



# Becoming an ASEAN sustainability leader by 2024

CIMB GROUP ACCELERATES ITS SUSTAINABILITY AMBITIONS; AIMS TO MOBILISE RM30 BILLION TOWARDS SUSTAINABLE FINANCE BY 2024 AND ACHIEVE NET ZERO CARBON EMISSIONS BY 2050

## HAVING STEADILY INTEGRATED

sustainability into its business over the years, CIMB Group Holdings Bhd recently announced a series of strengthened sustainability commitments, which put the regional banking group on track towards becoming an ASEAN sustainability leader by 2024.

"Under our Forward23+ Strategic Plan, which was introduced in 2020, one of our strategic themes is to be a purpose-driven organisation. As part of this, we aim to embrace sustainable practices and actively shape our role in society.

"Today, sustainability is already at the core of our business. We actively engage clients and all stakeholders to promote financial services aligned with sustainability principles," says CIMB Group chairman Datuk Mohd Nasir Ahmad, stressing the importance of financial institutions as agents of sustainable change and to strike a balance between people, planet and profit.

Mohd Nasir, who joined the board in 2015 and became chairman in 2018, has had a front row seat to the group's sustainability journey.

In addition to being an official supporter of the Task Force on Climate-related Financial Disclosures, CIMB is ASEAN's only banking group to be a founding mem-

ber of the United Nations Environment Programme Finance Initiative Principles for Responsible Banking, as well as ASEAN's first banking group to be a signatory of the Collective Commitment on Climate Action and the Net-Zero Banking Alliance. As a member of these global initiatives and alliances, CIMB Group has made great strides since embarking on its sustainable agenda.

Mohd Nasir adds that the recently announced sustainability commitments, which encompass climate change, responsible banking and social impact, build upon the progress and achievements already made by the group over the past few years (see "CIMB Group's sustainability journey thus far").

The strengthened commitments include the group's target to mobilise RM30 billion towards sustainable finance by 2024 – of which RM10 billion has already been achieved to date – and to achieve net zero emissions by 2050.

"We are very pleased that our efforts in recent years have been recognised, as we have now broken into the top quartile ranking for the banking industry based on the S&P Global Corporate Sustainability Assessment as of Nov 12, 2021, for the Dow Jones Sustainability Index. This was our target to achieve by 2024, and the



**"TODAY, SUSTAINABILITY IS ALREADY AT THE CORE OF OUR BUSINESS. WE ACTIVELY ENGAGE CLIENTS AND ALL STAKEHOLDERS TO PROMOTE FINANCIAL SERVICES ALIGNED WITH SUSTAINABILITY PRINCIPLES."**

– CIMB Group chairman Datuk Mohd Nasir Ahmad

whole leadership team at CIMB are certainly proud to see that we have achieved the 79th percentile this year, earlier than planned, from the 19th percentile just three years ago," he added.

## RESPONSIBLE FINANCING

In 2020, CIMB Group announced its target to phase out coal from its portfolio by 2040 as part of its effort to align with the 1.5 degree Celsius goal of the Paris Climate Agreement, making headlines as the first globally significant financial institution in the developing world to commit to a coal exit strategy. The group said it would not provide new coal/coal-fired power plant related financing by 2021 onwards.

Mohd Nasir adds, "Besides setting clear policies on high sustainability risk sectors, we are intensifying efforts to support and incentivise clients to transition towards a

net zero, climate-resilient economy."

The group has been active in providing sustainability-linked loans/financing for corporate clients, with close to RM1 billion already committed out of RM3 billion earmarked until 2024.

In the first half of 2021, CIMB also acted as the lead manager for the Malaysian government's dual tranche US\$1.3 billion Sukuk Wakala offering; the US\$800 million sustainability tranche was the world's first US dollar sustainability sukuk offered by a sovereign.

## SETTING CLEAR TARGETS

In October 2021, CIMB Group entered into a sustainability-linked derivative (SLD) transaction with Standard Chartered Malaysia. The RM2.45 billion ringgit-denominated SLD is the first Malaysian Ringgit denominated SLD transaction and to date Asia's largest environmental, social and governance (ESG)-linked derivative transaction by notional value so far, based on publicly available data.

