



# Sustainable Finance Framework

**July 2025**  
Version 2.2

*Proprietary to CIMB*

**FORWARD**  **Together**



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## ABOUT THIS DOCUMENT

The **Sustainable Finance Framework (“SFF” or “the Framework”)** consists of a summary of CIMB’s sustainability governance, policies, and implementation of sustainable finance for reference by stakeholders including customers, investors, regulators, civil society organisations and others. This Framework Version 2.2 shall supersede and replace the prior version.

Version	Date Published
Sustainable Finance Framework	June 2022
Sustainable Finance Framework Version 2.0	June 2023
Sustainable Finance Framework Version 2.1	July 2024
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## FEEDBACK

We welcome all feedback, ideas, and questions from stakeholders on this document. Please contact: **Luanne Sieh**, Group Chief Sustainability Officer, CIMB Group, [sustainability@cimb.com](mailto:sustainability@cimb.com).

## DISCLAIMER

The information presented in this document is correct at time of publishing. All information is subject to change without notice.

## Introduction

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CIMB Group (or “the Group”) places sustainability as a key strategic pillar and value driver, and this is reflected in our Forward30 strategic plan which aligns us to our purpose of Advancing Customers and Society. As part of Forward30, our sustainability strategy focuses on empowering customers to transition to a more sustainable future by building resilience to environmental and social risks and creating long-term value.

CIMB has developed internal governance structures, policies, and frameworks to manage environmental and social risks within the Group as well as in our dealings with clients, partners, and other stakeholders. In order to put our sustainability commitments into practice, we have implemented various programmes to propel ourselves towards a more sustainable business model. These programmes include managing the footprint of our own operations, managing longer-term climate risks in our business portfolio, assessing nature and human rights risks across the Group, and facilitating our clients in implementing sustainable practices and business models.

Key focus areas include enhancing our sustainability risk management processes through developing and implementing policies and procedures that help to ensure CIMB Group manages indirect environmental and social impacts arising from our financing of clients.

Through CIMB’s core businesses, we support a diverse set of clients across industries in ASEAN on their sustainability journey by offering Green, Social, Sustainable Impact Products and Services (GSSIPs). This includes financing for renewable energy, green buildings, social infrastructure and broader business transformation through sustainability-linked instruments. This approach enables us to finance innovation and initiatives that generate long-term value, contributing to a low-carbon and more equitable society.

**The Sustainable Finance Framework (“SFF” or “the Framework”) provides information to stakeholders including customers, investors, regulators, and others on how CIMB implements sustainable finance within the Group and provides insights into how we manage risk and seize opportunities for sustainable finance in our business.**

While this Framework outlines our approach and position as a Group, we take a risk-based implementation approach, where we first roll out policies and initiatives within our largest operations and then roll them out progressively to our operations across ASEAN and beyond. Given this, we seek to be transparent on our roll-out timelines as much as possible.

## CIMB's Sustainability Commitments

CIMB integrates Economic, Environmental and Social (EES) considerations into our risk management and business strategies to ensure that our business activities make a positive impact while minimising negative impacts on our existing and future stakeholders over the long term.



Figure 1: CIMB's Sustainability Commitments

CIMB's Sustainability Strategy 2030, an integral part of the Group's Forward30 strategic plan, advances the Group's commitment to aligning purpose with responsibility while driving meaningful progress. This six-year strategy guides us towards pivotal global goals: contributing to our 2030 United Nation's Sustainable Development Goals and achieving Net Zero by 2050, in alignment with the Paris Agreement. CIMB also continued our active involvement in the Malaysian National Biodiversity Policy Implementation – Business Advisory Group, where we collaborated on strategies and roadmaps to align the private sector with Malaysia's commitments under the Kunming-Montreal Global Biodiversity Framework, further embedding biodiversity protection into business practices.

The CIMB Group Sustainability Approach contains a programmatic method to achieve our sustainability goals, grouped according to five strategic pillars. We intend to implement the strategy and move forward with embedding sustainability into all aspects of the Group's operations, encouraging the same for our clients; at the same time, engaging in awareness-raising, advocacy, internal capacity building, and change management.



Figure 2: CIMB Group Sustainability Approach

Sustainability efforts at CIMB, including climate change, are driven by the Group Sustainability Council and the Group Transformation Committee, comprising of representatives from across regions and functions, and responsible for developing and monitoring climate strategies, setting portfolio-specific and sector-specific targets and driving progress under the Group's Net Zero Banking Alliance commitments. The Board has ultimate accountability for sustainability and sustainability risk, including climate change.

The Board Group Sustainability Committee (BGSC) provides oversight and stewardship over the Group's sustainability opportunities and risks. The BGSC also assists the Board in advocating and fostering a culture and DNA of sustainability, ethical conduct, and integrity across the Group.

## Aligning to Global Commitments and Benchmarks

The CIMB Sustainable Finance Framework defines how we work with clients and customers. It aims to provide details on how CIMB encourages customers to improve sustainability while managing the risks arising from our client relationships.

CIMB is a founding signatory to the **United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB)** and has developed this Framework in line with these Principles.



Figure 3: Principles for Responsible Banking (PRB)

The key to the implementation of our sustainability commitments is benchmarking against international standards on ESG and sustainable finance. We currently benchmark our progress against recognised indices and benchmarks including the S&P Global Corporate Sustainability Assessment (CSA), the World Benchmarking Alliance Financial Services Benchmark and WWF's Sustainable Banking Assessment (SUSBA). Key targets and progress are measured and reported internally and externally through our Sustainability Report which is published annually and made available on the CIMB Group website.

CIMB is a signatory to the UN-convened **Net-Zero Banking Alliance (NZBA)**, where we are committed to achieve net zero greenhouse gas (GHG) scopes 1 and 2 emissions in our operations by 2030, and overall Net Zero GHG by 2050 (including scope 3 financed emissions), in line with Nationally Determined Contributions (NDCs) and the Paris Climate Agreement.

We are also a signatory to Partnerships for Carbon Accounting Financials (PCAF).

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*“Our commitment to invest in future proofing our business includes sustainability being at the forefront of our overall operations.”*

**Novan Amirudin**  
Group Chief Executive Officer, CIMB

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While climate action is a key focus, CIMB's sustainability strategies are more broadly aligned to seven priority Sustainable Development Goals (SDG).

- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation & Infrastructure
- SDG 10: Reduced Inequalities
- SDG 12: Responsible Consumption & Production
- SDG 13: Climate Action
- SDG 15: Life on Land
- SDG 16: Peace, Justice & Strong Institutions



## **CIMB's Sustainability Philosophy and Principles**

All Sustainability endeavours at CIMB Group are guided by the Group Sustainability Policy (GSP), which applies to the Group as a whole in our operations. The GSP seeks to provide clarity and transparency around how sustainability risk and opportunities are managed across the Group, in consideration of risks arising from our business relationships and diverse stakeholder expectations. The Group's approach to sustainability risk management is guided by five key principles:

### **Internal Operations**

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**The Group will aim to ensure that the management of its internal operations and employees is consistent with applicable Sustainability policy requirements.**

### **Business Activities and Relations**

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**The Group will not knowingly engage in business activities or with business relations that do not meet its Policy requirements.**

### **Net Positive Impact**

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**As a Group, we will always strive to create a net positive impact on our business relations and the community. We will adopt an inclusive approach to our business relations and strive to positively influence their own sustainability performance and commitment.**

### **Opportunities for Sustainable Development**

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**CIMB will engage actively and openly with our stakeholders regarding proactive management of Sustainability Risk and identification of opportunities for sustainable development.**

### **Integrating Economic, Environmental and Social Risk Assessments**

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**The Group will take a proactive approach to integrate economic, environmental, and social risk assessments in central processes such as lending / financing, investments, procurement, and managing operational impacts.**

In driving these Principles, we take the following approach:

- Our focus on environmental (including climate and nature) and social issues / risks must begin with addressing impacts from our own operations and how we manage our employees. The Group will take appropriate measures to ensure that its internal operations and employees are managed in a manner that is in alignment with the spirit and intent of the Policy requirements.
- We will take appropriate measures to manage the Sustainability Risk of our business activities to the extent possible, and will not knowingly engage in business activities or with business relations that are on our [\*Exclusion List of activities\*](#).

- The Group will take reasonable steps to assess the Sustainability Risk of business relations. If the Group concludes that the business relation is not committed to a level of sustainability performance that meets CIMB's policy requirements, or that the business relation is engaged in any Exclusion List activities, the Group will not engage with the business relation.
- Whilst we recognise that our business relations are fully responsible for their own actions and decisions, we will use our influence and relationships to encourage and support the adoption of more sustainable practices. We strive to engage and equip them with the knowledge and skills that may be required to champion and meet sustainability commitments, while acknowledging that implementation may vary based on market context and business strategies. We seek to provide access to finance across the geographies where we operate, including low-income and lower-middle-income countries, as well as to underprivileged and underserved communities, where feasible and aligned with our respective business strategies. In doing so, we aim to help ensure that underserved populations and businesses receive the necessary financial support for meaningful and sustainable development. We are committed to disclosing our contributions to these markets, including the proportion of financial products, services, and capital channeled to support these economies.
- We take a holistic approach to our sustainability efforts. We strive for a Just Transition in addressing climate change – greening the economy in a way that is fair and inclusive as possible to everyone concerned, creating decent work opportunities, and enabling financial inclusion for underprivileged communities, tailoring our approach in alignment with local needs, capacities, and business priorities. This involves maximising the social and economic opportunities of climate action, while minimising and carefully managing any challenges in partnership with our stakeholders - including through effective social dialogue with impacted groups, ensuring responsible divestment strategies, and maintaining respect for fundamental labour principles and rights.
- CIMB maintains a constructive and open exchange of ideas on sustainability with a broad range of its stakeholders. The Group is committed to having a transparent process and will demonstrate its engagement on sustainability issues by actively discussing environmental and social matters with its stakeholders, in terms of both risks and opportunities.
- CIMB will exercise a precautionary approach, taking due care and diligence, to evaluate, adopt and advocate measures that will minimise, and, in the long-run, prevent environmental harm as well as promote social equity.

## Sustainable Finance: An Overview

As a financial institution that provides financial services to enable and facilitate economic development, it is our duty, as a responsible corporate citizen, to manage the risks and potential negative impacts arising from the activities that we finance. This includes impacts on the environment, as well as to society and the economy in general. At the same time, we also aim to deliver positive impact to our stakeholders, from our customers to communities, that we impact through our businesses, and the planet. Through our products and services, we are able to support businesses and activities that create positive impacts on society, from economic, environmental and social perspectives.

