



THANK YOU
FROM TOMORROW

Sustainability Investor Day

22 September 2021

FORWARD  Sustainability



AGENDA

- 1 Overview of Sustainability at CIMB**
- 2 Sustainability from the Board Perspective**
- 3 Deep Dive 1: Creating Positive Impact Through Sustainable Finance**
- 4 Deep Dive 2: Managing Sustainability and Climate-related Risks**
- 5 Q&A**

1 OVERVIEW OF SUSTAINABILITY AT CIMB

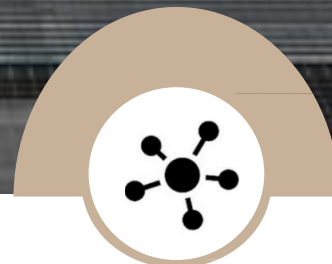
Dato' Abdul Rahman Ahmad
Group Chief Executive Officer

- Context and Overview
- Our Updated Commitments
- Governance and Delivery

CIMB AT A GLANCE

Our Purpose

To build a **high performing sustainable** organisation to help **advance customers and society**



**One of ASEAN's Leading
Banking Groups**

**Among the largest Asia-
based Investment Banks**

**One of ASEAN's Largest
Retail Branch Networks**

**World Leader in Islamic
Finance**

OUR SUSTAINABILITY JOURNEY



Dow Jones
Sustainability Indexes

19th
percentile

51st
percentile

65th
percentile

2024 Target
Global Top
Quartile

WHY IS SUSTAINABILITY SO IMPORTANT TO US

We play a pivotal role as a financial institution to create and maximise net positive impact for our stakeholders

Our Values

- **Simply the right thing to do** – achieving a balance between our people, planet and profit
- **Our purpose** is to build a high performing sustainable organisation to help advance customers and society

Our Business

- **Protects enterprise value** - global financial assets are at serious risk of loss from climate change
- **New market and business opportunities** such as transition finance

Our Influence

- **Financing is central to facilitate sustainable development** and a just transition to a low carbon economy
- **Catalyse and encourage clients** towards responsible business practices and lifestyles

Our Stakeholders

- **Important to our stakeholders**, including investors, regulators, customers and employees

SUSTAINABILITY IS INTEGRATED INTO OUR BUSINESS STRATEGY



Vision

To be the leading focused ASEAN bank

Overall Purpose

To build a high performing sustainable organisation to help advance customers and society

Strategic Themes

① Delivering Sustainable Financial Returns

a) Reshape portfolio

- Accelerate profitable growth
- Fix & turnaround underperforming businesses

b) Drive cost efficiency

- Reset cost base
- Tighten expense management
- Increase productivity

c) Digitise for value

- Strengthen technology
- Digitise & automate front & back office
- Focus on data & analytics

d) Focused investments

- Facilitate intra-ASEAN wholesale
- Preferred & wealth
- CASA, fee income and transaction banking
- Islamic Finance
- Selective CIMB digital investments

② Disciplined Execution

- Performance culture
- Simplify corporate, oversight & management structure
- Regional operating model

③ Customer Centricity

- Strengthen reliability
- Transform Customer journeys
- Treat customers Fairly

④ Transform Fundamentals

- Risk management
- Capital optimisation
- Finance & Compliance

⑤ Purpose-driven organisation

a) Culture & Values

b) Human capital

c) Sustainability

WE HAVE BUILT AN INTEGRATED SUSTAINABILITY ROADMAP



THE GROUP

Sustainable Action

How we embed sustainability principles in all our business operations and processes to reduce our negative impact such as carbon footprint and generate positive impacts through our business



OUR CLIENTS

Sustainable Business

How we generate business profits in a responsible manner, creating net positive impact through the products and services we provide, and by assisting and encouraging our customers and clients on their own sustainability journeys



SOCIETY

Corporate Social Responsibility

How we use a portion of our profits to enhance and contribute towards sustainable long-term positive impacts in the communities around us



Governance and Risk

How we govern and report sustainability risks at CIMB, including setting targets and tolerance levels, and how we organise and mobilise ourselves for best results



Stakeholder Engagement and Advocacy

How we champion, engage, build capability and capacity, raise awareness and drive participation for sustainability, both internally and externally

We have an outsized impact through the work we do with our clients

OUR APPROACH TO SUSTAINABILITY

Strategic philosophy

Integrate economic, environmental, and social considerations in all business decisions
e.g. Prevent and minimise environmental harm, respect human rights, as well as promote social equality and equity

How we create impact

Reduce Footprint (minimise negative impact)

Increase Handprint (create positive impact)

E.g. Review suppliers' ESG compliance

Sourcing

E.g. Build capacity of suppliers' for positive E&S performance

E.g. Assess and reduce energy & waste

Operations

E.g. Promote diversity and inclusion in our workforce

E.g. Limit/phase-out negative ESG impacts from financing

Products and Services

E.g. Introduce positive impact products and solutions; Support SMEs & social enterprises, vulnerable customers

Partnering with others in the ecosystem

**Engage actively and openly with our stakeholders;
Support and be guided by internationally-recognised principles**
e.g. Raise awareness to promote responsible behaviour, actively engage and partner with peers and cross-sector stakeholders to generate impacts (CEO Action Network)

1 OVERVIEW OF SUSTAINABILITY AT CIMB

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Group Chief Executive Officer

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- **Our Updated Commitments**
- Governance and Delivery

OUR EXISTING COMMITMENTS AND THE PROCESS WE WENT THROUGH

Our existing commitments

- 10% reduction of Scope 1 & 2 GHG emissions from 2019 baseline
- RM10 billion Green, Social, Sustainable Impact Products and Services (GSSIPS) loan/financing
- Implement Taskforce on Climate-related Financial Disclosures (TCFD) recommendations (in 2023 SR)
- CCCA commitment to set targets for carbon intensive sectors by 2023
- No new coal, and commitment to exit coal by 2040
- Average 2 volunteer hours per employee

Benchmarking Study

- Compared and analysed other banks' commitments
- Conducted industry benchmarking

Feasibility Study

- Determined CIMB's current state (where available) and assess paths to delivery
- Assessed feasibility to achieve commitments based on existing capability, resources and time

Revised commitments

- Socialised targets internally for input, feedback and approvals
- Finalised and communicated revised commitments

COMMITMENT 1: TRANSITIONING TO NET ZERO

Headline Commitment



Achieve net zero operational GHG emissions (Scope 1 & 2) by 2030

Achieve Net Zero GHG by 2050

Our Plan

- Develop a **targeted plan to accelerate transition to Net Zero**, covering five strategic areas, i.e. Governance, Risk Management, Client Solutions, Operations, and Transparency & Partnerships
- Align **financed emissions** arising from our clients to achieve Net Zero by 2050
- Signatory to Net-Zero Banking Alliance (NZBA) and official supporter of TCFD

COMMITMENT 2: MINIMISING HARM

Headline Commitment



**No financing of new coal
and to exit coal by 2040**



- **No Deforestation, No Peat**
- **No Exploitation**

Our Plan

- **Prohibit** asset-level or general corporate financing for **new thermal coal mines** and **coal-fired power plants**, as well as expansions, except where there is an existing commitment
- Implementation on NDPE commitments starting mid-2022 in Malaysia and to be phased in across other geographies

COMMITMENT 3: MAXIMISING POSITIVE IMPACTS

Headline Commitment



Mobilise RM30 billion towards sustainable finance by 2024

Our Plan

○ Via our **Green, Social, Sustainable Impact Products and Services (GSSIPS) framework** to facilitate a just transition to a low-carbon economy and promote an equitable society



Corporate Banking and Commercial Banking

Financing and supporting our clients as they transition to a low carbon economy, assisting clients with their funding needs



Investment Banking, Treasury & Markets and Private Banking

Facilitating and arranging for bonds/sukuk, launching ESG Structured Products and ESG Funds for clients to invest in



Consumer Banking

Supporting our B40 and vulnerable retail clients, and encouraging those who can to transition to a more sustainable lifestyle

COMMITMENT 4: CREATING SOCIAL IMPACT

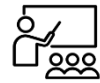
Headline Commitment



Invest RM150 million over 5 years and 100,000 hours annually by 2024 in employee volunteerism activities to positively impact lives, communities and businesses

Our Plan

To **enrich communities** around us with initiatives and interventions that are impactful in 4 key impact areas:



Education



Economic Empowerment



Health and Community Wellbeing



Climate and Environment

SUMMARY OF CIMB'S SUSTAINABILITY COMMITMENTS

Be a sustainability leader in ASEAN



Top quartile of the Dow Jones Sustainability Index (DJSI) by 2024

Climate Change



1

Achieve **net zero operational GHG emissions** (Scope 1 & 2) by 2030

Achieve **Net Zero GHG** by 2050

Responsible Banking



Minimise Harm

No financing of new coal and to **exit coal by 2040**

2

No Deforestation, No Peat, and No Exploitation commitments

Maximise Positive Impacts

Mobilise **RM30 billion** towards sustainable finance by 2024

3

Social Impact



4

Invest **RM150 million** over five years, and **100,000 hours annually** in **employee volunteer activities** to proactively impact lives, communities and businesses

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TO DELIVER, WE HAVE FORMULATED A ROBUST SUSTAINABILITY GOVERNANCE FRAMEWORK



WE WILL CONTINUE TO COLLABORATE WITH PARTNERS



Principles for Responsible Banking (PRB)

CIMB is a founding member and the first ASEAN signatory

Commitment:

- Commit on the six Principles that align banks with the SDGs and the Paris Climate Agreement
- **Collective Commitment to Climate Action (CCCA) and Net-Zero Banking Alliance:** Committed to align our portfolios in accordance with the targets set by the Paris Agreement



Taskforce on Climate-related Financial Disclosures

We are an official supporter of TCFD. By 2023, we are committed to fully align with TCFD principles along with following pillars:

- **Governance**
- **Strategy**
- **Risk Management**
- **Metrics and Targets**

CAN

CEO Action Network

- Proposed at **The Cooler Earth Summit 2019**
- CIMB is Steering Committee member and Working Group Chair

CAN Commitments: Level 2

- Set target for female representation in key management
- Conduct human rights risk assessment, including child/forced/ compulsory labour across operations and value chain by 2023
- Full alignment with TCFD recommendations by 2023



