CIMB Group

Forestry

Sector Position Statement

October 2026

Version 1.0

CIMB Group Forestry Sector Position Statement

Forests play a vital role in maintaining biodiversity, regulating the climate, protecting water resources and supporting the livelihoods of communities across ASEAN. As demand for timber and forest products continues to grow, sustainable forest management has become increasingly important in balancing economic development with environmental conservation.

CIMB believes that responsible forestry practices are fundamental to preserving natural ecosystems and mitigating the impacts of climate change. Through our Forestry Sector Guide and Group Sustainable Financing Policy, CIMB encourages clients to adopt recognised certification schemes while requiring the implementation of No Deforestation, No Peat and No Exploitation (NDPE) commitments to protect High Conservation Value (HCV) areas. Together, these expectations support responsible forest management, biodiversity conservation and sustainable forestry operations throughout the value chain.

We do not finance activities involving illegal logging, uncontrolled forest clearing or other prohibited activities under our Exclusion List. Beyond setting minimum requirements, CIMB works closely with clients to strengthen environmental and social management, improve operational practices and enhance long-term sustainability performance. Through continued engagement and collaboration, we seek to support responsible forestry that safeguards biodiversity while contributing to sustainable economic development.

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

- Planting of Rubber: The cultivation, management and harvesting of natural rubber, including the development, ownership and operation of rubber plantations and associated plantation activities.
- Silviculture and other forestry activities: The establishment, cultivation, management and conservation of forests and woodlands, including activities that support the sustainable growth, health, productivity and long-term management of forest resources.
- Logging: The harvesting, extraction and transportation of timber from natural forests and plantation forests, including activities directly supporting logging operations.

Sector Criteria

Prohibition - *Activities We Will Not Finance* CIMB will **not knowingly provide/ prohibits** financing, investment or capital market services to clients engaged in:	• Exploration or production activities 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.

Requirements – *Minimum Expectations for Clients*
 	
CIMB **seeks to provide** financing and related services to clients that demonstrate commitment to responsible and sustainable forestry practices. We expect clients, where relevant to their operations, to have in place the following:
	• For logging operations in natural forests, implement and operate in accordance with a Forest Management Plan (FMP) or equivalent, where required by applicable laws.
	• Conduct High Conservation Value (HCV) assessments and maintain or enhance identified HCV areas within forestry operations.
	• For forest plantation operations, implement a No Deforestation, No Peat and No Exploitation (NDPE) policy or commitment.
	• Demonstrate respect for human rights 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.

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 across the forestry value chain:	**Environment** • Obtain recognised sustainable forest management certification, such as Forest Stewardship Council (FSC), Malaysian Timber Certification Scheme (MTCS) or equivalent certification schemes. • Participate in recognised forest certification and governance initiatives, including the Programme for the Endorsement of Forest Certification (PEFC) or equivalent programmes. • Respect internationally recognised environmental agreements, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the International Tropical Timber Agreement (ITTA).

	• Maintain and enhance High Conservation Value (HCV) areas within natural forests and plantation forests. • Avoid the conversion of High Carbon Stock (HCS) areas for forest plantation development **Social** • Align labour practices with internationally recognised standards, including relevant International Labour Organization (ILO) Conventions. • Develop structured stakeholder and community engagement strategies that promote meaningful consultation and balanced decision-making. • Engage with local and Indigenous communities to support social and economic development through employment, skills development and other community initiatives. **Governance** • Publicly demonstrate compliance with applicable environmental, forestry and social laws and regulations, including making available key documents such as Forest Management Plans and Environmental and Social Impact Assessments, where appropriate. • Establish and implement anti-bribery and anti-corruption policies and compliance programmes.

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