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## RHB plans to set a higher target for ESG-related financial services

PETALING JAYA: RHB Banking Group, which aims to mobilise RM20bil for sustainable financial services by 2026, is planning a higher allocation for the segment.

Group managing director and group chief executive officer Mohd Rashid Mohamad said allocation for the segment has already reached 99%.

He said the group is assessing its next target for 2024 and beyond.

"The current commitment was developed back in 2022, where we are looking at a RM20bil projection by 2026," he said during a media briefing at its inaugural nationwide engagement session.

Mohd Rashid said the target had been deliberated internally and the bank would be sharing its future goals with the public by next year.

He added that the commitment was realised via the RHB Sustainable Financing Programme, which offered a range of sustainable financial services for small and medium enterprises (SMEs) investing in green and energy-efficient solutions.

"Recognising SMEs' distinct needs and challenges, we will continuously engage with them to provide advisory support, promote awareness and understanding to manage sustainability and climate risks," he said.

During his speech, Mohd Rashid said sustainability is the focal point for consumers, investors and stakeholders, especially in a rapidly evolving market.

"It is therefore crucial for SMEs, as a key economic driver, to look beyond profit to remain competitive in the longer term," he said.

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**A focal point:** (From left) TNB chief customer officer (government and large business) Nasaruddin Mohd Zaini, Rashid, TNB chief operating officer Megat Jalaluddin and RHB Group chief sustainability and communications officer Norazzah Sulaiman at the event.

While larger companies have been able to integrate environmental, social and governance (ESG) into their business, SMEs are said to be struggling with the green adoption due to the lack of technical skills, knowledge as well as sustainability standards.

The bank will be analysing its customers, especially on the level of ESG adoption, whereby each level will be categorised as tier one, two or three.

Most SMEs are in tier three, which showed that companies have yet to embark on their transitioning journey.

By providing support to SMEs in their transition towards greener practices, he said the group would be able to foster sustainable development and create a resilient economy as well as the financial system for a cleaner and low-carbon future.

Recognising the pivotal role of SMEs as economic drivers and their collective impact on the environment, RHB, in partnership with Tenaga Nasional Bhd (TNB), had started the first of its nationwide engagement sessions themed, "Empowering Change: Charting Sustainable Energy

Future for Business Growth".

The session aimed to support and advance SMEs towards a future of sustainable competitiveness and success.

RHB and TNB will expand the engagement sessions nationwide with SMEs to benefit from TNB's technical expertise in energy efficiency and renewable energy solutions as well as access RHB's suite of green financing solutions.

TNB chief operating officer Datuk Megat Jalaluddin Megat Hassan said the group has curated a roadmap tailored specifically for SMEs.

"We are offering a suite of green solutions designed to meet ESG requirements and a cost-saving opportunity to catapult businesses into a future of sustainable success," he said.

Megat Jalaluddin said a collaborative approach, along with supportive policies, technology advancements and adequate funding, are crucial for a successful energy transition.

"Amid a dynamic business environment, SMEs are not just adapting but they are evolving to excel.

"To fortify their agility and resilience, transformation is necessary with collaborative backing from partners like financial institutions, governments and energy solution providers," he said in his opening remarks.

RHB and TNB had formalised a collaborative agreement on Aug 28, to collectively advocate and promote sustainable business practices among the SMEs, as well as creating awareness on how ESG and sustainability requirements could impact business viability.

As at September, RHB has approved about RM985mil in SME sustainable financing, of which RM191mil was Bank Negara's low-carbon transition facility.

RHB offers a comprehensive suite of sustainable financial services covering green, social and ESG-linked products and services for retail and non-retail clients ranging from personal financing for solar panels, electric vehicle financing and sustainable financing programmes for SMEs.