Joint Committee on Climate Change

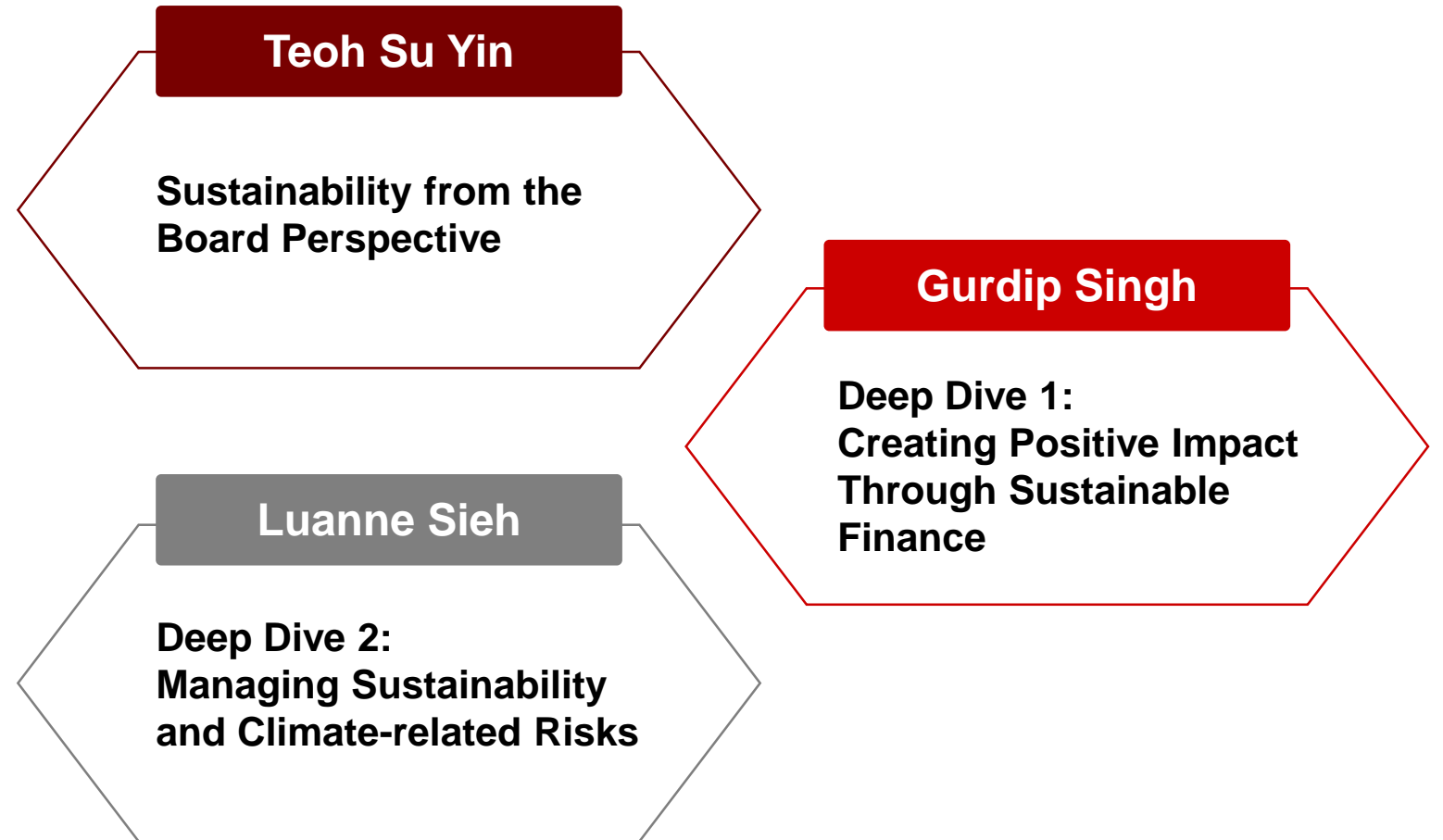
Actively engaged in 4 sub-committees of the JC3, a collaborative platform for **building climate resilience** within the Malaysian financial sector

DELIVERING ON OUR COMMITMENTS

CONCLUSION ON OUR RATIONALE AND APPROACH

- We recognise **our responsibility** towards a better common future
- As a financial intermediary, we have a significant role to play in:
 - **Maximising positive impacts** (our handprint),
 - **Minimising harm** (our footprint)
- We have put in place **clear, measurable, and time-bound** commitments and targets

Diving deeper into how we will deliver our commitments:

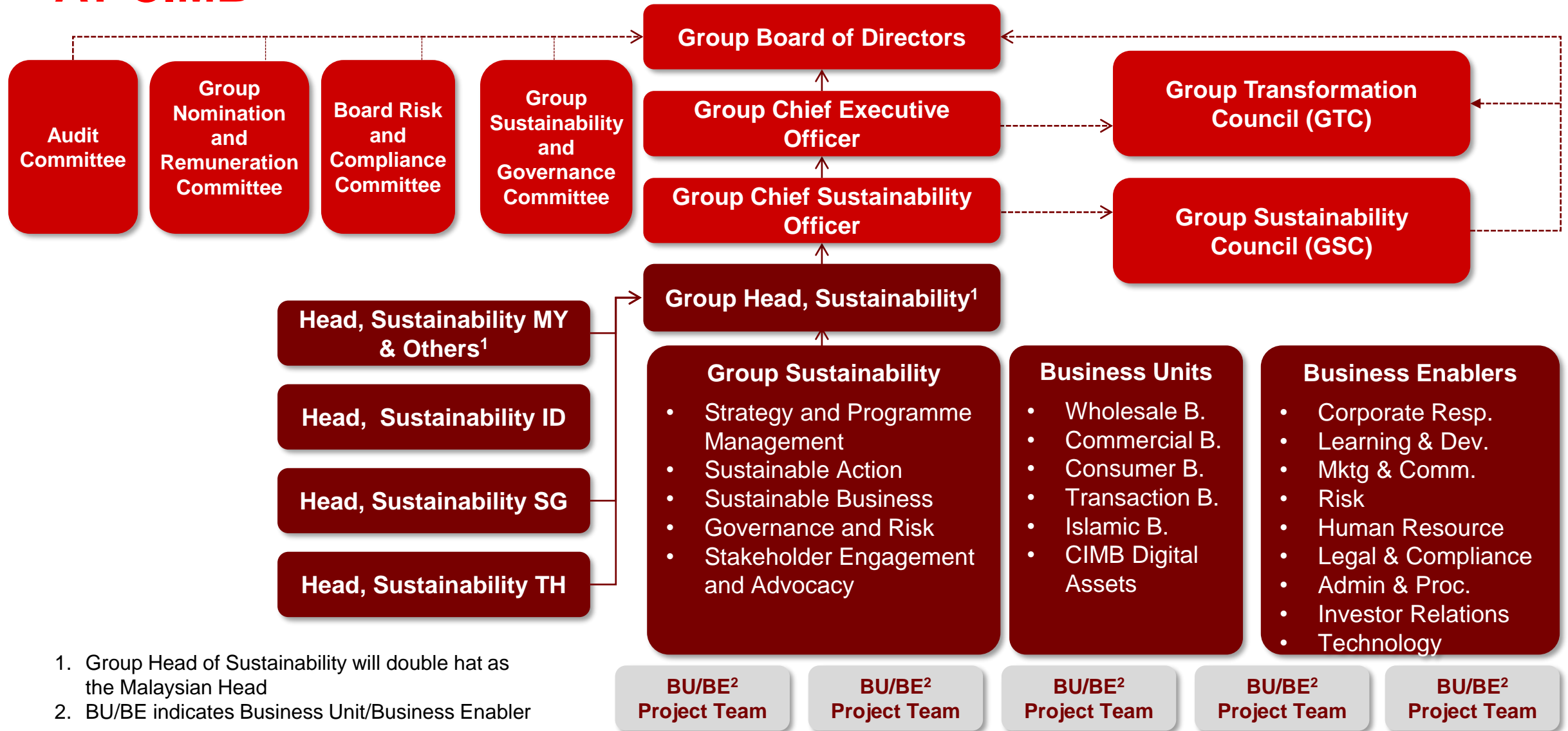


2 SUSTAINABILITY FROM THE BOARD PERSPECTIVE

Teoh Su Yin

Chairperson of the Group Sustainability and Governance Committee and Senior Independent Director of CIMB Group Holdings Berhad

HOW WE GOVERN AND OPERATIONALISE SUSTAINABILITY AT CIMB



1. Group Head of Sustainability will double hat as the Malaysian Head
2. BU/BE indicates Business Unit/Business Enabler

**3 DEEP DIVE 1:
CREATING POSITIVE IMPACT
THROUGH SUSTAINABLE FINANCE**

Gurdip Singh Sidhu

Group Chief Sustainability Officer

WE EFFECT THE GREATEST IMPACT IN THE WORK WE DO WITH OUR CLIENTS



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Governance and Risk

How we govern and report sustainability risks at CIMB, including setting targets and tolerance levels, and how we organise and mobilise ourselves for best results



Stakeholder Engagement and Advocacy

How we champion, engage, build capability and capacity, raise awareness and drive participation for sustainability, both internally and externally

SUSTAINABLE FINANCE AT CIMB



MAXIMISING POSITIVE IMPACT

Key Themes and Focus

- Our focus is guided by the set of **prioritised SDGs** that we have identified and integrated into our strategy

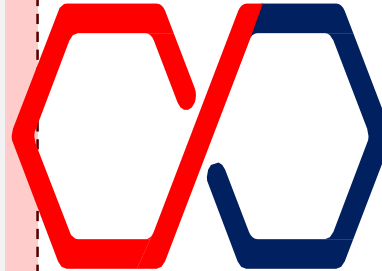
How We Affect Change

- We affect change via our **Products, Services** and **Advocacy**

Impact We Create

- The impact we create is derived from how we successfully **enable, equip** and **incentivise** our clients

Deep Dive 1: Creating positive impact through sustainable finance



MINIMISING HARM



Transaction Level

- Assess every new financing or capital raising request via Basic or Enhanced Sustainability Due Diligence
- Conduct annual reviews of facilities, and monitor for any ESG controversies

Client Level

- Assess whether clients have effectively managed and mitigated ESG risks
- Agree time-bound action plans with clients to improve their sustainability performance and to mitigate risk

Portfolio Level

- Review risks at the sector and portfolio level, and actively manage portfolio exposure and emissions intensity to align with our Net Zero 2050 goal

Deep Dive 2: Managing sustainability and climate-related risks

HOW WE AFFECT CHANGE AND RESULTING IMPACT OF OUR EFFORTS

Key themes and focus



How we affect change

A

Products

Provide clients with the tools to accelerate their sustainability progress

- SME RE Financing
- SDG Bonds
- Sustainability linked loans
- Green homes/hybrid cars preferential financing

B

Services

Offer assistance to support our most vulnerable customers

- Debt relief programmes and COVID-19 schemes
- Affordable financial services for vulnerable segments
- Enabling differently-abled customers

