

# FUTURE → FORWARD



CIMB GROUP HOLDINGS BERHAD  
SUSTAINABILITY REPORT 2020

## PERFORMANCE SCORECARD

Developed transparent performance indicators to measure and demonstrate progress  
page 21

## CLIMATE ACTION

Committed to exit the coal sector by 2040  
page 60

## POSITIVE IMPACT

Developed the Green, Social and Sustainable Impacts Products and Services Framework  
page 65

SUSTAINABLE  
DEVELOPMENT  
GOALS

Delivering Sustainable  
Financial Returns

Disciplined  
Execution

Customer  
Centricity

Transform  
Fundamentals

Purpose-Driven  
Organisation

# Reducing the Environmental Impacts of this Annual Report

We have taken conscious efforts to manage and minimise the environmental impact of our annual report and related processes.

However, you can make the greatest difference.

Did you know that the equivalent of **one football field of forest is cut down every second**? Play your part. If you can, download the soft copy of CIMB's Annual Report, Financial Statements and Sustainability Report, instead of requesting for a hard copy.



eco  
ink

Printed with

**eco ink**

made from higher percentage of vegetable oil to reduce emission of volatile organic compounds (VOCs). Contains low levels of chemicals, thus

**less pollution**

to the environment throughout the printing process.



The total carbon footprint for printing CIMB Annual Report 2020 was

**11,588kgCO<sub>2</sub>e**,

compared to 14,987kgCO<sub>2</sub>e for our 2019 annual report. The carbon footprint for the 3 books of CIMB Annual Report 2020 is 14.485kgCO<sub>2</sub>e. We are committed to reducing the environmental impact of our annual report and will continue working to reduce the amount of greenhouse gasses (GHG) emitted throughout the entire designing and printing process.

ECO

View our Annual Report, Accounts and other information about CIMB Group Holdings Berhad at

**[www.cimb.com](http://www.cimb.com)**



There is approximately  
**62% reduction**  
in paper used,  
**73,125 less sheets** in  
the printing and  
production of CIMB  
Annual Report 2020  
compared to our  
2019 Annual Report.

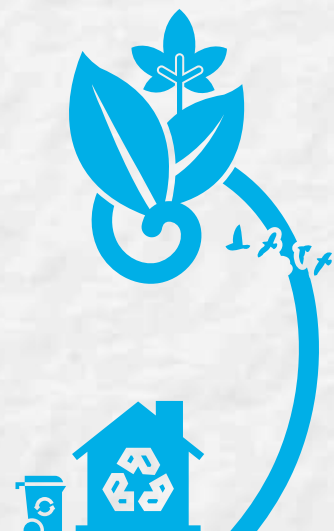


Printed with **carbon neutral press machines, eco materials** and managed under and certified with **ISO 14001:2015** environmental management system to minimise environmental impact.



### Paper sourced from responsibly managed forests

that provide environmental benefits. Covers are printed on FSC® certified Mix credit Xtella Brilliant White 300 gsm paper; Inner pages are printed on FSC® certified Mix credit Xtella Brilliant White 128 gsm paper.



Paper and printing **wastes are being responsibly handled** to recycle and up-cycle materials in order to reduce the burden on landfills.



*This Report is printed on environmentally friendly paper*

# What's Inside this Report

## CIMB AT A GLANCE



3 Group Profile

6 Our Purpose

7 Sustainability: A Way of Business

## ABOUT CIMB SUSTAINABILITY REPORT 2020



8 Forward: ASEAN's Sustainable Banking Agenda

8 Scope: Reporting Coverage and Principles

9 Reliability: Assurance of The Quality of Reporting

8 Business Case: Profits with Purpose

9 Beyond Standards: An Accurate Account to Stakeholders

9 Feedback: Review for Continuous Improvement

## SUSTAINABILITY LEADERSHIP



10 **SUSTAINABILITY PROGRESS REPORT**  
by Group Chairman and Group CEO

12 **OUR BUSINESS CASE**  
by Sustainability Sponsor on the Board

14 **AN INDEPENDENT SUSTAINABILITY REVIEW**  
by IEEFA

## SUSTAINABILITY PRINCIPLES & STRATEGIES



16 Our Philosophy

18 Our Stakeholders

21 Sustainability Scorecard

16 Our Roadmap

20 Our Material Matters

24 Alignment to Global Goals and Industry Initiatives

## VALUE CREATION



**26 Sustainable Action**

27 Climate Change

36 Diversity and Inclusion

44 Talent Attraction, Growth, and Retention

34 Sustainable Supply Chain

38 Health, Safety and Well-being

**50 Sustainable Business**

51 Customer Experience

73 Technology

79 Financial Literacy, Inclusion, and Well-being

56 Sustainable Finance

**86 Corporate Social Responsibility**

87 Corporate Citizenship and Volunteerism

**98 Governance and Risk**

99 Governance

107 Corporate Culture

**112 Stakeholder Engagement and Advocacy**

113 Sustainability Awareness and Participation

## PERFORMANCE DATA



124 Customers

133 Suppliers

134 Environment

127 Employees

133 Community

## REFERENCE



139 Global Reporting Initiative (GRI) Content Index

148 UNEP FI Principles for Responsible Banking (PRB) Index

159 Statement of Assurance

# CIMB at a Glance

## GROUP PROFILE

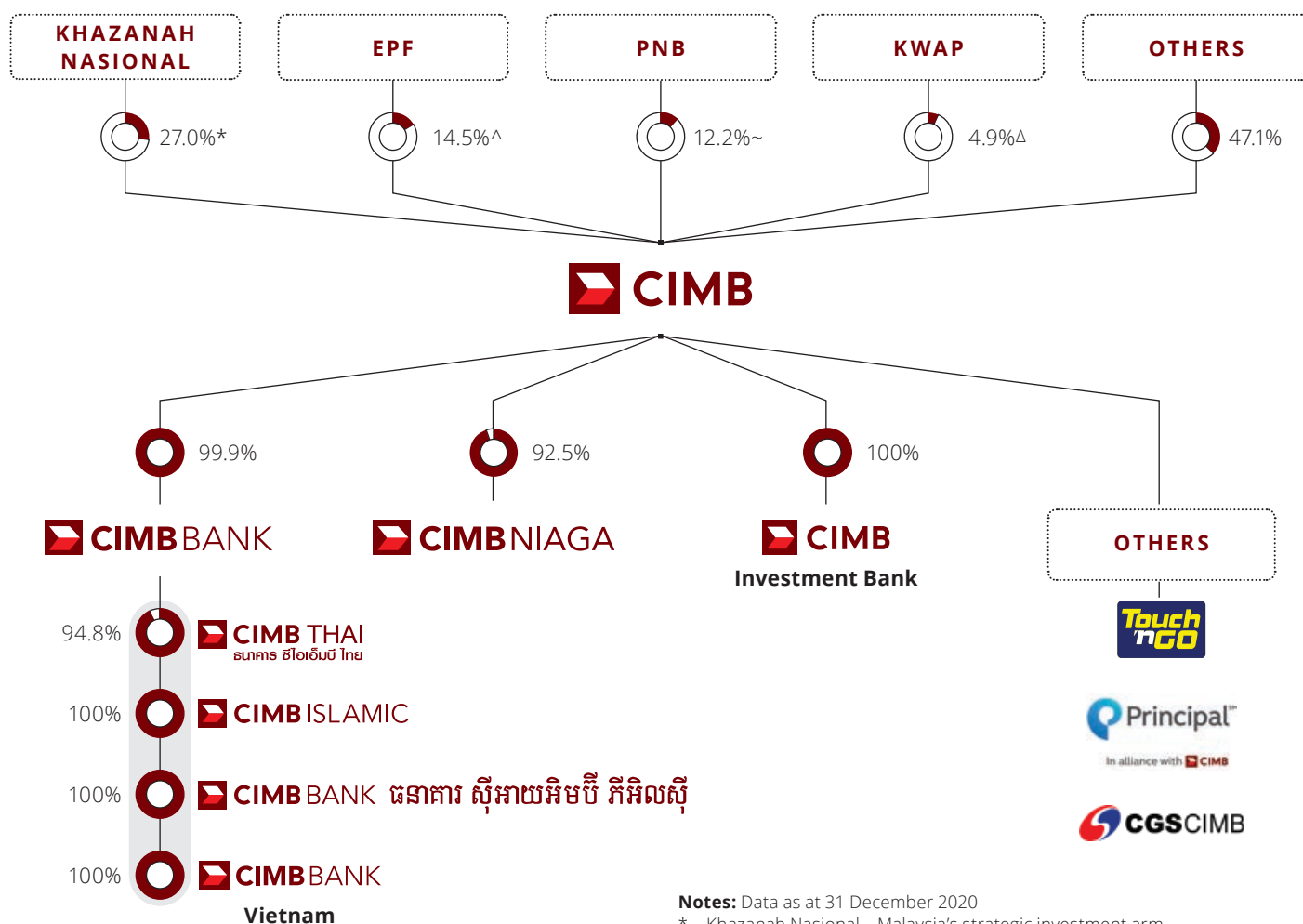
(GRI 102-2, 102-4, 102-6, 102-7)

CIMB Group is a leading focused ASEAN universal bank, one of the region's foremost corporate advisors, and a world leader in Islamic finance. The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, wholesale banking, Islamic banking and CIMB Digital Assets products and services. It is the second and fifth largest banking group by assets in Malaysia and ASEAN respectively.

The Group employs over 34,000 staff in 15 countries. We serve over 16 million customers across the ASEAN region. Our customer base in Malaysia, Indonesia, Singapore, Thailand and Cambodia accounts for over 80% of our customers. Across the Group, our consumer banking business contributes 43% to revenue. Our key joint ventures and partners include CGS-CIMB, Principal Asset Management and Touch 'N Go.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and had a market capitalisation of RM43.5 billion as at 31 December 2020. Total assets as at end of 2020 were RM602.4 billion, with total shareholders' funds of RM55.9 billion and total Islamic assets of RM143.0 billion.

At the end of 2020, substantial shareholders were Khazanah Nasional Berhad with 27.2%, Employees Provident Fund with 16.0%, Permodalan Nasional Berhad with 12.2%, and Kumpulan Wang Persaraan (Diperbadankan) with 6.6%.



Notes: Data as at 31 December 2020

\* Khazanah Nasional – Malaysia's strategic investment arm

<sup>^</sup> EPF – Malaysia's Employees' Provident Fund

<sup>Δ</sup> KWAP – Malaysia's public service pension fund

~ PNB – Malaysia's biggest fund management company





## KEY BUSINESS UNITS AND ENTITIES



### CIMB BANK

CIMB Bank is the Group's commercial bank in Malaysia with 234 branches across the country. It has subsidiaries in Thailand, Cambodia and Vietnam, as well as branches in Singapore, the Philippines, London, Hong Kong, Shanghai and Laos, and a representative office in Yangon.



### CIMB NIAGA

CIMB Niaga is the Group's banking franchise in Indonesia with 352 branches across the archipelago. It has been listed on the Indonesia Stock Exchange since 1989 and is the sixth largest bank in Indonesia by assets at the end of September 2020.



### CIMB THAI BANK

CIMB Thai is the Group's banking franchise in Thailand. It is listed on the Stock Exchange of Thailand and is the eighth largest commercial bank in Thailand by assets, with 59 branches nationwide and one overseas branch in Vientiane, Laos.



