



THANK YOU
FROM TOMORROW



SUSTAINABILITY AT CIMB

ESG Corporate Day

12 September 2023

MOVING FORWARD WITH YOU

Proprietary to CIMB



OUR SUSTAINABILITY JOURNEY AND PROGRESS

By Luanne Sieh, Group Chief Sustainability Officer

OUR SUSTAINABILITY ROADMAP

Pathway to achieving our vision



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 - Risk

How we generate business profits in a responsible manner, reducing our sustainability risks, at the same time assisting and encouraging our customers and clients on their own sustainability journeys

Sustainable Business - Opportunities

How we create net positive impact through the products and services we provide



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 & ADVOCACY

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

OUR PROGRESS IN THE PAST YEAR

Moving beyond commitments, towards impact

Be a Sustainability Leader in ASEAN



S&P Global Corporate Sustainability Assessment (for Dow Jones Sustainability Index) **Top Quartile** by 2024

Achieved 80th percentile

Climate Change



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

Direct emissions reduced by 22% from 2019 in 2022

Achieve **Net Zero GHG** by 2050

Set interim climate targets and high-level transition plans for Coal and Cement sectors

Responsible Banking



Minimise Harm

No financing of new coal and to **exit coal** by 2040; **NDPE** commitments

- Set target to halve thermal coal mining exposure by 2030
- Rolled out NDPE policy across all countries

Maximise Positive Impacts

Mobilise **RM100 bil** towards sustainable finance by 2024

- Mobilised close to RM70 bil YTD since 2021
- Increased commitment from RM60 bil to RM100 bil in 2023

Social Impact



Invest **RM150 mil** from 2021 to 2025, and **100,000 hours annually in employee volunteer activities** by 2024 to proactively impact lives, communities and businesses

- Disbursed RM75.37 mil CSR investments since Jan 2021
- 142,914 employee volunteer hours in 2022

WE HAVE STEADILY IMPROVED ACROSS KEY INDICATORS



Financial Year	Percentile Rank (Max. 100)		Percentile Rank	MSCI Rating (Max. 10)		SUSBA Score (Max. 70)	Forest 500 (Max. 100)	ESG Risk Rating (Lower is better)
2017	19 th	31	42 nd	A	5.0	15	5	N/A
2018	51 st	43	58 th	A	5.0	29	4	36.9
2019	65 th	48	59 th	A	7.1	43	4	27.5
2020	79 th	63	64 th	A	7.1	51	35	19.8
2021	80 th	69	60 th	AA	8.3	67	17	19.5
2022	TBA		66 th	AA	TBA	67	33	19.2

Ahead of peers in Malaysia, Indonesia and Singapore

CIMB is one of the constituents of FTSE4Good Bursa Malaysia Index

On par with our peers

CIMB is in the lead amongst all seven Malaysian banks assessed

Ranked 12/150 globally

CIMB is one of the best in the region



Ranked 4th amongst banks globally



Financial Services Sector, Silver



Indonesia Best Sovereign Bond & Best Green Sukuk of the Year, 2022



Malaysia Domestic Sustainability Initiative of the Year, 2023
Indonesia Domestic Sustainable Finance Initiative of the Year, 2023

PATH TO NET ZERO SCOPE 1 AND 2 BY 2030

*Our four levers and roadmap**

1 Long Term Business Changes

2 Avoid & Reduce Energy Consumption

LED lighting across branches, exploring District Cooling solutions, floor space optimisation, air-conditioning upgrades for branches, and internal carbon pricing