C

Advocacy

Knowledge sharing and mentoring programmes for our clients

- Financial Literacy
- PFAN
- GreenBiz Ready
- MicroBiz Ready

Impact we create

1

Enable new and existing clients to **invest** and **grow** in areas that make a difference from an **EES lens**

2

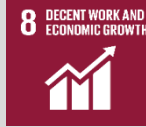
Incentivise clients to **embed positive practices** into their business and lifestyles

3

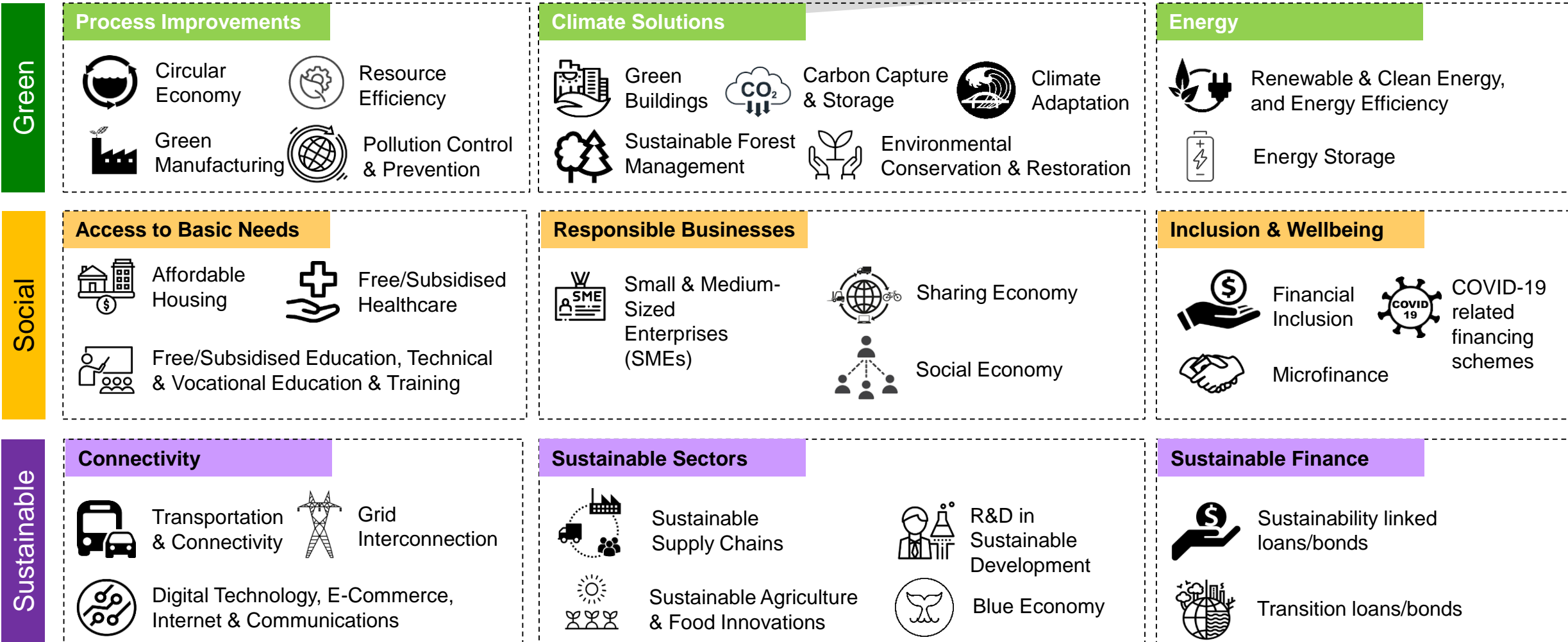
Equip our clients with **knowledge** and enable them **inclusively**

GREEN, SOCIAL & SUSTAINABLE IMPACT PRODUCTS & SERVICES (GSSIPS) FRAMEWORK ACTS AS OUR ANCHOR

Priority SDGs



The framework is **EXPANDABLE**, where new focus areas, products or services can be added/removed as and when required



COMMITMENT 3: MAXIMISING POSITIVE IMPACTS

Sustainable Finance commitment of RM30 billion by 2024

Headline Commitment



**Mobilise RM30 billion
towards sustainable finance
by 2024**

Our Plan

A

Corporates

Sovereigns / GLCs,
Large corporates and
MNCs

- Financing and supporting our clients as they transition to a low carbon economy
- Facilitating and arranging for bonds/sukuk, launching ESG Structured Products

B

SMEs

Micro sized enterprises up
to mid-sized companies
across various sectors

- Guiding and developing clients on their sustainability journey
- Catalysing and financing clients growth and needs

C

Individuals

Consumer banking
clients and individuals

- Access and inclusivity for the more marginalised groups
- Incentivisation via differential products and rates

SUSTAINABLE OFFERINGS

For Corporates



Green Financing

- Financing for **initiatives that provide environmental benefits** e.g. reduce GHG, reduce air / water / land pollution, improved efficiency in land use and resources



Sustainability Linked Loans (SLL)

- Loans with **interest rebates** tied to achievement of ambitious, predetermined **Sustainability Performance Targets**
- ~RM1 billion accepted by clients, out of the RM3 billion committed by CIMB in 2020



Sustainable Bond/Sukuk

- Bond proceeds for **social and/or green activities** e.g. renewable energy, sustainable agriculture, provision of healthcare, or education facilities to mitigate social issues



Sustainability Linked Bond/Sukuk

- Bond issuers pledge to **improve performance against agreed ESG targets**, success of which is reflected in the coupon paid to investors
- No specific use of proceeds required





Transition Financing/Bond/Sukuk

- Support clients in “brown” or high greenhouse gas (GHG) emission sectors to **implement specific transition projects** required to transition towards cleaner options e.g. natural gas-powered cogeneration plant with a clear transition plan to renewable sources

SUSTAINABLE OFFERINGS

Corporate clients: Select examples

Products/ Services	Products/ Services
Objectives	Objectives
Examples	Examples
Impact & Outcomes	Impact & Outcomes

Products/ Services	Sustainability Linked Loan
Objectives	Incentivises borrowers to achieve Sustainability Performance Targets which are material and additional
Examples	 RM270 million SLL with interest rebate based on CDP's Climate Change Scores  RM100 million SLL based on grid emission intensity in alignment with the Paris Agreement, and to fully electrify Sarawak by 2025
Impact & Outcomes	CIMB had committed RM3 billion from Jan 2020 to Dec 2024 for SLL. As of Dec 2020, RM970 mil had been accepted by clients.

Products/ Services	Sustainability Bond / Sukuk
Objectives	Instruments where proceeds are used to finance or re-finance a combination of green and social projects or activities
Examples	<ul style="list-style-type: none">▪ CIMB Bank launched a USD680 million Sustainable Development Goals (SDG) bond in 2019. First-ever Malaysia & ASEAN SDG bond issuance Reg S international capital markets, as well as in the Formosa bond market.▪ Gov. of Malaysia USD800M sustainability Sukuk – first offering by a sovereign whereby underlying assets of the Issuances are based on sustainable assets
Impact & Outcomes	As of 2020, CIMB's SDG Bond enabled: <ul style="list-style-type: none">➢ 28,000 retail customers with income <RM4,360 per month to purchase affordable homes➢ >3600 new hybrid cars➢ 5 solar panels manufacturer/ developer/ installer

SUSTAINABLE OFFERINGS

For SMEs



Private Financing Advisory Network (PFAN)

- CIMB is a financing partner to PFAN, who provides **coaching to renewable energy, clean technology and energy efficiency** project developers



AgTech Chilli Planters Microfinancing

- Microfinancing for farmers in MDEC's eLadang programme, to fund farmers' **purchase of technologies for better quality harvest and improved productivity**



SME Renewable Energy Financing

- Enables SMEs to finance their **purchases of solar PV systems** with an Industrial Hire Purchase facility. Committed RM100 million to assist SMEs. Max loan amount of RM500,000, tenure 10 years



GreenBizReady

- Facilitates access to sustainability for SMEs through **education, assessment and advisory**, as well as access to our **green ecosystem** of government agencies and private organisations



MicroBizReady

- Mentor, and provide education and funding support, to **help micro-SMEs navigate business challenges**





SUSTAINABLE OFFERINGS

SME clients: Select examples

Products/ Services **MicroBizReady**

Objectives **Mentoring and education support to B40 entrepreneurs** to facilitate business growth during and beyond the current challenging business landscape

Details





 Free e-Commerce training with industry experts	 Access the multitude of business solutions provided by SME Partners
 Cash incentives up to RM3,000 and a free Sponsorship package	 Build necessary skillset to improve digital skills and abilities

Impact & Outcomes **Over 160 participants** from the B40 community upskilled with knowledge on business and digital tools for their business growth

Products/ Services **GreenBizReady**

Objectives Proposition designed to facilitate **access to sustainability services for SMEs** through education, assessment and advisory with partners to enable SMEs to be **green and sustainability-ready via our green ecosystem**

Details

 A one-stop solution for Sustainable & Green SMEs	 Provides SMEs with tools and knowledge to start their sustainability journey
 Get training & advisory services via our strategic partners	 Participate in exposure and brand awareness activities with us and our partners

Impact & Outcomes **Over 150 companies** reached through initiatives with partners such as MATRADE, IMPACTO, SIRIM and PFAN

SUSTAINABLE OFFERINGS

For Individuals

Green and Socially-Responsible Products



Green Homes Preferential Pricing

- Preferential rates to customers purchasing **green residential properties**, with RM211 million financing accepted in 1H 2021



Green/Hybrid Cars Preferential Pricing

- Preferential rates to customers purchasing **green/hybrid vehicles**, with RM9 million disbursed in 1H 2021



EcoSave Savings Account-i

- **0.2% of EcoSave balance** is contributed by CIMB to green activities, such as conservation initiatives and nature education programmes. **RM2.25 million contributed to date**



ESG Focused Funds

- **ESG Unit Trusts and investments** provided through partners e.g. BIMB-Arabesque i Global Dividend Fund 1, Singular Asset Management SRI discretionary mandate, Principal Global Sustainable Growth Fund

SUSTAINABLE OFFERINGS

For Individuals

Financial Access and Inclusion



OctoSavers Savings Account

- Savings account opened and operated **completely online within 10 minutes**, removing the need for customers to go to branches, and reducing paper and need for travel (carbon footprint)



Philippines All-digital Banking Platform

- Offer savings account at **4% interest rate p.a.**, free life insurance coverage and credit facility via GCash's mobile digital wallet
- **>3 million accounts opened** as at Dec 2020, with **30% deposit customers formerly unbanked**, and **60% their first bank loan**



Home Ownership for B40

- Assisting B40 customers to purchase **affordable homes**, with RM1.13 billion disbursed towards this in 1H 2021.