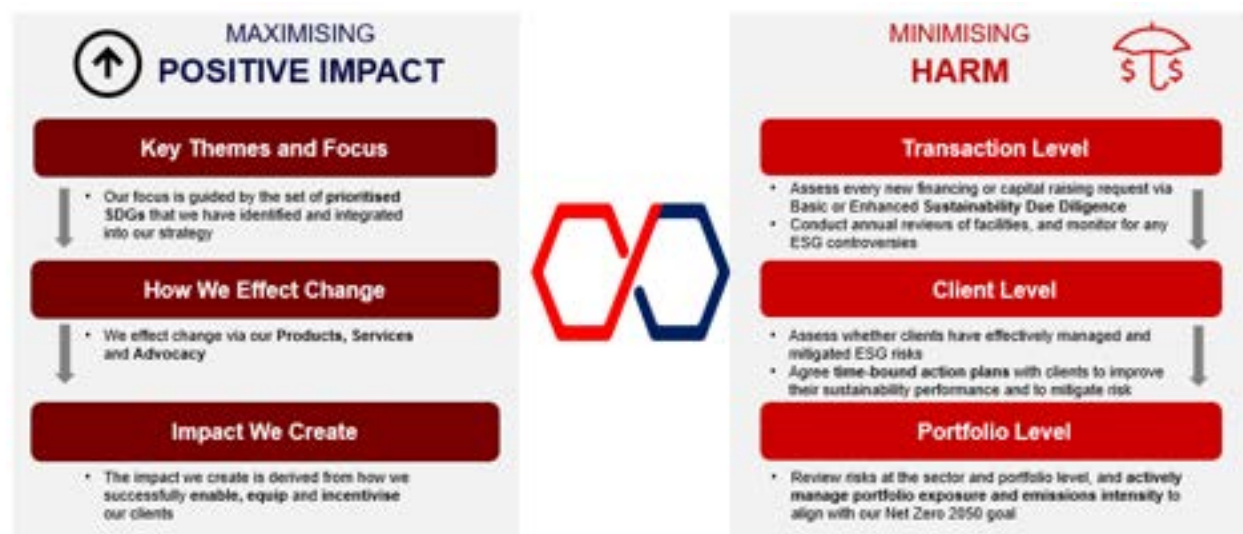


Figure 4: Overview of CIMB's Approach to Sustainable Finance

In managing financing risks, our main governing policy is the **Group Sustainable Financing Policy (GSFP)**, while the **Sustainable Finance Classification Guiding Principles and Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework** guides the development of products and services that deliver positive impacts.

We recognise that managing sustainability risks is a key priority for the financial sector. As such, we engage with clients and stakeholders to ensure that these risks are mitigated. In consideration of climate change and the need to meet climate targets, we engage in risk mitigation efforts and leverage on new and existing client relationships to encourage low-carbon development. These initiatives are key to our sustainability strategy.

In practice, the implementation of sustainability at CIMB aims to ensure that economic development continues to thrive in balance with the long-term environmental and social needs of people and the planet. Through our policies and action plans for sustainability, we aim to enable opportunities for economic and social development, while ensuring harm is avoided in the course of business.

## Maximising Positive Impact: Defining Sustainable Finance at CIMB

In line with our commitments to mobilise sustainable finance, CIMB has moved forward with various Green, Social, Sustainable Impact Products and Services (GSSIPs) for businesses and individuals which will continue to evolve and expand over time. Our GSSIPs suites are broadly defined into four main groups:

Table 1: CIMB's GSSIPs Grouping

	Dedicated Purpose	General Purpose	Sustainability-Linked	Liabilities and related Products
Description	Use of proceeds directed towards eligible activities aligned with internal and market guidance	>90% of company revenue derived from eligible activities aligned with internal and market guidance	Products aligned with sustainability-linked market guidance	Funding raised by CIMB referenced against our sustainable finance assets base and related products
Examples	<ul style="list-style-type: none"> <li>Green, Social, Sustainable Financing</li> <li>Green Bond/Sukuk</li> </ul>	<ul style="list-style-type: none"> <li>Term financing for a pure play renewable energy company</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability-Linked Financing, Bond/Sukuk</li> </ul>	<ul style="list-style-type: none"> <li>CIMB SDG Bond</li> <li>CIMB Sustainability Repo</li> <li>CIMB Sustainability-Linked Derivatives</li> </ul>

Chart 1: Classification Logic for GSSIPs

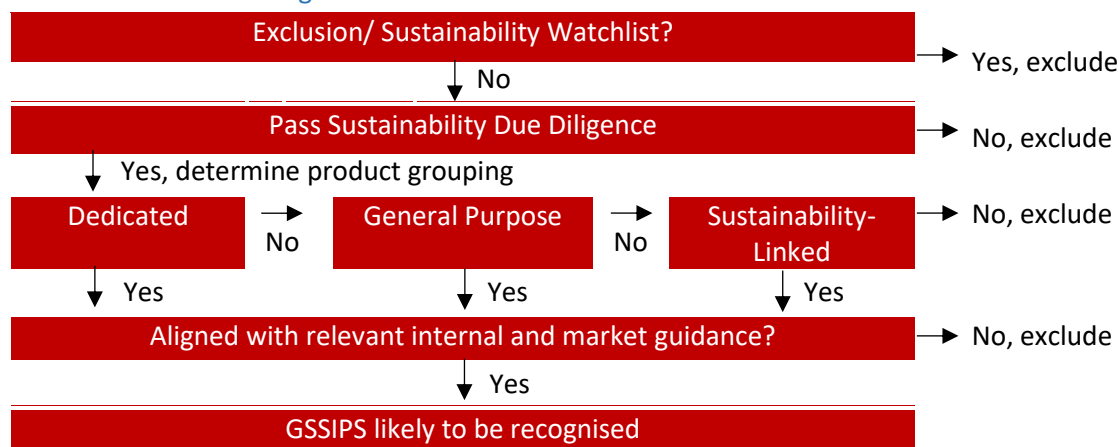


Table 2: List of Internal and Market Guidance

Entity	Guidance Document
<b>Internal</b>	
CIMB	<ul style="list-style-type: none"> <li>GSSIPs Framework</li> <li>SDG Bond and Sukuk Framework</li> </ul>
<b>Market Associations</b>	
Asia Pacific Loan Market Association (APLMA)/ Loan Market Association (LMA)/ Loan Syndications and Trading Association (LSTA)	<ul style="list-style-type: none"> <li>Green Loan Principles</li> <li>Social Loan Principles</li> <li>Sustainability-Linked Loan Principles</li> </ul>
International Capital Market Association (ICMA)	<ul style="list-style-type: none"> <li>Green Bond Principles</li> <li>Social Bond Principles</li> <li>Sustainability Bond Guidelines</li> <li>Sustainability-Linked Bond Principles</li> <li>Climate Transition Finance Handbook</li> </ul>
ASEAN Capital Markets Forum (ACMF)	<ul style="list-style-type: none"> <li>ASEAN Green Bond Standards</li> <li>ASEAN Social Bond Standards</li> <li>ASEAN Sustainable Bond Standards</li> <li>ASEAN Sustainability-Linked Bond Standards</li> </ul>
International Swaps and Derivatives Association (ISDA)	<ul style="list-style-type: none"> <li>Sustainability-Linked Derivatives: KPI Guidelines</li> </ul>
<b>Market Regulators</b>	
Bank Negara Malaysia	<ul style="list-style-type: none"> <li>Climate Change and Principle-Based Taxonomy</li> <li>Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides</li> </ul>
Securities Commission Malaysia	<ul style="list-style-type: none"> <li>Sustainable and Responsible Investment (SRI) Sukuk Framework</li> <li>SRI-Linked Sukuk Framework</li> </ul>
Monetary Authority of Singapore	<ul style="list-style-type: none"> <li>Singapore-Asia Taxonomy for Sustainable Finance</li> </ul>
Indonesian Financial Services Authority	<ul style="list-style-type: none"> <li>Indonesia Taxonomy for Sustainable Finance</li> </ul>
Bank of Thailand	<ul style="list-style-type: none"> <li>Thailand Taxonomy</li> </ul>
ASEAN Taxonomy Board	<ul style="list-style-type: none"> <li>ASEAN Taxonomy for Sustainable Finance</li> </ul>

*Note: The market guidance list is non-exhaustive. We closely review market developments to ensure we refer and incorporate the most up-to-date principles and guidelines where appropriate.*

In our continued effort to remain transparent and enhance our classification and reporting practices, we developed a set of guiding principles to ensure our approach remains aligned with best market practices. As innovation accelerates and the market matures, we do expect the GSSIPs definition, scope and coverage to continue to evolve which we will review and update in future versions of this Framework accordingly. For avoidance of doubt, this Framework applies to all CIMB businesses across the Group.

### **Sustainable Finance Classification Guiding Principles**

1. **Recognition framework and classification logic benchmarked against market best practice.** Where available, the most up-to-date industry guidelines, principles and any accompanying guidance documents (as illustrated in Table 2) are to be taken as a first point of reference.
2. **No double counting.** We only count a product's contribution to green, social, or sustainable impact once, even if it is included in multiple products. For example, where we accept funds such as Sustainable Term Investment Account-i, which are channeled towards SME financing given out by the Bank, we only count the achievement once, at the point of financing.
3. **Priority towards direct end impact.** We prioritise measuring our achievements based on the direct end positive impact whenever possible.
4. **Regular review of recognition framework, classification logic.** We regularly review our approach to classifying GSSIPS to ensure alignment with the latest market standards. This is necessary because there are currently no standardised regulations for Sustainable Finance reporting, and there is an increasing risk of greenwashing due to rapid market developments.

### **Green, Social, Sustainable Impact Products & Services (GSSIPS) Framework**

The GSSIPS Framework provides a guide and an internal taxonomy for the Group to deliver impactful sustainable finance. In practice, the Framework is guided by the Classification Guiding Principles covering segments across the bank from Consumer Banking and Small & Medium Enterprises, to Commercial and Wholesale Banking. It also acts as a building block for more complex use cases (e.g. CIMB Group's SDG Bond and Sukuk Framework).