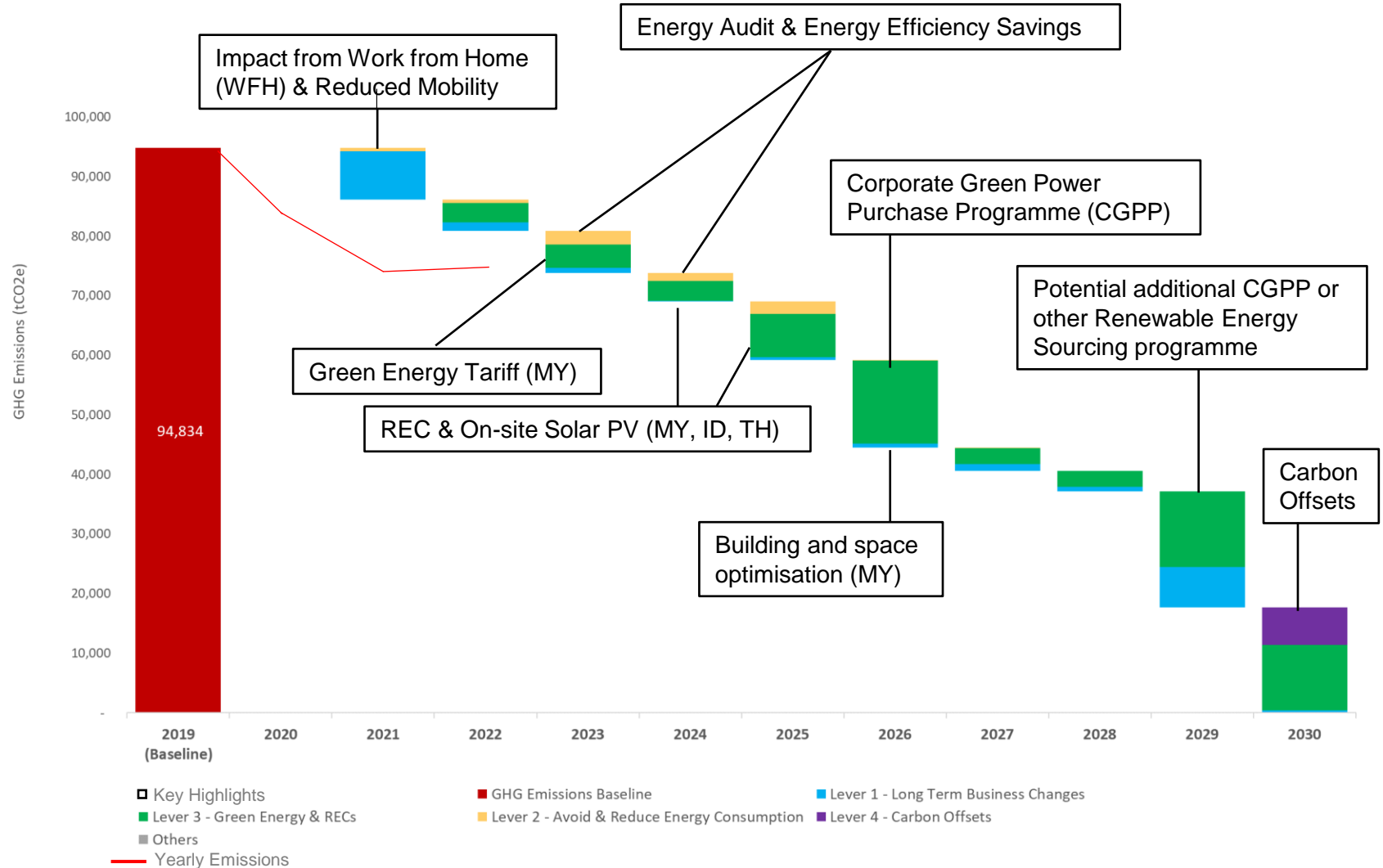
3 Green Energy

Subscribed to GET covering up to 230 MWh per month, submitted application for the Corporate Green Power programme

4 Carbon Offsets

Participated in Bursa Carbon Exchange

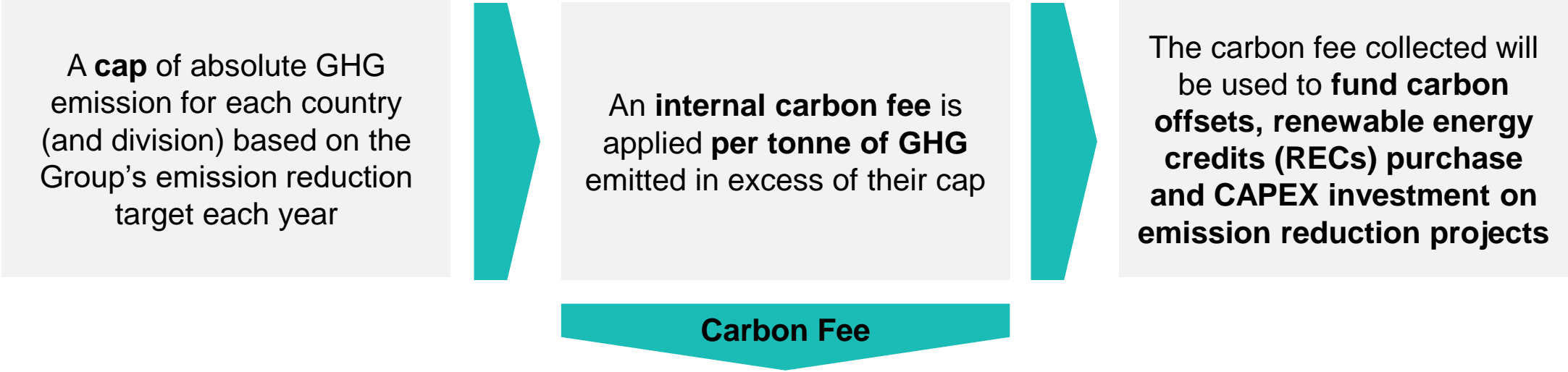
GHG Emissions (Scope 1 & 2) Projected Reduction based on Lever 1 – 4 Initiatives



*This roadmap is a plan which is reviewed and updated annually, based on regulations, prices, business priorities, etc.