Personal Financing for B40

- Products such as Cash Plus Personal Loans and Xpress Cash Financing-I, which enable access to **affordable personal financing**








Vehicle Financing for B40

- Affordable vehicle financing packages for B40 customers to purchase **cars / motorcycles**

SUSTAINABLE BANKING PRODUCTS

Individual customers: Select examples

Products/ Services	Financing for Green Homes	Products/ Services	EcoSave Savings Account-i
Objectives	CIMB encourages our clients to opt for sustainable choices	Objectives	A sustainability-focused savings product that enables customers to support impactful environmental conservation and rehabilitation efforts throughout Malaysia
Details	  <p>Clients enjoy preferential rates if they purchase homes that have been certified by Green Building Index (GBI), GreenRe, Leadership in Energy and Environmental Design (LEED) or BCA Green Mark</p>	Details	   <p>Structured based on the Islamic concept of Tawarruq, CIMB Islamic commits in contributing 0.2% of total EcoSave portfolio to green activities, such as conservation initiatives and education programmes that help protect the environment</p>
Impact & Outcomes	In 1H 2021, CIMB clients accepted RM211 million worth of green home financing packages	Impact & Outcomes	>95,000 new EcoSave accounts opened in YTD July 2021. RM2.25 million disbursed to date for mangrove conservation work

KEY ACHIEVEMENTS IN SUSTAINABLE FINANCE

CIMB is a champion in the ESG space as evidenced by our landmark financing deals and bond/Sukuk issuances in the region as well as through our commitment to global and local partnerships for impact financing

 <p>Sustainability Linked Term Loan Financier</p> <p>RM270 million (2020)</p> <p>Maiden Malaysia – Singapore cross-border sustainability-linked transaction between StarHub and CIMB Bank with interest rebate based on StarHub's CDP Climate Change scores</p>	 <p>Sustainability Linked Revolving Credit Financier</p> <p>RM100 million (2020)</p> <p>First SLL for an East Malaysian company and the first SLL for a utility sector company in Malaysia, with interest rebate pegged against Sarawak Energy's grid emission intensity and 100% electrification of the State.</p>	 <p>Trust Certificates Lead Manager, Bookrunner, Shariah Adviser USD800.0 million (2021)</p> <p>Government of Malaysia</p> <p>First USD sustainability Sukuk offering by a sovereign whereby underlying assets of the Issuances are based on sustainable assets.</p>	 <p>Trust Certificates Lead Manager, Bookrunner, Arranger, Dealer USD3.0 billion (2021)</p> <p>Republic of Indonesia</p> <p>World's first ever 30-year and longest tenure Global Sukuk</p>	 <p>Sustainable Development Goals ("SDG") Bond Coordinator, Programme Arranger</p> <p>USD680.0 million (2019)</p> <p>First SDG bond to be issued by a Malaysian and ASEAN issuer in the Reg S international capital markets, and also the first to be issued in the Formosa market.</p>	 <p>SRI Sukuk Programme Sole Principal Adviser, Sole Lead Arranger, Lead Manager, Bookrunner – RM1.0 billion (2017, 2015)</p> <p>Khazanah Nasional (via Ihsan Sukuk Berhad)</p> <p>First issuance under the SRI Sukuk which is stipulated under the Securities Commission Malaysia's Lodge and Launch Framework in 2015.</p>
		 <p>Sukuk Musharakah Lead Manager, Bookrunner RM800.0 million (2020)</p> <p>Sime Darby Property Berhad</p> <p>ASEAN Sustainability SRI Sukuk tranche was the first its kind from a property developer in Malaysia.</p>	 <p>Green Bond and Sukuk Mudharabah Lead Underwriter IDR500.0 billion (2018)</p> <p>PT Sarana Multi Infrastruktur (Persero)</p> <p>Indonesia's first corporate issuance of green bonds.</p>		 <p>Green SRI Sukuk Murabahah Sole Principal Adviser, Lead Arranger, Lead Manager RM1.0 billion (2017)</p> <p>The world's largest Green Sustainable and Responsible Investment Sukuk as at issue date. Received "Dark Green" shading from CICERO.</p>



Via our chairmanship/presidency in industry bodies such as the MIBA DCM committee spanning 18 years and its current representative for the Malaysian Green Finance Initiative Steering Committee and Malaysian Sustainable Finance Initiative Committee, the Financial Markets Association Malaysia and the Asia Pacific Loan Market Association (Malaysia), we continue to champion the growth of the local capital markets and ESG initiatives, thus contributing to its renowned status as the third largest bond market in Asia ex-JP.

Awards & Accolades



- Best ASEAN Sustainability SRI Sukuk – Corporate (2021) - *Sime Darby Property 800 million ringgit Asean sustainability SRI musharaka sukuk*
- Best Green Sukuk (2019) - *Republic of Indonesia US\$1.25 billion green sukuk*
- Social Infrastructure Deal of the Year, Malaysia (2018)
- Best SRI Sukuk (2016)
- SRI Capital Markets Issue of the Year (2018)



FinanceAsia



- Best ESG Deal (2018)
- Malaysian Innovation Deal of the Year (2015) - 1st Sustainable and Responsible Investment Sukuk
- Social Impact Deal of the Year (2015)



- Best SRI Sukuk (2020)
- Best Social Impact Islamic Finance House (2020, 2018)
- Best Bank for Sustainable Financing in Malaysia (2020)
- Best Inaugural Green Bond in Southeast Asia (2018)
- Best Sustainable Finance Deal in Southeast Asia (2017)

4

DEEP DIVE 2: MANAGING SUSTAINABILITY AND CLIMATE-RELATED RISKS

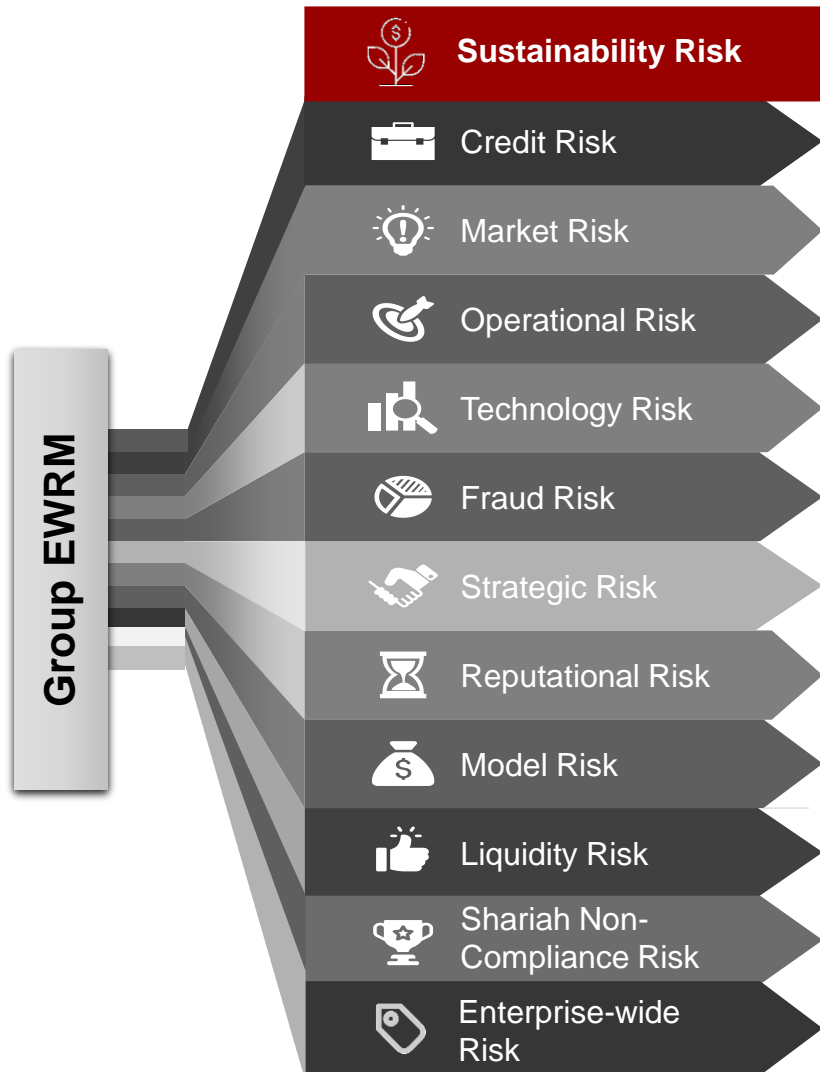
Luanne Sieh

Head of Group Sustainability

- Managing E&S risks at the transaction and client level
- Our climate strategy and managing climate risks at the portfolio level

SUSTAINABILITY RISK INTEGRATION INTO GROUP FRAMEWORK

A material risk, integrated into the Group Enterprise Wide Risk Management Framework



Risk of financial and non-financial impact arising from EES issues stemming from transactions and/or activities associated with:

- a business relation and its operations; and/ or
- the Group's own internal operations and employees

Economic/ Ethical Risk

- Employee Conduct Risk
- Financial Inclusion Risk
- Treating Customers Fairly Risk
- Sustainable Financing Risk

Environmental Risk

- Energy, Water, Waste and Emissions Management Risk
- Climate Change: Physical Risk
- Climate Change: Transition Risk

Social Risk

- Employee Health & Safety Rules Events Risk
- Employee Wellbeing Risk
- Employee Diversity and Inclusion Risk
- Corporate Social Responsibility Risk

Operationalised via

Group Sustainability Policy (GSP)

Overarching framework and principles to guide our sustainability actions, embedded into business decisions

Group Sustainable Financing Policy (GSFP)

