CIMB Group

Coal

Sector Position Statement

October 2026

Version 1.0

CIMB Group Coal Sector Position Statement

The transition towards a lower-carbon economy is reshaping the global energy landscape, requiring a careful balance between climate ambition, economic development and energy security. While coal has historically contributed to economic growth and electricity generation across the region, it is also one of the largest sources of greenhouse gas emissions and presents significant environmental and climate-related risks.

CIMB is committed to supporting a responsible and orderly energy transition in line with our sustainability commitments and Net Zero ambition. Through our Coal Sector Guide and Group Sustainable Financing Policy, we establish minimum sustainability expectations for clients to comply with applicable environmental and social laws, implement appropriate environmental and social management measures, maintain Occupational Health and Safety (OHS) and human rights policies, develop credible transition and mine closure plans, and demonstrate commitments to No Deforestation, No Peat and No Exploitation (NDPE).

CIMB does not finance new thermal coal mines, coal-fired power plants or related greenfield infrastructure, and has committed to phase out financing and investment exposure to thermal coal mining by 2030. We continue to engage clients on transition planning and responsible business practices that support practical decarbonisation pathways. By balancing environmental considerations with regional development needs, we aim to facilitate a credible and responsible transition towards cleaner sources of energy.

Sector Scope: This Position Statement applies to clients whose activities include:

- Mining of hard coal (including exploration): The exploration, extraction and production of hard coal for energy and industrial use.
- Mining of lignite: The exploration, extraction and production of lignite (brown coal).
- Shipping of coal: The transportation of thermal coal by sea or inland waterways.
- Coal contractors: Contractors providing services to thermal coal mining operations, where more than 25% of combined direct revenue is derived from thermal coal activities or where more than 25% of revenue is linked to a thermal coal parent company.
- Coal infrastructure: The construction, ownership or operation of infrastructure predominantly supporting thermal coal activities, including roads, railways, trains, ships, barges and haulage facilities. Coal terminals and coal processing plants are covered under the Construction & Infrastructure Sector Position Statement.
- Electric power generation, transmission and distribution: The generation, transmission and distribution of electricity, including coal-fired power generation.
- Coal-related businesses: Businesses deriving more than 25% of combined direct revenue from thermal coal activities, including coal traders, coal manufacturers, heavy equipment manufacturers and other businesses not classified under the coal sector.
- Thermal coal-related financing: Transactions or facilities where the use of proceeds is directly linked to thermal coal mining, coal-fired power plants or coal infrastructure.

Sector Criteria

Prohibition - *Activities We Will Not Finance*[1] CIMB will **not knowingly provide/ prohibits** financing, investment or capital market services to clients engaged in:	• Illegal thermal coal mining operations conducted without the required licences or approvals from the relevant authorities. • Breaches of applicable labour laws and regulations, including involvement in child labour, forced labour, human trafficking or other serious labour rights violations. • Activities prohibited under the CIMB Exclusion List[1]. • From 1 January 2025, new or existing thermal coal mine and coal-fired power plant (CFPP) projects, including their acquisition, expansion, retrofit or modification. • Greenfield coal infrastructure projects developed primarily to support thermal coal mining activities. • Mountain Top Removal (MTR) mining. • New clients deriving more than 25% of their combined direct revenue from thermal coal activities (from 1 January 2025). • Existing thermal coal mining clients deriving more than 50% of their combined direct revenue from thermal coal activities, and existing coal-fired power generation clients deriving more than 50% of their total power generation from thermal coal, in line with the implementation timelines under the Coal Sector Guide (from 1 January 2030). *CIMB may consider financing where the purpose is to support a client's transition away from thermal coal or facilitate a credible low-carbon transition strategy.
Requirements – *Minimum Expectations for Clients* CIMB **seeks to provide** financing and related services to clients that demonstrate a commitment towards transitioning to a lower-carbon business. We expect clients, where relevant to their operations, to have in place the following:	• Comply with applicable environmental and social laws and regulations and obtain all required permits and approvals. • Conduct Environmental Impact Assessments (EIA) and implement Environmental Management Plans (EMP) and/or Environmental Monitoring Plans (EMoP), where required by applicable laws. • For CPPP & CPPG: Develop time-bound diversification plans or credible transition plans

[1] A list of activities that CIMB is prohibited from directly or indirectly, via its clients' activities, engaging in.

	aligned with a 1.5°C pathway and CIMB's Net Zero commitments, where applicable.
	• Maintain an Occupational Health and Safety (OHS) Policy, where applicable.
	• Demonstrate respect for human rights, where applicable, by:
	  ○ Establishing a human rights policy or publicly committing to respect human rights.
	  ○ Conducting human rights due diligence to identify, prevent and mitigate human rights risks.
	  ○ Maintaining accessible grievance mechanisms that protect confidentiality and prohibit retaliation.
	• For coal mining: Establish mine closure plans, where applicable.
	• For coal mining: Demonstrate a commitment to No Deforestation, No Peat and No Exploitation (NDPE) and ensure operations do not adversely impact UNESCO World Heritage Sites, RAMSAR wetlands, High Conservation Value (HCV) forests or other critical natural habitats.

Encourage/Support – *Best Practices for Clients* Note: Items listed in encourage/support category are good for the clients to have but not necessary for recommendation. It can also be used as a guide for Business Units when communicating with clients. CIMB encourages clients to adopt industry-leading practices that further strengthen sustainability performance and support a responsible transition away from thermal coal:	**Environment** • Conduct conflict risk assessments in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, where relevant. • Implement progressive mine rehabilitation measures, including topsoil conservation and rehabilitation planning. • Adopt dust suppression, pollution prevention and emergency response measures for mining operations. • Assess and communicate mining-related hazards using internationally recognised classification and labelling systems. • Minimise involuntary resettlement and ensure affected communities are appropriately consulted, compensated and supported. • For coal-fired power plants, adopt technologies and operational practices that improve efficiency and reduce emissions, including high-efficiency, low-emissions (HELE) technologies, flue gas desulfurisation (FGD),

	selective catalytic reduction (SCR), and the use of higher-quality coal where appropriate. **Social** • Align labour practices with internationally recognised standards, including relevant International Labour Organization (ILO) Conventions. • Promote transparent engagement with workers and affected communities throughout project planning, operation and closure. **Governance** • Regularly monitor and publicly disclose environmental and social performance, including greenhouse gas emissions, water consumption and occupational health and safety indicators, using recognised reporting frameworks where appropriate. • Establish measurable targets to continuously improve environmental and social performance, particularly in relation to greenhouse gas emissions and the transition towards lower-carbon operations.

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