PATH TO NET ZERO SCOPE 1 AND 2 BY 2030

Internal carbon price



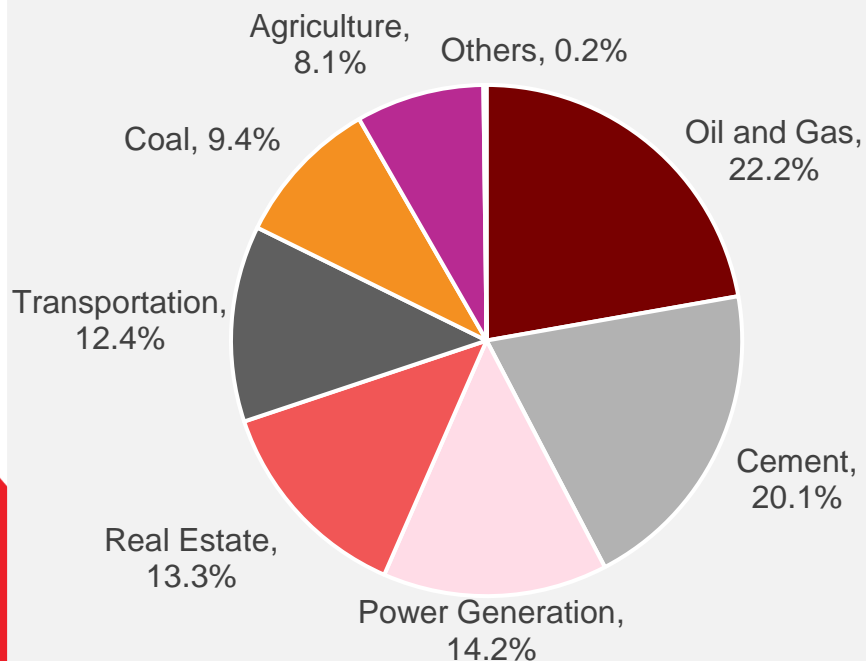
*Prices for 2025 onwards are indicative, and will be adjusted based on regulations, market prices, etc.

PATH TO NET ZERO SCOPE 3 BY 2050


Our strategy

SCOPE	MEASURE	SET TARGETS	STRATEGISE	IMPLEMENT	EVALUATE	COMMUNICATE
Undertake heatmapping & scoping to focus on material areas	Establish financed emissions inventory	Select the reference pathways and set 2030 & 2050 targets	Develop a transition strategy	Execute the transition strategy	Periodically assess risk exposure and alignment progress	Keep stakeholders informed about progress

CIMB'S 2021 FINANCED EMISSIONS BY SECTOR:
13,811 ktCO₂e



INTERIM SECTOR-SPECIFIC CLIMATE TARGETS

	Sep 2022	Sep 2023	By Q1 2024
Thermal Coal	✓ Target Setting	✓ High Level Transition Plans	
Cement			
Power generation			
Agriculture			
Oil and gas			
Real estate			
Transport ¹			
Iron and steel			
Aluminum			
			 Target Setting ² , with High Level Transition Plans within 12 months of target announcement

¹Could be further broken down into automotive, aviation and shipping

²Subject to sector materiality to CIMB

PATH TO NET ZERO SCOPE 3 BY 2050

Cement transition plan

01 INDUSTRY OVERVIEW

- Cement is an essential building material for the construction sector. The cement industry **plays an important role in the developing world**. It is essential for economic development and poverty reduction.
- However, the cement industry is also a **major contributor to carbon emissions**, responsible for about 6% of global carbon emissions.
- A well-planned transition is crucial for cement industry decarbonisation, balancing long-term benefits for both the economy and society.

02 CIMB'S CEMENT TARGET RECAP

Emissions Metric

- Physical emissions intensity, tonnes of CO₂ equivalent per tonne of cement produced (“tCO₂e/t cement produced”).

Value Chain Inclusion

- Cement manufacturing, including receipt of clinker feedstock (i.e. limestone clay, sand), preparation of components for processing (e.g. dry & wet process), clinker production, milling and blending into cement, storage of the finished cement.

Emissions Scope

- Scope 1 & 2 only.

Target Coverage

- Lending, excluding off-balance sheet credit exposures and capital markets financing.

Reference Scenario

- IEA Net Zero Emissions (NZE) by 2050¹.

Emissions baseline

- **2021:** 0.72 tCO₂/t cement produced.

