CIMB Group

Manufacturing Sector Position Statement

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Manufacturing remains a key driver of economic growth, industrial development and employment across ASEAN, supporting a wide range of industries and regional supply chains. As production processes continue to evolve, manufacturers face increasing expectations to improve resource efficiency, reduce emissions and strengthen environmental and social performance across their operations.

CIMB believes that innovation and sustainable manufacturing practices are essential to enhancing long-term competitiveness while supporting the transition towards a more sustainable economy. Through our Manufacturing Sector Guide and Group Sustainable Financing Policy, we require clients to comply with applicable environmental laws and regulations, implement appropriate environmental and waste management measures, conduct Environmental and Social Impact Assessments where required, and maintain Occupational Health and Safety (OHS) and human rights policies to support responsible manufacturing practices.

Our financing approach considers sector-specific environmental and social risks alongside opportunities to promote sustainable industrial development and operational resilience. We work collaboratively with clients to encourage continuous improvement and the adoption of responsible business practices while ensuring alignment with applicable regulatory requirements. Through these efforts, CIMB aims to support the development of a competitive, resilient and sustainable manufacturing sector that delivers long-term value for businesses, communities and the environment. Sector Scope: This Position Statement applies to clients whose activities include:

- Carbon Intensive Manufacturing – Coal, Iron Ore, Oil and Gas: The processing and manufacture of products derived from coal, iron ore, crude oil and natural gas.
- Carbon Intensive Manufacturing – Automotive and Transport: The manufacture and assembly of motor vehicles, transport equipment and related components.
- Carbon Intensive Manufacturing – Materials used mainly in construction: The manufacture of construction materials, including cement, steel, glass and other building materials.
- Carbon Intensive Manufacturing – Agricultural Products: The processing and manufacture of agricultural commodities and related products, including pulp and paper, rubber and food products.
- Non-Carbon Intensive Manufacturing – Mining and Quarrying Products: The manufacture of products derived from non-energy minerals and quarrying materials.
- Non-Carbon Intensive Manufacturing – Electrical & Electronic Equipment: The manufacture of electrical, electronic and semiconductor products and components.
- Non-Carbon Intensive Manufacturing – Machinery and Equipment: The manufacture of industrial machinery, equipment and mechanical components.
- Chemicals – Manufacturing of Chemical Products: The manufacture of industrial, specialty and consumer chemical products.
- Plastics – Manufacturing of Plastic Products: The manufacture of plastic resins, packaging materials and plastic products.
- Textiles, Apparels & Leather Goods: The manufacture of textiles, clothing, footwear and leather products.

Sector Criteria

Prohibition - *Activities We Will Not Finance* CIMB will **not knowingly provide/ prohibits** financing, investment or capital market services to clients engaged in:	• Manufacturing activities conducted without the required licences, permits or approvals from the relevant authorities. • The manufacture or distribution of products that breach applicable laws and regulations, including consumer protection laws. • 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 a commitment towards responsible and sustainable manufacturing practices. We expect clients, where relevant to their operations, to have in place the following:
	• Comply with applicable environmental laws and regulations governing environmental quality management and protection.
	• Implement Waste Management Plans covering the safe handling, storage and disposal of solid waste, as well as liquid and gaseous emissions, in accordance with applicable regulations.
	• Conduct Environmental Impact Assessments (EIA) and Social Impact Assessments (SIA), where required by applicable laws.
	• Maintain an Occupational Health and Safety (OHS) Policy.
	• 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.	**Environment** • Align operations with recognised international standards, including the International Finance Corporation (IFC) Environmental, Health and Safety Guidelines for General Manufacturing and Chemicals. • Implement an Environmental Management System (EMS), such as ISO 14001 or an equivalent internationally recognised standard. • Obtain recognised eco-labels or sustainability certifications for products, where applicable.

CIMB encourages clients to adopt industry-leading practices that further strengthen responsible and sustainable manufacturing practices:	• For carbon-intensive manufacturing sectors, develop and implement credible greenhouse gas emissions reduction plans aligned with the Paris Agreement and relevant Nationally Determined Contributions (NDCs). • For chemical manufacturers, progressively phase out chemicals listed under the Stockholm Convention and Rotterdam Convention, where applicable. • For plastics manufacturers, implement Extended Producer Responsibility (EPR) programmes to promote circularity and responsible waste management. • Avoid sourcing raw materials, including pulp and paper, metals and minerals, from High Conservation Value (HCV) and High Carbon Stock (HCS) areas. **Social** • Establish stakeholder engagement and grievance mechanisms consistent with the UN Guiding Principles on Business and Human Rights. • Align labour practices with internationally recognised standards, including the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. **Governance** • Develop and implement a Sustainable Sourcing Policy. • Adopt recognised climate-related disclosure frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD) or its successor frameworks. • Publicly demonstrate compliance with applicable environmental, social and labour laws and regulations, including, where appropriate, Environmental and Social Impact Assessments, Occupational Health and Safety management plans and Waste Management Plans.

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