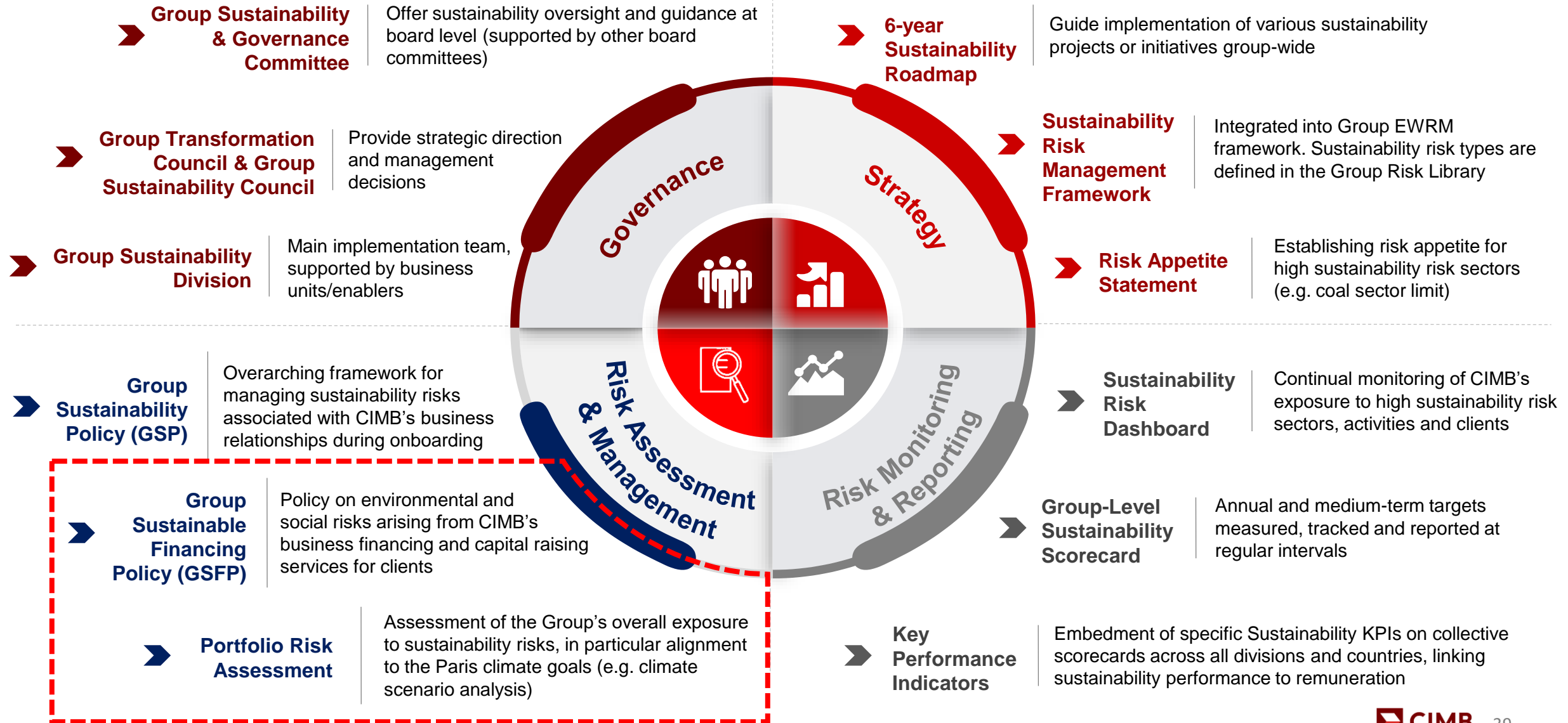
Governs our wholesale and commercial banking financing and capital raising transactions

Embedded into P&Ps and SOPs

E.g. product approvals, credit, procurement, facilities management, HR, etc.

CIMB'S SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

Governing and managing our sustainability risks



4 DEEP DIVE 2: MANAGING SUSTAINABILITY AND CLIMATE-RELATED RISKS

Luanne Sieh

Head of Group Sustainability

- Managing E&S risks at the transaction and client level
- Our climate strategy and managing climate risks at the portfolio level

GROUP SUSTAINABLE FINANCING POLICY (GSFP)

Mitigating E&S risks at the transaction and client level in our business financing

Scope and Coverage:

- Applicable to both financing and investment banking deals for CIMB's clients
- Require sustainability due diligence to be undertaken on non-SME borrowers prior to final approval

Key Elements:

Basic Due Diligence (BSDD)



- Check of **controversies** related to **social** and **environmental** risk
- **Data** from a **third-party intelligence** provider for **screening of clients**
- Monitoring for **'trigger events'**, issues arising throughout the year

Enhanced Due Diligence (ESDD)



- **High-risk sub-sectors** *always* require ESDD
- Sector Guides describe **minimum requirements, encouraged practices, and prohibited activities**
- Multi-dimensional analysis based on **materiality of risks** and **controversies**
- **Engagement with clients** on risks and time-bound action plans

Approvals and Oversight

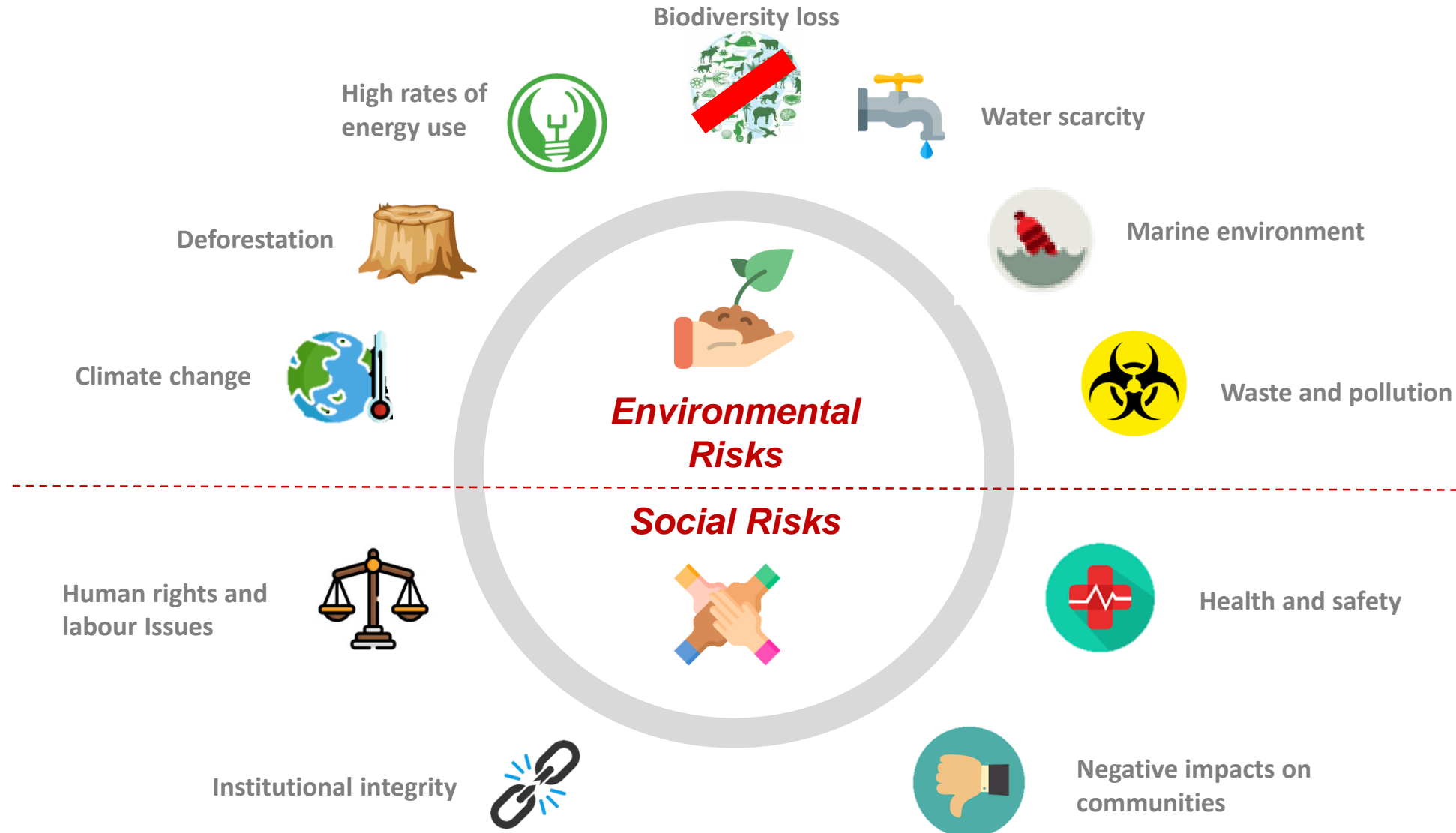


- **Recommendation** made by Sustainability
- High-sustainability risk cases escalated to GEXCO and Board, in the event of non-concurrence

The due diligence process also serves to engage clients on CIMB's Group Sustainable Financing Policy and allows us to encourage clients to adopt sustainable practices

ENVIRONMENTAL & SOCIAL RISKS ASSESSED

Risks are assessed based on 'outbound' and 'inbound' impacts



COMMITMENT 2: MINIMISING HARM

Deepening sustainable finance risk commitments to include NDPE



- **No financing of new coal**
- **To exit coal by 2040**

- No new or expansionary thermal coal mining and coal-fired power plants
- Time-bound diversification strategy to reduce share of coal for Coal Fired Power Generation companies
- Exit coal by 2040



NEW

- **No Deforestation, No Peat**
- **No Exploitation**

- Support sustainable Palm Oil, requiring MSPO/ ISPO/ RSPO certification
- *Starting mid-2022 in Malaysia with Palm and Forestry, and to be phased in across other sectors and geographies:*
No financing or capital raising facilitation for companies that:
 - are directly **involved** in **new conversion of High Conservation Value (HCV) areas;**
 - are directly **involved** in **new cultivation on peat;**
 - do not have legal rights and a policy/ commitment on **respecting free, prior and informed consent (FPIC) of indigenous and local communities;**
 - do not have a policy/ commitment on **no exploitation of workers**

HIGHLIGHTS OF SECTOR REQUIREMENTS

Instituting key controls for sector-specific issues

Sector Guides



Palm Oil



Oil & Gas



Forestry



**Construction &
Real Estate**



Coal

Three categories have been defined to guide CIMB's decision making process:

- **Expect** – Minimum requirements that clients must meet to have satisfied CIMB's expectations in terms of environmental and social practices.
- **Encourage/Support** - CIMB strongly encourages clients to adopt these industry leading practices.
- **Prohibit** - CIMB prohibits financing to clients that are involved in these activities (e.g. illegal activities)