## OUR PRESENCE & OUR SOLUTIONS

### A DIVERSE REGIONAL NETWORK

#### UNIVERSAL BANK PRESENCE

-  **Malaysia**  
234 Branches
-  **Indonesia**  
352 Branches  
82 Payment and Cash Centres, Digital Lounges & Mobile Cash Vans
-  **Singapore**  
2 Branches
-  **Thailand**  
59 Branches
-  **Cambodia**  
14 Branches
-  **Laos**  
1 Branch
-  **United Kingdom**  
1 Branch
-  **Vietnam**  
2 Branches
-  **Philippines**  
1 Branch

#### CORPORATE BANK PRESENCE

- China and Hong Kong**
-  1 branch in Shanghai
-  1 branch in Hong Kong

#### INVESTMENT BANK PRESENCE

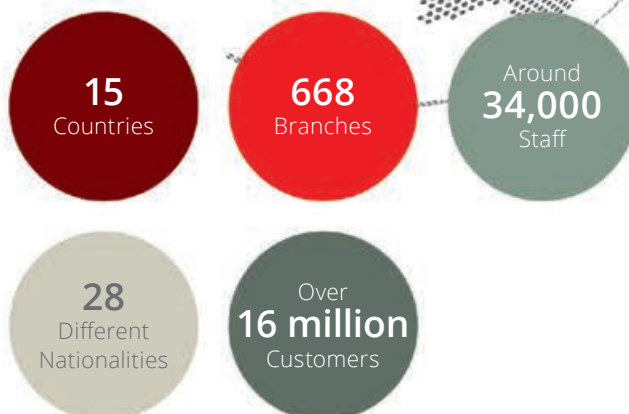
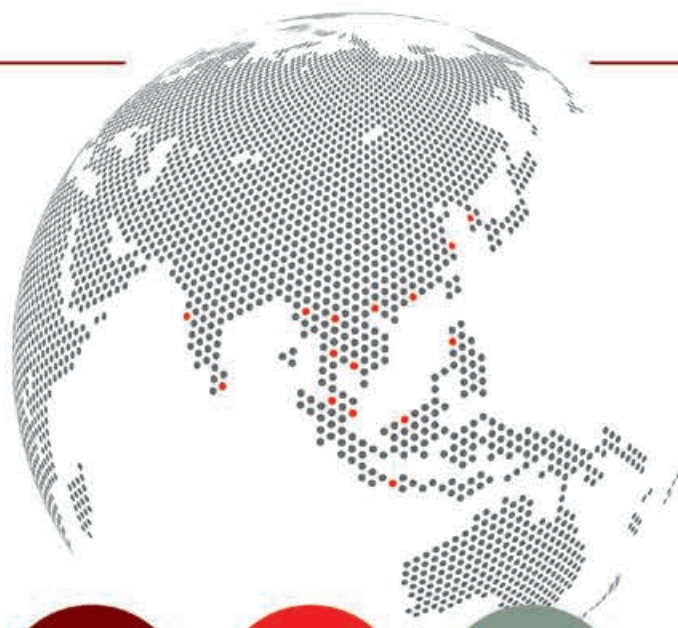
-  **Brunei**

#### REP OFFICE

-  **Myanmar**

#### STOCKBROKING COLLABORATION VIA CGS-CIMB

-  **Korea**
-  **USA**
-  **India**



Data as at 31 December 2020



## CIMB BANK VIETNAM

CIMB Bank (Vietnam) Limited is the Group's banking franchise in Vietnam. Headquartered in Hanoi and with a branch in Ho Chi Minh City, it offers a wide range of banking products and services for individuals, businesses and corporates.



## CIMB BANK PLC

CIMB Cambodia is the Group's banking franchise in Cambodia, with 14 branches across the country. It offers a wide range of banking products and services for individuals, businesses and corporates.



## CIMB INVESTMENT BANK

The Group's investment banking franchise operates in 15 countries across Asia Pacific. CGS-CIMB Securities, a joint-venture with China Galaxy International, is the stockbroking arm for the Group, providing institutional and retail equity broking services and equities research.



## CIMB ISLAMIC

CIMB Islamic is the Group's Islamic banking financial services franchise, with an extensive suite of innovative Shariah-compliant products and services. It operates in parallel with the Group's universal banking platform in Malaysia, Indonesia and Singapore.



Our Headquarters  
**MENARA CIMB**  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50740 Kuala Lumpur, Malaysia

Our global footprint and universal solutions give us an advantage in terms of access to a wide network of customers and strategic partners for consistent and sustainable growth.



Our Retail and Institutional Customers

**>16 million**



Our Self-Service Access Points

**>8,500**



Our Workforce

**~34,000**

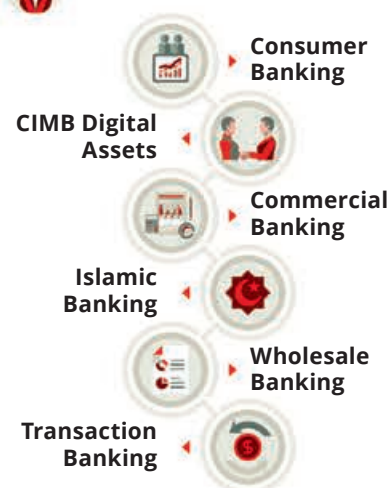


Our Retail Branches

**668**



Our Universal Products and Solutions



Profit Before Taxation

**RM1.53 billion**

Net Profit

**RM1.19 billion**

Last 5-Year Dividend Per Share (Sen)

22.0

2016

25.0

2017

25.0

2018

26.0

2019

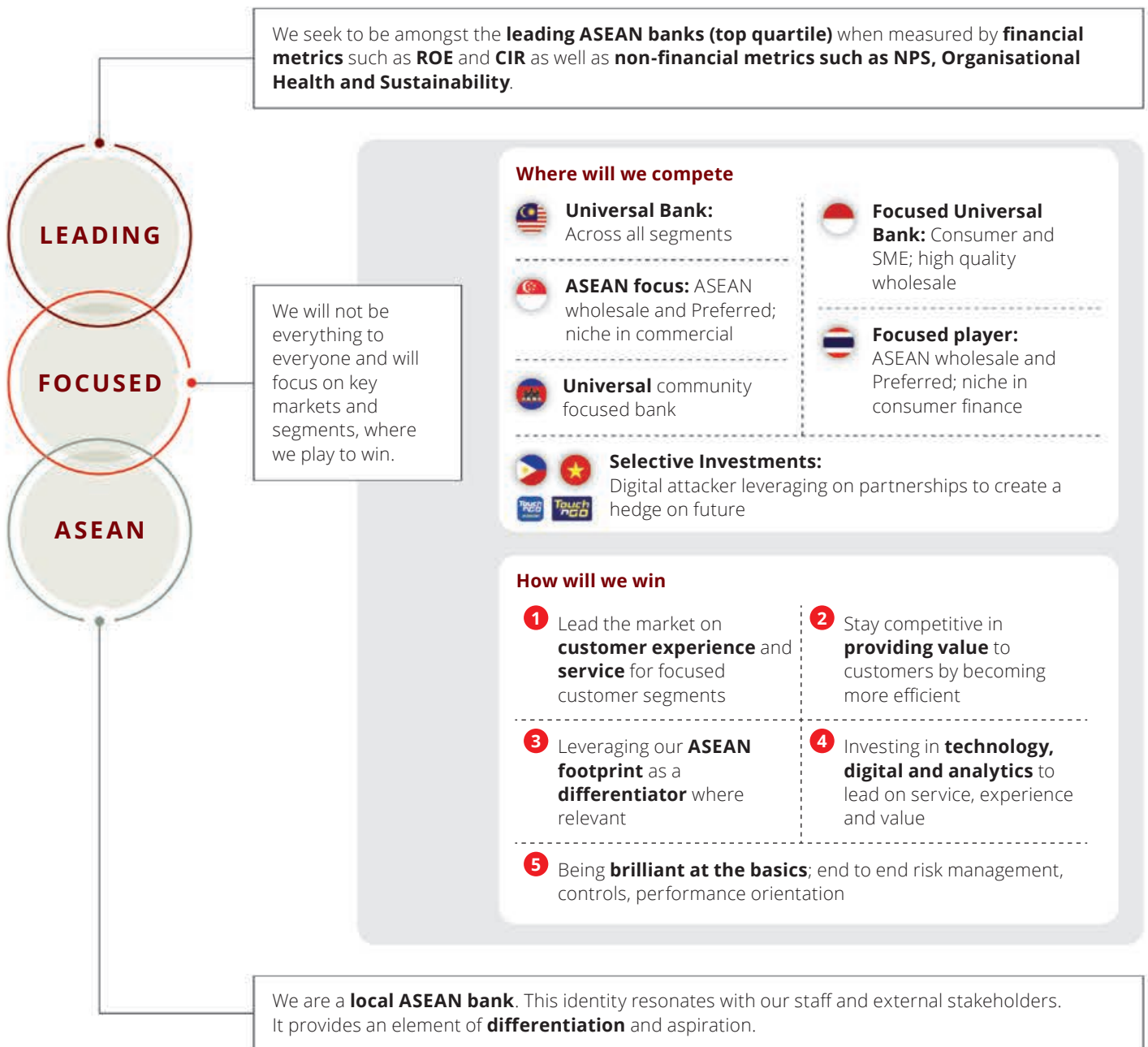
4.8

2020

## OUR PURPOSE

Our purpose is to serve and advance our customers, as well as the societies we interact with. This underlying organisational purpose pervades our business strategy, values, and the way we engage with stakeholders.

We aim to become the leading focused ASEAN bank by embracing a customer-centric mindset to advance customers and societies in the markets that we operate in. This essentially means:





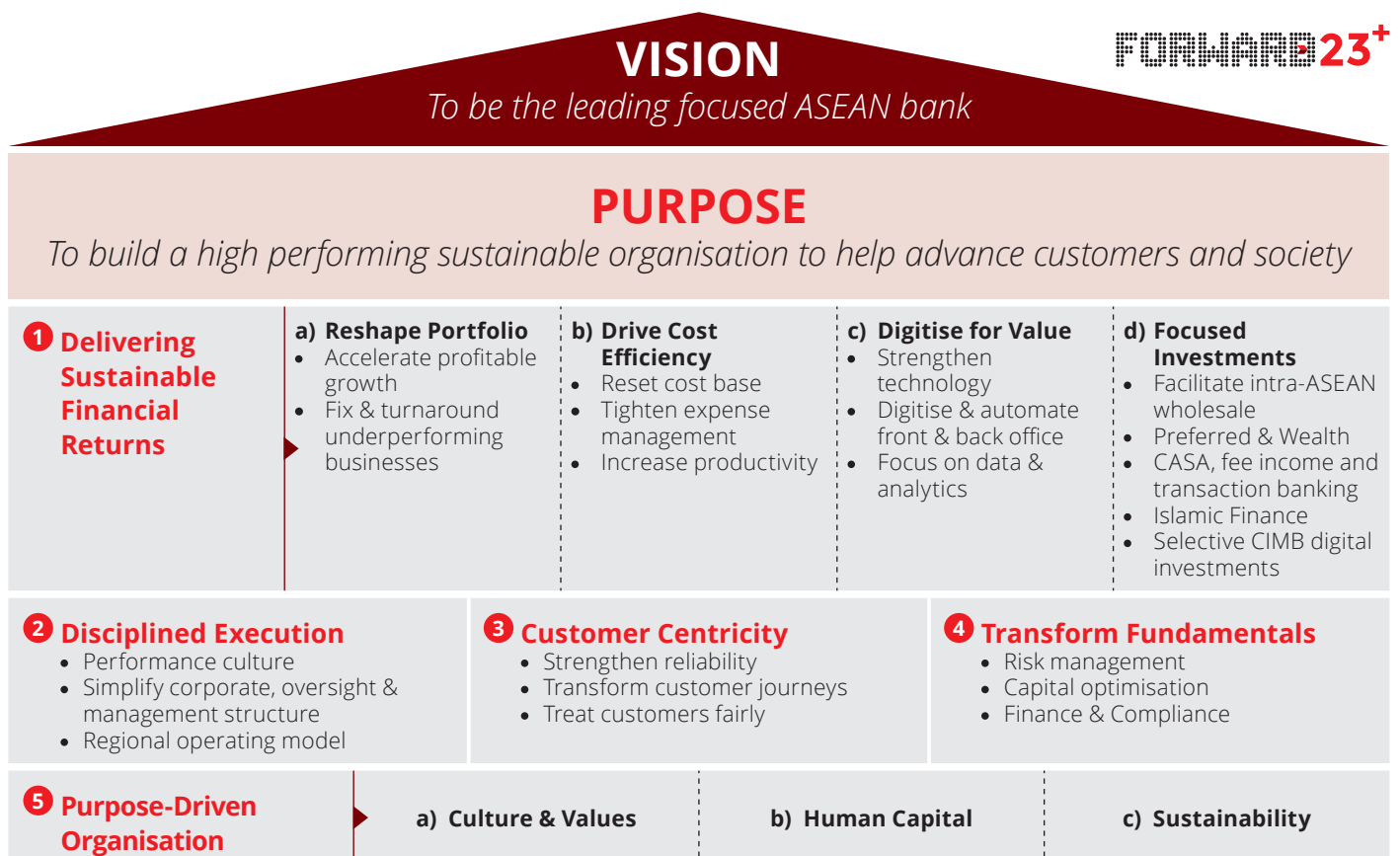
## SUSTAINABILITY – A WAY OF BUSINESS

At CIMB, Sustainability is more than a strategy or a goal, but is integrated into the way we work and the way we do business.

Sustainability is a core element of the Forward23+ strategy. Launched in the second half of 2020, Forward23+ is CIMB Group's new turnaround plan in an extremely challenging and disruptive market landscape. Recalibrated based on the existing mid-term strategy Forward23 (2019-2023), the new turnaround plan takes into account the new normal brought about by the COVID-19 pandemic, trade-offs, clear performance metrics and tracking with collective ownership of the strategic plan across the Group.