- 36%, announced on 28 Sept '22

Target

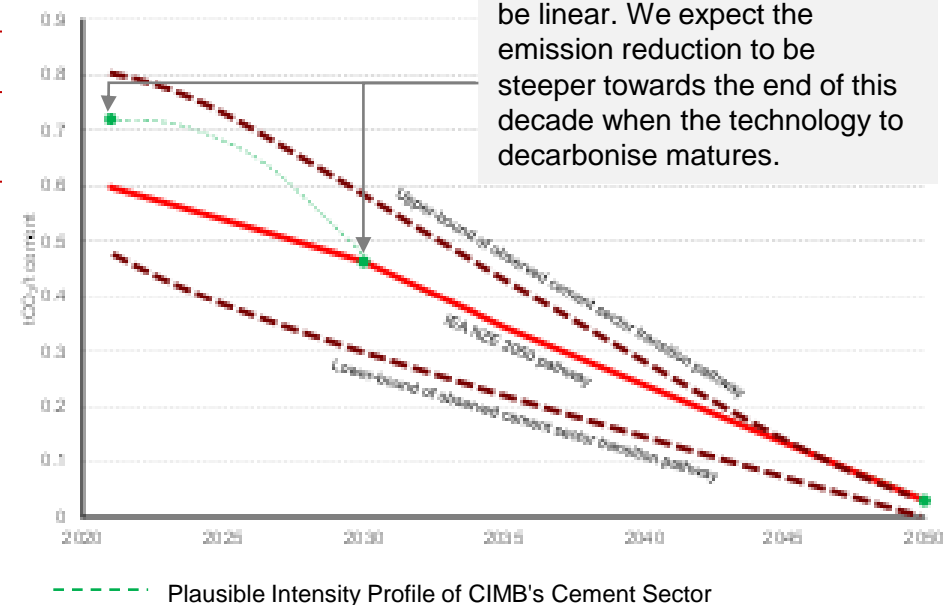
- **2030:** 0.46 tCO₂/t cement produced.
- **2050:** 0.03 tCO₂e/t cement produced.

Exposure at baseline

- 20.1% of financed GHG emission.
- 0.8% of non-retail loans or 0.3% of total gross loans as of 31 Dec 2021.

03 PATHWAYS TO NET ZERO 2050

- Two-thirds of cement sector emissions are process emissions caused by carbon released from the raw materials used, while the remaining CO₂ emissions are a result of fuel combustion.
- Achieving the IEA's NZE 2050 pathway will necessitate **substantial investments in new technologies and processes** and **changes in policies**.
- By analysing the intensity projection of players in the cement sector worldwide, we can observe a range of transition pathways (shown as upper- and lower-bounds on the chart).
- The technology for reducing carbon emissions in cement production is maturing. Our assessment indicates that the **pathway towards decarbonisation in the cement sector in Southeast Asia will not be linear** in the immediate future.



¹Taking reference from SBTi Cement Target Setting Guidance which reflects the IEA Net Zero by 2050 for Scope 1 and additional Scope 2 intensity pathway developed in consultation with the IEA.

PATH TO NET ZERO SCOPE 3 BY 2050

Cement transition plan

04 OUR APPROACH TO DECARBONISE

- All larger cement clients have Net Zero targets, some are by 2050 and some by 2060.
- However, clarity for near-term 2030 target, which aligns with IEA NZE 2050 is still lacking.
- Near-term action is needed to ensure our 2030 target is achieved.

Client Engagement

- Active engagement with our clients to better understand their baseline and decarbonisation strategy.
- Support our clients by sharing decarbonisation agenda and best practices in the cement sector.

Mobilise Sustainable Financing

- Support our clients to achieve their decarbonisation targets via Green and Transition Financing.
- Provide advisory support in developing a sustainable finance framework in alignment with the company's overall transition strategy.

Advocacy/ Influence

- Influence downstream industry players by engaging our real estate clients to decarbonise, which in return will spur action in their supply chain.
- Work with industry organisations to advocate for sector decarbonisation.
- Engage in regulatory conversations on constructive decarbonisation.

Portfolio Rationalisation

- Selective onboarding of new cement sector clients which have a clear transition plan that is aligned with Net Zero 2050.
- Expand our client base with lower GHG intensity.

Dependencies

Green Cement Market

Demand for green or eco cement highly influences the level of decarbonisation needed in the cement sector.

Electricity Grid Decarbonisation

Switching to energy-efficient technologies such as electric kilns from fossil fuel will reduce Scope 1, but it shifts the emissions to Scope 2 which is dependent on the grid mix.

Policy on Carbon Pricing

Carbon pricing (either carbon tax or Emissions Trading System (ETS)) will catalyse the speed of adoption of technology, creating a price signal for carbon emissions.