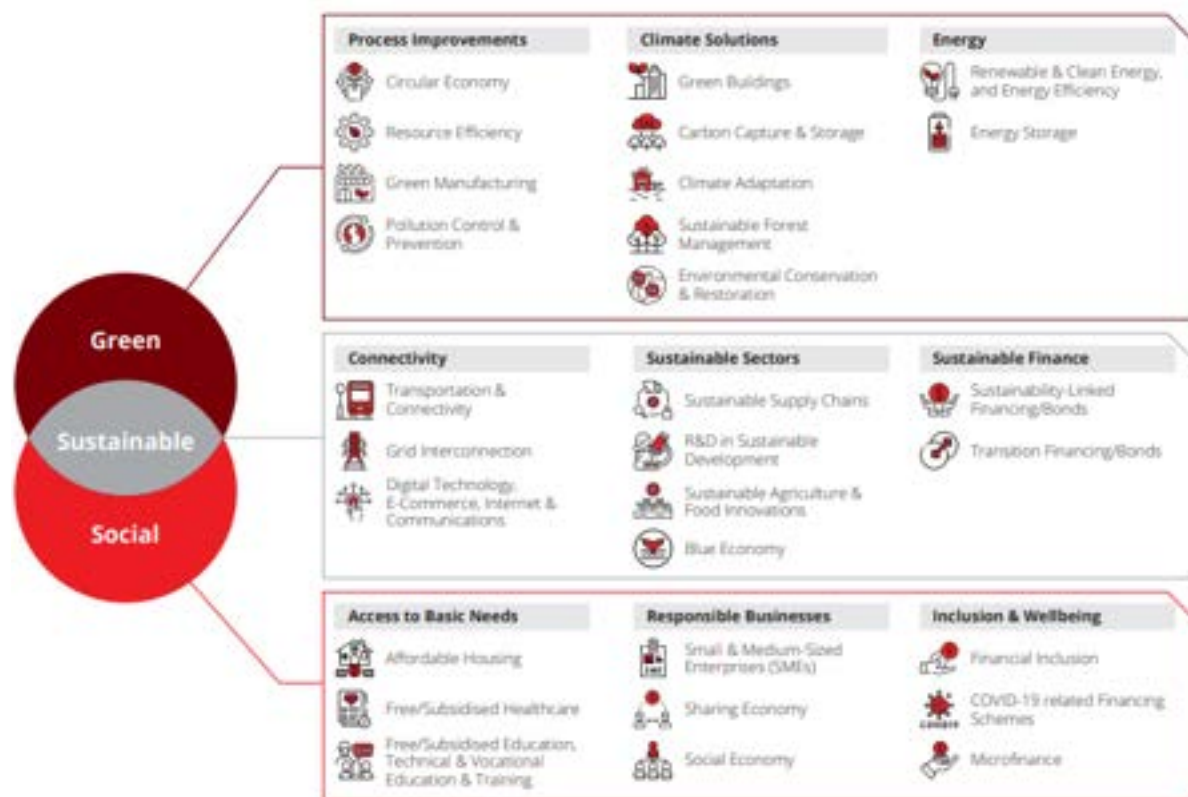


Figure 5: Green, Social & Sustainable Impact Focus Areas

In March 2025, we set a target to mobilise RM 300 billion of sustainable finance from 2021 to 2030 under our GSSIPS Framework. This new target builds upon our previous success in mobilising RM100 billion of sustainable finance from 2021 to 2024.

Table 3: CIMB's Sustainable Finance Commitment

Commitment	Effective Date	Amount	Commitment Period
Sustainable Finance Mobilised	22 Sept 2021	MYR 30 billion	2021 – 2024
	20 Sept 2022	MYR 60 billion*	
	11 Sept 2023	MYR 100 billion*	
	20 March 2025	MYR 300 billion	2021 – 2030

\* This is an updated commitment for 2021-2024 superseding the earlier commitment of RM30 billion over the same period.









### GSSIPS Suite and Reporting Scope

CIMB's GSSIPS suite is detailed in the table below. All GSSIPS are identified and proposed by the Business Units through Relationship Managers or Business Teams, which are then reviewed and endorsed by the Sustainable Finance Business Teams (where available) and country level Sustainability Units regionally.

Endorsed deals/ products are then submitted to Group Sustainability for final validation and approval. For more complex transactions, approval from the Group Sustainability Council (GSC) may also be sought.

Products that are recognised towards the Group's commitment are tracked as part of CIMB's Sustainable Finance Mobilised towards RM300 billion between 2021– 2030.

Table 4: CIMB's GSSIPS Suite and Reporting Scope

Grouping	Product	Amount Recognisable	Frameworks/Principles Alignment <sup>1</sup>	Recognised towards Group commitment?
<b>For Businesses</b>				
Dedicated / General Purpose	Green, Social and Sustainable Financing	Financing committed	<ul style="list-style-type: none"> <li>GSSIPS Framework</li> <li>APLMA/LMA/LSTA Green/Social Loan Principles</li> </ul>	
	Micro and Small Enterprise Financing	Financing committed		
	Transition Financing	Financing committed	<ul style="list-style-type: none"> <li>GSSIPS Framework</li> <li>APLMA/LMA/LSTA Green/Social Loan Principles</li> <li>ICMA Climate Transition Finance Handbook</li> </ul>	
	Green, Social and Sustainable Bond/Sukuk	Apportioned issuance amount <sup>2</sup>	<ul style="list-style-type: none"> <li>ICMA Green/Social/Sustainability Bond Principles/Guidelines</li> <li>ASEAN Green/Social/Sustainable Bond Standards</li> <li>SRI Sukuk Framework</li> </ul>	
Sustainability-Linked	Sustainability-Linked Financing	Financing committed	<ul style="list-style-type: none"> <li>APLMA/LMA/LSTA Sustainability-Linked Loan Principles</li> </ul>	
	Sustainability-Linked Bond/Sukuk	Apportioned issuance amount <sup>2</sup>	<ul style="list-style-type: none"> <li>ICMA Sustainability-Linked Bond Principles</li> <li>ASEAN Sustainability-linked Bond Standards</li> <li>SRI-linked Sukuk Framework</li> </ul>	
	Sustainability-Linked Treasury Solutions	Notional Amount	<ul style="list-style-type: none"> <li>ISDA Sustainability-linked Derivatives: KPI Guidelines</li> </ul>	
<b>For Individuals</b>				
Dedicated/ General Purpose	Green and Social Financing	Financing committed	<ul style="list-style-type: none"> <li>GSSIPS Framework, and/or</li> </ul>	



	Economic Inclusion Financing	Financing committed	<ul style="list-style-type: none"> <li>CIMB SDG Bond and Sukuk Framework</li> </ul>	✓
	ESG Investment Products i.e. ESG-themed funds, ESG labelled bonds	New product sales	<ul style="list-style-type: none"> <li>GSSIPS Framework</li> <li>ICMA Green/Social/Sustainability Bond Principles/Guidelines</li> </ul>	✓
<b>Internal Funding and Related Products</b>				
Liabilities and related products	CIMB Sustainable Repo	Notional Amount	<ul style="list-style-type: none"> <li>CIMB SDG Bond and Sukuk Framework</li> </ul>	✗
	CIMB Sustainable Bond/Sukuk	Total issuance amount	<ul style="list-style-type: none"> <li>CIMB SDG Bond and Sukuk Framework</li> <li>ICMA Green/Social/Sustainability Bond Principles/Guidelines</li> <li>SRI (-Linked) Sukuk Framework</li> </ul>	✗
	CIMB Sustainability-Linked Treasury Products	Notional Amount	<ul style="list-style-type: none"> <li>ISDA Sustainability-linked Derivatives: KPI Guidelines</li> </ul>	✗
<b>Others</b>				
Sustainable and Sustainability-Linked Deposits and Investment Accounts	Sustainable Investment Account-i	Placement Amount	<ul style="list-style-type: none"> <li>GSSIPS Framework</li> </ul>	✗
	Environment-focused Deposits Account	Total portfolio balances		✗
	Sustainability Waqf	Total portfolio balances		✗

Note: (1) Non-exhaustive, (2) As accredited by Bloomberg

## Minimising Harm: Our Approach to Managing Sustainable Finance Risks

### Group Sustainable Financing Policy

The **Group Sustainable Financing Policy (GSFP)** provides guidance on relevant environmental and social risks and their related impacts to our clients, stakeholders, environment and ourselves. The GSFP enables CIMB to make informed decisions according to our values and aspiration to provide responsible and sustainable financial services.

The GSFP is a key component of CIMB's Sustainability Risk Framework, and is implemented to integrate environmental and social considerations into CIMB's financing decisions at the client and transaction level, in order to manage environmental and social risks arising directly or indirectly from CIMB-financed clients and activities. Aggregate risks at the overall sector and portfolio level are controlled via other components of CIMB's Sustainability Risk Framework, such as via sector limits and scenario analysis for sensitive sectors.

The GSFP has been developed considering the commitments, principles, and standards to which CIMB will be accountable to. Through the GSFP, the Group seeks to identify, assess, and manage risks arising from financing clients and sectors that have the most impact on, and are most vulnerable to, environmental and social risks.

The GSFP was rolled out on 1 July 2019 in Malaysia and has been implemented across ASEAN and our global branches. All new financing and existing uncommitted facilities are covered within the scope of the GSFP. This includes annual renewal and reviews of existing uncommitted facilities, such as working capital loans/ financing and bank guarantees.

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The GSFP applies to non-individual financing customers, as follows:

- 1. Wholesale Banking and Commercial Banking (Business Banking)<sup>1</sup>**
  - 2. Customers who engage with CIMB for capital raising through IPOs and bond/Sukuk issuances**
- 

The GSFP covers loans, financing, and capital raising activities such as, but not limited to, term loans and financing, project financing, working capital financing, syndicated loans and financing, mergers and acquisition financing, leveraged financing, trade facilities, IPOs and bond/Sukuk issuances (primary and secondary), including where CIMB serves as principal adviser/lead arranger/lead manager/book-runner/primary subscriber or underwriter.

In managing our sustainability risks, we have set out minimum requirements that customers are expected to fulfil when seeking financing from CIMB. We also restrict financing to customers who are found to be engaging in activities which we have set out as prohibitions as per our [Exclusion List of Activities](#).

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<sup>1</sup> For CIMB Malaysia and CIMB Singapore, GSFP applies to entire Commercial Banking including both Business and SME Banking. For CIMB Indonesia, GSFP applies to Wholesale and Commercial Banking (excludes SME Banking). For CIMB Thailand, GSFP only applies to Wholesale Banking.

The GSFP has been operationalised through the training of client relationship managers and personnel from relevant departments including risk, compliance, and other support functions. The GSFP is approved by the Board, and along with its related reference documents including exclusions lists, sustainability sensitive sector lists and guides, undergo a review process at least once every two years.

## Sustainable Financing Due Diligence Process



Figure 6: An Overview of CIMB's Approach to Financing Risk Management

Under the GSFP, sustainability risk in specific financing decisions is assessed and managed through a structured, risk-based due diligence process. In considering the risks arising from our financing exposure, both client- and transaction-level risks are accounted for:

- In terms of business lending/financing, clients are assessed based on the entity's sustainability credentials, including policies, commitments, and track record.
- At the transaction level, we take into consideration the intended use of proceeds, and potential environmental and social impacts that could arise as a result.