We aim to deliver sustainable financial returns for shareholders, which means that we strive to look beyond the challenges and risks of today, to medium and longer-term risks such as climate change, biodiversity loss and worsening social inequality leading to unrest and economic disruptions. Material topics are also reflected throughout the Forward23+ strategy, including improving customer experience, digitising to enhance access to finance, protecting our customers' data and privacy, building talent, and strengthening risk management and compliance.

Sustainability is also a programme under strategic theme #5 Purpose-Driven Organisation, which is executed via our Sustainability Roadmap. It is our aspiration to become a visible shaper of sustainability practices in the ASEAN community, and we target to emerge in the top quartile of the Dow Jones Sustainability Index (DJSI) by 2024.



## About

# CIMB Sustainability Report 2020

## FORWARD: ASEAN'S SUSTAINABLE BANKING AGENDA



#CIMBforTomorrow is our commitment to stakeholders. It is about our efforts to preserve and enhance invaluable natural and social capital. It is also our endeavour to create value for our key stakeholders through net positive economic, environmental and social (EES) impacts.

In the conduct of business, we assume full responsibility for our actions. 2020 was year two of our first 6-year Sustainability Roadmap. CIMB's near-term objectives have been to raise awareness, build capability, garner support from our network of stakeholders, and motivate action. This year, we took significant steps in our sustainability journey: rolling out sustainability policies across our key markets; making a commitment to exit from coal financing; and developing the Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework. In the mid to long-term, the aspiration is to influence, shape and FORWARD the sustainability agenda in ASEAN.

## BUSINESS CASE: PROFITS WITH PURPOSE



This year's report provides insights into the business case and our sustainable finance frameworks. We have illustrated our value creation through case studies to provide a deeper perspective and transparent account to our stakeholders. It serves as a credible reference document on the adoption and implementation of sustainability principles, and draws a clear picture of where CIMB is in its sustainability journey.

The CIMB Group Sustainability Report 2020 documents an important shift in the way we approach business. From shareholder returns to stakeholder expectations – we are shifting in our mindset. We are committing to create value for all. We are working to mobilise definitive action today, to create a better tomorrow for everyone associated with us.

## SCOPE: REPORTING COVERAGE AND PRINCIPLES



The 2020 scope for our annually published CIMB Sustainability Report includes information for the period 1 January 2020 to 31 December 2020, primarily for Malaysia, Indonesia, Singapore, Thailand, and Cambodia. This report should be read together with the CIMB Group Annual Report 2020.

All quantitative information for relevant indicators has been disclosed for three years. The last report was published in March 2020 for the period covering 1 January to 31 December 2019.

As far as possible, we have remained true to the principles of balance, comparability, clarity, completeness, reliability and accuracy.

### BEYOND STANDARDS: AN ACCURATE ACCOUNT TO STAKEHOLDERS



In this report, we have adhered to best practice sustainability guidelines, standards and frameworks. But beyond standards, our intent has been to provide stakeholders with accurate and reliable information on our sustainability performance and aspirations.

Our motivation is to inspire sustainable action, forge new partnerships for sustainable development, and create a community of sustainability champions.

We have complied with Bursa Malaysia's Main Market Listing Requirements on Sustainability Reporting. This report has been prepared in accordance with GRI Standards: Core Option. We have included a GRI Content Index on pages 139-147 for easy reference.

As a signatory to the United Nations Environment Programme Finance (UNEP FI) Principles for Responsible Banking (PRB), we have included an Index on pages 148-158 to provide an overview of our implementation of the Principles. We have started benchmarking our data disclosures against the indicators of the Dow Jones Sustainability Index (DJSI), and the Sustainability Accounting Standards Board (SASB).

### RELIABILITY: ASSURANCE OF THE QUALITY OF REPORTING



(GRI 102-56)

We continuously discuss and deliberate on the level of disclosure across various functions of the Group. This positively contributes to improving the quality of our report, to present the information in a balanced, meaningful and accurate manner.

Selected reported information for topics material to CIMB are subject to a limited independent assurance by KPMG PLT. For the scope of work and observations, please refer to the full Assurance Statement on pages 159-162 of this Report.

### FEEDBACK AND REVIEW FOR CONTINUOUS IMPROVEMENT



We look at sustainability as our responsibility towards our stakeholders and their future. It is therefore critical to continuously map their views on our sustainability efforts. It is equally important to seek their participation in creating long-term net positive impact in areas that matter most to them.

Our assurance to our stakeholders is that we keep their interests at the core of everything that we do. The motivation is to shape a better tomorrow for all of us.

Meanwhile, we welcome all feedback, ideas, and questions from our stakeholders on the CIMB Sustainability Report 2020. Please contact:

**Luanne Sieh**

Head, Group Sustainability and Corporate Responsibility  
[sustainability@cimb.com](mailto:sustainability@cimb.com)

# Sustainability Progress Report

by Group Chairman and Group CEO

(GRI 102-14)

**“Sustainability and profits are not at odds. Sustainability is a pre-requisite for shaping a resilient and prosperous business.”**



## DEAR STAKEHOLDERS,

The global pandemic has served as a wake-up call, demonstrating how fragile our ecosystem is. There emerged an urgent need for businesses to pivot, and to reassess their ability to recover and remain resilient in the future. We are witnessing unprecedented social and economic risks in a world impacted by COVID-19. The priority must be on not just recovery, but rebuilding better and stronger.

At CIMB, our first action was to assess the pandemic's impact on our people, customers, vendors and local communities. Without losing sight of our long-term focus on sustainable development and finance, we leveraged every opportunity to be part of the solution to enable our key stakeholders to survive COVID-19, and thrive in the post-pandemic era.

### RECOVERY IS A MUST, BUT TRANSFORMATION IS THE KEY

The global crisis has challenged almost all businesses, large and small, and in particular, those that aim to maximise profits at all costs. We have seen those that do not invest in resilient supply chain mechanisms facing disruptions. Business continuity plans which are rigid and do not empower the management to quickly transition to alternative channels are also proving ineffective. Companies that do not prioritise the welfare and well-being of their people are experiencing compromised productivity and performance. In short, there needs to be a fundamental shift in the way businesses operate. This means

operationalising short and mid-term recovery plans and planning for longer-term transformation to improve resilience.

In October 2020, we introduced Forward23+, the recalibration of Forward23 strategies and targets, and affirmed our mission to advance customers and society. The idea has been to ensure that CIMB remains steadfast, while effectively responding to emerging challenges in the post-COVID era, without compromising on the ability of our people and systems to serve our customers. Our employees have proven to be resilient in these challenging times, not only adopting and adapting to new ways of work and engagement, but also going the extra mile to serve our customers.

From 2021, we are embedding clear Sustainability KPIs across business units and key enablers across our operations and organisation, as part of our Strategic Plan. This is to ensure that across the organisation, everyone is invested and committed to the purpose of advancing customers and society.

### THE GREATER GOAL IS LONG-TERM RESILIENCE

We will see more and more tipping points as economic, environmental, social and governance (EES&G) risks manifest into existential crises for businesses, societies, and indeed all life. Those with power and influence need to go beyond reactive responses, towards proactive strategies to future-proof their organisations and the communities where they operate. Such strategies are fundamental and foundational for planning and delivering meaningful and inclusive development and growth.

### IT IS IMPORTANT NOT TO LOSE SIGHT OF THE GREATER RISKS AHEAD

Recovering from the pandemic, without doubt, is the immediate priority. However, the pandemic is just one example of the many EES&G risks which will continue to pose a threat in the near future. The pandemic, a manifestation of a single risk factor in 2020, brought many economies to a standstill. This shows that we need to

begin shaping robust mechanisms to mitigate risks, such as rising inequalities in society, deterioration of biodiversity, and impacts of climate change.

CIMB takes a long-term view on our business, to build a sustainable future for our own operations as well as our partners. Being a founding member of the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB) and a signatory of the Collective Commitment to Climate Action (CCCA), we have started to align our portfolio with the 1.5 degree Celsius goal of the Paris Climate Agreement.

The announcement of CIMB's Coal Sector Guide, and our commitment to phase out coal from our portfolio by 2040 is a testament of CIMB's commitment to support an orderly climate transition. Effective across the Group from 2021 onwards, the Guide prohibits asset-level or general corporate financing for new thermal coal mines and coal-fired power plants, as well as expansions, except where there is an existing commitment. Concurrently, we will intensify our efforts to support economic development in the region via cleaner forms of energy.

As an ASEAN bank committed to supporting the SDGs, we are continuously exploring opportunities for green recovery and green growth. Through our Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework, we are designing financial solutions that contribute to mitigating issues around energy, food, water, health, social equality and equity. We continue to expand our suite of sustainable products and services, including Sustainability-Linked Loans, SME Renewable Energy Financing and GreenBizReady. These support and incentivise existing and new clients, including those that are operating in the brown sectors, to transition towards a more equitable, low-carbon and climate-resilient economy.

In 2020, we partnered with MATRADE and IMPACTO to reach out to more than 200 export-ready small and medium-sized enterprises (SMEs) to orientate them on various sustainability risks beyond the pandemic. We engaged with the SMEs to

equip them with fundamental knowledge on shaping a resilient business by embracing sustainability principles. We also introduced various schemes and packages that will help them with their recovery efforts, as well as to start on their sustainability journeys.

## THE MOTTO SHOULD BE TO "LEAVE NO ONE BEHIND"

We are committed to be a partner in sustainable development wherever we operate. This is now even more urgent and important, as the pandemic has increased inequalities and negated progress made on poverty reduction in the region. The poorest have been severely impacted by the pandemic's economic toll, particularly those in informal labour markets, with women workers the hardest hit.

In 2020, we continued our commitment to invest in and support meaningful sustainability and corporate responsibility programmes. Over a three-year period, we have invested RM117.4 million in community projects that have enabled access to basic utilities and social services in rural communities, inclusion in sports, education and employment, and environmental conservation. Through our outreach with NGO partners, we have developed training programmes and provided grants to support the entrepreneurial spirit of the poorest communities to enable economic empowerment. Most of the outreach programmes would not have been possible without the efforts of #teamCIMB who volunteer their time and efforts to contribute to their community. Community development is an area that CIMB is dedicated to supporting in the years to come, and a holistic strategic review is currently underway.

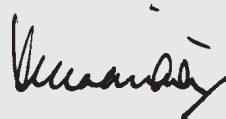
## PARTNERSHIPS ENHANCE THE ABILITY TO DEPLOY EFFECTIVE SOLUTIONS

Establishing partnerships with relevant stakeholders is important to us, as we actively seek to understand our key stakeholders' perceptions and expectations of our role as a responsible business.

CIMB remains committed to collaborating with critical stakeholders to drive the sustainability agenda. We are active partners in the CEO Action Network which was launched at The Cooler Earth Sustainability Summit in 2019. The network has now been expanded to include CEOs from more than 40 leading companies in Malaysia, who are working collectively to raise the sustainability agenda within corporate Malaysia. Through the Joint Committee on Climate Change (JC3), we are pursuing collaborative actions for building climate resilience within the Malaysian finance sector. Through the Financial Industry Collective Outreach (FINCO), we are working together with other financial institutions to provide underprivileged children and youth with the guidance and educational tools they need to achieve their life goals.

In summary, the year 2020 has been unprecedented. At the same time, it has also been an eye-opener for many businesses and people. For us at CIMB, the pandemic served as a litmus test for our business continuity plans, the resilience of our operations, our strategies and our sustainability priorities. We are stronger in our resolve to continue in our efforts to create net positive economic, environmental, social impacts, anchored by principles of good governance.

"CIMB for Tomorrow" remains our mission. The Present is where we will shape a better Future for everyone associated with CIMB.



**Datuk Mohd Nasir Ahmad**  
Chairman



**Dato' Abdul Rahman Ahmad**  
Group Chief Executive Officer/  
Executive Director



# Our Business Case

## by Sustainability Sponsor on the Board

(GRI 102-14)

“Sustainability is a matter of shared governance, where the Board has the highest accountability for responsible growth.”



### DEAR SHAREHOLDERS,

These are testing and yet extremely exciting times. The global pandemic has created havoc beyond anyone's imagination. It has disrupted economic systems, disturbed the social fabric of societies where we live and operate, and challenged everything we take as Businesses As Usual. However, the pandemic has also taught us important lessons, and has shown us that we can be incredibly resilient in the face of danger and that we are capable of taking extreme and radical measures in response to crises and, consequentially, that we can shape a better planet and a better future. This realisation amid the pandemic has further strengthened CIMB's business case for building resilience and furthering sustainable development.