Exclusion List

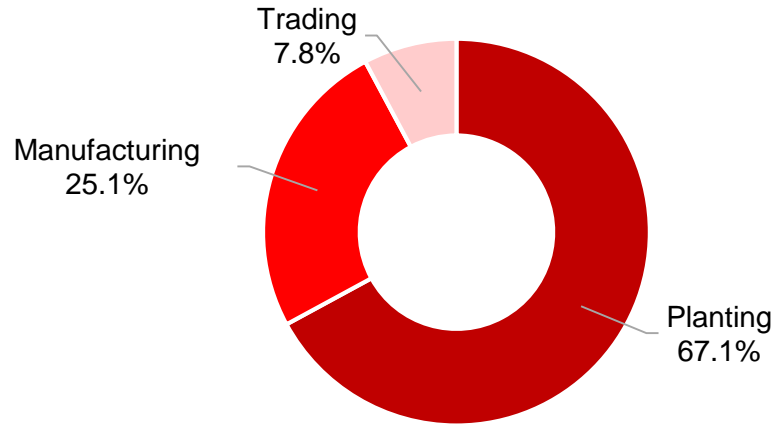
- Illegal activities
- Arms & munitions*
- Casino and gaming*
- Bribery
- Breaches of national labour laws and human trafficking laws
- Illegal logging or uncontrolled fire
- Activities impacting World Heritage Sites*
- Terrorism
- Smuggling
- New thermal coal mines and coal-fired power plants

** Permitted exemptions allowed in limited situations, and with escalated approvals*

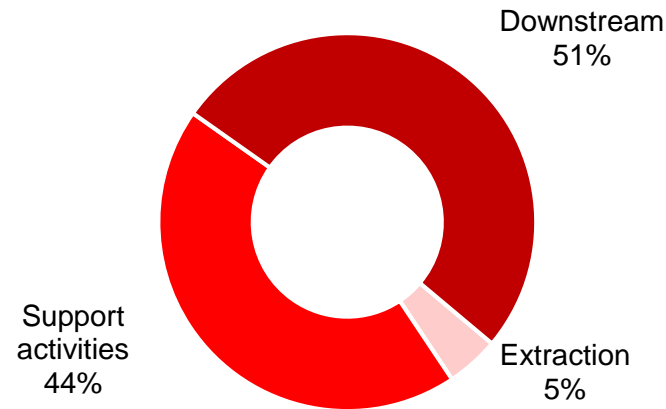
PORTFOLIO EXPOSURE TO HIGH SUSTAINABILITY RISK SECTORS

Data at as June 2021 across the Group

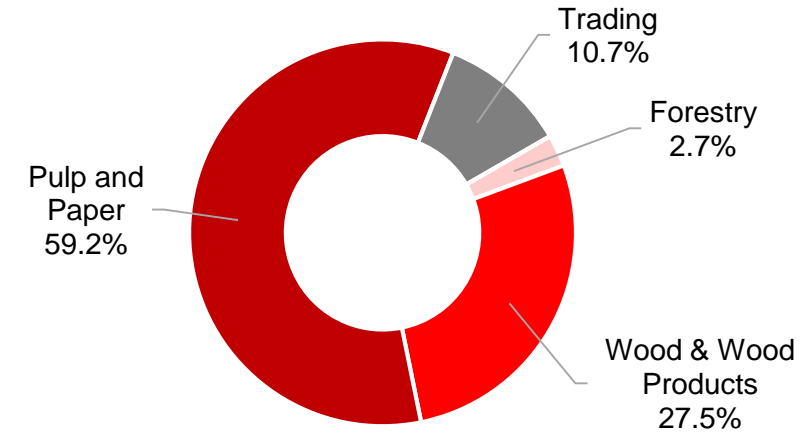
Palm: 3.0%



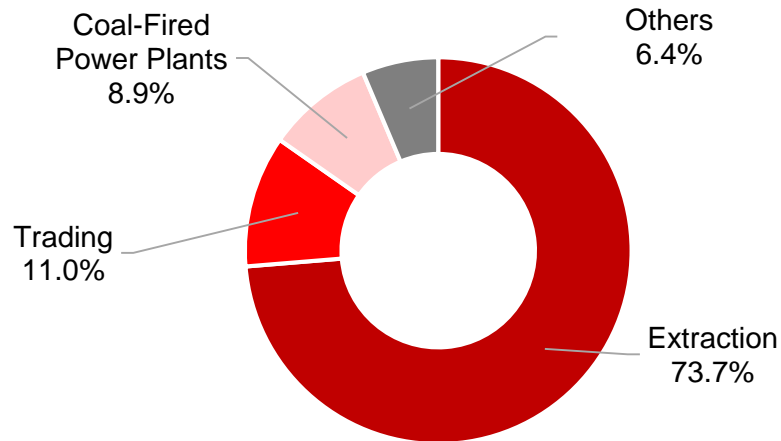
Oil & Gas: 2.5%



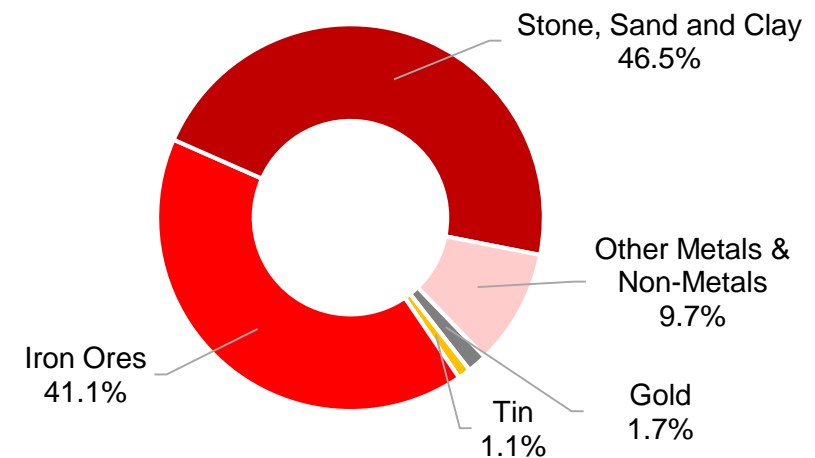
Forestry: 0.7%



Coal: 0.9%



Mining & Quarrying: 0.1%



Note: Total non-retail loan amount vs. total Group gross loans

EXAMPLES OF CLIENT ENGAGEMENTS

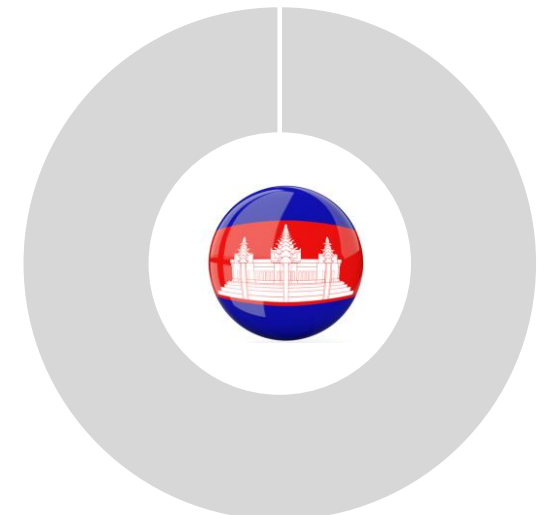
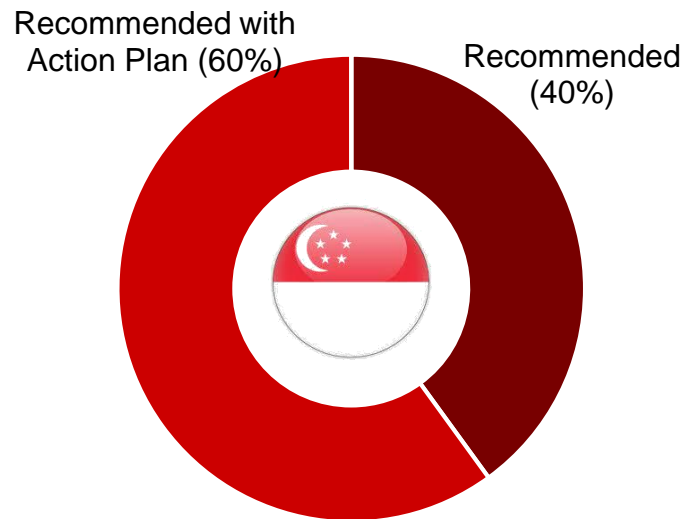
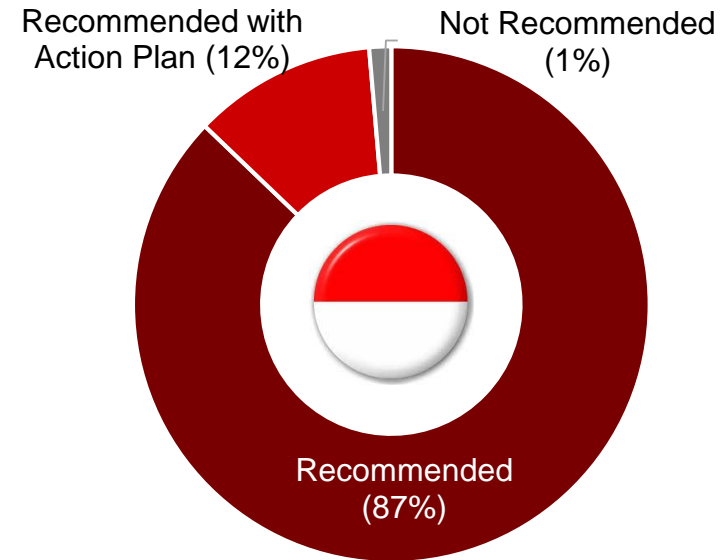
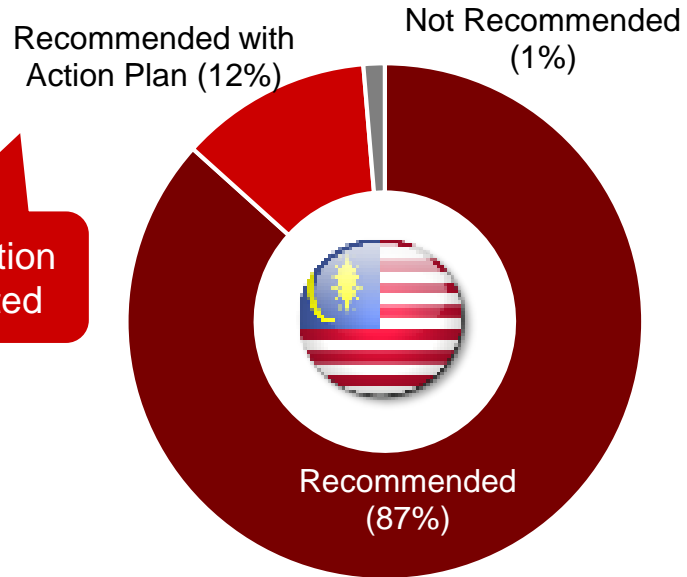
Advocating for change through direct and open communication