PATH TO NET ZERO SCOPE 3 BY 2050

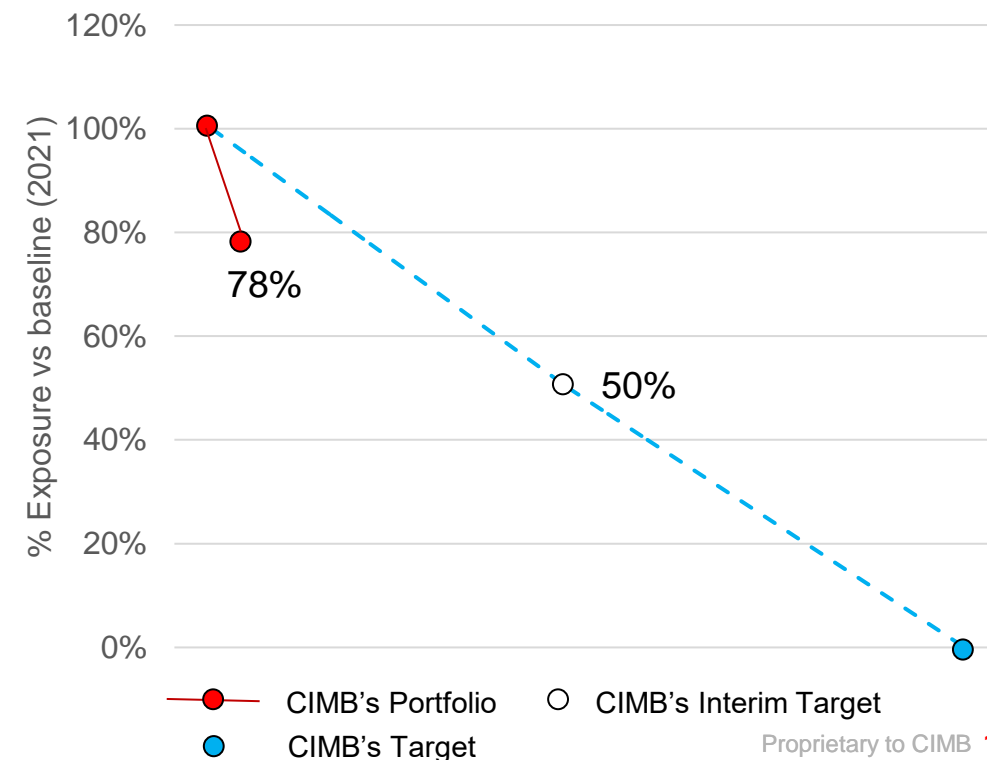
Thermal coal mining transition plan

01 INDUSTRY OVERVIEW

- Coal is the **largest source of electricity generation** and single source of CO₂ emissions. Nearly two-thirds of coal global production is used for electricity generation, with the industrial sector making up another 30%.
- In 2022, coal accounted for **37% of the global energy-related GHG emissions** of 41.3 GtCO₂e. The IEA states that **coal power needs to be phased out by 2030** in advanced economies and **by 2040 for the rest of the world**.
- On the other hand, **electricity demand is projected to increase by 25%-30%** by 2030 (IEA), driven by electrification of transportation, heating and industrial sectors. A **shift to cleaner sources of electricity** is needed in order to meet increasing electricity needs while achieving net zero targets.

02 CIMB'S THERMAL COAL MINING TARGET RECAP

Target Metric	<ul style="list-style-type: none"> • Reduction in exposure measured in MYR outstanding amount value index (starting from 100 in 2021).
Value Chain Inclusion	<ul style="list-style-type: none"> • Thermal coal mining clients, i.e. those that generate >5% of their revenues from thermal coal mining. • Excludes other segments of the coal value chain such as contractors, transportation, manufacturing. • Coal-fired power plants will be covered under the power generation sector target.
Target Coverage	<ul style="list-style-type: none"> • Lending, excluding off-balance sheet credit exposures. • Includes corporate bonds held for sale/ to maturity (FVOCI and AC).
Reference Scenario	<ul style="list-style-type: none"> • IEA Net Zero Emissions (NZE) 2050 i.e. no new thermal coal mines are required post 2021.
Baseline	<ul style="list-style-type: none"> • 2021: 100.
Target	<ul style="list-style-type: none"> • 2030: 50. • 2040: Complete phase out of thermal coal mining (and other thermal coal segments).



PATH TO NET ZERO SCOPE 3 BY 2050

Thermal coal mining transition plan

03 OUR APPROACH TO PHASE OUT THERMAL COAL MINING

Portfolio Rationalisation

- Enhance progressively the CIMB Group's Coal Sector Guide.

Existing¹

Prohibition of any forms of asset-level or general corporate financing of:

- New thermal coal mines;
- Expansion² of thermal coal mines;
- Coal mining via Mountain Top Removal (MTR).

Moving Forward – targeted for completion by Q1 2024

- Introducing quantitative thresholds for new and existing clients.

- Monitor and reduce progressively sector exposure through internal sector limits, as a secondary control measure to ensure exposure does not exceed CIMB's year on year planned targets.

Client Engagement

- Engage our clients proactively to better understand relevant policies that are in place to ensure an orderly wind down, minimising socioeconomic impacts.
- Be informed of our clients' phase out strategies e.g. pivoting to adjacent activities such as mining of other minerals, to better tailor the clients' financing profile to support these activities.

Mobilise Sustainable Financing

- Support clients to diversify and transition away from thermal coal mining.
- Build internal capabilities and progressively enhance our Green, Social and Sustainable Impact Products & Services (GSSIPS) framework to effectively ramp up transition financing.

Dependencies

Government Policies

Timely phase out of thermal coal hinges on the strengthening of national policy frameworks (and collective corporate efforts) which can enable a shift in economic trade-off between unabated coal and renewable alternatives, whilst managing its socio-economic impacts.

Scale Up of Cleaner Energy Sources to Replace Thermal Coal

Substantial deployment of cleaner energy sources at scale is required to replace the dependency of thermal coal in our energy mix effectively.

¹Non-exhaustive, only highlighting prohibitions related to thermal coal mining sector target scope. For more details on CIMB Group's Coal Sector Guide, please refer to the Group's Sustainable Finance Framework.