### RECOVERY IN THE BROADER CONTEXT

In view of the unprecedented impacts of the pandemic, the global call-to-action has been to look beyond immediate responses and prioritise holistic recovery plans. Leaders must respond to and address the immediate social and economic issues, but also develop long-term strategies to mitigate and better manage future economic, environmental, social and governance (EES&G) issues. The Global Investors for Sustainable Development (GISD) Alliance, of which CIMB is a member, has also urged the business community to accelerate sustainability integration efforts into core business models.

- According to the **Green Stimulus Index (2020)**, around 27% of total stimulus allocated by 17 major economies will flow into sectors considered to have environmental relevance. Such flows will not only support the sectors in navigating the current pandemic, but will make them more resilient to future crises such as climate change and biodiversity loss.
- The **“Next Generation EU” Recovery Package** is one of the most environmentally friendly stimulus packages launched to date. It has been announced that 30% of the €750 billion (US\$830 billion) package will be channelled towards “green” initiatives. These will include specific measures designed to address dependence on fossil fuels, excessive energy utilisation, depleting natural capital, etc.
- According to **Bloomberg Intelligence ESG Analysts**, the issuance of social and sustainability bonds was likely to double, and reached more than US\$100 billion in 2020. There has been growing investor focus on social and environmental bonds, reflected in the low rates.

### MORE FOCUS THAN EVER ON SUSTAINABILITY

In the post-COVID-19 era, we will see scaling-up of investments where the emphasis will be on sustainable development objectives. In the financial sector, from regulators to policy makers, from rating agencies to large, medium and small organisations, the focus will be on incorporating EES&G considerations in key business decisions.

- Globally, the focus on sustainable development and its issues remained strong. During the year, we witnessed many trend-setting practices. Late last year at the onset of the pandemic, the New Zealand parliament passed a landmark legislation that will help the country achieve zero net carbon dioxide emissions by 2050. At the UN General Assembly in September 2020, China too made an ambitious pledge to go carbon neutral by 2060, which is the country's first ever long-term climate goal.
- In **Malaysia**, we have seen introduction of **ESG-related incentives** such as tax exemptions for fund management companies focusing on Socially Responsible Investing (SRI) funds and Shariah-compliant funds. Incentives have also been extended to defray the cost of issuing not just SRI Sukuk, but also to include sustainable, green or social conventional bonds. The government has also announced its plans to extend the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) until 2023 and has launched the Green Tech Financing Scheme 3.0 (GTFS 3.0).
- The **Indonesian government** introduced the **"New Normal" Policy and Protocols** as a way to realise its vision of sustainability, with SDGs as the baseline for the country's COVID-19 recovery. While the pandemic has disrupted the economy, it is expected to further create more inequalities, potentially causing severe negative impacts on most SDGs. However, in planning and delivering its recovery plans, the Government exercises

prudence in applying SDG principles of inclusiveness and "leaving no one behind".

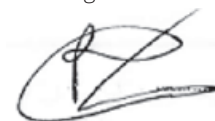
- The **Singapore Budget** included **progressive** measures such as funding and incentive schemes related to energy efficiency, sustainable finance, urban solutions, water technology, and workforce. The Government's Green Finance Action Plan is committed to mobilise efforts to build resilience to environmental risks, develop green finance markets and solutions, build the requisite capabilities and encourage green fintech innovation. In January 2021, the Monetary Authority of Singapore (MAS) launched a Handbook on Implementing Environmental Risk Management, and issued a consultation paper on a green and transition taxonomy, which will have principle-based criteria, supplemented with quantifiable thresholds. MAS is also planning to establish Centres of Excellence to drive green finance research and training.
- **Thailand** reinforced its focus and commitment to the Bio-Circular-Green Economy Model (BCG) and Sustainable Investments. In June 2020, the Thailand Board of Investment approved five large-scale projects, with an investment capital of B41.8 billion (US\$1.35 billion) to boost the agricultural sector and accelerate efforts towards the BCG model. The National Economic and Social Development Council also announced its plans to partner with local communities, civil society and the private sector to develop two of its major municipalities as sustainable future cities between 2020 and 2021.
- In 2020, the **Cambodian government** announced its plan to extend the Phnom Penh Sustainable City Plan 2018-2030 to another six provinces that are facing critical urban challenges, mainly related to housing, food, transportation, air quality, energy, water, natural and cultural heritage conservation.

### CRITICAL NEED FOR SUSTAINABILITY LEADERSHIP

In the second quarter of 2020, we witnessed the UN-supported, CEO-led Climate Advocacy Effort, with 155 multinationals issuing a compelling statement calling on governments to align their COVID-19 recovery measures with the latest climate science. These organisations, with a combined market capitalisation of over US\$2.4 trillion and employee strength of over five million, have reinforced their commitment to the targets set under the Paris Agreement and to achieving a zero-carbon economy. This comes against the backdrop where the severe impacts of COVID-19, both economic and social, are influencing public opinion in favour of responsible and sustainable business practices. Leaders are coming to terms with the need to ensure long-term social and environmental sustainability as a pre-requisite for continued commercial viability. In the process, they are reassessing their business models and strategies to future-proof their people and operations.

At CIMB, we are increasingly hearing from our regional and global investors, emphasising three key aspects: Material disclosures that are comparable across jurisdictions; targets and a three to five year action plan, especially for those operating in sectors with environmental and social issues; and due deliberation and strategic interventions at Board-level. We have endeavoured to reflect our efforts in this report.

In conclusion, I believe that the current crisis reinforces the imperative to take a long-term approach to planning and delivering sustainable performance. This would require us to innovate our current business practices, strengthen our sustainability governance, and seek participation of our stakeholders to make way for growth that is inclusive and meaningful.



**Rob Coombe**

Sustainability Sponsor on the Group Board of Directors

# An Independent Sustainability Review

by the Institute for Energy Economics and Financial Analysis

**“We see CIMB’s progress on Sustainability adoption as inspiring for the industry and its network of stakeholders. Corporate leadership of substance is critically important.”**

Tim Buckley

## DEAR STAKEHOLDERS OF CIMB,

The banking sector plays a critical role in channeling financial flows to support the technology-driven global energy transition that is currently underway, and accelerating rapidly. In addition to integrating ESG risks and opportunities into mainstream finance, financial institutions must look at key issues such as governance, water, energy, climate change and food collectively, to create positive impact so as to underpin sustainable economic growth, resilience of the financial sector, and socio-political stability.

Banks can positively influence their wide network of stakeholders, including businesses, through sustainable lending and investment practices, as well as green, social and sustainable impact product frameworks. In the ASEAN region, leading banks are transitioning towards sustainable finance, with clear ESG assessment guidelines and criteria for financing.

Banks in ASEAN, and globally, are faced with difficult decisions as countries around the world look to shore up their domestic energy security amid COVID-19. This involves strengthening their sustainability frameworks and taking measured steps towards a phased introduction of new requirements in their underwriting policies, or even decisions to manage various environmental and social issues by an orderly phasing out of certain sectors, such as coal, which is a leading contributor to the damaging effects of climate change. This gives clarity and a time frame for transition.

CIMB Group is taking a progressive stance, making it the first developing country bank to have a formal coal exit policy. While it is designing capacity building programmes on sustainability for the industry, CIMB is also engaging with its customer base to raise awareness on ESG policies and its sustainable finance guidelines, to better understand the financial risks and opportunities this entails. IEEFA sees it as important that CIMB is willing to work with its customers to transition towards more sustainable business models and responsible business practices whilst still being able to continue their access to finance with CIMB. In short, like the many other banks in the ASEAN or emerging markets, CIMB’s approach leverages the technology driven investment opportunities of the energy transition, creating positive impact in multiple industries and building energy security by promoting domestic infrastructure and energy generation.



**“CIMB Group is taking a progressive stance, making it the first developing country bank to have a formal coal exit policy.”**

**“CIMB is also engaging with its customer base to raise awareness on ESG policies and its sustainable finance guidelines.”**

Globally, banks, insurers and leading corporates, are already looking at clear linkages between their financed businesses (and their supply chains) and the long-term resilience and strength of their balance sheets. Mark Carney, the ex-Governor of the Bank of England, has long warned that climate change could render many assets “worthless”. The Bank of England is the first central bank to conduct comprehensive tests on the ability of the financial system to withstand the risks posed by the climate emergency. This has grown into a global convention with the Financial Stability Board’s Network for Greening of the Financial System, of which Bank Negara Malaysia (BNM) is a founding global member. CIMB, as a founding signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB), has pledged its support for the Collective Commitment to Climate Action (CCCCA). This means that CIMB should continue to take tangible steps towards putting into practice their commitment to align its business with international climate goals.

As at December 2020, CIMB has developed five sector guides covering palm oil, forestry, oil & gas, construction & real estate, as well as coal. CIMB’s approach is to evolve and keep raising sustainability criteria thresholds in line with global standards and best practices, and to help its clients manage their economic, environmental and social (EES) impacts.

CIMB’s Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework helps the bank to take into account EES and governance factors when designing financial solutions. Using this framework, CIMB launched a US\$680 million SDG bond in 2019, with proceeds fully allocated to financing positive impact opportunities such as renewable energy, energy efficiency and affordable housing. At the beginning of 2020, CIMB committed RM3 billion to Sustainability-Linked Loans (“SLLs”) from January 2020 to December 2024. By December 2020, close to RM1 billion had been accepted by clients.

Such efforts from CIMB are in keeping with the Malaysian Government’s increasing focus on sustainability principles. In July 2020, Malaysia launched a regulator-backed platform called the Malaysian Sustainable Finance Initiative (MSFI), which will offer technical assistance and training on sustainable investing for market participants. BNM too has released a draft paper on “Climate Change and Principle-based Taxonomy” which will serve as guidance to facilitate financial institutions in identifying and classifying economic activities that could contribute to climate change objectives, such as investment in renewable energy technologies.

While we recognise that Sustainability is one of the strategic themes of CIMB’s Forward23+ strategy, the ASEAN Banking Group is expected to accelerate its efforts in the management of sustainability risks at the portfolio level. Risk assessment and mitigation at the portfolio-level are critical to present a complete picture of the sustainability risk exposure of the bank. There is also a need for greater disclosure of “decision-useful” information for investors that provides them better clarity on the potential financial impact of climate-related issues on their portfolios.

As of October 2020, over 700 financial institutions with US\$150 trillion AUM have publicly supported the Taskforce on Climate-related Financial Disclosure (TCFD) recommendations. But the quality of disclosure on climate-related risk needs ongoing improvement. We encourage CIMB Group to take into account TCFD guidelines, including the need for setting sustainability targets at both organisational and portfolio levels. In addition, based on portfolio analysis, CIMB can also identify specific transition and physical risks which could potentially impact the Group’s resilience to environmental, policy, regulatory, and technology risks.

In 2021 and beyond, CIMB must take note of the global developments in sustainable finance, which will impact ASEAN banks, most centrally, the landmark net zero emissions targets of China, Japan and South Korea, plus the return of the U.S. to the Paris Agreement, and the sustained rise in the European carbon price and policy. These trends will accelerate global efforts to reform the regulatory landscape for sustainable finance; increase demand for green financial products and sustainable product frameworks; and introduce new eco-labels, standards and low-carbon benchmarks.

CIMB and other financial sector players should look beyond their operations and mobilise their network of stakeholders to meaningfully contribute towards shaping a sustainable future and a better planet - an ideal goal when considering intergenerational equity.

**Tim Buckley,**  
**Director of Energy Finance Studies,**  
**South Asia**

**The Institute for Energy Economics and Financial Analysis (IEEFA)**

*IEEFA is a non-profit organisation that analyses issues related to energy markets, trends, and policies. Its mission is to accelerate the transition to a diverse, sustainable and profitable energy economy.*



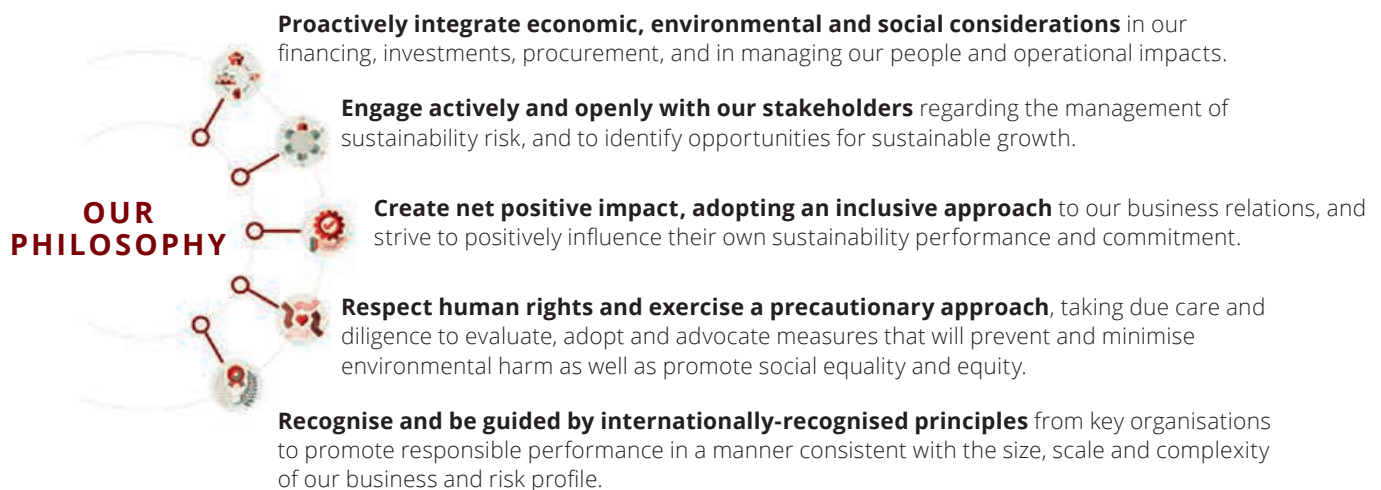
# Sustainability Principles and Strategy

## OUR PHILOSOPHY

With a legacy of over four decades, CIMB Group continues to be a progressive financial institution, fulfilling not only the expectations of today's stakeholders, but safeguarding the needs of future generations. Through our core business of financial services, we aspire to fulfil the promise of advancing customers and society towards a better future, where economic development empowers people and businesses, creating new opportunities and reducing risks such as widening social inequalities and climate change.