The SLD transaction in the form of an interest rate swap has been structured to involve a pricing mechanism whereby a discount or premium will be applied depending on whether CIMB Group achieves predetermined sustainability performance



Datuk Abdul Rahman Ahmad (centre, in red), Group CEO of CIMB Group, hosting participants on a heritage walk around KL city as part of The Cooler Earth Summit in 2020

targets structured around two key performance indicators linked to the group's sustainability commitments.

"To our knowledge, this is the first SLD transaction by an ASEAN-based bank with targets linked to our own Group's sustainability commitments, demonstrating our very real determination in driving the change needed internally to achieve our goals," said Mohd Nasir.

To realise its goal of net zero emissions by 2050, Mohd Nasir says the group is in the midst of developing a plan to progressively reduce its emissions, including financed emissions, with clear targets and milestones over the short, medium and long term.

CIMB Group also recently established a Group Sustainability and Governance Committee at the Board level to provide greater oversight and stewardship over its sustainability aspirations.

## ENGAGING STAKEHOLDERS

As the group's flagship platform to drive change across business and finance, The Cooler Earth Sustainability Summit continues to encourage sustainable action among the public and private sectors and civil society. Since the inaugural summit in 2019, it has engaged more than 8,500 people through The Cooler Earth.

This year's event was themed Align, Act, Accelerate — featuring webinars and masterclasses on a range of sustainability topics from leading sustainability figures and advocates. This year's edition, which was held virtually, also recognised the critical role of youths in realising the sustainability agenda, with a full day set aside to cover topics relevant to the next generation.

## SOCIAL IMPACT

The group's sustainability roadmap prioritises corporate social responsibility (CSR) in areas such as education, health and community well-being, economic empow-

erment, and climate and environment.

Since its establishment in 2007, CIMB Foundation has disbursed over RM165 million through nearly 1,300 projects benefiting almost 1,000,000 people in the communities served by CIMB Group, making it one of the region's leading CSR champions.

"Since the start of the pandemic, the group has been active in providing food aid and other assistance amounting to RM6.3 million to groups and communities whose livelihoods have been impacted," says Mohd Nasir, adding that, in September, the group committed to providing an additional RM10 million in pandemic aid via the Komuniti Kita Covid-19 Relief project in Malaysia.

## ASSISTING CUSTOMERS DURING THE PANDEMIC

Mohd Nasir says the group's priority during the pandemic has been to provide support and assistance to customers. "Owing to the prolonged impact of the pandemic, we understand that many vulnerable borrowers still require support, particularly those among the B50 (bottom 50% income) group.

Under the blanket moratorium in 2020, CIMB Group assisted a total of 1.2 million individual and SME customers in Malaysia, involving a total gross loan portfolio of RM157 billion. Following the blanket moratorium, CIMB had processed around 520,000 financial payment relief assistance applications as at early November 2021 for individual, SME and business banking borrowers, amounting to RM92 billion in total gross loan value. "As a responsible banking group, we remain committed to giving customers the support required to weather the tough times until they are back on firmer financial footing," added Mohd Nasir.



## CIMB GROUP'S SUSTAINABILITY JOURNEY THUS FAR

**2007**  
CIMB Foundation launched to drive corporate social responsibility and philanthropic programmes

**2018**  
Sustainability embedded into CIMB Group's core business strategy

**2019**  
Development of Group Sustainability Policy (GSP) and Group Sustainable Financing Policy (GSFP)

Hosting of the inaugural The Cooler Earth Sustainability Summit, CIMB Group's flagship platform to inspire the public and private sectors and

civil society to take sustainable action  
Founding signatory to the UNEP Finance Initiative Principles for Responsible Banking

**2020**  
RM3 billion commitment earmarked for sustainability-linked loans/financing  
Coal sector guide, which sets out the

group's commitment to exit coal by 2040, and no financing for new coal/coal-powered plant projects from 2021  
Green, Social, Sustainable

Impact Products and Services (GSSIPS) Framework introduced to incorporate sustainability into all products and solutions

**2021**  
Strengthened sustainability commitments, including  
- Net Zero GHG scope 1 and 2 emissions by 2030 and Net Zero

emissions by 2050  
- RM30 billion in sustainable finance to be mobilised by 2024  
- RM150 million in community investments over five years

- A total of 100,000 volunteering hours by CIMB Group employees annually by 2024  
- Commitment to No Deforestation, No Peat and

No Exploitation (NDPE)  
First ASEAN signatory to the Net-Zero Banking Alliance