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# RHB CREATES STAKEHOLDER VALUE THROUGH SUSTAINABLE PRACTICES

## A firm sustainability stance

ESG, or more commonly known as sustainability, has increasingly gained importance in today's rapidly changing business environment with a multitude of ESG-related trends having emerged in recent years across banks globally. A combination of different pressures, including from regulatory, commercial and investors, has prompted organisations to integrate sustainable practices in their business and operations at a much faster pace.

RHB Banking Group (RHB or the Group) started its ESG journey in 2018, with the development of its Sustainability Principles and Framework anchored on three thematic pillars comprising Sustainable and Responsible Banking, Embedding Good Practices and Enriching and Empowering Communities. In January 2022, RHB refined its framework and developed a comprehensive 5-year (2022-2026) Sustainability Strategy and Roadmap,

which includes its Group Climate Action Programme (GCAP) which is aligned to the Group's 'Together We Progress 2024' (TWP24) strategy.

## Internalising ESG

RHB strives to foster and integrate holistic sustainable practices within its business and operations. Upholding high standards of corporate governance, promoting integrity and ethical business conduct, driving responsible procurement, improve environmental stewardship and promoting a fair, inclusive and diverse workforce are the four key focus areas towards embedding good practices within the Group.

At the core of RHB's efforts in internalising ESG is managing its own operational carbon emissions towards achieving its aspirations of carbon neutral operations by 2030. The Group targets to achieve a 45% reduction in carbon emissions intensity per employee by 2026, from baseline year 2016.

## Managing sustainability and climate risk

RHB's GCAP focuses on climate considerations and outlines the Group's efforts in managing climate risk and its integration in the Group's risk management and decision-making processes. Reflective of this, the Group no longer pursues opportunities or provides financing facilities for any new thermal coal mine projects and coal-fired power plant projects effective January 2022. In addition, it has also adopted a stance on No Deforestation, No Peat and No Exploitation (NDPE) for the palm oil, forestry and agriculture sectors where the Group will only support responsible companies in these sectors that demonstrate alignment with its NDPE stance.

The Group has also developed the ESG Eligible Business Activities Guidelines which set out the guiding principles and provide parameters in evaluating and assessing commercial opportunities as well as in developing products and business solutions that will contribute towards realizing the Group's sustainable financial services aspirations.

The Group's commitment towards managing climate risk has also been expanded to include its regional operations, starting with RHB Bank Singapore. A framework on

Environmental Risk Guidelines in line with the requirements of the Monetary Authority of Singapore (MAS) were implemented in the first half of 2022.

## Financial inclusion and community empowerment

The Group promotes sustainable and inclusive growth by building resilience in children and young adults as well as improving the lives of the vulnerable and underserved members of the community. The Group aims to empower two million targeted individuals and businesses across Asean by 2026 through the provision of affordable and quality banking services, which includes driving awareness and education on financial management as well as financial crimes.

Since 2018, RHB has invested more than RM2.3 million in nurturing the holistic growth and development of children and youths from the low-income, or B40 segment. As at 30 September 2022, through RHB Foundation, the Group has impacted close to 6,500 youths and students throughout the nation through its RHB X-Cel academic excellence programme as well as the RHB X-Cel Star scholarship programme. Its financial literacy programme known as the RHB Money Master Programme has impacted more than 30,000 students and young adults, and generated more than 100,000 engagements through social media since it began in 2018.

In supplementing these efforts, the Group has also contributed over RM2.6 million for community relief initiatives between 2021 and 2022 which had benefited about 100,000 vulnerable and underserved members of the community in Malaysia, Cambodia, Laos, Singapore and Brunei.

RHB has also launched its #JomBiz for micro-entrepreneurs, a programme that builds capacity and enhances knowledge in entrepreneurship, aimed at helping micro enterprises achieve business growth and enhance emotional well-being. It targets to benefit up to 500 micro enterprises

**RHB'S LATEST ESG RATINGS**

**S&P Global**  
 ● S&P Global CSA  
 Improved scoring to 50 from 47 as at September 2022

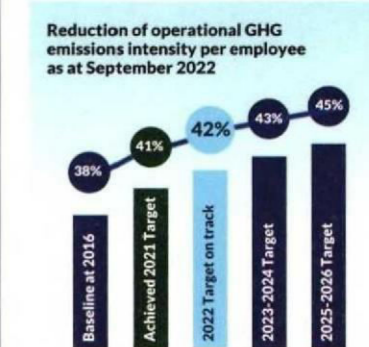
**MSCI ESG RATINGS**  
 ● MSCI ESG Ratings  
 Maintain/Secured the leader rating of AA since 2020

**FTSE Russell**  
 ● FTSE Russell  
 Remains a Constituent at 4-Star rating as at September 2022

**RHB'S SUSTAINABILITY HIGHLIGHTS**

As at end September 2022, the Group's Year to Date achievement is more than RM11 billion in sustainable financial services, which is over 50% of its RM20 billion target by 2026

Category	Percentage
ESG-linked	29%
Green	40%
Social	31%
<b>Total</b>	<b>RM11.4 billion</b>



and seed funding will be granted to qualifying entrepreneurs who successfully complete the programme.

## Towards creating stakeholder value

The Group had embarked on a journey to enhance its sustainability governance structure in 2021 with the objective of ensuring greater and clearer oversight on sustainability and climate-related matters.

As part of the enhancement to the Group's sustainability governance structure which acts as a catalyst towards achieving the Group's sustainability aspirations under its 5-year (2022-2026) Sustainability Strategy, RHB has expanded the role of Norazzah Sulaiman with her appointment as Group Chief Sustainability & Communications Officer in May 2022.

To enable greater focus and in-depth discussions at the highest level on material sustainability and climate-related matters that have been identified within the Group, the Board of Directors established the Board Sustainability Committee in August 2022 to allow for even greater focus in driving the Group's

sustainability and climate-related agenda. The Board Sustainability Committee, which is chaired by Datuk Iain John Lo, comprised two independent non-executive directors, one senior independent non-executive director and one non-executive director.

## The journey ahead

RHB will continue to integrate sustainability considerations into its long-term growth strategy, while improving on its disclosure and communication of its performance to key stakeholders. Therefore, understanding key material matters that affect RHB's business performance and long-term value creation is critical to ensuring that the Group is able to focus on initiatives that create greater value.

**"We aim to mobilise RM20 billion in sustainable financial services by 2026, which is equivalent to approximately 7% of the Group's total assets as at December 2021. Our year to date (YTD) achievements in this area stood at more than RM11 billion, which cut across lending and financing, capital market and advisory, wealth management, investment and insurance business."**

Mohd Rashid Mohamad,  
 Group Managing Director / Group CEO of RHB Banking Group