As a financial institution, we have a responsibility to ensure that capital is deployed towards sustainable activities and business. Through our pledge of #CIMBforTomorrow and the sustainability principles embedded in our Forward23+ strategy, we are committed to operate in a way in which we assume accountability and responsibility towards our actions, and for the activities we facilitate.

Our aspiration is to become a visible shaper of sustainability practices in the ASEAN community. Our philosophy is to enable the following:



## OUR ROADMAP

The CIMB Group Sustainability Roadmap takes a programmatic approach to achieve our sustainability goals, grouped according to five strategic pillars. Since 2019, our intention has been to implement and move forward with embedding sustainability actions within our own operations, and in parallel, working with our stakeholders on awareness-raising, advocacy, capacity building and change management. In line with the recalibrated Forward23+ plans at the Group level, our roadmap has been extended up to 2024.







## KEY ACHIEVEMENTS SINCE THE ESTABLISHMENT OF THE GROUP SUSTAINABILITY ROADMAP

2019

- Drafting member and founding signatory to the UNEP FI Principles for Responsible Banking (PRB)
- Signatory to the Collective Commitment on Climate Action (CCCA)
- Established the Group Sustainability Department as a regional function
- Commenced rollout of the Group Sustainability Policy (GSP) and Group Sustainable Financing Policy (GSFP)
- Four sector guides (Palm Oil, Construction & Real Estate, Oil & Gas, and Forestry) were developed
- Launched the Positive Impact Products and Services Framework








2020

- Appointed a Group Chief Sustainability Officer
- Established the Group Sustainability Division, incorporating Group Corporate Responsibility
- Rolled out the GSP in Singapore, Thailand, the Philippines, and Cambodia
- Rolled out the GSFP in Indonesia, Singapore, Thailand, and Cambodia
- Announced the Coal Sector Guide and committed to phase out from the coal sector by 2040
- Developed the Green, Social, Sustainable Impact Products and Services Framework
- Conducted a benchmarking exercise to set sustainability targets and KPIs

Our Sustainability Roadmap is designed to operationalise and deliver on our Sustainability Philosophy and aspirations. It covers all identified Material Matters across the Economic, Environmental, Social and Governance (EES&G) spectrum, and aims to deliver **net positive impact**.

We see two critical components in generating net positive impact. First, **minimising our footprint, which are the negative impacts created** through the course of conducting our business, both directly through our operations and indirectly, through the activities that we enable through our products and services. We do this by introducing environmental and social standards as well as sustainability risk management practices in our organisation and in our dealings with stakeholders. Some of the primary tools used to deliver this are carbon footprint measurements and reduction targets; sustainability due diligence; measurement and monitoring tools; portfolio risk assessments and modelling; and sustainability disclosures and ratings.

Second, **maximising our handprints, or positive impacts**. We do this by offering environmentally / socially beneficial products and services to individuals and businesses, and by creating positive impacts within our own operations. Some of our frameworks and activities in this space are the Green, Social, Sustainable Impact Products and Services (GSSIPS) framework to deliver products and services to promote financial inclusion, reduce inequality, and incentivise our clients to create their own positive impacts; our support for micro SMEs and social enterprises through our CSR activities; as well as the work that we do with local and international networks to build sustainable development capacity and awareness.


	<div><b>FOOTPRINT</b> (minimising negative impact)</div>			<div><b>HANDPRINT</b> (creating positive impact)</div>		
	Sourcing	Operations	Financing	Sourcing	Operations	Financing
<div><b>Sustainable Action</b></div>	Review suppliers' E&S compliance	Assess and reduce energy & waste		Build capacity of suppliers' for positive E&S performance		
<div><b>Sustainable Business</b></div>		Limit/phase-out negative E&S Impacts from financing			Introduce positive impact products and solutions	
<div><b>Corporate Social Responsibility</b></div>	Work with lead NGOs on specific E&S Issues			Support SMEs & social enterprises	Fund greater community E&S causes	
<div><b>Governance and Risk</b></div>	Strengthen policies to manage ESG risks			KPIs for positive impact creation		
<div><b>Stakeholder Engagement &amp; Advocacy</b></div>	Raise awareness to promote responsible behaviour			Engage and partner with peers and cross-sector stakeholders to generate positive impacts		


## OUR STAKEHOLDERS


(GRI 102-40, 102-43, 102-44)

We consider our engagements with our stakeholders essential as they provide us with valuable insights on what matters most to them. In response, we have developed a comprehensive engagement framework to enable us to best capture the most critical and relevant EES&G impacts and opportunities we should be addressing as a bank.

Multiple internal and external sources and touchpoints have been used, such as targeted engagement through focus groups, and one-on-one interviews and online surveys to understand specific sustainability issues, as well as topics of interest. We have mapped topics and issues raised against our material issues and discussed how we have responded throughout the report.


<div> CUSTOMERS (INDIVIDUAL CUSTOMERS)</div>		Frequency: Daily
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• Call centres</li><li>• Feedback from surveys</li><li>• Social media</li></ul>	<ul style="list-style-type: none"><li>• Complaints and feedback mechanisms (via both physical and digital platforms)</li><li>• Virtual seminars &amp; conferences</li></ul>	<ul style="list-style-type: none"><li>• Customer Experience</li><li>• Technology</li><li>• Sustainable Finance</li><li>• Financial Literacy, Inclusion, and Well-being</li><li>• Health, Safety and Well-being</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Consistent and Superior Customer Experience</li><li>• Enhanced Digital Services</li><li>• Data Privacy and Security</li></ul>	<ul style="list-style-type: none"><li>• Financial Inclusion and Financial Literacy</li><li>• Sustainable Finance and Responsible Banking</li><li>• Enhanced Health and Safety Protocols</li></ul>	

<div> CLIENTS (BUSINESS/INSTITUTIONAL CLIENTS)</div>		Frequency: Daily
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• Annual reviews</li><li>• Relationship managers</li></ul>	<ul style="list-style-type: none"><li>• Call centres</li><li>• Virtual seminars &amp; conferences</li></ul>	<ul style="list-style-type: none"><li>• Customer Experience</li><li>• Sustainable Finance</li><li>• Technology</li><li>• Governance</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Customer Experience</li><li>• Sustainable Finance and Responsible Banking</li></ul>	<ul style="list-style-type: none"><li>• Data Privacy and Security</li><li>• Access to Finance</li><li>• Favourable Lending Terms</li></ul>	

<div> EMPLOYEES</div>		Frequency: Daily
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• Townhalls</li><li>• Department meetings</li><li>• Performance reviews</li><li>• Internal channels</li></ul>	<ul style="list-style-type: none"><li>• Feedback &amp; surveys</li><li>• Sustainability Champions</li><li>• Employee events</li></ul>	<ul style="list-style-type: none"><li>• Health, Safety and Well-being</li><li>• Technology</li><li>• Customer Experience</li><li>• Talent Attraction, Growth, and Retention</li><li>• Governance</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Employee Well-being and Safe Working Environment</li><li>• Technological Obsolescence and Innovation</li></ul>	<ul style="list-style-type: none"><li>• Consistent and Superior Customer Experience</li><li>• Talent Development</li></ul>	

<div> INVESTORS</div>		Frequency: Quarterly/Annually
How we Engage		Material Topics
<ul style="list-style-type: none"><li>Quarterly briefings</li><li>Investor roadshows</li></ul>	<ul style="list-style-type: none"><li>One-on-one investor engagements</li><li>Annual General Meetings</li></ul>	<ul style="list-style-type: none"><li>Governance</li><li>Technology</li><li>Customer Experience</li><li>Talent Attraction, Growth and Retention</li><li>Climate Change</li><li>Sustainable Finance</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>Governance (Corporate and Sustainability Governance)</li><li>Quality EES Reporting/Communication</li></ul>	<ul style="list-style-type: none"><li>Climate Change Strategy</li><li>Sustainable Finance</li></ul>	

<div> <b>GOVERNMENT &amp; REGULATORS</b></div>		Frequency: Quarterly
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• One-on-one meetings</li><li>• Meetings &amp; seminars</li></ul>	<ul style="list-style-type: none"><li>• Industry working groups</li></ul>	<ul style="list-style-type: none"><li>• Governance</li><li>• Technology</li><li>• Customer Experience</li><li>• Financial Literacy, Inclusion, and Well-being</li><li>• Climate Change</li><li>• Sustainable Finance</li><li>• Sustainability Awareness and Participation</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Governance</li><li>• Financial Crime and Corruption</li><li>• Data Privacy and Security</li><li>• Digitalisation of Financial Services</li><li>• Culture of Innovation and Agile</li></ul>	<ul style="list-style-type: none"><li>• Customer Experience</li><li>• Treating Customers Fairly</li><li>• Financial Inclusion</li><li>• Value-based Intermediation</li><li>• Talent Development</li></ul>	

<div> <b>SUPPLIERS</b></div>		Frequency: Monthly
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• Procurement process</li><li>• Community event</li><li>• Virtual focus groups</li></ul>	<ul style="list-style-type: none"><li>• Performance evaluation</li><li>• Virtual seminars &amp; conferences</li></ul>	<ul style="list-style-type: none"><li>• Sustainable Supply Chain</li><li>• Governance</li><li>• Health, Safety and Well-being</li><li>• Financial Literacy, Inclusion, and Well-being</li><li>• Customer Experience</li><li>• Technology</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Partnerships for Growth</li><li>• Fair Remuneration and Payment Terms</li><li>• Financial Literacy</li></ul>	<ul style="list-style-type: none"><li>• Enhanced Digital Interface</li><li>• Seamless Procurement System</li><li>• Data Privacy and Security</li></ul>	

COMMUNITY / NGOS / CIVIL SOCIETY		Frequency: Monthly
How we Engage		Material Topics
<ul style="list-style-type: none"><li>• NGO campaigns &amp; engagements</li><li>• One-on-one meetings</li><li>• Training</li><li>• Community partnerships</li></ul>	<ul style="list-style-type: none"><li>• Donations &amp; sponsorships</li><li>• Social media</li><li>• Virtual seminars &amp; conferences</li></ul>	<ul style="list-style-type: none"><li>• Financial Literacy, Inclusion, and Well-being</li><li>• Corporate Citizenship and Volunteerism</li><li>• Sustainability Awareness and Participation</li><li>• Sustainable Finance</li><li>• Climate Change</li></ul>
Topics and Issues		
<ul style="list-style-type: none"><li>• Financial Inclusion</li><li>• Volunteerism</li><li>• Financial Literacy</li><li>• Community Development</li></ul>	<ul style="list-style-type: none"><li>• Progress on Sustainable Finance Commitment</li><li>• Climate Change</li><li>• Deforestation</li></ul>	