²Expansions for **thermal coal mining** defined as the increase of mining area, lifetime extension and acquisition of an existing thermal coal mine with lifespan exceeding 2040.

PROGRESS ON OUR COMMITMENTS



NO DEFORESTATION, NO PEAT, NO EXPLOITATION

- ✓ Rolled out NDPE policy across the region
- ✓ Conducted in-depth engagement with 8 customers from palm oil and forestry sectors on NDPE requirements between September 2022 and September 2023
- ✓ Requested 18 clients to commit to action plans related to NDPE between January and June 2023



HIGH SUSTAINABILITY RISK SECTOR GUIDES

- ✓ Palm Oil
- ✓ Forestry
- ✓ Construction & Infrastructure
- ✓ Oil and Gas
- ✓ Mining and Quarrying
- ✓ Coal and Power Generation
- ✓ Manufacturing



HUMAN RIGHTS

- ✓ Conducted training on managing human rights risk for our high-risk clients and vendors
- ✓ Provided guidance to clients on enhancing their human rights practices



SUSTAINABLE FINANCE FRAMEWORK & SECTOR GUIDES

SUSTAINABLE FINANCE: OPPORTUNITIES

By Tania Davina Yoganathan, Head, Sustainability Malaysia

SUSTAINABLE FINANCE AT A GLANCE

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

SMEs

Micro sized enterprises up to mid-sized companies

- Guiding and empowering clients on their sustainability journey
- Catalysing and financing clients' transition, needs, and growth

Individuals

Retail banking clients and individuals

- Providing access and ensuring inclusivity for marginalised groups
- Providing incentivisation via differentiated products and rates

Green, Social, Sustainable Impact Products and Services

- Green, Social and Sustainable Financing
- Sustainability-linked Financing
- Green, Social & Sustainable Bonds/ Sukuk
- Sustainability-linked Bonds/ Sukuk
- Transition Financing/ Bonds/ Sukuk
- Sustainability-linked Treasury Programme
- Sustainable Term Investment Account-i
- **ESG Advisory Solutions**
- **Carbon Credit Project Development & Issuance**
- **Carbon Credit Transactional Services**

- GreenBizReady Proposition
- **Sustainability-linked Financing**
- Low Carbon Transition Facility
- High Tech and Green Facility
- SME Renewable Energy Financing
- MicroBizReady Proposition
- Sustainable Term Investment Account-i

Green and Socially-Responsible Products

- **Sustainable Living Home Solutions**
- **EV Financial Solutions**
- **Green Renovation Financing**
- Solar Financing
- EcoSave Savings Account-i
- Giro Kartini
- ESG Focused Funds
- **Financial Access and Inclusion**
- OctoSavers Savings Account
- Home Ownership, Personal Financing and Vehicle Financing for B40
- Touch n' Go Group GO+
- Amanah Saham Berhad (ASB) financing

GREEN, SOCIAL, SUSTAINABLE IMPACT PRODUCTS AND SERVICES HIGHLIGHTS

Driven by innovation



First in Malaysia: Launched **Sustainability-Linked Treasury Programme**



First in Malaysia: Complete value proposition for **Sustainability-linked Financing for SMEs**



Joint lead manager of a **RM2.0 billion sustainability Sukuk Wakalah** for TNB Power Generation Sdn Bhd (TPGSB) to fund a **hydroelectric power plant**



Unveiled a full suite of **Sustainable Living Home Solutions** and a comprehensive suite of **EV financial solutions**



Sole financial advisor and lead arranger of a **RM975 million ASEAN Green SRI Sukuk Wakalah** for RP Hydro's **renewable energy** project



Launched **Green renovation financing** in Singapore



First home-grown bank: Collaborated with Bursa Carbon Exchange to explore the potential to offer **carbon credit transactional services** and improve our clients' **accessibility to carbon credits**



Unveiled **inaugural branch** with **integrated sustainability features and ESG-first approach** in providing solutions

SUSTAINABILITY-LINKED FINANCING (SLF) FOR SMES

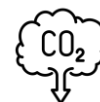
To support and catalyse the transition of Malaysian SMEs towards a green economy



Open to all **Commercial Banking and SME** customers



Allocation of **RM3 billion**



Attractive **rebates up to 0.5% p.a.** based on emissions reduction



Rebate availability **up to 7 years**



Financing for **any business needs**



Collaboration with Malaysian Green Technology and Climate Change Corporation (MGTC) for **LCOS carbon management platform**

SUSTAINABILITY-LINKED FINANCING (SLF) FOR SMES

Step-by-step journey

1 Complimentary Coaching



Strengthen sustainability foundation through **knowledge and skills** with ongoing access to training and support



2 Measure Emissions



Measure emissions by inputting electricity and fuel usage into a **simple web-tool**



3 Take Action to Reduce Emissions



A wide range of **Renewable Energy, Energy Efficiency** and/ or other service providers to reduce emissions



4 Obtain Financing for Transition



Financing with CIMB via Bank Negara Malaysia's **Low Carbon Transition Facility (LCTF)** to finance selected Renewable Energy or Energy Efficiency options

5 Verify Emissions Reduction



Emissions reduction **verified**, based on electricity and fuel usage

REWARDS!

