Initiatives at PBB

- ✓ Replacement of 12,170 units of 36 watts T8 fluorescent light tubes with 16 watts LED tubes
- ✓ Increasing the chilled water leaving temperature set point at the chiller by 2°C
- ✓ Shutting down 50% of the lifts on weekends, public holiday and after 9.00 p.m. on weekdays

Green Building

The 40-storey green building by the Public Bank Group – Menara Public Bank 2 – was completed in early 2017. The Building is a notable effort by the Group’s “going green” initiatives, and has become a new landmark located at the golden area of Jalan Raja Chulan in Kuala Lumpur.

Menara Public Bank 2 is designed to reduce overall impact on the environment by reducing waste and pollution, efficiently using energy and water, and incorporating green features such as special-designed sunshades and low-emissivity double glazing glass windows, and rainwater harvesting system. As a testament to this, Menara Public Bank 2 has been awarded the pre-certification “Gold” rating by the US Green Building Council under the Leadership in Energy and Environmental Design (“LEED”) Green Building Rating System and the Malaysia Green Building Confederation under the Green Building Index (“GBI”) certification system.

While Menara Public Bank 2 will be the new Head Office of Public Mutual, the building is also available for leasing, aiming to work together with more businesses in supporting a sustainable environment.



Engaging Energy Manager

As energy saving is a continuous journey, the Public Bank Group has enlisted the services of an independent qualified registered Energy Manager to review regularly the Group’s energy utilisation, with the objective of further reducing energy consumption.

Public Bank Doing Its Part to Protect the Planet

On 25 March 2017, the Public Bank Group continued its participation in the Earth Hour in 2017, with Menara Public Bank joining other iconic buildings to turn off their lights for an hour from 8.30 p.m.

Water Consumption

The Public Bank Group has continued with its efforts to monitor water consumption of its premises, and has been exploring ways to save water.

Water Consumption 2015 – 2017

2017	2016	2015
213,140 m ³	226,117 m ³	223,025 m ³

Scope: Menara Public Bank, Information Technology & Training Centre in Bangi and Bangunan Public Bank

SUSTAINABILITY STATEMENT

II. Paperless Banking and Waste Management

As a financial institution, the Public Bank Group acknowledges that its usage of paper is significant. Where possible and appropriate, the Group has always encouraged employees and customers to move towards a paperless environment to avoid unnecessary paper consumption and waste generation, in order to reduce paper pollution.

ePayslips via ePayroll System

In 2017, the Public Bank Group introduced the electronic payslips via the electronic payroll system to all Bank staff in Malaysia. This paperless initiative is in line with the Group's approach towards an environmentally-friendly concept.

E-procurement

The Public Bank Group Procurement system facilitates efficient processing of requisitions/purchases to reduce paper usage. In 2017, the Group transacted an average of 442 electronic purchase orders per month. The total of e-purchase orders issued represented 62% of the total of purchase orders issued by the Group in 2017.

Moving forward, the Public Bank Group will enlist more vendors to participate in this e-Purchase Order to further reduce the usage of paper. The Group will also review its procurement procedures and practices periodically to identify areas for further improvement.

Recycling

The Public Bank Group has waste management practices in place for paper collection, recycling and disposal. Waste is collected by appointed contractors to ensure compliance with regulatory requirements.

In 2017, total waste papers collected by Head Office and nearby branches in Kuala Lumpur for recycling purposes amounted to 151,255 kg.



	2017	2016	2015
Total Paper Recycled (kg)	151,255	160,420	161,473
Average Number of Electronic Purchase Orders via E-procurement (per month)	442	374	268*

* The e-Purchase Order was implemented in December 2015.