CIMB Group Human Rights Policy

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Contact

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1. Introduction

As a leading universal banking group and corporate citizen in ASEAN, CIMB is committed to building a high-performing sustainable organisation to help advance customers and society. We recognise that we have a responsibility to protect, respect and advance human rights across our value chain.

The main objective of the Group Human Rights Policy (Policy) is to provide clarity and transparency around how human rights risks are to be managed across the Group in a manner consistent with the Group's Enterprise-Wide Risk Framework, Group Sustainability Policy, and other internal/external expectations, including legal and regulatory obligations, and voluntary commitments which require protection of, or respect for, human rights.

This Policy articulates CIMB's commitments, principles, and approaches to human rights, guiding the identification, prevention, mitigation, and accounting for adverse human rights impacts. Emphasis is placed on addressing salient human rights issues pertinent to the Bank. In instances where CIMB is determined to have caused, contributed to, or is linked with adverse human rights impacts, the Policy details our commitment to remediation.

2. What human rights mean to us

We define human rights risk as:

"Risk arising from the Group's role as a financier, employer, purchaser, investor, service provider, operator, advisor, business partner, sponsor, or a corporate donor due to a breach of human rights, which are basic rights that allow individuals the freedom to lead

a dignified life, free from fear or want, and free to express independent beliefs. These rights apply equally and universally in all countries. Human rights risk may manifest in different forms of violations such as human trafficking, modern slavery, forced or debt bonded labour, child labour, poor working conditions, forced or involuntary displacement of indigenous communities, amongst others."

When discussing human rights, we refer to three key documents:

I. International Bill of Human Rights

The International Bill of Human Rights comprises of the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. These core human rights treaties of the United Nations seek to advance fundamental freedoms and to protect the basic human rights of all people. These include:

- The right to life, liberty and security of person;
- The right to freedom from torture and slavery;
- The right to recognition and equality before the law;
- The right to freedom of thought, conscience and religion;
- The right to freedom of peaceful assembly and association;
- The right to property;
- The right to decent work;
- The right to rest and leisure;
- The right to an adequate standard of living.

II. UN Guiding Principles of Businesses and Human Rights

UN Guiding Principles of Businesses and Human Rights (UNGP) is a set of guidelines for States and companies to protect and respect human rights. The UNGP contain three chapters, or pillars: protect, respect and remedy. Each defines concrete, actionable steps for governments and companies to meet their respective duties. For companies, this

include their responsibilities to prevent human rights abuses and provide remedies if such abuses take place.

III. International Labour Organisation Conventions

The International Labour Organisation (ILO) has identified eight core conventions covering fundamental principles and rights at work. These are part of the framework of human rights:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87);
- Right to Organise and Collective Bargaining Convention, 1949 (No.98);
- Forced Labour Convention, 1930 (No. 29);
- Abolition of Forced Labour Convention, 1957 (No. 105);
- Minimum Age Convention, 1973 (No. 138);
- Worst Forms of Child Labour Convention, 1999 (No. 182);
- Equal Remuneration Convention, 1951 (No. 100);
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

3. Our Commitments

We are committed to uphold and comply with the following international human rights laws and standards including:

I. The International Bill of Human rights, including the Universal Declaration of Human rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights;

II. UN Guiding Principles on Business and Human rights, particularly the “Protect, Respect, or Remedy” Framework;

III. International Labour Organisation Declaration on Fundamental Principles and Rights at Work.

With regards to Labour Rights, we commit to:

I. Avoid causing or contributing to violations of Labour Rights;
II. Respect the rights of our employees, including:
    - freedom of representation;
    - right to collective bargaining;
    - a safe and healthy work environment;
    - fair recruitment and other people practices;
    - preventing modern slavery; and
    - respecting regulations on minimum wage and maximum working hours.
III. Eliminate discrimination in the workplace and promote diversity and inclusion.

All our commitments are underpinned by CIMB's Sustainability principles which are outlined in the Group Sustainability Policy, adopting principles and recommendations laid out in recognised international, regional, and local regulatory frameworks that are consistent with the size, scale, and complexity of our business and risk profile. These include the UN Environment Programme Finance Initiative Principles for Responsible Banking, UN Sustainable Development Goals, Bank Negara Malaysia's Value-Based Intermediation Assessment Framework and Association of Banks in Malaysia's ESG Principles.

The application of this Policy in different countries may be adjusted to fit the context and standards of the respective jurisdictions. In the event prevailing local laws in the country in which the Bank operates conflict with international human rights obligations as defined above, the Group shall identify and engage with stakeholders to explore approaches that respects international standards and principles.

4. **Our Principles & Approach**

The Group's approach to human rights is guided by the following principles:

I. Respect and uphold human rights and seek to identify, prevent, mitigate and account for adverse human rights impacts which may arise through our business

activities.

II. Take a proactive approach to integrating human rights considerations into our decision-making processes.

III. Take a risk-based approach to assess actual and potential adverse human rights impacts across the Group.

IV. Take appropriate actions to mitigate adverse human rights impacts, and where necessary, provide for or cooperate in remediation in line with our responsibility.

V. Take a holistic approach to our policies and business decisions where we strive for a just transition.

VI. Track the effectiveness of our actions.

VII. Be transparent about our adverse human rights impacts and communicate how we fulfill our responsibility to respect human rights.

VIII. Engage actively and openly with our business relations to achieve greater awareness and improvement of human rights practices.