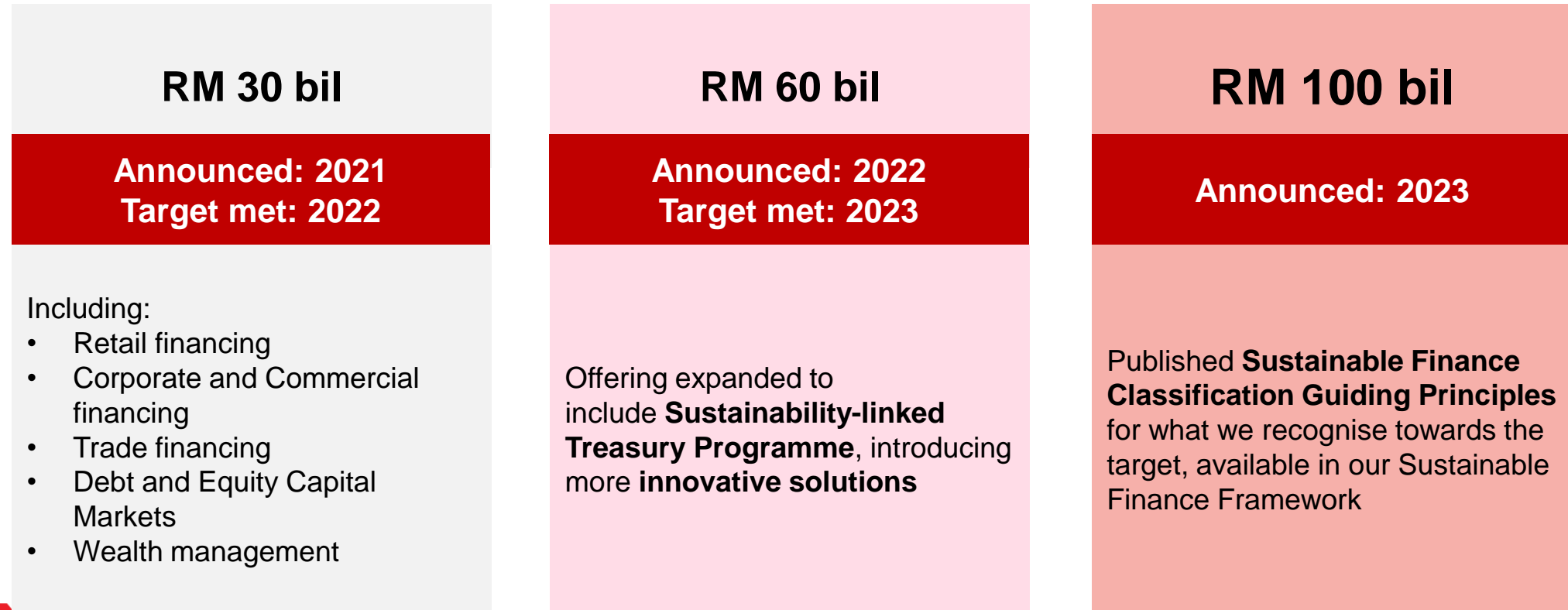


SMEs enjoy **attractive rebates** based on your sustainability performance, in addition to **cost savings and tax incentives!**

For more information, please email us at bizready@cimb.com

ENHANCED SUSTAINABLE FINANCE TARGET

Our commitment to mobilise Green, Social, Sustainable Impact Products and Services by 2024