# Sustainability Principles and Strategy

## OUR MATERIAL MATTERS

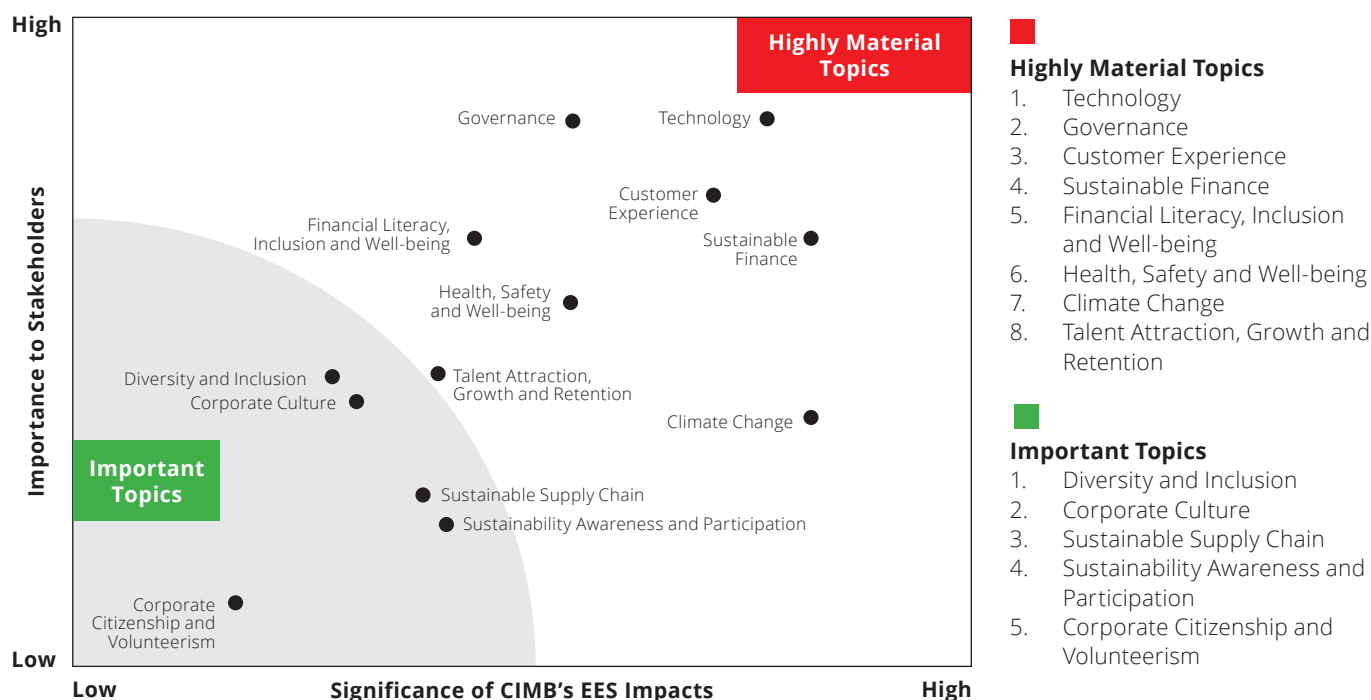
(GRI 102-47, 102-49)

In 2018, we conducted an in-depth materiality exercise that helped us to understand our position, and subsequently identified and prioritised 14 material topics for the Group, primarily focused on Malaysia. In consideration of the evolving stakeholder and business needs, accelerated by the pandemic, we conducted a high-level refreshed assessment in 2020 as part of our broader stakeholder engagement process, and to ensure relevance to our regional stakeholders.

As part of this exercise, we conducted focus groups, surveys, and targeted interviews with more than 2,500 stakeholders, including our customers, employees, institutional investors, and suppliers from Malaysia, Indonesia, Singapore, Thailand and Cambodia. Based on these inputs, and through our other engagements and research, we updated the definitions of several material topics:

- We merged the material topic “Nurturing Growth” into “Talent Attraction, Growth and Retention” in order to avoid overlaps in scope.
- We expanded the definition of “Climate Change” beyond our direct footprint by including our indirect footprint into the scope.

Based on the findings, we were able to confirm that all topics identified in 2018 are still relevant in 2020. During the year, due to the unprecedented impacts of COVID-19 on people, economy, and business, three material topics (Health, Safety and Well-being; Financial Literacy, Inclusion, & Well-being; and Climate Change) have now increased in importance to stakeholders, as well as CIMB’s ability to make an impact. We were also able to establish the commonality and alignment of highly material issues across our core ASEAN markets, which is essential to be able to devise and deploy strategies and programmes that benefit stakeholders across our regional footprint.



## SUSTAINABILITY SCORECARD

As part of CIMB's vision to become a purpose-driven organisation, we place value on transparency and accountability to our stakeholders. We do this by setting targets for, and reporting our performance on, key focus areas and material issues.

In 2019, we had identified preliminary indicators based on five factors:

### REFERENCE POINTS FOR SETTING INDICATORS



**Material topics**



**National priorities**



**UN SDGs**



**Sustainability indices**



**Baseline performance and internal execution capabilities**

In 2020, we underpinned our commitment to create net positive impact for our stakeholders by embarking on a target setting exercise to measure and demonstrate our progress, effectiveness, impact and value, in our sustainability focus areas.

We conducted a baseline assessment of the preliminary indicators using 2019 data, and conducted a rigorous benchmarking study to ascertain our current relative performance and to help inform our own target setting exercise. We identified a set of key indicators for which we will set quantitative targets for long-term value creation, with qualitative commitments and annual reporting for the remaining indicators.

These targets have been extensively discussed with regional business units and enablers to obtain buy in, and debated at Group Sustainability Council and Group Transformation Council to achieve a balance of "stretch" and achievability.



## SUSTAINABLE ACTION

### Material Topics

- Climate Change
- Diversity and Inclusion
- Health, Safety and Well-being
- Talent Attraction, Growth and Retention
- Sustainable Supply Chain

### Related UN SDGs



Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
GHG emissions intensity (Scope 1 and 2)	5.4 tonnes CO <sub>2</sub> e per RM million of revenue	4.9 tonnes CO <sub>2</sub> e per RM million of revenue	10% reduction from 2019 baseline
Female Representation on Key Management	25% Female Representative on Key Management	22% Female Representative on Key Management	30% Female Representative on Key Management
Gender Pay Gap	- 1 (Male) : 0.80 (Female) for Key Management - 1 (Male) : 0.89 (Female) for Senior Management	- 1 (Male) : 0.83 (Female) for Key Management - 1 (Male) : 0.92 (Female) for Senior Management	CIMB is committed to reducing the gender pay gap
Suppliers engaged on Sustainability issues	Not measured	266 Suppliers engaged on Sustainability issues	To measure and report progress annually



## Sustainability Principles and Strategy



## SUSTAINABLE BUSINESS

## Material Topics

- Sustainable Finance
- Climate Change
- Financial Literacy, Inclusion and Well-being

- Customer Experience
- Technology

## Related UN SDGs



Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Relative Net Promoter Score compared to peers	Top 48%	Within 72%	Top quartile (25%)
CIMB Financing Clients with Environmental and Social Action Plans	11 clients with new Action Plans in 2019	18 clients with new Action Plans in 2020	To measure and report progress annually
Clients with Environmental and Social Action Plans, that implemented them	None, as Action Plans were only due in 2020 onwards	88%. Seven out of eight clients with action plans due in 2020 successfully completed them	To measure and report progress annually
Green, Social, Sustainable Impact Products and Services (GSSIPS)	Not measured	<ul style="list-style-type: none"> <li>- Committed RM970 million for Sustainability-Linked Loans/Financing</li> <li>- RM644.9 million financing for renewable energy</li> </ul>	Target to be finalised and announced
Underserved Community Served	Not measured	<ul style="list-style-type: none"> <li>- Affordable Homes: RM1.35 billion* from CIMB Malaysia and Rp66.83 billion financing from CIMB Niaga</li> <li>- Auto Financing for B40: RM2.43 billion* from CIMB Malaysia</li> <li>- Motorcycle Financing: B3.93 billion from CIMB Thailand</li> <li>- Personal Financing for B40: RM1.20 billion from CIMB Malaysia</li> </ul>	To measure and report progress annually

\* New disbursements



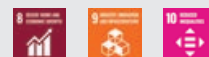
## CORPORATE SOCIAL RESPONSIBILITY

## Material Topics





- Talent Attraction, Growth and Retention
- Corporate Citizenship & Volunteerism
- Corporate Culture

- Financial Literacy, Inclusion and Well-being
- Sustainability Education and Participation


## Related UN SDGs



Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
CSR Contribution	RM45.8 million	RM29.3 million	Target to be finalised and announced
Average Volunteer Hours Per Employee	0.19 hours per employee	0.12 hours per employee	Two hours per employee

 <b>GOVERNANCE &amp; RISK</b>		<b>Material Topics</b> <ul style="list-style-type: none"> <li>• Corporate Culture</li> <li>• Governance</li> <li>• Sustainable Finance</li> <li>• Customer Experience</li> </ul>	
<b>Related UN SDGs</b>		  	
Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Material issues supported by policy commitments	9 out of 14 (64%) material issues were supported by policy commitments	11 out of 13 (85%) material issues were supported by policy commitments	All material issues supported by policy commitments
Improvement in Governance score on DJSI <sup>1</sup>	Score is 58 (based on 2018 performance)	Score is 63, a 9% improvement (based on 2019 performance)	30% improvement from 2019 baseline
Female Representation on the Board	11%	30%	At least 30%

(<sup>1</sup> includes Anti-Crime, Risk & Crisis Management, Codes of Business Conduct, Tax Strategy, Corporate Governance, Information Security/Cybersecurity & System Availability, Privacy Protection)

 <b>STAKEHOLDER ENGAGEMENT &amp; ADVOCACY</b>		<b>Material Topics</b> <ul style="list-style-type: none"> <li>• Corporate Culture</li> <li>• Sustainability Education and Participation</li> <li>• Governance</li> <li>• Talent Attraction, Growth and Retention</li> <li>• Sustainable Supply Chain</li> <li>• Sustainable Finance</li> </ul>	
<b>Related UN SDGs</b>		 	
Success Measures	2019 Baseline	2020 Performance	2024 Goals and Commitments
Employees completed Sustainability E-Learning (%)	None, applicable from 2021 onwards	None, applicable from 2021 onwards	95% of employees trained in Sustainability
Employees Trained/Briefed on Sustainability	2,268	1,223	To measure and report progress annually

## ALIGNMENT TO GLOBAL GOALS AND INDUSTRY INITIATIVES

Addressing social and environmental challenges that are impacting the global ecosystem requires systemic change beyond the capabilities and capacity of any single actor. We need to collaborate with peers, and take part in formulating solutions to challenges that are impacting humanity. Our public commitment to global initiatives binds our action towards mitigating emerging risks, integrating change in our day-to-day operations, and delivering innovative sustainable financing products for a better tomorrow.

## THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and to ensure that all people enjoy peace and prosperity by 2030. We have prioritised seven SDGs which form the cornerstone of our sustainability programmes and initiatives.

To facilitate this, we launched a US\$680 million CIMB SDG Bond, the first-ever SDG Bond to be issued by a Malaysian and ASEAN issuer in the Reg S international capital markets and also the first to be issued in the Formosa bond market.



## UNEP FI PRINCIPLES FOR RESPONSIBLE BANKING

We were one of the group of banks that drafted the Principles for Responsible Banking (PRB), and are one of the founding signatories. Launched on 22 September 2019, the six Principles align banks with the SDGs and the Paris Climate Agreement. It sets the global benchmark of a responsible bank and provides actionable guidance for how to achieve this.



### PRINCIPLE 1: ALIGNMENT

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.



### PRINCIPLE 2: IMPACT & TARGET SETTING

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



### PRINCIPLE 3: CLIENTS & CUSTOMERS

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.



### PRINCIPLE 4: STAKEHOLDERS

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.



### PRINCIPLE 5: GOVERNANCE & CULTURE

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.



### PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



For more information on our implementation of the Principles of Responsible Banking, please refer to pages 148 - 158.

## THE COLLECTIVE COMMITMENT TO CLIMATE ACTION

We are a signatory to The Collective Commitment on Climate Action, and are committed to align our portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well below 2, striving for 1.5 degree Celsius in accordance with the Paris Agreement. We commit to mobilise our products, services and relationships to help facilitate the economic transition necessary to achieve climate neutrality.



Read more about our climate-related initiatives in the Climate Change section on pages 27 - 33.

# Sustainable Action



Sustainable action demonstrated at CIMB speaks of our commitment to creating positive impacts through our day-to-day business. Our key focus is on promoting sustainable practices in our operations and processes group-wide. Over the last one year, we have achieved significant milestones and made commitments to take tangible steps towards addressing sustainability challenges facing our organisation, and our stakeholders.

Our mid-term strategy on sustainability takes into account how our business and supply chain will be impacted by risks such as climate change and pandemics, as well as opportunities to create direct net positive impact in our operations. Our employees play an important role in championing definitive action to mitigate negative impacts and create positive change within our circles of influence as well as the communities where we operate. We strive to create an inclusive workplace that welcomes diversity as it improves decision making, enhances innovation, creativity, productivity, reputation, engagement, and performance.

