

Media Title : The Edge CEO Morning Brief
Headline : CIMB doubles sustainable finance target to RM60 bil by 2024
Date : 21 September 2022
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CIMB doubles sustainable finance target to RM60 bil by 2024

Bernama

KUALA LUMPUR (Sept 20): CIMB Group Holdings Bhd has doubled its sustainable finance commitment to RM60 billion by 2024 after achieving the RM30 billion target two years ahead of schedule in the first half of this year.

Last year, CIMB announced that it would mobilise RM30 billion in sustainable finance from 2021 to 2024, aimed at creating positive impacts aligned with its Green, Social, Sustainable Impact Products and Services Framework.

Group chief executive officer Datuk Abdul Rahman Ahmad said to deliver the new target, the bank recently launched the first sustainable term investment account-i (TIA-i) in Asean for the business community.

The shariah-compliant sustainable TIA-i is a low-risk purpose-driven investment that supports the Sustainable Development Goals (SDGs).

TIA-i placements will be invested in financing assets, in accordance with the investment's objective that is aligned with the eighth SDG to promote "decent work and economic growth" for micro, small and medium enterprises, the backbone of the Malaysian economy.

Abdul Rahman said CIMB had begun taking steps to shift its financing and investment portfolios, as well as align clients towards Net Zero 2050, the national plan to be carbon neutral by that year.

"As the fifth largest financial institution in the region, our main impact and ability to influence the transition of our clients in the region towards low-carbon operations is through a comprehensive range of sustainable and innovative financial products

and services," he said in his speech during the Cooler Earth Sustainability Summit 2022 — Facilitating a Just Transition.

The bank recently developed a baseline of its financed emissions arising from on-balance sheet financing for its wholesale, commercial, and consumer segments in Malaysia and Indonesia across nine carbon-intensive sectors.

As of 2020, its financed emissions stood at around 9,200 kilotonnes of carbon dioxide equivalent, covering 40% of CIMB's gross loan portfolio.

"For the next year, we intend to augment and expand the scope of our baseline to cover other main operating markets, sectors and asset classes.

"With the initial baseline in place, we have progressed to the next stage of target setting. As a start, we have completed our first round of interim climate targets for two highly carbon-intensive sectors, in alignment with globally recognised climate scenarios," he noted.

Abdul Rahman said CIMB is committed to halving its thermal coal mining sector's financing and investment exposure by 2030 to ensure it can deliver on its original promise to exit coal by 2040.

It has set a specific target for financed emissions in the cement sector, committing to reducing the physical intensity by more than 35% from 0.72 tonne of carbon dioxide equivalent per tonne of cement produced in 2021 to 0.46 tonne of carbon dioxide equivalent by 2030.

Hence, he said CIMB needs clients' commitment to working hand in hand and, as such, will be developing client engagement and execution plans for these sectors within the next 12 months.

"We are proud to be the first bank in Malaysia to commit to such sector-specific targets.

"However, we recognise this is just the start and the importance of developing the remaining targets for sectors that are highly material to us from an emissions and exposure point of view," he said, adding that CIMB is aiming to add more sectoral targets progressively to cover all nine carbon-intensive sectors by 2024.