### Basic Sustainability Due Diligence

All companies that CIMB does business with are subjected to basic sustainability due diligence that is undertaken by CIMB's relationship managers.

The Basic Sustainability Due Diligence (BSDD) encompasses basic assessment on key environmental and social risks that a client may be exposed to including human rights risk, and whether a client has been linked to social or environmental related adverse news in the past three years. This includes checking if a client has been cited in news reports, or linked through credible sources to negative social and environmental impacts.

We believe that three years is a reasonable time frame to ensure material risks are considered as part of the assessment of a client's sustainability risk. However, if there are severe risks beyond the three-year time frame that remain unresolved, these would also be considered. A regular assurance process is in place, with cases checked periodically to confirm the accuracy and completeness of the BSDDs.

### *Enhanced Sustainability Due Diligence*

Clients that are in sustainability sensitive sectors or are facing escalated risks as indicated via the BSDD are subjected to an enhanced sustainability due diligence (ESDD) process. The enhanced due diligence involves an internal analysis conducted by CIMB's Sustainability team, supplemented by external subject matter expertise where necessary.

#### **There are several circumstances that require a client to undergo the ESDD:**

- Clients where the BSDD process reveals significant environmental or social risk.
- Clients who are engaged in Sustainability Sensitive Sectors as defined by CIMB and have not fulfilled the minimum requirements laid out in CIMB's Sector Guides.
- Clients who have not complied with Sustainability Action Plans that were mutually agreed upon approval of a financing facility
- Clients that have been highlighted as being linked to significant environmental and social risks by credible sources including, but not limited to, CIMB employees and stakeholders, regulators, media, non-governmental organisations, and recognised sustainability information providers.

Through the ESDD process, we are able to identify if the client has room for improvement in terms of managing sustainability risks or has already sufficiently managed these risks. The ESDD process is driven by a number of factors, including understanding clients' businesses and operations, as well as industry and sector-specific risk factors. We recognise that different companies operating within the same industry may have significantly different levels of progress in sustainability commitments and progress.

In arriving at recommendations from an environmental and social perspective, we assess clients' sustainability performance and risks, as well as their commitment, capacity and track record in managing environmental and social issues. CIMB also considers operational procedures, reputational risk, and regulatory compliance.

These aspects are assessed from two perspectives:

- The environmental and social risks that the **client and its operations are exposed to**, due to considerations such as the nature of its activities, geographical location, supply chain and raw material production impacts, among others. A key aspect of consideration includes climate-related physical and transition risks, as well as mitigation actions that are being pursued.
- The environmental and social risks **arising from the financed activity**. This includes specific project-related risks and related direct and indirect impacts to the environment and communities, and includes an assessment of the client's sustainability commitments, policies, performance, track record, and reputation.

The outcome of the ESDD guides our financing decisions, and may result in either a recommendation for approval, or a recommendation with mutually agreed action plans on managing sustainability risks, or a recommendation to reject a client for financing.

### Key Environmental and Social Considerations for Assessing Risk

We take into account a broad scope of environmental and social considerations in assessing risk in potential clients and transactions. A non-exhaustive list of issues we consider is in the table below.

<b>Environmental Risks</b>	<ul style="list-style-type: none"> <li>▪ <b>Climate Change:</b> Business activities that may be impacted by climate change leading to business disruption and/or negative financial impacts in the future. These could include: <ul style="list-style-type: none"> <li>➤ Physical risks such as floods, droughts and other extreme weather events, either impacting the business activity itself or via the supply chain; and</li> <li>➤ Transition risks in moving towards a low-carbon economy, such as regulatory changes, carbon pricing and shifting away from fossil fuels.</li> </ul> </li> <li>▪ <b>Biodiversity Loss:</b> The risk arising from activities that occur within or near areas of high biodiversity that may impact endemic or endangered species of flora and fauna.</li> <li>▪ <b>Deforestation:</b> The risk arising from developments and other industrial activities on forested areas, including those designated as national or state reserves and High Conservation Value/ High Carbon Stock areas as assessed by a credible technical assessor.</li> <li>▪ <b>Ecosystem Degradation:</b> The risk arising from permanent changes or significant impacts to sensitive physical environments such as mangrove, peat swamp or limestone areas.</li> <li>▪ <b>Marine Environment:</b> The risk arising from activities that impact marine ecosystems, that may cause loss of marine biodiversity.</li> <li>▪ <b>Waste and Pollution:</b> The risk arising from production and management of waste and by-products that may arise from activities within or surrounding a landscape, including air, land, and water pollution.</li> <li>▪ <b>Material and Energy Use:</b> The risk arising from high or inefficient use of natural resources, electricity, and other energy sources.</li> <li>▪ <b>Water Scarcity:</b> The risk arising from activities conducted in areas of water scarcity, and where developments could impact water availability, for example, through changes in the natural landscape.</li> </ul> <p>CIMB's Statement on Biodiversity and Nature is available on our <a href="#">website</a>.</p>
<b>Social Risks</b>	<ul style="list-style-type: none"> <li>➤ <b>Institutional Integrity<sup>2</sup>:</b> The risk arising from poor management practices that may result in non-fulfillment of sustainability policies and commitments and negative environmental and social impacts.</li> <li>➤ <b>Human Rights and Labour:</b> The risk arising from activities impacting communities and workers, including working conditions and benefits, equal remuneration, gender equality and no discrimination, contractual agreements, right to form associations, and provision of basic needs including housing, access to water, healthcare and education, among others. CIMB Group's Policy Statement on Human Rights is available on our <a href="#">website</a>.</li> </ul>

<sup>2</sup> Note that risk factors related to a client's governance issues are considered as part of the scope of the CIMB Group Anti-Money Laundering / Counter-Financing of Terrorism and Group Anti-Bribery and Corruption Policies, which deal with offences or unlawful activities such as financial crime, money laundering, terrorism, proliferation financing, bribery and corruption, and regulatory breaches.

- **Negative Impacts on Communities:** The risk arising from activities that impact inhabited areas, including the Free, Prior and Informed Consent (FPIC) of communities impacted by business activities.
- **Health and Safety:** The risk arising from unsafe working conditions, including lack of provision of personal protective equipment, lack of policies and procedures on workplace safety and access to compensation and medical coverage.

The environmental and social risks outlined above could result in financial risks to CIMB. In arriving at a financing decision, the following risks are considered in line with CIMB's sustainability commitments:

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**Credit Risk**

The potential for financial losses arising from a client's inability to meet their obligations to the bank due to reasons such as failure to anticipate and manage environmental and social risks in their business, inadequate control over environmental impacts, or poor management oversight.

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**Reputational Risk**

The potential risk of reputational damage to the bank, either directly or by association, due to material issues such as legal or regulatory non-compliance, failure to meet ESG commitments, or involvement in significant controversies that could impact stakeholder trust.

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**Operational Risk**

The risk of loss arising from inadequate or failed processes, people and systems, or from external events, as well as failure to meet sustainability requirements, such as non-compliance with ESG standards.

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**Collateral Risk**

The potential for financial losses arising from the loss or devaluation of collateral pledged to the bank due to reasons such as client's failure to adequately protect these assets through effective environmental and social risk management systems and controls.

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**Market Risk**

The potential for disruption and negative shifts in the value, supply or demand for products and services due to environmental and social risks linked to their production or consumption

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**Liquidity Risk**

The risk of not being able to meet short-term financial demands due to insufficient cash, the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. This includes challenges arising from sustainability factors, such as the inability to liquidate assets tied to sustainable investments or the financial impact of failing to adhere to ESG commitments.

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**Legal Risk**

The potential impacts of legal or regulatory non-compliance due to the failure to adequately address environmental and social risks leading to punitive measures such as regulatory fines, penalties, sanctions.

## Technology Risk

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The potential risks related to technologies and machinery due to reasons such as the transition to more sustainable, low-carbon and energy-efficient production methods, resulting in loss of customers and market share.

### *Key Data Sources for Due Diligence*

Some of our primary sources of data are listed below.

#### ➤ **Client disclosures and reporting**

Information on sustainability is obtained from a company's disclosures including their annual report, sustainability report, if available, and relevant press releases and company announcements.

The initial step in the ESDD process is understanding the client's operations. This includes information on the company's core and non-core businesses, revenue contributions from each business, existing disclosures on sustainability, and any relevant environmental and social risk controls.

Companies that fall within a sustainability sensitive sector as identified by CIMB are subjected to the ESDD process and minimum requirements apply for certain sectors.

*Refer below for more details on sustainability sensitive sectors and minimum requirements.*

#### ➤ **Reference to Third-Party ESG Data Providers**

CIMB utilises specialist providers of ESG-related information on clients' environmental and social impacts and risks. Each company in the provider's database is linked to a score derived from its disclosures on sustainability governance, environmental and social risk controls as well as controversies that the client has been linked to. We may also leverage satellite monitoring technology to detect land-use change and deforestation risk, and use other publicly available tools that support projection of climate physical risk (i.e. flood risk) based on global temperature scenarios.

#### ➤ **Media reports and other sources**

Information on a client's sustainability position is obtained from credible news sources, in particular, pertaining to controversies related to a company's operations that may have resulted in negative environmental or social impacts. The analysis also includes positive impacts that may arise from a company's operations, and this is considered in the recommendation decision.

### *Approval and Escalation*

Based on the above steps, the ESDD report is reviewed internally and a recommendation for approval is provided by Group Sustainability.