## HOW WE MAP SUSTAINABLE ACTION



## FORWARD 23+

### RELEVANT STRATEGIC THEMES



Sustainable Financial Returns



Purpose-Driven Organisation





## CLIMATE CHANGE

(GRI 102-11)

The climate emergency poses a real existential threat. Severe weather events have been on the rise, coinciding with the hottest years on record<sup>1</sup>. Climate change threatens the stability of the financial system. The physical risks associated with extreme weather events threaten asset values and hinder our customers' ability to fulfil their financial commitments, potentially resulting in higher defaults and losses on credit portfolios<sup>2</sup>. Mitigating the full scale of climate change necessitates limiting global warming to 1.5 degree Celsius, which requires halving global emissions by 2030 and getting to "net zero" by 2050.

At CIMB, we take a holistic approach to climate action. We strive first to reduce the environmental and climate impact of our own operations, focusing on energy efficiency improvements and waste reduction, with the objective of reducing our Scope 1 and Scope 2 emission intensity. We recognise that our larger impact and opportunity to address climate change is in the way we finance. We have set our focus on identifying, assessing and managing climate-related risks stemming from our retail and institutional customers, using our risk management framework. Beyond risks, we seek to mobilise more products, services and solutions for our clients to help them improve their resilience against climate change and accelerate the transition necessary to achieve climate neutrality.

The Board of Directors of CIMB Group, supported by the Board Risk and Compliance Committee is accountable for the Group's management of enterprise risks, including climate risks, as well as the implementation of policies and standards for monitoring and mitigating such risks. The responsibility for supervising climate-related risks and opportunities is detailed in CIMB's Board Charter. Rob Coombe, our Sustainability Sponsor on the Group Board of Directors, also oversees climate-related matters.

## ASSESSMENT OF CLIMATE-RELATED RISKS

Sustainability risk is classified as one of the key risk types of CIMB Group, and is integrated into the Group Enterprise-Wide Risk Management Framework, the Group Risk Library, as well as the Non-Retail Group Credit Risk Policy and the Group Sustainable Financing Policy. This ensures that material economic, ethical, environmental and social risks are proactively identified and managed throughout the organisation.

In 2020, guided by CIMB Group Sustainability Risk Management Framework, climate-related physical and transition risks were included into the Group Risk Library. This is crucial as it ensures our frontliners start to consider future climate-related aspects when conducting risk assessments in business planning, policy formulation, product development or credit approval.

### ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

- Provides a consistent approach to risk management (including risk appetite setting) across the Group and across material risk types

### GROUP RISK LIBRARY

- A repository of definitions for risk types, used as a guide for risk identification and assessment
- Physical and transition risks as well as risk owner are identified

### NON-RETAIL GROUP CREDIT RISK POLICY

- Serves as an overarching group-level credit risk policy governing non-retail credits
- Climate-related risks are currently assessed at client and transaction level as part of sustainability due diligence

Whilst our business operations and resilience could also be affected by physical and transition-led events, our exposure to climate-related risks is mainly through our financing activities. In addition, the impacts of climate change could manifest in more than one type of risk, given the multi-dimensional and cross-cutting nature of climate-related risks.

We conducted a preliminary qualitative assessment of climate-related risks that affect the Group in the event of acute and chronic climate events, as well as a disorderly economic transition to a low-carbon economy. The assessment identifies sources of physical and transition climate risks, potential transmission channels, and the resulting financial risks to the Group. In completing the climate risk assessment, we took guidance from the Task Force on Climate-related Financial Disclosures (TCFD) risk categorisation and UNEP FI's Phase II TCFD Banking Programme. We endeavour to strengthen the quality of our climate risk assessment by using quantitative data, climate models and approaches such as scenario analysis, as well as stakeholder feedback as key inputs.

<sup>1</sup> <https://www.ncei.noaa.gov/news/global-climate-201912>

<sup>2</sup> <https://financialservices.house.gov/uploadedfiles/hhrg-116-ba10-wstate-seigera-20190911.pdf>



### KEY INDICATORS

**2,195.8 tCO<sub>2</sub>e** Direct  
(Scope 1) GHG Emissions









**81,754.5 tCO<sub>2</sub>**  
Energy Indirect (Scope 2)  
GHG Emissions







**8.8%** Reduction in Scope 1  
and 2 GHG Emissions  
Intensity vs 2019

**RM644.9 million** in  
renewable energy financing

### Qualitative Climate-Related Risk Assessment

Sources of risk arising from transition and physical risks, and examples of potential transmission channels are laid out below, while the resulting financial risks to CIMB are contained on the following page.

Sources of Risk			Examples of Potential Transmission Channels
Risk Category	Risk Type	Examples of Risk	
 <b>Transition Risk</b>	 <b>Policy and Legal Risk</b>	<ul style="list-style-type: none"> <li>Policy and regulatory changes, e.g. GHG emission reduction policies including carbon taxation, outright bans on carbon-intensive activities</li> <li>Legal liabilities (e.g. class action on companies that cause haze pollution)</li> </ul>	Lower corporate profitability (e.g. due to increase in energy prices) and increased litigation
	 <b>Technology Risk</b>	<ul style="list-style-type: none"> <li>Accelerated obsolescence of higher emission technologies, replaced with new low-carbon technologies</li> <li>Sudden rush of capital expenditures on unproven low-carbon technologies</li> </ul>	Corporate devaluation or premature asset write-downs (e.g. closure of coal-fired power plants due to lower cost of renewable energy)
	 <b>Market Risk</b>	<ul style="list-style-type: none"> <li>Shifts in customer preferences</li> <li>Increased cost of raw materials or inputs, leading to higher production cost</li> <li>Reduced valuation of assets such as fossil fuel reserves</li> </ul>	Lower household wealth and higher inflation (e.g. rising living costs due to carbon cost pass-through and lower corporate profitability)
	 <b>Reputational Risk</b>	<ul style="list-style-type: none"> <li>Negative stakeholder perception, concern or feedback on carbon intensive sectors</li> <li>Customers shunning brands that are perceived to be associated with contributing to the climate crisis</li> </ul>	Rising public scrutiny on corporates' unsustainable behaviours and potential drastic loss of customers, impacting profitability
 <b>Physical Risk</b>	 <b>Acute</b>	<ul style="list-style-type: none"> <li>Increased frequency and severity of extreme weather events such as floods and droughts</li> </ul>	Reduced, or complete loss of, residential and commercial property values in affected areas, and increase in prices of property in higher elevations
	 <b>Chronic</b>	<ul style="list-style-type: none"> <li>Long term shifts in weather patterns including mean temperature, precipitation, and sea level</li> </ul>	Operational disruptions resulting in income loss (e.g. due to water shortages)

Climate-Related Financial Risks		
Risk Type	Examples of Risk	Potential Time Horizon of Risk
 <b>Credit Risk</b>	<ul style="list-style-type: none"> <li>Impact on repayment capacity of the customers, leading to a possible increase in the default rates</li> <li>Impact on the collateral value due to stranding of climate misaligned assets</li> </ul>	<ul style="list-style-type: none"> <li>Medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>
 <b>Market Risk</b>	<ul style="list-style-type: none"> <li>High volatility and potential abrupt decline in the value of climate-incompatible securities underwritten or held by CIMB</li> </ul>	<ul style="list-style-type: none"> <li>Medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>
 <b>Liquidity and Funding Risk</b>	<ul style="list-style-type: none"> <li>Inability of CIMB's customers to repay their facilities as contracted, which in turn affects the Group's cashflow requirements</li> <li>Significant withdrawals of deposits from customers to fund capital expenditures in low-carbon technology or to recover from damages caused by extreme events</li> </ul>	<ul style="list-style-type: none"> <li>Medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>
 <b>Reputational Risk</b>	<ul style="list-style-type: none"> <li>Reputational repercussion due to CIMB's financing of carbon-intensive sectors such as coal</li> <li>Poor stakeholder confidence in CIMB's sustainability efforts and ability to manage its exposure to climate-related risks</li> </ul>	<ul style="list-style-type: none"> <li>Short- (&lt;1 year), medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>
 <b>Strategic Risk</b>	<ul style="list-style-type: none"> <li>Losing competitiveness, market share and attractiveness to investors due to inability to shift away from financing brown to green financing portfolios</li> </ul>	<ul style="list-style-type: none"> <li>Medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>
 <b>Enterprise-wide Risk (Capital Risk)</b>	<ul style="list-style-type: none"> <li>Inadequate capital to cater for climate-related risks, which may result in the inability to absorb losses, maintain public confidence and support the competitive growth of the business</li> </ul>	<ul style="list-style-type: none"> <li>Medium- (1 – 5 years) to long-term (&gt;5 years)</li> </ul>

## MANAGEMENT OF CLIMATE-RELATED RISKS IN OUR PORTFOLIO

We account for climate-related risks when developing our Sustainability Sector Guide requirements, and when undertaking due diligence as part of the Group Sustainable Financing Policy (GSFP).

### PHYSICAL RISKS

The rapid change in climate patterns can bring about a multitude of physical hazards, which can directly impact our financing portfolio. Based on the heat mapping framework from UNEP FI's Phase II TCFD Banking Programme, we are in the preliminary stages of a pilot study to assess the magnitude and impact of physical hazards on our real estate portfolio.

Among the physical hazards, fluvial, pluvial and coastal flooding was identified as a significant physical risk in our portfolio. Flooding in the Southeast Asian region has increased in severity and frequency over the years, caused by various factors such as more extreme monsoon rains, which are exacerbated by watershed disruptions.

The rollout of the physical risk assessment to other priority sectors will help us develop a framework to integrate physical risks into client risk assessments.

### TRANSITION RISKS

In 2020, we took a significant step on our path to reduce our exposure in carbon-intensive sectors by being the first financial group in Malaysia and Southeast Asia to commit to phasing out coal from our portfolio by 2040. An internal tracking mechanism has been established to monitor our ongoing exposure to coal-related financing in a consistent and regular manner. A sector limit on coal has also been set, which will see a decline in our portfolio over the next 20 years.

We are cognisant of the need to ensure that our exit from coal is implemented in a just and fair manner as coal-based activities remain a key driver of socio-economic growth in many parts of the ASEAN region. We will continue to engage with key stakeholders to find common ground in pursuit of a lower carbon economy. Refer to page 61 to understand the drivers behind this commitment.



#### Coal - Value at Risk?

Our exposure to the coal value chain, ranging from mining, manufacturing of coal mining equipment to coal-fired power plants across Malaysia, Indonesia, Singapore and Thailand, stood at below 1% of the Group's total gross loans/financing.



## UNEP FI'S PHASE II TCFD BANKING PROGRAMME

### Participation and learning from the programme

In 2019, the UNEP FI convened the Task Force on Climate-related Financial Disclosures (TCFD) Phase II Banking Programme (Phase II Programme) to explore state-of-the-art tools, data, methodologies and disclosures for transition and physical climate-related risks and opportunities for banks.

#### Climate Scenarios

- Explored the spectrum of climate scenarios
- Identified scenario differences and key assumptions
- Learned how to use scenarios to assess risks and opportunities
- Identified relevant internal and comparable reference scenarios

#### Data and Methodology

- Determined availability of climate relevant asset-level data
- Advanced and refined Phase I (earlier phase) methodologies for risk and opportunity assessment
- Created a comprehensive risk taxonomy across sectors and geographies
- Developed best-practices around sector/geographical assessments

#### Reporting and Governance

- Understood expectations around TCFD disclosures
- Developed approaches to standardise disclosures
- Developed practices for creating an internal climate risk programme
- Drafted TCFD disclosures

Throughout the Phase II Programme, we explored various industry-wide good practices for climate risk assessment and disclosures offered by UNEP FI's expert partners. We were also involved in the utilities, real estate and oil & gas working groups, which looked at different tools and models that could be applied to our portfolios to assess future physical and transition risks.

We tested the web-based Transition Check tool developed in Phase I and contributed to the development of physical and transition risk heat maps in collaboration with other member banks. Learnings from the pilot will be applied in implementing our climate change strategy and future disclosures in-line with TCFD.

For more information on the UNEP FI TCFD Banking Programme, please click here:

- Charting a New Climate: State-of-the-art tools and data for banks to assess credit risks and opportunities from physical climate change impacts (<https://www.unepfi.org/publications/banking-publications/charting-a-new-climate/>)
- Beyond the Horizon: New tools and frameworks for transition risk assessments from UNEP FI's TCFD Banking Programme (<https://www.unepfi.org/publications/banking-publications/beyond-the-horizon/>)

## THE COLLECTIVE COMMITMENT TO CLIMATE ACTION

In 2019, CIMB became a signatory to the Collective Commitment to Climate Action (CCCA) as a pledge towards aligning our business with international climate goals. The CCCA aims to develop clear and feasible sector-specific roadmaps to reach well-below 2 and striving for 1.5 degree Celsius. As a signatory, we are committed to working with other signatory banks and climate change experts to scale-up our contribution to, and align our lending with, the objectives of the Paris Agreement on Climate.