EMBEDDING SUSTAINABILITY CULTURE

By Luanne Sieh, Group Chief Sustainability Officer

SUSTAINABILITY TALENT PROGRAMMES

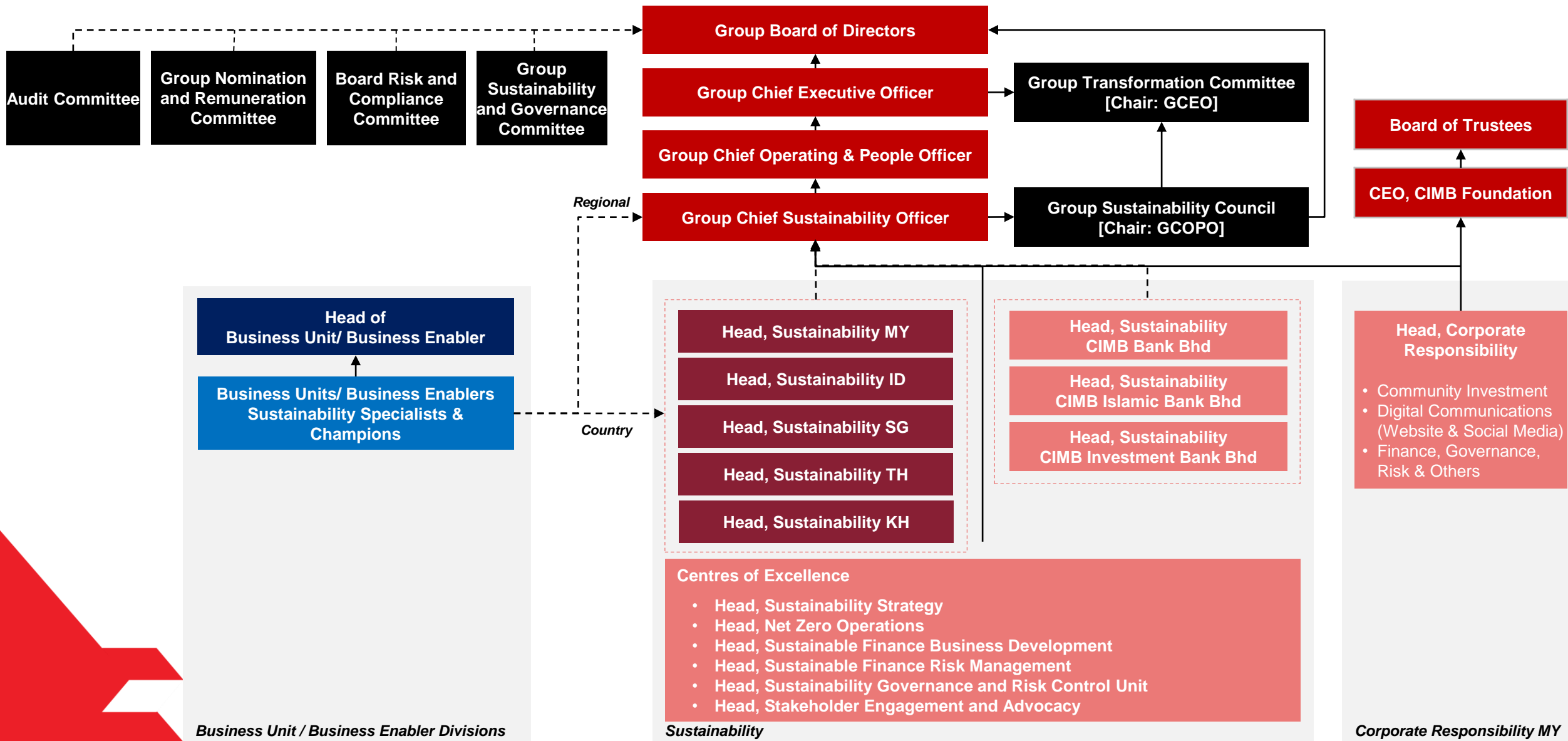
Developing a sustainability talent pipeline while strengthening internal sustainability culture

Key Initiatives	Description
 <p>Sustainability</p>	<ul style="list-style-type: none"> • Two-year talent programme with direct entry into Group Sustainability or sustainability related functions in CIMB • Rotations and final placement will be within sustainability related functions in CIMB
	<ul style="list-style-type: none"> • Two-year talent programme with six-month exposure with external partners • Provides exposure to TCB-candidates on sustainability functions within CIMB Group and external partners i.e. RSPO and WWF
<p>Sustainability Fellowship</p>	<ul style="list-style-type: none"> • Targeted at individuals seeking a career switch into the field of sustainability • Six- to twelve-month fellowship programme with possible absorption into sustainability functions in CIMB
<p>Flex4Sustainability</p>	<ul style="list-style-type: none"> • 30 days paid leave to conduct sustainability or CSR projects
<p>Sustainability Academy</p>	<ul style="list-style-type: none"> • Targeted training and development with curriculum tailored based on different levels and roles • Over 500 Board members and senior leaders completed customised training by the Cambridge Institute for Sustainability Leadership

ENHANCED GOVERNANCE STRUCTURE

Integrated Sustainability Operating Model

—> Direct reporting
 - -> Functional Reporting



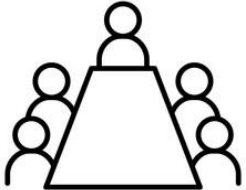
CONCLUDING THOUGHTS

By Teoh Su Yin, Senior Independent Director


CONCLUDING THOUGHTS


Sustainability culture embedded within CIMB regionally

Board

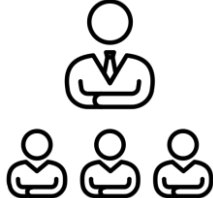


 **Increased** sustainability-committee **engagement**


 **Localisation** across the region


 Area of focus in **risk** committees

Senior Management




 Senior management **incentivised**


 **Institutionalising** sustainability

 **High participation** in sustainability leadership training

All Levels

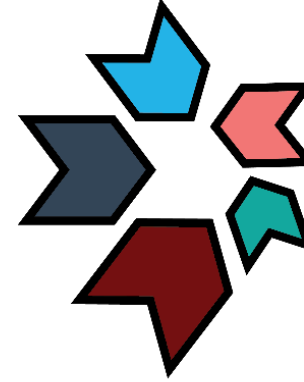


 Sustainability embedded in **scorecards and KPIs**

 Sustainability embedded in **governance**

 **Employee-led** initiatives

**THANK YOU
FROM TOMORROW**



Contact us at sustainability@cimb.com