The ESDD report can result in five potential outcomes based on the following:

<b>Recommended</b>	<ul style="list-style-type: none"> <li>▪ The client has adequate systems and controls over its sustainability risks.</li> <li>▪ The environmental and social risks arising from the client's activities and governance are deemed acceptably low, or have been sufficiently managed and controlled.</li> <li>▪ The client is fully in compliance with requirements set out by the relevant CIMB Sector Guide.</li> </ul>
<b>Recommended with Notes</b>	<ul style="list-style-type: none"> <li>▪ The client is in compliance with requirements set out by the relevant CIMB Sector Guide.</li> <li>▪ The client generally has adequate systems and controls to manage their sustainability risks, although some newly identified or increasingly important risks have been observed.</li> <li>▪ These risks do not require action plans but warrant monitoring, further exploration or clarification in future reviews.</li> <li>▪ If these risks escalate or remain unaddressed, action plans may be recommended in subsequent annual assessments.</li> </ul>
<b>Recommended with Action Plan(s)</b>	<ul style="list-style-type: none"> <li>▪ The client has certain gaps in their systems and controls on sustainability and needs to address these within a specified time frame.</li> <li>▪ The client has not fully complied with requirements set out by the relevant Sector Guide.</li> <li>▪ The client has an ongoing sustainability controversy that needs to be addressed through a time-bound action plan.</li> </ul>
<b>Not Recommended</b>	<ul style="list-style-type: none"> <li>▪ The client has inadequate systems and controls to manage their sustainability risks and has not shown commitment or progress in improving these.</li> <li>▪ The client has an ongoing sustainability controversy that is assessed to be critical and may result in immediate and permanent damage to the environment or society.</li> </ul>
<b>Reject</b>	<ul style="list-style-type: none"> <li>▪ The client is engaging in a prohibited activity as defined in CIMB's Exclusion List (refer <a href="#">Exclusion List of Activities</a>).</li> <li>▪ The client is listed in CIMB's Sustainability Watchlist.</li> </ul>

All high sustainability risk cases require approval by the relevant approving authority within the Business Unit (Wholesale or Commercial Banking). In cases where there is non-concurrence in the recommendation between the approving authority and Group Sustainability, the decision is escalated ultimately to the Group Executive Committee (GEXCO), chaired by the Group CEO. GEXCO has the discretion to further escalate the decision to the Board or the Board Group Sustainability Committee (BGSC) for final approval.



#### *Client Engagement and Action Plans*

In some cases, a client may be linked to negative environmental and social impacts or are not currently meeting our minimum requirements. If the impacts are not severe in nature and may be rectified or improved through the implementation of controls and remedial measures, CIMB will engage the client and may request that the client implements a time-bound action plan. The time-bound action plan is reviewed on an annual basis to check for adherence and progress on resolution. Extension request of time-bound action plan is permitted with sufficient justification.

#### *Sustainability Watchlist*

If a client does not fulfill the requirements of their action plan, CIMB issues a reminder letter to the client. If the client does not respond or does not satisfactorily provide reasons for a delay in implementation of an action plan, the client may be placed on the Sustainability Watchlist. Any client on the Sustainability Watchlist is prevented from obtaining any new or additional financing from CIMB.

## Key Elements of the GSFP

### *Sustainability Sensitive Sector List*

CIMB maintains a list of sectors and subsectors which are deemed to be faced with high current or potential environmental (including climate and nature) and social risks. This list of sustainability sensitive sectors is reviewed periodically to ensure continued relevance.

<b>Palm Oil</b>	Clients involved in the planting of palm, manufacturing of palm and its products, and trading of palm and its products
<b>Forestry</b>	Clients involved in silviculture (forest plantations) and logging activities in natural forests
<b>Construction &amp; Infrastructure</b>	Clients involved in the following activities: <ul style="list-style-type: none"> <li>• Construction of roads, railways, utility projects, airports, harbours and other civil engineering projects</li> <li>• Infrastructure including for airports, harbours, highways and bridges</li> <li>• Construction of real estate developments</li> <li>• Demolition</li> <li>• Site preparation</li> </ul>
<b>Oil &amp; Gas</b>	Clients involved in upstream oil & gas activities in production and exploration, midstream, downstream and wholesale activities
<b>Mining &amp; Quarrying</b>	Clients involved in the mining and quarrying of raw materials, including but not limited to extraction of gold and tin, mining of iron ores, non-ferrous metals, radioactive materials, chemical and fertiliser minerals, quarrying of stone, sand and clay, extraction of peat
<b>Coal &amp; Power Generation</b>	Clients involved in mining of coal, coal-fired electric power generation, transmission and distribution, shipping of coal, infrastructure built for coal, manufacturing of coal and its products, and coal contractors
<b>Manufacturing</b>	Clients involved in manufacturing, including processing of mined materials i.e. coal, iron ore, oil and gas; automotive and transport, materials used in construction including cement and steel; agricultural products including pulp and paper and rubber products; semi-conductor & computer equipment, electrical & electronic equipment, machinery, chemicals, plastics, textiles, apparel and leather goods
<b>Permitted Exemption Activities</b>	Arms & Munitions, Casino and Gaming, World Heritage Sites ( <i>as described in the section on Permitted Exemptions to Exclusion List</i> ).

### *Exclusion List of Activities*

CIMB has instituted stringent controls against financing activities that are in contravention of laws and regulations, and where there is imminent risk to life and wellbeing.

CIMB will not engage with clients involved in the following activities:

- **Illegal activities** – Transactions with individuals or entities that are known to be involved in illegal activities, including but not limited to arrangements / engagements structured solely to assist obligors / counterparties to contravene regulatory, accounting and tax rules and guidelines, or aimed at tax evasion and/or , manipulating financial statements and/or trading of endangered species under CITES. For the avoidance of doubt, the legality of an activity is determined based on the national laws of the country where the activity takes place.
- **Arms and Munitions** – Military Equipment / Proliferation Financing including transactions linked to the financing of production, sale / purchase, storage or movement of arms and munitions, financing of proliferation of weapons of mass destruction (e.g. nuclear, biological, or chemical weapons), financing of parts mainly or solely used for arms and munitions, as well as financing of related technologies or services for arms and munitions.
- **Casino and Gaming** - Transactions or clients involved in pure casino / gaming enterprises or internet-based casino / gaming activities.
- **Bribery** – An inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage which constitutes improper performance.
- **Breaches of national labour laws and human trafficking laws** – Including engaging with companies directly involved in child labour, human trafficking, or breaches of labour and related regulations.
- **Illegal logging or uncontrolled fire** – Including business relations that engage in illegal logging or uncontrolled use of fire for clearing forest lands.
- **Activities impacting World Heritage Sites** – Business relations or transactions that involve undertaking activities within UNESCO World Heritage sites (cultural natural, and mixed) that may have a direct negative impact on World Heritage Sites and areas in close proximity to it.
- **Terrorism** – Business relations or transactions involved in the unlawful use of violence and intimidation, especially against civilians in the pursuit of political aims.
- **Smuggling** – Business relations or transactions involved in the illegal movement of goods in or out of a country.

Additionally, CIMB will not finance the following activities:

- **Thermal coal** – Any forms of investments held for sale or to maturity, asset-level or general corporate financing or refinancing including project financing and capital raising that are specified as being for, or advisory services in connection with greenfield and existing thermal coal mines and/or coal-fired power plant (CFPP) projects including their expansions, retrofit and/or modification projects for CFPP, acquisition of thermal coal mines and/or CFPP, greenfield infrastructure projects constructed predominantly for thermal coal mining activities, and mountaintop removal, in any location (refer to [Coal Sector Position Statement](#) for more details).
- **New oil fields** – New lending, investments held for sale or to maturity, and capital market facilitation specifically for the purpose of financing new oil field projects approved for development after 31 Dec 2021 (refer to [Oil & Gas Sector Position Statement](#) for more details).

In addition to the above, the Group will not engage in transactions that directly support political campaigns, either via government officials, politicians, political candidates or political organisations.

*Permitted Exemptions to Exclusion List*

In relation to the above, under certain conditions, permitted exemptions are described for the following activities:

**Arms and Munitions:**

Specific exemptions may be granted by the Board Group Sustainability Committee (BGSC) on a case-to-case basis.

- (a) For Arms and Munitions Permitted Exemptions involving sale to the Government of Malaysia Ministry of Defence and/or Malaysian law enforcement agencies (subject to clients not having arms and munitions sales to other parties), approval by the relevant credit approving authority and notification to the Group Executive Committee (GEXCO).
- (b) For all other Arms and Munitions Permitted Exemptions, endorsement by the Group Executive Committee (GEXCO) and approval by BGSC.

**Casinos and Gaming:**

Permitted Exemptions may be approved by the relevant credit approving authority with notification to the Group Executive Committee (GEXCO) for:

- (a) Regulated gaming enterprises with stringent licensing requirements and a high level of regular ongoing government supervision; *and*
- (b) Meets at least one of the following criteria:
  - i. Major hotel, entertainment, leisure and cruise companies that are part of a pre-approved target market and involved in managing casinos as part of their overall business activities;
  - ii. Large well-capitalised corporations with a good degree of financial flexibility and with rigorous control measures in place which the Group may rely on and from which confirmation of these measures can be obtained / established with minimum amount of due diligence.

Permitted Exemptions for casino / gaming also apply to the promoters of the above-mentioned types of entities.

**World Heritage Sites:**

Permitted Exemptions may be approved by the Group Executive Committee (GEXCO) for activities where there is prior consensus with both the government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site.

## Sustainability Sensitive Sector Position Statements

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CIMB Group has committed to certain minimum expectations for clients operating in sectors identified as carrying elevated levels of sustainability risk. The purpose of these guidelines is to ensure clients are aligned with the Group's aspirations in progressing on sustainability and as a safeguard against the unmitigated environmental and social risk that could lead to negative reputational impact and financial impact in the long run if left unmanaged. This includes consideration of entity-level risks and transaction level risks as highlighted in the Enhanced Sustainability Due Diligence (ESDD) report.

Through the implementation of sector guides, CIMB intends to increase the capacity of client relationship managers in identifying risk factors linked to clients, while encouraging clients to adopt better environmental and social management practices to address these risks.

### Basic Elements of CIMB Sector Guides

Each sector guide is based on three categories:

- **Prohibitions:** Describes activities that clients are not to engage in, and for which CIMB would not extend financing.
- **Requirements:** Sets out minimum standards for clients to comply to, failing which an action plan may be imposed.
- **Encouragement:** Industry best practices and international stakeholder expectations that clients are strongly encouraged to fulfil.

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CIMB's philosophy with regard to clients with less robust environmental and social risk management practices is to continually engage and encourage improvements. This is done through discussions and by agreeing to time-bound action plans. As seen in cases of market exclusion, the total disengagement from high-risk clients results in further damage to the environment and people working in and impacted by these industries, as clients would seek out other sources of financing. However, in cases where there are critical and immediate risks arising, CIMB may choose to terminate a client relationship where possible.

CIMB recognises the economic importance of various industry sectors, especially in the context of development needs across our core regional presence in ASEAN. Accordingly, we are guided by Board-level oversight and commitments to sustainability, our commitment to the Principles for Responsible Banking (PRB), Net Zero Banking Alliance (NZBA), CIMB's Human Rights Policy aligning to international standards including the UN Guiding Principles of Businesses and Human Rights (UNGPR). We have also accounted for stakeholder requirements from institutional investors, regulators, central banks, governments, our customers, civil society and environmental groups on the application of our sustainability policies.

Key to implementing our sector guides is by striking a balance between achievability in consideration of local context and progress on sustainability within the regions we operate in. We strive to implement the highest standards for managing environmental and social risks while acknowledging that certain sectors have progressed further than others.

