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Headline : CIMB'S STRATEGIC PARTNERSHIP WITH BURSA MALAYSIA TO FOSTER SUSTAINABLE CARBON CREDIT MARKETS

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CIMB'S STRATEGIC PARTNERSHIP WITH BURSA MALAYSIA TO FOSTER SUSTAINABLE CARBON CREDIT MARKETS

CIMB announced during The Cooler Earth Sustainability Summit 2023 that it had entered into a memorandum of collaboration (MoC) with Bursa Malaysia to leverage its BCX, which provides a streamlined platform for trading high-quality carbon credits through standardised contracts. This strategic partnership will feature collaborative capacity-building initiatives aimed at deepening the understanding of voluntary carbon markets (VCM) and improving CIMB's clients' accessibility to carbon credits. The partnership will also explore the potential to enable CIMB to effectively conduct carbon credit transactional services on behalf of its clients via the BCX platform. This includes the seamless execution of diverse transactional services such as the trading of carbon credits and the retirement of these credits.

CIMB has been supporting and actively catalysing and fostering the expansion of the voluntary carbon market by actively participating in the initial auction processes in March 2023, acquiring high-quality credits. CIMB also participated in the BCX for the purchase of carbon credits in September 2023. This time around, it supported the purchase of 500 units of carbon credits from Global Nature-Based Plus Carbon Contract (GNC+), which features global nature-based GHG reduction projects with co-benefits in the Agriculture, Forestry and Other Land Use (AFOLU) sector.

CIMB aims to fully utilise the 500 carbon credits to offset the emissions generated from The Cooler Earth Sustainability Summit, so that it can be a carbon-neutral event. As part of the bank's ambition to support the community involved in carbon project development and protection of biodiversity, it has made it a requirement that the carbon credits purchased must be of high quality and must meet rigorous standards to ensure they deliver real climate mitigation benefits as well as social and biodiversity benefits to local communities.

NET ZERO presents unparalleled opportunities for businesses and economies. An estimated US\$1.5 trillion in cumulative investments is needed across ASEAN to fulfil its respective climate pledges. The public sector alone will not be able to meet these investment needs and banks can fill the gaps.

The Net Zero Banking Alliance (NZBA), a global coalition of 138 banks from 44 countries, is dedicated to align with the 1.5°C global warming limit by financing decarbonisation of the real economy. Many ASEAN banks have made public commitments to achieve Net Zero by 2050. However, getting to Net Zero requires interim targets and concrete plans to break down a long-term ambition into more specific and manageable constituents. Setting sector-specific Net Zero targets is a critical part of the process.

The last two years have seen Southeast Asia experience rapid, transformative changes in its approach to climate action. 8 out of 10 Southeast Asian nations have now committed to Net Zero and outlined their plans to deliver a “just transition” towards a Net Zero future. Banking regulators in particular have led the charge to address climate change and promote sustainable growth, spurring the financial sector into action.

Forging a credible pathway towards Net Zero 2050

One bank leading the way in ASEAN is CIMB. In 2021, CIMB was the first ASEAN bank to join NZBA, committing to achieving Net Zero greenhouse gas (GHG) Scope 1 & 2 emissions in its operations by 2030, and overall Net Zero by 2050 including Scope 3 financed emissions. The Group has since been charting its progress with significant milestones, including being the first emerging market bank globally to commit to exiting coal by 2040.

CIMB has recently become the first

LEADING THE CHARGE: CIMB'S SECTORAL TARGETS TOWARDS NET ZERO TRANSFORMATION

Summary of CIMB's 2030 targets towards Net Zero

	Palm Oil	Power	Cement	Thermal Coal Mining
Target Metric	Physical emissions intensity, i.e. tonne of CO ₂ equivalent per tonne of crude palm oil (tCO ₂ e/tCPO)	Physical emissions intensity, i.e. kg of CO ₂ equivalent per megawatt hour (kgCO ₂ e/MWh)	Physical emissions intensity, i.e. tonne of CO ₂ equivalent per tonne of cement (tCO ₂ e/t cement)	% of portfolio exposure
Parts of the Value Chain Included	<ul style="list-style-type: none"> Planting Milling 	Power generation	Cement manufacturing	Thermal coal mining
Client Emission Scopes Included	<ul style="list-style-type: none"> Scope 1 (including land use change related emissions and sequestration) and 2 of plantation, mill and integrated clients Scope 3 upstream (i.e. external sourcing of fresh fruit bunches) of integrated clients 	Scope 1 emissions of power generation clients (including electric utilities, power plants, independent power producers, renewable energy producers)	Scope 1 and 2 emissions of cement manufacturing clients	N/A
Asset Classes Included	<ul style="list-style-type: none"> Business loans/financing Investments held for sale or maturity including corporate bonds/sukuk and equities Facilitation of capital raising activities for clients including bonds/sukuk issuances and initial public offerings 			
Reference Scenario	Adjusted SBTi FLAG Commodity Pathway for Palm Oil (regional)	Adjusted IEA NZE 2050 (regional)	SBTi Carbon Intensity Pathway for Cement (global)	IEA NZE 2050 (regional)
Baseline	1.81 (as of 2022)	439 (as of 2022)	0.72 (as of 2021)	100% (as of 2021)
2030 Target	1.52	272	0.46	50%
Targeted Change	16% reduction	38% reduction	36% reduction	50% reduction
Net Zero Plan	Align with reference scenario by 2030			No exposure to thermal coal mining by 2040

bank globally to expand its 2030 targets towards Net Zero to cover its palm oil portfolio, and the first Malaysian bank to set a target for its power portfolio, following an earlier announcement of thermal coal mining and cement targets. It is also set to unveil its real estate and oil and gas sectoral targets by 2024.

These sectors are not only the most emis-

sions intensive, but also crucial economic pillars in ASEAN. The Group has now set interim targets for sectors that represent approximately half of the Group's financed emissions. Targets in these critical sectors address the most significant sources of GHG emissions within clients' value chains, empowering CIMB and its clients with the ability and accountability to create the greatest impact.

CIMB has set its targets according to scientifically robust methodologies and globally recognised reference scenarios. While pursuing ambitious decarbonisation targets, CIMB considers regional and local circumstances, starting points and readiness, as well as potential social and economic implications of these targets, to ensure the transition is achieved in an urgent, but equitable manner.

“ CIMB is fully vested in supporting our clients and other stakeholders to achieve an equitable transition to a Net Zero future, by proactively recalibrating our strategy, products and services to support decarbonisation, while safeguarding and bolstering the region's capability of meeting sustainable development and positive socio-economic outcomes. We believe that environmental sustainability goals must be pursued in tandem with social and economic imperatives such as food and energy security, as well as affordability.”

— Luanne Sieh,
Group Chief Sustainability
Officer, CIMB Group