5. Our Due Diligence Process

CIMB commits to continuous human rights due diligence to identify, prevent, mitigate, and account for adverse human rights impacts across the Group. This is carried out using a risk-based approach, focusing particularly on the salient human rights issues for the Bank. Such human rights due diligence will be conducted through various appropriate methods and channels, including:

I. Our own operations

We conduct peer benchmarking of industry risks and issues raised by civil society and NGOs, and engage with stakeholder groups.

II. Employees

We conduct direct engagements with employees through focus groups, surveys and engagement with representative organisations such as employee unions, amongst others.

III. Non-Individual Clients[1]

We conduct sustainability due diligence, including human rights due diligence, on our non-individual clients. The Basic Sustainability Due Diligence (BSDD) is carried out by the Business Unit front liners. Where clients are identified through the BSDD as high-risk, the Enhanced Sustainability Due Diligence (ESDD) is carried out by Group Sustainability, taking into account various available sources, including media reports and reports by civil society groups representing local communities.

IV. Suppliers, Vendors and Partners

We conduct human rights due diligence through our Sustainability Due Diligence and the acknowledgement of CIMB's Vendor Code of Conduct as laid out in the Group Sustainability Policy. For partners including our Corporate Social Responsibility Programme partners, strategic investees, and joint venture partners, we will conduct human rights due diligence through our Sustainability Due Diligence as laid out in the Group Sustainability Policy and the Group Corporate Responsibility Policy.

V. Trigger Events

We conduct enhanced sustainability due diligence on business relations (i.e. clients,

[1] We prioritise our human rights due diligence and mitigating actions towards our non-individual clients, recognising that the salient human rights risks from financing for the Bank primarily originate from this group.

suppliers, partners) in cases of Trigger Events.[2]

VI. **Salience Assessment**

The human rights risks identified through the due diligence process above will be further assessed according to their saliency.[3] Periodic reviews of salient human rights risks will be undertaken to account for changes in our business and our operating environment.

6. **Our Actions**

I. Where we identify human rights risks within our own business activities, the Group will seek to put in place strategies to mitigate these risks.

II. In an event that we are exposed to human rights risks through our clients and other business relations, we strive to use our leverage to influence them towards standards outlined in this Policy.

- Particularly, in our non-individual financing activities, as per our Group Sustainable Financing Policy, financing clients that are exposed to high human rights risks at the time of financing[4] will be engaged and if required, asked to agree to a time-bound action plans[5] which are tracked periodically;
- In cases where our business relations repeatedly miss action plans without justifications, where human rights risks are judged to be too high, or where there are deliberate and repeated infringements, we will seek to distance ourselves from the business relation within a practical timeframe.

[2] Trigger Events are material adverse incidents or events related to environmental and social risks involving CIMB's business relations, raised by regulators, news and media, Non-Governmental Organisations (NGO's), and recognised sustainability information providers, etc. Trigger events are incidents that were not taken into account during the onboarding or review of an existing business relation.

[3] Saliency assessment will consider the severity of a risk (scale, scope, irremediability) as well as its likelihood.

[4] This will be determined through the findings of the ESDD.

[5] Action plans may be any of the following: to develop a human rights policy, to conduct human rights due diligence, and to set up a grievance mechanism.

7. **Grievance Mechanism and Remedy**

The Group will establish and/or participate in grievance mechanisms for human rights issues through both internal and external channels which shall be made accessible to our key business relations and other stakeholder groups including communities affected by bank-financed operations. We will strive to ensure that the grievance mechanism aligns with the effective criteria of non-judicial grievance mechanisms outlined in the UNGP. Furthermore, we recognise our responsibility to contribute to remediation to the level of our accountability and contribution.

In the event that a human rights abuse has taken place, we will take appropriate steps to ascertain whether we have caused, contributed, or are linked to the adverse human rights impact and take appropriate actions in line with our responsibility.

I. When we have directly caused an adverse human right impact, we are responsible for resolving the issue and providing remedy.
II. Where we have contributed to an adverse human rights impact, we will provide mechanisms through which grievances can be raised and strive to contribute to remediation, where necessary and appropriate, ensuring no penalty, dismissal or reprisal to the complainant.
III. Where we have not caused or contributed to an adverse impact, but are directly linked to it through our products, operations or services, we recognise that we are able to play a role in remediation, for example, by engaging with our business relation about their own grievance mechanisms and remediation pathway.

In addition to assessing our level of contribution and accountability, remediation will also consider the interests of the right-holders as well as what is feasible for the Bank. Remediation outcomes may include, but are not limited to, apologies, restitution, rehabilitation, financial or non-financial compensation, and preventing further harm.

8. Reporting

We will establish a set of indicators to track our human rights performance and will report formally to the public through our Sustainability Report as well as through our website. The report will be made accessible in providing transparency to stakeholders on various matters including:

I. Human rights objectives, governance and developments;
II. Key exposures to potential areas of heightened human rights risks;
III. Steps taken to mitigate these risks, and/or provide remedy in line with our responsibility where possible and appropriate; and
IV. Human rights performance indicators.

9. Governance

CIMB's Human Rights Policy is approved by the Board, which is the highest governance body accountable for CIMB's sustainability strategy and material ESG issues. The Group Sustainability and Governance Committee (GSGC) provides the oversight on implementation of the Group's sustainability and climate change strategy, where we aim to proactively create a net positive impact on ESG material matters.

The Group will periodically review the adequacy and effectiveness of the Group's Human Rights Policy once every two years, with periodic updates given to the Group Sustainability Council and GSGC.

Additionally, there are strict key controls in place where at least every half-yearly, a self-test is conducted to ensure that the Policy is properly implemented