Each Sector Guide has been developed in accordance with industry best practices and guidance from relevant industry bodies. These references include the International Finance Corporation (IFC) Standards, Programme for Endorsement of Forest Certification (PEFC), Forest Stewardship Council (FSC), Roundtable

for Sustainable Palm Oil (RSPO). As part of this approach, CIMB incorporates No Deforestation, No Peat, No Exploitation (NDPE) principles as a fundamental element of our biodiversity and nature risk management guidelines, particularly applied to high-priority sectors such as palm oil and forestry (including rubber). These sectors face elevated nature-related risks due to their potential impacts on deforestation, peatland conversion, biodiversity loss, ecosystem health, and carbon storage. By embedding these standards, CIMB aligns its financing practices with responsible land-use principles that protect high conservation value areas, safeguard critical ecosystem services such as water regulation and soil health and promote biodiversity conservation.

In addition, CIMB's Sector Guides are developed with reference to the Values Based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides, ensuring that our commitment to sustainable practices is comprehensive and aligned with recognized frameworks.

The requirements set out in CIMB's Sector Guides are applicable across all countries of operation. The operational rollout of the requirements described is subject to localisation and customisation in accordance with local regulatory frameworks. However, key principles remain the same. This process takes place according to a phased implementation plan across our countries of operation.

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## Palm Oil

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CIMB Group recognises the importance of the palm oil industry in the ASEAN region, as well as its importance as a globally-consumed edible oil. The sector guidance for palm oil identifies the planting of palm as a high sustainability risk business activity, largely due to potential linkages to deforestation, loss of biodiversity and potential human rights infringements, among others.

The palm oil industry employs millions of people across Malaysia and Indonesia and is among the top three sectors in both countries based on economic contribution. We are cognisant that growth in the sector has resulted in cases of negative environmental and social impacts and seek to minimise these impacts through positive engagement with clients in the industry. Through these engagements, we seek to encourage clients to adopt best practices and commit to stronger sustainability standards.

Key to ensuring sustainability in the palm oil sector is the adoption of No Deforestation, No Peat and No Exploitation (NDPE) commitments across the palm oil supply chain. We recognise deforestation risks may be linked to the development of new plantations that replace tropical forest landscapes. We also recognise that there are challenges in upholding labour rights across the palm oil supply chain from large companies to smallholder farmers.

Through the implementation of our sector guide for palm oil, we aim to align with recognised and credible certification schemes that set clear requirements and guidelines for companies in the sector to adhere to. The Malaysian Sustainable Palm Oil (MSPO) and Indonesian Sustainable Palm Oil (ISPO) schemes in Malaysia and Indonesia, respectively, are part of our requirements as these schemes allow for widespread adoption through government mandates. The Roundtable on Sustainable Palm Oil (RSPO) and International Sustainability & Carbon Certification (ISCC) schemes are also accepted in line with our sector guide as they ensure best practices for new and existing developments.

We seek to ensure that our clients are not involved in egregious exploitative practices related to labour and local communities. As such, we require compliance to all legal requirements on labour including child labour, minimum wage, anti-trafficking laws, and related requirements. Local and indigenous people's rights are expected to be adhered to through the implementation of credible certification schemes and adherence to legal requirements in countries of operations.

Smallholders are an essential part of the palm oil value chain, and as such are expected to participate in the economic benefits of the industry. We seek to ensure that smallholders are dealt with fairly and transparently through the implementation of the sector guide.

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**CIMB's Palm Oil Sector Guide applies to clients involved in palm plantations, manufacture of palm and its products, and trading of palm and its products**

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**Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Illegal activities
- Illegal land conversion/ land use
- Use of fire for land clearing
- Activities impacting World Heritage Sites
- Breaches of national labour laws and human trafficking laws, including engaging with clients directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List

**Requirements:**

CIMB requires clients to have in place the following:

- A No Deforestation, No Peat, and No Exploitation (NDPE) policy (covering own operations and fresh fruit bunches suppliers)
- Certification of palm oil plantations under the MSPO, ISPO, RSPO or ISCC certification schemes
- Mitigation plans for environmental and social risks such as pollution, water, fire, emissions and social issues
- Methane capture or avoidance facilities for mills established after 2014 / existing mills expanding production capacity<sup>3</sup>
- Traceability mechanism which allows identification of palm products and their derivatives to the supplying plantations(s) as evidence that the product is deforestation-free
- GHG management and monitoring for Scope 1, 2 and upstream for Scope 3 (3<sup>rd</sup> party supplying estates)
- An Occupational Health and Safety (OHS) Policy

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<sup>3</sup> Applicable for palm oil mill(s) in Malaysia where in 2014, the Malaysian Government mandated new palm oil mills and old mills that are expanding their capacity to install methane avoidance facilities (Source: NC3BUR2, VBI AF Sectoral Guide on Palm Oil, 31 March 2021)

- The ability to demonstrate respect for human rights, including:
  - Establishing a human rights policy and publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### **Encouragement:**

CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
  - Provide evidence that operations and business practices comply with all applicable local and national laws and regulations
  - Have a policy or code of conduct that prohibits all forms of bribery / corruption
  - Establish traceability system for external fresh fruit bunches (FFB) suppliers
  - An assurance mechanism to ensure that FFB is sourced legally
  - Engage external FFB suppliers on No Deforestation, No Peat, No Exploitation (NDPE) policy / commitment
  - Have in place a thorough and transparent grievance mechanism available for all stakeholders
  - Adoption of international best practices pertaining to either RSPO/OSCC certification or requirements
- **On environmental risk:**
  - Commit to no conversion of high carbon stock (HCS) forests for new development.
  - Existing plantations on peat areas should adopt Best Management Practices for peat as defined by experts e.g. MPOB's Guidelines for the Development of a Standard Operating Procedure for Oil Palm Cultivation on Peat, International Peatland Society and Roundtable on Sustainable Palm Oil.
  - Adopt best management practices relating to sustainable production (including rehabilitating peat at the end of planting cycle, reforest and restore degraded land and environmental management techniques for fertilizer/ water use, energy efficiency and waste management).
- **On social risk:**
  - Address gender equality issues in relation to suppliers
  - Encourage smallholder participation in palm oil supply chains

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## **Forestry**

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CIMB supports sustainable forestry and encourages clients to adopt international best practices in forestry to conserve High Conservation Value forest landscapes and protect biodiversity.

CIMB recognises that the forestry sector may create unintended sustainability impacts, including clearing of primary forests, loss of natural habitats for endangered species, mismanagement of forestry resources, impacts on water catchment areas, violations of local and indigenous community rights, and loss of forest resources. On the other hand, the contribution of the sector to economies across ASEAN is significant and



CIMB seeks to ensure that local and indigenous communities are not disadvantaged by the extraction of forest resources.

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**CIMB's Forestry Sector Guide applies to clients involved in logging in natural forests and silviculture (forest plantations), including acacia plantations for pulp and paper industry, and rubber plantations.**

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### **Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Exploration and production without licences from relevant authorities
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List.

### **Requirements:**

CIMB requires clients to have in place the following:

- For logging in natural forests
  - Forest Managers to have a Forest Management Plan (FMP) or equivalent (as required by national law) within the Forest Management Unit (FMU) where the logging takes place
  - Forestry companies to operate by the FMP or equivalent
  - Forestry companies to conduct High Conservation Value (HCV) assessment and ensure that HCV are maintained or enhanced
- For operations in forest plantations
  - Implementation of a No Deforestation, No Peat, and No Exploitation (NDPE) policy
- All companies must be able to demonstrate respect for human rights, including:
  - Establishing a human rights policy and publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### **Encouragement:**

CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- Implementation of Forest Management Certifications through either the Forest Stewardship Council (FSC) or the Malaysian Timber Certification Scheme (MTCS) or equivalent
- Participation in national FSC or Programme for the Endorsement of Forest Certification (PEFC) multi-stakeholder governance systems (or equivalent forest management initiatives)
- **On governance:**
  - Publish evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. Forest Management Plan, EIA/SIA report)
  - Develop and implement an internal anti-corruption compliance programme

- **On environmental risk:**
  - Forest manager/ forest plantation managers should respect relevant international treaties, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and International Tropical Timber Agreement (ITTA)
  - For natural forests and forest plantations, forest managers/ forest plantation managers should maintain and/or enhance HCV areas
  - **CIMB strongly discourages** forest plantation conversion from High Carbon Stock (HCS) areas
- **On social risk:**
  - Companies to ensure their business operations meet key labour standards (i.e. International Labour Organization (ILO) Conventions)
  - Develop a strategy for community engagement, clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
  - Continuously engage with impacted communities such as to contribute to their social and economic development, provide opportunities for employment, training, and other services to local communities

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## Construction and Infrastructure

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Construction, real estate and infrastructure development are important for the economic and social development of the ASEAN region where CIMB operates. However, we recognise that the sector is exposed to a number of environmental and social risks, both as impacts arising directly or indirectly from industrial activities, as well as impacts that this sector is exposed to, such as physical climate risks.

CIMB seeks to actively manage risks from construction, real estate and infrastructure development activities, especially those that are large-scale and may involve land use change. In addition, due to the large number of lower wage and migrant workers involved in this sector, human rights and labour issues are a key area of focus, in addition to safety and health. We seek to ensure that our clients are not involved in egregious exploitative practices related to labour and local communities. Local and indigenous people's rights, as well as those of communities impacted by development projects, are expected to be respected. The risk management approach for construction and infrastructure seeks to ensure strong controls over environmental and social risks by our clients.

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**CIMB's construction and infrastructure sector guide applies to clients involved in the following activities:**

- Construction of infrastructure including roads, highways, bridges, railways, utility projects, airports, harbours and other civil engineering projects
  - Construction of real estate developments
  - Demolition
  - Site preparation
-

### **Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Illegal construction or development operations without licence/permit to operate
- Illegal logging
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List

### **Requirements:**

CIMB requires clients to have in place the following for all new and ongoing developments:

- An Environmental Impact Assessment (EIA) (as required by national law) and Social Impact Assessment (SIA) (as required by national law)
- An Environmental Management Plan covering key risks, mitigation, and monitoring process
- An Occupational Health and Safety (OHS) Policy
- The ability to demonstrate respect for human rights, including:
  - Establishing a human rights policy and publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### **Encouragement:**

CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- Achievement of at least the minimum sustainability ratings (i.e. Bronze, Certified) of applicable national standards/ guidelines for the construction of property/ infrastructure industry (such as Green Building Index, Green Mark, LEED, BREEAM)
- Public commitment in the form of policies on material environmental and social issues (such as health and safety, energy consumption and biodiversity loss)

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## **Oil & Gas**

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CIMB recognises that the extraction, production and subsequent use of fossil fuels is a main cause of anthropogenic (man-made) carbon emissions globally, through the release of massive amounts of stored carbon into the atmosphere. However, the global economy is still heavily reliant on fossil fuels including for electricity generation, heating, transportation, and consumer products including plastics.

