CIMB Group

Oil & Gas

Sector Position Statement

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CIMB Group Oil & Gas Sector Position Statement

The oil and gas sector continues to play an important role in supporting energy security and economic development across ASEAN as countries progress towards a lower-carbon future. At the same time, the sector faces increasing expectations to reduce greenhouse gas emissions, strengthen environmental performance and manage climate, biodiversity and social risks associated with its operations.

CIMB believes that achieving an orderly and responsible energy transition requires balancing decarbonisation with the energy needs of the economies and communities we serve. Through our Oil & Gas Sector Guide and Group Sustainable Financing Policy, we establish minimum expectations for clients to identify and manage material environmental and social risks through Environmental and Social Impact Assessments where required by applicable laws, maintain robust Occupational Health and Safety (OHS) practices, and monitor and manage Scope 1 and Scope 2 greenhouse gas emissions across their operations. These requirements support responsible operational performance while enhancing the sector's resilience as it transitions towards a lower-carbon future.

Consistent with our sustainability commitments, CIMB does not provide financing for new oil field projects approved for development after 31 December 2021. We continue to engage existing clients to support emissions reduction, operational improvements and responsible transition planning while encouraging alignment with evolving industry standards and market expectations.

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

- Extraction of crude petroleum: The exploration, development and extraction of crude oil from onshore and offshore reserves.
- Extraction of natural gas: The exploration, development and production of natural gas from onshore and offshore reserves.
- Support activities for petroleum and natural gas extraction: Services supporting exploration and production activities, including drilling, well servicing, seismic surveys and engineering services.
- Manufacture of refined petroleum products: The refining and processing of crude oil into petroleum products, including fuels, lubricants and petrochemicals.
- Manufacture of gas; distribution of gaseous fuels through mains: The production, processing and distribution of natural gas and other gaseous fuels through pipeline networks.
- Wholesale of solid, liquid and gaseous fuels and related products: The wholesale trading, storage and distribution of fuels and related petroleum products.
- Shipping of oil and gas: The transportation of crude oil, natural gas and petroleum products by sea or inland waterways.

Sector Criteria

Prohibition - *Activities We Will Not Finance* CIMB will **not knowingly provide/ prohibits** financing, investment or capital market services to clients engaged in:	• From 1 January 2025, financing, investment or capital market services for new oil field projects approved for development after 31 December 2021, including conventional and unconventional oil extraction, Arctic developments and ultra-deep-water projects. • Exploration and 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 a commitment to responsible and sustainable oil and gas operations. We expect clients, where relevant to their operations, to have in place the following:
	• Conduct Environmental Impact Assessments (EIA) and Social Impact Assessments (SIA), or their equivalent, where required by applicable laws.
	• Maintain an Occupational Health and Safety (OHS) Policy.
	• Monitor and manage Scope 1 and Scope 2 greenhouse gas emissions arising from exploration, extraction, transportation and refining activities.
	• 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 environmental and operational practices with recognised international industry standards, including applicable guidance issued by the International Finance Corporation (IFC), International Petroleum Industry Environmental Conservation Association (IPIECA) and other recognised industry bodies. • Monitor and progressively reduce Scope 3 greenhouse gas emissions.

CIMB encourages clients to adopt industry-leading practices that further strengthen sustainability performance and support a responsible energy transition:	• Develop and implement credible transition plans aligned with the Paris Agreement or relevant Nationally Determined Contributions (NDCs). • Reduce methane emissions in line with the Oil and Gas Methane Partnership (OGMP) 2.0 framework. • Eliminate routine flaring and venting in line with the World Bank's Zero Routine Flaring by 2030 initiative. • Manage marine environmental risks for offshore operations, including Floating Production, Storage and Offloading (FPSO) and Floating Liquefied Natural Gas (FLNG) facilities, in accordance with recognised industry guidance. **Social** • Align labour practices with internationally recognised standards, including relevant International Labour Organization (ILO) Conventions. • Obtain Free, Prior and Informed Consent (FPIC) where projects may affect Indigenous Peoples or their customary lands. • Develop structured stakeholder and community engagement strategies that promote meaningful consultation and transparent decision-making. **Governance** • Publicly disclose policies addressing material sustainability issues, including climate change and environmental management. • Establish and implement anti-bribery and anti-corruption policies and compliance programmes. • Publicly demonstrate compliance with applicable environmental and social laws and regulations, including, where appropriate, Environmental and Social Impact Assessments and Occupational Health and Safety management plans. • Disclose material environmental information, including the management of chemical by-products arising from operations where relevant.

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