	Sector #1: Logging Companies	Sector #2: Rubber Glove Manufacturers	Sector #3: Oil Palm Planters
Areas of Engagement	<ul style="list-style-type: none">• Clients' commitment to Free, Prior and Informed Consent (FPIC) principles• Clients' community engagement efforts with local and indigenous communities• Requirements of CIMB's Forestry Sector Guide	<ul style="list-style-type: none">• Labour protection and procedure to prevent spread of COVID-19 among workers (mainly migrant workers)	<ul style="list-style-type: none">• Adoption of national certification or international voluntary certification standards• Deforestation, NDPE commitment, HCV assessments• Labour risk
Engagement Outcomes	<ul style="list-style-type: none">• Ensure clients are not involved in illegal deforestation and abide by regulatory requirements for logging operations	<ul style="list-style-type: none">• Clients had taken steps to improve their labour practices• CIMB to continue to monitor clients' progress of improvements	<ul style="list-style-type: none">• Imposition of time-bound action plans on clients with incomplete sustainability certification of their plantation holdings

ENHANCED SUSTAINABILITY DUE DILIGENCE OUTCOMES

Case summary as at July 2021

80% of due action plans completed



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COMMITMENT 1: NET ZERO OPERATIONAL GHG (SCOPE 1 & 2) EMISSIONS BY 2030 AND NET ZERO BY 2050

Pillar 1



THE GROUP

Sustainable Action

- Green CIMB's own operations and supply chain by reducing and offsetting Scope 1 & 2 emissions

CIMB's Scope 1 and 2 GHG emissions was 94,800 tonnes CO₂eq in 2019

Pillar 2



OUR CLIENTS

Sustainable Business

- Increase our handprint on climate financing to support our clients' decarbonization and transition
- Put in place sector guides to minimise harm at a client and transaction level
- Address residual and hard-to-abate financed emissions through quality offsets

Financed emissions, which fall under Scope 3, are typically 700x larger than Scope 1 and 2 for FIs, and therefore our primary focus

Pillar 4



Governance and Risk

- Ensure effective climate governance at board and management levels
- Ensure effective identification and management of climate-related risk & opportunities

Pillar 5

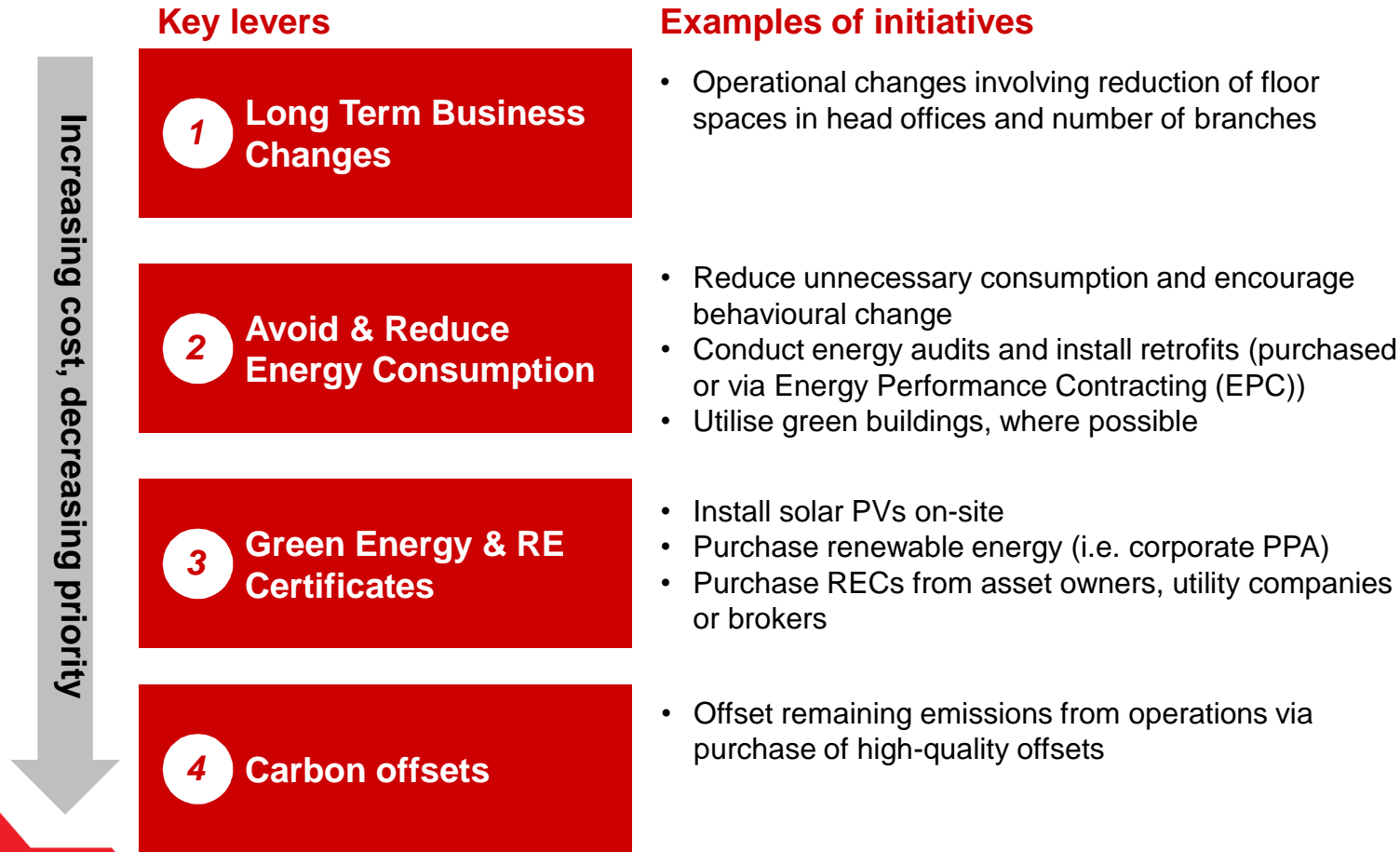


Stakeholder Engagement and Advocacy

- Strengthen climate disclosures
- Work with stakeholders to improve industry practices

PILLAR 1: OPERATIONAL EMISSIONS

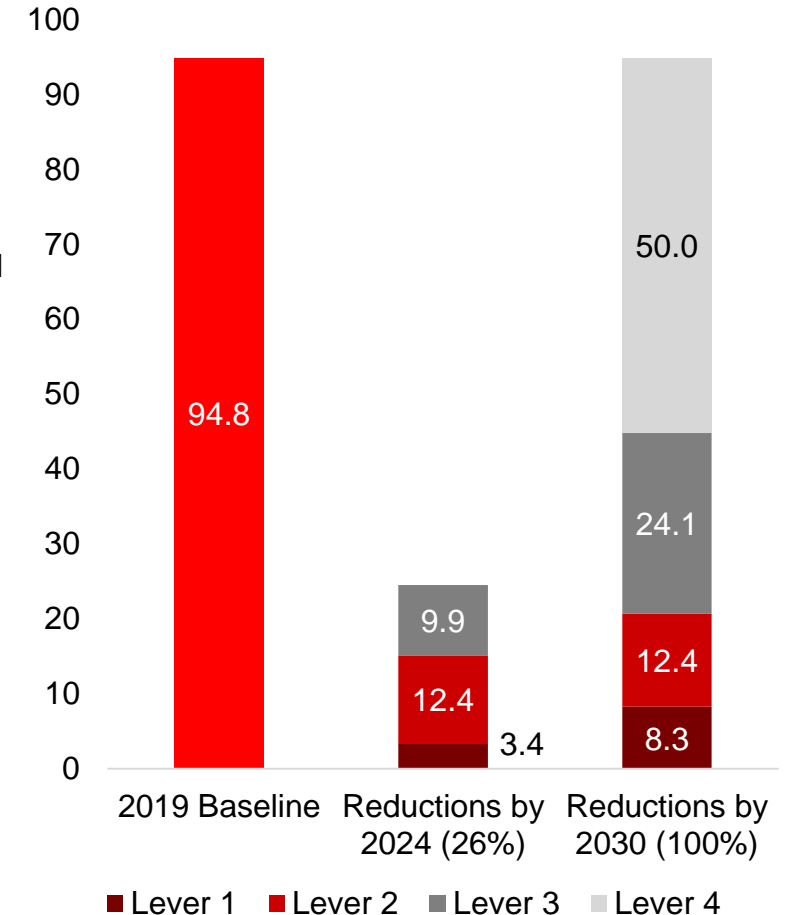
Zeroising GHG Scope 1 & 2 Emissions by 2030



Initiatives to green our supply chain to be tackled in Phase 2

Estimated reduction emissions

GHG reductions relative to baseline, '000 tonnes



PILLAR 2: FINANCED EMISSIONS

Reducing financed emissions to achieve Net Zero by 2050

Key Steps to Moving Towards Net Zero

- **Measure** financed emissions
- **Identify carbon intensive sectors** (e.g. coal, agriculture, oil & gas, real estate, automotive, etc.)
- Establish **sector-specific targets** (2030 and 2050)
- Devise and implement **targeted transition pathways** (see levers on the right)
- Manage and monitor **exposure to climate-related risks at the portfolio level**
- Use **carbon offsetting** (removals only) to balance CIMB's hard-to-abate residual financed emissions
- **Communicate our progress** towards sector-specific targets and Net Zero goal with key internal and external stakeholders