The oil and gas industry is exposed to environmental and social risks via potential direct and indirect impacts arising as a result of its industrial activities. At the same time, the sector is also exposed to risks and impacts from climate change, such as physical risks on operations and assets, as well as transition risks from developments such as carbon pricing, energy policies, and buyer preferences.

In the ASEAN region, fossil fuels currently dominate majority of primary energy supply, driving economic growth and employment. Despite increasing decarbonisation commitments, balancing energy security, affordability, and sustainability is crucial. The region remains heavily reliant on coal, with natural gas playing a key transitional role and supporting the stability of renewable energy sources like wind and solar.

Our position aims to direct capital toward renewable and low-carbon fuels, reduce oil and gas emissions, and limit investment in new oil exploration and production.

CIMB seeks to ensure effective management of environmental and social risks in this sector, with particular focus on the upstream segment of oil and gas activities, and encourages clients to adopt internationally-recognised industry standards. We seek to minimise the impacts of oil and gas extraction through the implementation of environmental and social risk controls, such as health and safety controls.

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**CIMB's oil and gas sector guide applies to clients involved in the following activities:**

- Businesses and/or projects in the upstream<sup>4</sup> segment of the industry, and support activities for those businesses and/or projects
- Support activities in the upstream value chain of petroleum and natural gas production
- Pipelines for transportation of oil and gas
- Manufacture of refined petroleum products and gas products and wholesale of fuels and related products
- Distribution of gaseous fuels through mains

**Prohibitions:**

From 1 January 2025, no longer provide new dedicated financing for new oil field projects approved for development after 31 December 2021<sup>5</sup>

CIMB prohibits any form of asset-level or general corporate financing, including project financing, capital raising and bond investment, of clients with proof of involvement in the following activities:

- Exploration and production without licenses from relevant authorities
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List

**Requirements:**

CIMB requires clients to have in place the following:

- An Environmental Impact Assessment (EIA) or equivalent (as required by national law)
- A Social Impact Assessment (SIA) or equivalent (as required by national law)
- An Occupational Health and Safety (OHS) Policy
- Management and monitoring of Scope 1 and 2 (emissions from exploration, extraction, transportation and refining)

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<sup>4</sup> The International Energy Agency (IEA) defines “upstream” as exploration, appraisal (i.e. the process where wells are drilled so as to understand the potential of a hydrocarbon reservoir before commercial production), development and production activities pertaining to reserves of crude oil, natural gas liquids and condensates.

<sup>5</sup> This prohibition applies to all forms of new oil field projects, including conventional and unconventional methods such as tar sands, shale, and projects located in the Arctic and ultra-deep-water (UDW), as well as expansions after 31 Dec 2021

- The ability to demonstrate respect for human rights, including:
  - Establishing a human rights policy or publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### **Encouragement:**

CIMB seeks to encourage clients to adhere to international industry standards such as:

- International Finance Corporation (IFC) guidelines for Liquefied Natural Gas (LNG) Facilities, Offshore Oil and Gas Development, and Onshore Oil and Gas Development
- International Petroleum Industry Environmental Conservation Association (IPIECA) environmental and social performance guidelines

In addition, CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
  - Disclosure of chemical by-products that may arise from operations (e.g. fracking)
  - Public commitment in the form of policies surrounding issues regarding climate change
  - Development of a strategy for community engagement, clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
  - Development and implementation of an internal anti-corruption compliance programme
  - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan)
- **On environmental risk:**
  - Monitoring of Scope 3 GHG emissions from combustion of oil and gas products by end-users, which represent most of their total emissions
  - Development of a credible transition plan aligned with the Paris Agreement or NDC, with targets, governance, and integration into core business strategy
  - Reduction and eventual elimination of methane emissions from operations in alignment with the Oil and Gas Methane Partnership (OGMP) 2.0 framework
  - Reduction and eventual elimination of venting and routine flaring in accordance with the World Bank Zero Routine Flaring 2030 initiative
  - For Floating Production, Storage and Offloading (FPSO) and Floating Liquefied Natural Gas (FLNG) operations, management of marine risks in accordance with the International Association of Oil and Gas Producers' (IOGP) guidelines
- **On social risk:**
  - Clients to ensure their business operations meet key labour standards i.e. International Labour Organization (ILO) Conventions
  - Achieve Free, Prior and Informed Consent (FPIC) for activities that may affect settlements of indigenous people

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## Coal

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The coal power and mining sectors contribute to development in the ASEAN region. With sizeable coal reserves in various parts of the region, including Indonesia, coal serves as an accessible energy option for increasing access to electricity for millions of underserved communities. Additionally, metallurgical coal is a critical input for industrial processes such as steelmaking.

However, coal mining and the combustion of coal for power generation (i.e. thermal coal) are recognised as exceptionally large sources of global carbon emissions. Therefore, we are currently encouraging existing power sector clients to diversify their sources of energy towards cleaner ones.

As per Intergovernmental Panel on Climate Change (IPCC) recommendations, coal must be phased out in developed countries by 2030 and globally by 2040<sup>6</sup>, in order to limit climate change to 1.5 degrees Celsius by 2100.

**Since 2021, CIMB has ceased to provide new financing or capital raising for greenfield coal-fired power plants and thermal coal mining (as well as expansion) regardless of country of operation. We are committed to phase out coal exposure from our portfolio by 2040 in line with 1.5°C-consistent climate scenarios.**

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**CIMB's Coal Sector Guide applies to clients involved in the following activities:**

- Mining of coal, including hard coal and lignite
- Shipping of coal
- Coal contractors (clients who derive more than 25% combined direct revenue<sup>7</sup> from thermal coal, or partly/ wholly owned by thermal coal mining entities, and of which more than 25% of their revenue is linked to their parent company)
- Coal infrastructure
- Coal-fired electric power generation

Note that CIMB's requirements for manufacturing of coal and its products are covered in the Manufacturing Sector Guide.

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### **Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Illegal coal mining operations without the necessary permits/ licenses to operate
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List

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<sup>6</sup> Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C, IPCC, Sept 2019

<sup>7</sup> The consolidated revenue derived from thermal coal mines and/or CFPP partially/wholly owned by the client and its subsidiaries. In the case where a guarantor is required, the revenue derived from thermal coal mines and/or CFPP partially/wholly owned by guarantor shall be included as part of direct revenue calculation of the obligor.

In line with CIMB's commitment to phase out thermal coal from our portfolio by 2040, the following prohibitions have been put in place.

- **Facility/Transaction/Use of Proceeds Level**

CIMB prohibits any form of asset-level or general corporate financing, including project financing, capital raising and bond investment, that is specified as being for:

- Greenfield<sup>8</sup> and/or existing thermal coal mine(s) and CFPP project(s)
- Acquisition of thermal coal mines and / or CFPP(s);
- Expansion(s) of thermal coal mine(s);
- Expansion(s), retrofit(s) and/or modification(s)<sup>9</sup> project(s) for CFPP(s);
- Greenfield coal infrastructure project(s)<sup>10</sup> constructed predominantly for thermal coal mining activities; or
- Mountain Top Removal (MTR) mining, in any location

- **Client Level**

CIMB will not finance clients exceeding the following thresholds:

- New clients<sup>11</sup> who derive more than 25% of combined direct revenue<sup>7</sup> from thermal coal
- Existing clients<sup>12</sup>:
  - Thermal coal mining clients who derive more than 50% combined direct revenue from thermal coal
  - Coal-fired electric power generation clients where more than 50% of their total power generation comes from thermal coal

These thresholds will be reduced over time. CIMB may still consider financing clients if the purpose of the financing is to pivot away from thermal coal or to support a low-carbon transition strategy.

## Requirements:

CIMB requires clients:

- To comply fully with in-country environmental and social laws and regulations, and obtain all relevant permits and/or certifications required in the respective countries in which they operate
- That operate existing thermal coal mines and/or CFPPs to have established an Environmental Impact Assessment (EIA) (as required by national law), Environmental Management Plan (EMP) and/or Environmental Monitoring Plan (EMoP) covering key risks, mitigation, and monitoring process
- To have time-bound diversification plan to demonstrate diversification efforts away from thermal coal towards less carbon-intensive business activities, or 1.5-degree pathway aligned transition plan consistent with CIMB's targets and commitments

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<sup>8</sup> Greenfield herein refers to any thermal coal mines or CFPP projects that have yet to achieve their commercial operation date ("COD").

<sup>9</sup> Any activities that involve increasing the capacity, updating technology, or making alterations to existing coal-fired power plants, including but not limited to adding new equipment, enhancing efficiency, or changing operational processes.

<sup>10</sup> Infrastructure project(s) for physical facilities and systems involved in the extraction, processing, transportation, and storage of thermal coal. This includes processing plants, transportation networks (roads, railways, terminals, ports) and associated infrastructure like storage facilities and waste disposal sites.

<sup>11</sup> Effective 1 January 2025.

<sup>12</sup> Effective 1 January 2030.

- To demonstrate respect for human rights, including:
  - Establishing a human rights policy or publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals
- To have closure plans for mines
- To have commitment to NDPE and demonstrate that their operations or projects do not threaten the outstanding universal value or special characteristics of UNESCO World Heritage sites, RAMSAR wetlands, high conservation value forests, or sites with critical natural habitats
- To have an Occupational Health and Safety (OHS) Policy

### **Encouragement:**

CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **Coal Mining:**
  - Conduct an assessment to define whether the mining site is located in a Conflict Affected and/or High-Risk Area in accordance with the definition provided in the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
  - Where topsoil is pre-stripped, to store the topsoil for future site rehabilitation activities
  - Apply dust suppression techniques (e.g. wetting down) for roads and work areas, optimise traffic patterns and reduce travel speeds
  - Prepare emergency response plans for exploration and production activities
  - Assess the hazards of the products of mining according to the UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory systems, and communicate through safety data sheets and labelling as appropriate
  - Strive to avoid resettlement. Where resettlement is unavoidable, it should be minimised, and appropriate measures taken to mitigate adverse impacts on displaced persons and host communities should be carefully planned, implemented, and compensated, with community participation
- **Coal-Fired Power Plants**
  - Prioritise the use of high-heat-content, low-ash, and low-sulfur coal
  - Install flue gas desulfurisation (FGD) for large boilers to prevent, minimise, and control SO<sub>2</sub> emissions
  - Adopt low NO<sub>x</sub> burners and Selective Catalytic Reduction (SCR) to reduce NO<sub>x</sub> emissions
  - Keep CO<sub>2</sub> emission intensity between 676-795 gCO<sub>2</sub>/kWh-gross (based on ultra-supercritical plants that have 37.6 – 42.7% Net Plant Efficiency, Higher Heating Value)
  - Upgrade or retrofit low-efficiency plants with high-efficiency, low-emissions (HELE) technologies (e.g. ultra-supercritical technology, integrated gasification combined cycle)
- **Coal-Fired Power Generation**
  - Regularly monitor and disclose environmental and social data such as greenhouse gas emissions, water consumption, and occupational health and safety performance, in annual reports or sustainability reports. Where possible, data collection and disclosure should be made in accordance with internationally-recognised methodologies such as the GHG Protocol, and Task Force on Climate-related Financial Disclosures (TCFD) recommendations



- Set clear targets for improving environmental and social performance, and in particular, greenhouse gas emissions

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## Mining and Quarrying

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Mining and quarrying activities provide much of the raw materials that people and communities rely on in their daily lives, from copper for electric and electronic equipment and aluminium for cars, to rock phosphate for fertilisers and limestone for cement production.

