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CIMB gains ground on ambitious emissions target

PETALING JAYA: CIMB Group Holdings Bhd continues to gain strong traction on its sustainability commitments and has already met between 22% and 143% of its 2024-2030 targets.

Ahead of its 2024 sustainability commitments, the banking group has mobilised RM60bil in sustainable financing and increased the target to RM100bil, RM150mil in corporate social responsibility initiatives over five years and 100,000 hours a year in staff volunteer activities.

The banking group plans to achieve net-zero operational greenhouse gas (GHG) emissions Scope 1 and 2 targets by 2030 and net-zero GHG Scope 3 targets by 2050, no financing of new coal projects and exit by 2040, along with no deforestation, said Hong Leong Investment Bank Research (HLIB Research) in a report on the banking group.

Scope 1 are direct emissions owned or controlled by a company, whereas Scope 2 and 3 indirect emissions are a consequence of activities of the company but occur from sources not owned or controlled by it.

The research house noted the Scope 3 GHG financed emissions accounted for 99% of CIMB's total emissions while the remaining 1% is from Scope 1 and 2 GHG.

The bank has completed Scope 3 financed emissions baseline for nine carbon-intensive sectors, covering 61% of CIMB's total gross loans.

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Hong Leong Investment Bank Research

tors were oil and gas (22%), cement (20%) and power generation (14%), which make up more than 50% of the bank's financed emissions but were only 4% of total gross financing.

To decarbonise, CIMB will look to carry out more client engagement, mobilise sustainable loans and rationalise its portfolio.

For Scope 1 and 2, CIMB will employ four key levers to reach net-zero operational GHG.

That includes business premise optimisation (22% reduction), avoiding and cutting energy usage (10%), utilising green energy (62%) and carbon offsets (6%).

CIMB kept its internal carbon price of RM70 per tonne of GHG emissions and will progressively increase this to RM335 per tonne of GHG emissions.

HLIB Research noted the bank also

launched new product offerings this year.

For the corporate sector this involved environmental, social and governance advisory solutions, carbon credit project development and issuance, along with carbon credit transactional services.

For SMEs, the new products include sustainability-linked financing, while for individuals the bank is offering financing for sustainable living home solutions, electric vehicle financing, and green-renovation financing, the research outfit noted.

While it continues to like CIMB's sustainability initiatives, HLIB Research noted CIMB's risk-reward profile is balanced and it has a “hold” call on the stock with a target price (TP) of RM6.10 a share.

The research house added it prefers Public Bank Bhd (TP: RM4.80 a share) given its strong asset quality and multi-year low foreign shareholding.