Key levers

Short term

1 Discourage harmful practices

2 Improve clients' climate practices

Medium term

3 Increase exposure to cleaner sectors

4 Reduce brown sector exposure

Long term

5 Finance net zero clients

6 Finance carbon negative assets

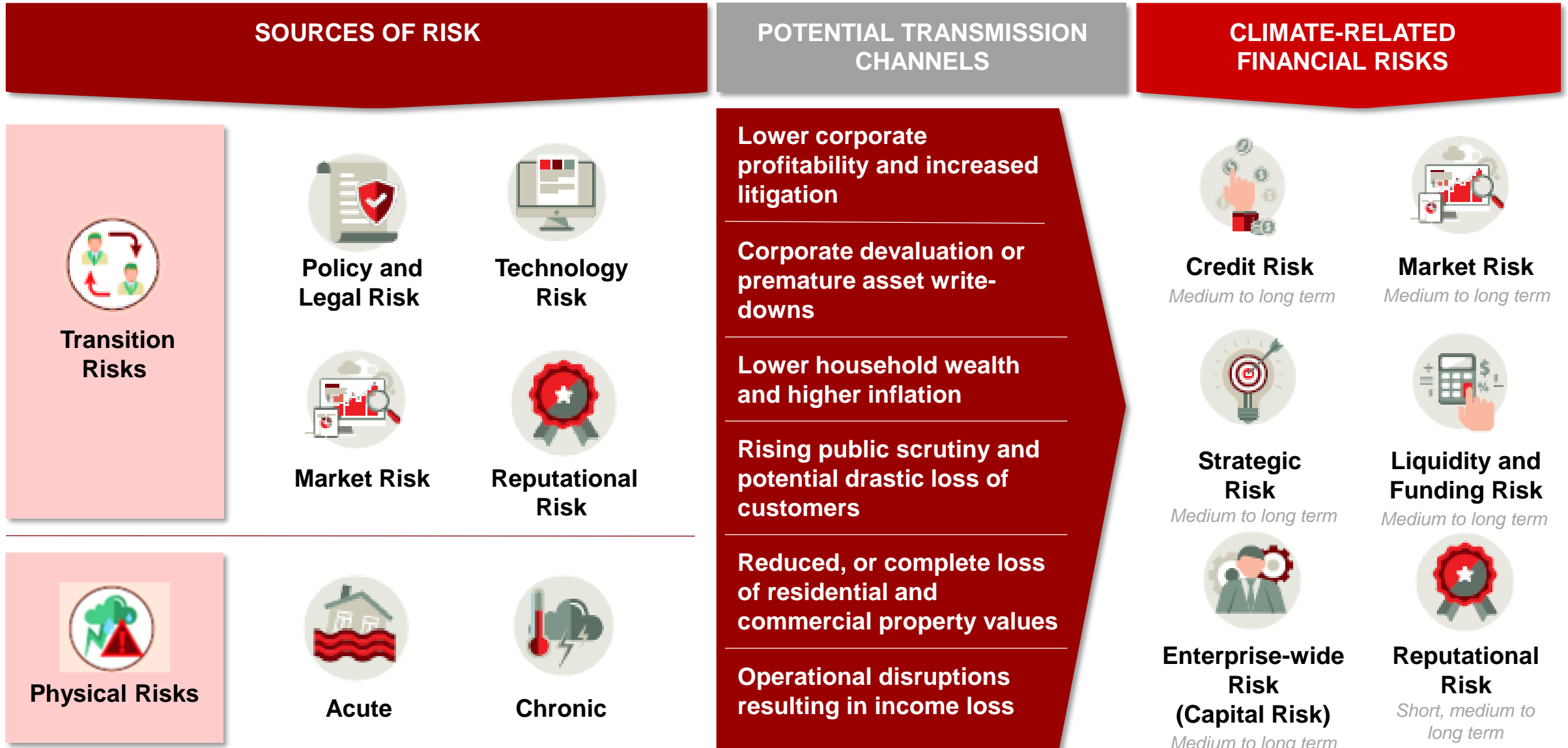
Examples of initiatives/measures

- Undertake client engagements, e.g. leverage sector guide requirements such as NDPE to persuade clients to reduce LULUCF emissions
- Offer GSSIPS such as financing for energy efficiency upgrades and installation of renewable energy
- Incentivise RMs to focus on low carbon or green clients and projects
- Review internal risk appetite for green sectors
- Establish sector limits and/or phase-out targets on carbon-intensive sectors (as part of RAS)
- Finance clients that are at Net Zero or on track towards it
- Finance clients and projects that are carbon negative (e.g. nature-based solutions, carbon capture & storage projects)

Remaining residual emissions to be offset

PILLAR 4: ASSESSING CLIMATE-RELATED FINANCIAL RISKS

Qualitative climate-related risk assessment



Note: Short term (<1 year); Medium term (1 – 5 years); Long-term (>5 years)

PILLAR 4: PORTFOLIO-LEVEL CLIMATE RISK ASSESSMENT

Piloting transition and physical risk scenario analysis

Transition Risk

Arising from policy, regulatory and technological adjustments made to transition to the low-carbon economy

Pilot Project #1: **Paris Agreement Capital Transition Assessment (PACTA)**

- In collaboration with 2 Degrees Investing Initiative and WWF
- Aims to assess portfolio level transition risks for four sectors, i.e. power generation, oil & gas, automotive, metals & mining
- Scenarios chosen: IEA scenarios, i.e. Energy Technology Perspective, World Energy Outlook

Pilot Project #2: **Transition Check**

- An internal analysis using the Transition Check tool developed by UNEP FI, Oliver Wyman and a consortium of banks
- Seeks to evaluate transition risks and potential losses (i.e. portfolio level expected losses, probabilities of default, and losses given default) of CIMB's clients of a chosen sector
- Scenarios chosen: NGFS scenarios (e.g. Orderly, Disorderly, Hot House World)

Physical Risk

Arising from direct / indirect impacts of a changing climate, of shifting meteorological and climatological patterns.

Pilot Project #3: **Mortgage / Real Estate Assessment**

- Seeks to identify and assess risks to CIMB's mortgage/real estate portfolio due to physical effects of climate change
- Several tools are being tested and compared (e.g. geographical coverage, types of hazards, costs)

PILLAR 5: CIMB'S TCFD COMMITMENT & PLAN

Targeted for full TCFD alignment for annual reports issued for YE 31 December 2023

Component	What Have We Done?	What Needs to be Deepened?
Governance	<ul style="list-style-type: none"> • Group Sustainability and Governance Committee set up; Board Charter incorporates climate-related responsibilities • Climate-related matters discussed at top management and board levels • Scope I & II GHG reduction targets incorporated into collective scorecards 	<ul style="list-style-type: none"> • Consistently communicate & discuss climate change across various board & management committees, e.g. risk dashboard to boards • Link board & management's compensation with climate targets • Ramp up capability building for staff and clients
Strategy	<ul style="list-style-type: none"> • Time horizons for climate-related risks and opportunities identified (short: < 1 year; medium: 1-5 years; long: > 5 years) • Conducted preliminary qualitative climate risk assessment 	<ul style="list-style-type: none"> • Embark on group-wide climate risks and opportunities assessment (quantitative-based) • Conduct scenario analysis & stress tests • Review the resiliency of CIMB's corporate strategy, taking into account results of climate scenario analysis and stress tests
Risk Management	<ul style="list-style-type: none"> • Physical & Transition Risks integrated into EWRM, Group Risk Library • Climate risks are assessed at transaction/client level as part of GSFP ESDD 	<ul style="list-style-type: none"> • Roll out GSSIPS & BNM Climate Change and Principle-based Taxonomy (CCPT) Asset Identification and Classification Tool • Evaluate portfolio decarbonisation pathways (e.g. setting of sector targets as part of Risk Appetite Statement updates, increase CIMB's GSSIPS exposure)
Metrics & Targets	<ul style="list-style-type: none"> • Disclosed some data points in SR2020 (e.g. coal exposure, RE financing value, Scope 1 & 2 emissions) 	<ul style="list-style-type: none"> • Disclose risk and alignment metrics and targets, e.g. % green versus brown assets, sustainable finance exposure, financed emissions, etc.

PILLAR 5: CLIMATE-RELATED PARTNERSHIPS

Joining forces with banks and other partners to advance climate agenda

Commitment to Act and Shared Learning



- Align our lending and investment with a view to limit global warming to **well-below 2°C, striving for 1.5°C**
- Measure and report **emission profile** of our portfolios
- Set and publicly disclose **long term (2050) and intermediate (2030) targets for carbon-intensive sectors**



- Transition all **operational and attributable GHG emissions** from our **lending and investment portfolios** to align with pathways to net-zero by 2050, consistent with a maximum temperature rise of **1.5°C** above pre-industrial levels by 2100

Measurement of Financed Emissions



- **Measure and disclose GHG emissions** of our loans and investments within a period of **three years upon signing**
- **Collaborate with other financial institutions** in our region to adapt the PCAF Global GHG Accounting and Reporting Standard to our regional context

Disclosures



- Take action to build a more resilient financial system through **climate-related disclosure**
- Target for **full alignment with TCFD recommendations** by **2023**

WRAP UP

Gurdip Singh Sidhu

Group Chief Sustainability Officer

KEY ACHIEVEMENTS AND RECOGNITION

We have steadily improved our performance on sustainability indices and benchmarks

2024 Target:
Top Quartile
 globally on the
 Dow Jones
 Sustainability
 Index (DJSI) by
 2024



Financial year	Percentile Rank (max. 100)	Percentile Rank	ESG Rating (max. 10)	SUSBA score (max. 70)	Sustainalytics ESG Risk Rating (lower is better)
2016	N/A	N/A	"A" (5.3)	N/A	N/A
2017	19 th (31)	42 nd	"A" (5.0)	15	N/A
2018	51 st (43)	58 th	"A" (5.0)	29	36.9
2019	65 th (48)	59 th	"A" (7.1)	43	27.5
2020	Not available yet	64 th	Not available yet		19.8

Awards & Recognition



Top 2,000 Most Influential Companies for A Sustainable Future



- Best SRI Sukuk 2020
- Best Social Impact Islamic Finance House in Asia 2020 & 2018
- Best Bank for Sustainable Financing in Malaysia 2020



Best Islamic Bank for CSR, 2019



Sustainability Reporting Award (Gold)



2020 Best Customer Experience Award



- Best ASEAN Sustainability SRI Sukuk – Malaysia 2021
- Best Green Sukuk 2019



Developing Biodiversity Category – Winner (CIMB Niaga) 2020

CONCLUDING THOUGHTS

Why and How

Rationale and Approach

- ❑ We recognise our **responsibility** towards a better common future
- ❑ As a financial intermediary, we have a significant role to play in:
 - **Maximising positive impacts (our handprint)**, e.g. allocating capital towards sustainable development, financial inclusion; and
 - **Minimising harm (our footprint)**, e.g. encouraging clients to reduce environmental and social harm, reducing our GHG footprint

What

Commitments and Progress

- ❑ We have established a solid foundation and have made **significant progress** towards our goal of being a sustainable finance leader
- ❑ Accelerating our sustainability initiatives, and **we are committing to**:
 - ✓ Achieve net zero operational emissions by 2030 and overall **Net Zero by 2050**
 - ✓ Mobilising **RM30 billion in positive-impact sustainable finance** by 2024
 - ✓ Putting in place **NDPE requirements** for financing, **phasing out Coal** and more to come
 - ✓ Contributing RM150 million over 5 years to **community investments**, and 100,000 hours annually

Who

Working with Stakeholders

- ❑ We took a partnership and learn from others approach from the start – eg. we were the **first in the region** and founder signatory of the PRB with **UNEP-FI**
- ❑ We continue to put a lot of effort in **deepening industry collaboration** and joint efforts – example **NZBA** (net zero banking alliance) and **CAN** (CEO Action Network)
- ❑ We are deepening **internal knowledge** with comprehensive capability building initiatives for all our employees