However, mining and quarrying activities have the potential to cause significant irreversible negative environmental impacts including permanent change to landscapes, deforestation and subsequent loss of biodiversity, water and air pollution, and soil erosion amongst others. Mining also involves highly hazardous chemicals, and waste generated from mining activities could cause health concerns for workers and surrounding communities if not carefully managed.

CIMB also recognises the social risks involved in mining and quarrying activities, such as health and safety risks and displacement of impacted communities when the Free, Prior, and Informed Consent principles (FPIC) are not respected by companies. CIMB seeks to minimise the potential negative impacts of the mining and quarrying through encouraging the implementation of stringent environmental and social risk controls.

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### **CIMB's Mining and Quarrying Sector Guide applies to clients involved in the following activities:**

- Mining and extraction of gold, tin, iron ores, uranium and thorium ores, and other non-ferrous metal ores
- Quarrying of stone, sand and clay
- Mining of chemical and fertiliser materials
- Extraction of peat and salt
- Other mining and quarrying activities not elsewhere classified
- Support activities for mining and quarrying (excluding oil and gas)

Mining of coal is excluded from this sector guide, and is instead covered under the Coal Sector Guide.

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### **Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Mining or quarrying activities including raw materials processing without licences from relevant authorities
- Mining or quarrying activities that adversely affect UNESCO World Heritage Sites or national and/or international protected areas.
- Any activities as described in the CIMB Exclusion List

### Requirements:

CIMB requires clients to have in place the following:

- Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) or equivalent (as required by national law)
- Environmental Management Plan (EMP) covering key risks, mitigation, and monitoring process
- Waste Management Plan covering safe handling, storage, and disposal of hazardous or radioactive waste materials. Where applicable, tailings management/storage facility, mine closure and decommissioning procedures are required
- An Occupational Health and Safety (OHS) Policy
- The ability to demonstrate respect for human rights, including:
  - Establishing a human rights policy or publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### Encouragement:

CIMB seeks to encourage clients to adhere to international industry standards such as:

- Ensure conformity to the International Finance Corporation's (IFC's) Environmental, Health and Safety Guidelines for Mining.
- Adoption of International Council on Mining and Metals (ICMM) Mining Principles.

In addition, CIMB seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
  - Public commitment in the form of policies surrounding issues regarding climate change including GHG emission reduction targets
  - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan)
  - A strategy for proactive community engagement (i.e. communication, education, participation & awareness (CEPA)), clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
- **On environmental risk:**
  - Progressive post-mining rehabilitation plans
  - Management plan on increasing the recovery, recycling and reuse of minerals, metals and mineral-based by-products
  - Disclosure of hazardous and/or radioactive waste and by-products that may arise from operations
  - **CIMB strongly discourages** mining and quarrying activities in areas of high biodiversity and/or High Conservation Value (HCV) and/or High Carbon Stock (HCS)
- **On social risk:**
  - Companies to ensure their business operations meet key labour standards (i.e. International Labour Organization (ILO) Conventions)

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## Manufacturing

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The manufacturing sector relies on a broad spectrum of inputs of raw materials and natural resources such as water, energy, agricultural and mining products. In ASEAN, the manufacturing sector is a key economic contributor that provides a large number of employment opportunities to the population.

However, unsustainable sourcing of raw material and inefficient use of natural resources have the potential to damage our natural ecosystems, and irresponsible management of waste including releasing of toxic gas or untreated effluent can cause serious contamination and public health concerns. Social risks also arise when workers' rights are not respected, with some segments of the manufacturing sector facing allegations of using child labour and forced labour, and practicing debt bondage.

CIMB strives to mitigate the environmental and social risks in the manufacturing sector by defining minimum requirements while enabling transformation of our clients towards more sustainable practices such as adoption of circular economy practices, cleaner energy, and human rights policies.

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### **CIMB's Manufacturing Sector Guide applies to clients involved in manufacturing of the following:**

- Products of gold, tin, coal, and iron ore
  - Automotive and transport related goods
  - Construction materials, including cement and steel
  - Products of agriculture, including pulp and paper and rubber products
  - Semi-conductor and computer-related goods, electrical and electronic equipment
  - Machinery and equipment
  - Chemicals
  - Plastics
  - Textiles, apparel and leather goods
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### **Prohibitions:**

CIMB prohibits the financing of clients with proof of involvement in the following activities:

- Illegal manufacturing operations without the necessary permits/licences to operate
- Manufacturing of products in breach of national consumer protection laws
- Manufacturing and distributing items that breach national laws
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Exclusion List

### **Requirements:**

CIMB requires clients to have in place the following:

- Commitment towards abiding by national Environmental Quality Management and Protection laws and regulations (as required by national laws)
- Waste Management Plan covering the safe handling, storage and disposal of solid waste, as well as liquid and gaseous discharge, abiding by relevant regulations
- An Occupational Health and Safety (OHS) Policy

- Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) on activities (as required by national laws)
- The ability to demonstrate respect for human rights, including:
  - Establishing a human rights policy or publicly committing to respect human rights
  - Conducting human rights due diligence to identify and mitigate human rights risks
  - Developing a grievance mechanism which respects anonymity and prohibits reprisals

### **Encouragement:**

CIMB seeks to encourage clients to adhere to international industry standards such as:

- The International Finance Corporation's (IFC's) Environmental, Health, and Safety Guidelines for General Manufacturing and Chemicals

CIMB also seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
  - Development and implementation of a Sustainable Sourcing Policy
  - Adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
  - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan, Waste Management Plan, labour standards)
- **On environmental risk:**
  - Certification of products made for commercial distribution with credible eco-labels that comply with international standards, wherever possible (e.g. Forest Stewardship Council certification for paper products)
  - Implementation of an Environmental Management System which complies to global industry standards (e.g. ISO14001:2005)
  - For clients in carbon-intensive sectors, to commit to a carbon emission reduction plan in line with the National Determined Commitments and the Paris Agreement, with credible time-bound targets set (e.g. reduction in GHG for scope 1, 2 and 3, Net Zero commitment by a target year, etc.)
  - For clients in the manufacturing of chemicals, to phase out the manufacturing of chemicals listed in Annex A of the Stockholm Convention and Annex III of the Rotterdam Convention
  - For clients in the manufacturing of plastics, to implement an Extended Producer Responsibility (EPR) scheme covering all plastics manufactured
  - **CIMB strongly discourages** sourcing of raw materials, including pulp and paper, as well as metals and minerals, from areas of High Conservation Value (HCV) and/or High Carbon Stock (HCS)
- **On social risk:**
  - Established mechanisms to manage stakeholders and resolution of complaints, according to the UN's Guiding Principles on Business and Human Rights
  - Adherence to standards of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

## Additional Resources and Disclosures

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CIMB views its responsibility towards creating a more sustainable economy and future as a core priority, and has taken deliberate steps towards the implementation of its sustainability strategy and framework. As we mature in our sustainability thinking, we continue to deepen and broaden our implementation of sustainable finance safeguards and business strategies across the various countries we operate in.

We have established sector-specific decarbonisation pathways and emission reduction targets for six priority sectors: Thermal Coal Mining, Cement, Palm Oil, Power, Oil and Gas, and Real Estate. We have set 2030 Targets to spur near-term action, and will continue to set periodic goals in the longer term to achieve a Net Zero by 2050 outcome. This is a firm demonstration of our desire to put our financing to work in the pursuit of Net Zero across all material sectors in our portfolio, and to meet our commitments and responsibility as a signatory to the Net-Zero Banking Alliance (NZBA). Further details on our interim targets, along with the corresponding transition plans can be found in Our Path to Net Zero – Charting a Course to Decarbonisation [Whitepaper](#).

CIMB is also aligned with Task Force for Financial-related Disclosures (TCFD) recommendations to disclose climate-related financial information. We are currently exploring the potential impacts of climate change on our businesses and the sectors we are exposed to.

We continue to engage with sector experts and technical service providers in enhancing our risk identification and management processes. In parallel, we continue to evaluate opportunities to enable low-carbon growth through engagement with clients and with research bodies globally.

CIMB is committed to addressing nature and biodiversity loss through responsible financing, sustainable operational practices and strategic partnerships that help preserve ecosystems essential for long-term economic and environmental resilience. In 2024, we published our Statement on Biodiversity and Nature with the goal of encouraging, engaging and enabling our clients and other stakeholders, while steering our operations towards preventing, mitigating and reversing nature loss. For further details, refer to our Statement on Biodiversity and Nature on our [website](#).

In terms of human rights governance, our Group Human Rights Policy outlines our commitments and approach to addressing critical human rights risks and is aligned with international frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPR), the UNEP FI Principles for Responsible Banking, and Bank Negara Malaysia's VBI Financing and Investment Impact Assessment Framework. In 2024, we updated our Group Human Rights Policy and processes, expanding our grievance mechanism to cover our value chain, including vendors and clients. In recognising the link between human rights and environmental issues, we now address environmental grievances as well. For more details on Human Rights and Environmental Grievance Mechanism, refer to our [website](#).

We aim to continually increase the level of transparency, disclosing more details on our targets for sustainability performance. We have identified key indicators to track our progress and strive to continue improving on various aspects, including reducing carbon emissions, water and waste, engagement with clients, among others.

**For more information on this and related topics, please refer to CIMB's Annual Sustainability [Report](#) and the Sustainability section on our Group [website](#).**