We are actively learning to apply existing tools and methodologies that can help us carry out scenario-based climate-related risk assessments. This will help us quantify our financial exposure to both physical and transition risks and to align and/or shift our exposures within a certain sector to be in line with a scientific scenario. We also plan to set long-term sector specific targets for portfolio alignment by 2023.

## OUR OPERATIONAL FOOTPRINT

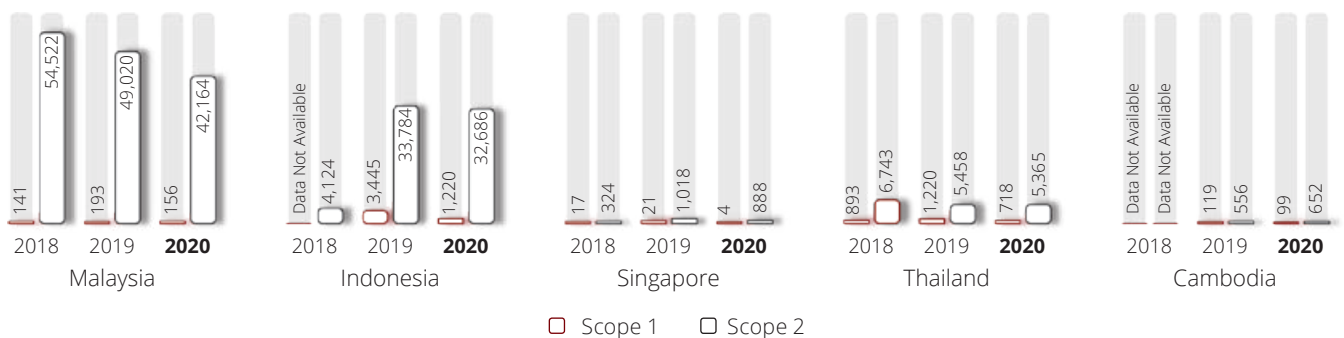
(GRI 302-1, 302-2, 302-3)

The Administration and Property Management (APM) teams across the region monitor and report energy usage monthly. The APM teams seek to optimise the use of energy through progressive upgrade of mechanical systems, and to adopt best practices in energy efficiency and waste reduction in their respective markets.

We conducted a pre-assurance audit of our indirect (Scope 2) GHG emissions across our operations. The pre-assurance allowed us to identify gaps and improve data consolidation process and controls. We had planned to conduct a Group-wide energy and waste audit, to implement targeted initiatives to systematically reduce our net energy use and waste. However, due to the pandemic outbreak, the project has been postponed.

In 2020, we enhanced our Group Carbon Inventory Guide with a Group Carbon Data Methodology document. The guidance documents provide Group-wide APM teams with a common understanding of the scope and boundaries of CIMB's carbon inventory, roles and responsibilities in data collection, calculation methodologies, and reporting processes. Training on GHG accounting and sustainability reporting was conducted with 54 personnel involved in managing GHG across the region.

### DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS (tCO<sub>2</sub>e)

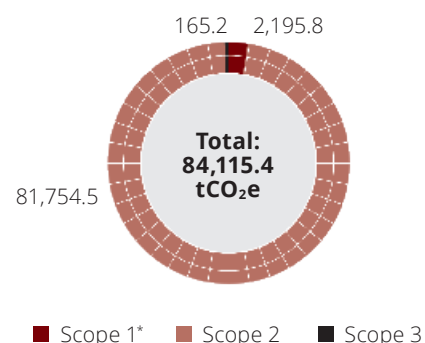


In 2020, we set our target to reduce Scope 1 and Scope 2 GHG emissions intensity by at least 10% by 2024 compared against our 2019 baseline emissions. The target was determined based on a benchmarking study of current GHG emission performance as well as targets reported by global and ASEAN banks at various stages of sustainability maturity.

In 2020, our total GHG emissions stood at 84,115 tCO<sub>2</sub>e, 11.5% lower than 2019. This was largely due to some of our workforce working from home during the pandemic. Our largest emissions are from the network of physical branches, which accounts for almost 53% of our Scope 1 and 2 GHG emissions in 2020. There were changes in the 2020 boundary, as shown on page 134.

\* This data is externally assured. Refer to pages 159 - 162 for the assurance statement and pages 134 - 138 for further details on our carbon inventory, methodology, boundaries and boundary changes.

### TOTAL GHG EMISSIONS (2020)



The only Scope 3 emissions measured were from purchased water, and therefore only accounts for a very small proportion of the total Scope 3 emissions, which would include financed emissions.



## Highlights of Energy Efficiency Improvement Measures

Initiatives	Location	Estimated reduction in energy consumption	Estimated carbon reduction (tCO <sub>2</sub> e)
Upgraded Building Automation System	• Menara Southern Bank (Malaysia)	77,443 kWh	52
Upgraded lifts	• Menara UAB (Malaysia)	39,569 kWh	26
Changed to LED lighting	• Menara Southern Bank and Menara UAB (Malaysia) • Head Office Langsuan Building (Thailand)	25,454 kWh	15
Replaced all Air Handling modulating valves	• Menara CIMB (Malaysia)	1,855 kWh	1.2
Reduced fleet of owned vehicles	• Indonesia	303,328 litres of fuel	728

With the GHG reduction targets in place, we plan to improve the energy efficiency of our premises and further reduce our GHG emissions through initiatives such as solar energy generation and optimising office floor space, as we anticipate that more of our workforce will be working from home moving forward.

## OTHER INITIATIVES

### LIBRARY OF THINGS

CIMB's Library of Things (LOT) is a digital platform for employees to borrow donated items without the burden of ownership. Through the LOT, we promote a circular solution where employees donate items which they do not need anymore, and prevent usable items from ending up in landfills.

Since its launch in January 2020, the LOT has had over 244 items registered on its portal. Due to the work-from-home directive, the LOT has received only 13 requests, whereas eight employees placed requests to borrow and use the items.



Introducing the LOT



Access to CIMB's Library of Things portal



### Anti Mati Gaya

CIMB Niaga ran a programme to raise awareness on circular solutions. A competition was conducted to create face masks and greeting cards from recycled fabric and paper. Over a dozen employees were recognised for their creativity and resourcefulness through this competition.



## OPPORTUNITIES ARISING FROM CLIMATE CHANGE: HELPING OUR CLIENTS AND STAKEHOLDERS TO TRANSITION TO A LOW-CARBON BUSINESS MODEL

We want to help build a climate resilient economy by encouraging our clients to adopt standards and policies to demonstrate environmental stewardship. We do this through our:

- **Group Sustainable Financing Policy:** We assess climate-related risk on a transactional basis, as clients involved in high GHG emitting activities may be impacted by transition risk. We take this into account in deciding whether to take on a new client and strive to positively influence clients to adopt opportunities for improvement through time-bound action plans.
- **Green, Social, Sustainable Impact Products and Services (GSSIPS):** We continue to innovate and develop a comprehensive suite of GSSIPS for our clients. The GSSIPS framework includes both climate risk mitigation (such as renewable energy, energy efficiency and green buildings) and adaptation efforts (such as natural disaster prevention infrastructure, construction of climate resilient buildings and climate resilient agricultural methods).
- Through our flagship offerings such as Sustainability-Linked Loans and GreenBizReady, we encourage our clients to raise the bar in terms of their climate commitments and performance. Please refer to page 67 for more information on Sustainability-Linked Loans and page 68 for GreenBizReady.

## ENGAGING WITH POLICY-MAKERS AND OTHER PARTIES FOR DEFINITIVE ACTION

CIMB Group contributes to the development of climate change policy and legislation, typically through direct engagement with ASEAN regulators, and public consultation processes. We are also actively engaged in Bank Negara Malaysia's Joint Committee on Climate Change (JC3), a collaborative platform for building climate resilience within the Malaysian financial sector. Inputs and insights gathered through JC3 are considered by the regulators when shaping climate-related policies and guidance to mitigate the impacts of climate change. Through four work streams, the JC3 is working towards developing a taxonomy for climate change, wider adoption of the TCFD recommendations, increasing green and climate financing, and a flagship event to raise awareness in 2021.



### BANK NEGARA MALAYSIA'S CLIMATE CHANGE AND PRINCIPLE-BASED TAXONOMY

*Enables financial institutions in Malaysia to inform their climate-related risk and opportunity analysis*

A taxonomy is a pre-condition for a sustainable financial market as it guides financial institutions to identify and classify climate-aligned economic activities, and streamline sustainable investment practices and disclosures. In December 2019, Bank Negara Malaysia issued a discussion paper on "Climate Change and Principle-based Taxonomy" (BNM Taxonomy). The BNM Taxonomy is comprised of five broad Guiding Principles, and a six-category classification system. The paper is currently being reviewed and strengthened following a consultation period.

We piloted the BNM Taxonomy on selected financing facilities within the construction sector in 2020. Through cross-divisional support, we developed a set of eligibility criteria, and an assessors' checklist for climate change mitigation and adaptation specific to construction clients.

As the period of the pilot coincided with the first wave of COVID-19, the construction sector's priority was to secure working capital, which generally does not lead to climate change adaption nor mitigation. Only a small portion of financing facilities was linked to climate financing.

## CDP FINANCIAL SERVICES QUESTIONNAIRE: CLIMATE CHANGE AND FORESTS PILOT

CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, etc. to manage their environmental impacts. CIMB was a member of the technical working group to develop the CDP Climate Change and Forests pilot questionnaire. The questionnaire, with new forests-related metrics, aims to engage banks to integrate their reporting of both climate and forests-related risks and opportunities.

## CLIMATE CHANGE INITIATIVES PLANNED FOR 2021

In 2021, we plan to accelerate our work on climate risk assessment and management, especially at the financing portfolio level. For example, we will review and improve our climate-related governance, strategy, risk management and metrics in line with TCFD recommendations. We will also be conducting physical and transition risk pilot assessments using tools to test the resilience of selected key sectors. Outputs from the pilot will then be used to inform our overall climate risk assessment and strategies.



## SUSTAINABLE SUPPLY CHAIN

We recognise the importance of lifecycle thinking for delivering positive environmental and social performance. We are continuously assessing our relationships with suppliers in different functions, the nature of procurement services and their environmental and social aspects that impact our own sustainability performance. Managing environmental and social risks in our supply chain could also lead to cost savings and improved business reputation.

We work with and support over 2,000 suppliers across our operations in Malaysia, Indonesia, Singapore and Thailand. Our suppliers are diverse in scale, ownership type, and structure, ranging from multinational corporations to local small and medium-sized businesses, and start-ups. Our largest spend is within our Technology, Operations and Administration & Property departments.

## SUPPLY CHAIN GOVERNANCE

(GRI 308-1, 414-1)

Sustainable procurement practices are managed by Group Strategic Procurement. All new suppliers are required to register through the Group Electronic Procurement System (GEPS), and comply with all applicable laws, regulations and standards within the geographies in which they operate.

All suppliers go through an onboarding process that provides an orientation on environmental, social and data privacy guidelines in the Vendor Code of Conduct (VCOG). All new suppliers are required to disclose to CIMB their non-involvement in:

- Child labour, forced labour and human trafficking
- Transactions linked to the financing of arms and munition
- Environmental harm including illegal logging, uncontrolled use of fire for clearing forest lands, natural resource development within UNESCO World Heritage sites.

We conduct credit, anti-money laundering, and basic sustainability due diligence as part of their approval process. We encourage all new suppliers to subscribe to national and international principles of sustainable development, covering areas of labour, human rights, the environment and anti-corruption. Relationships with our suppliers are assessed and renewed every two years.

We work with our suppliers to go beyond legal compliance and to strive for continuous improvement. We are committed to evolve our approach to sustainable supply chain management practices over the next few years, to include responsible sourcing strategies, supplier welfare and vendor development.

## SUPPORTING LOCAL PROCUREMENT

We are committed to source locally and provide opportunities for local businesses in markets where we operate. In Malaysia, Indonesia, Singapore and Thailand, 89% of our suppliers are registered as local businesses.



### KEY INDICATORS

**2,239** Registered suppliers

**89%** Registered as local suppliers

**>RM1.2 billion** in procurement spend



For more information on our Vendor Code of Conduct, please scan the QR code.



## STRENGTHENING ANTI-CORRUPTION CULTURE

On 1 June 2020, Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 came into force. The law requires businesses to conduct their activity with integrity, and encourages good governance practices. Under the new section, businesses are liable and can be punished if their employees or associates are involved in corruption.

We updated our Procurement Operational Risk Framework to comply with the new section of the Act. We engaged CEOs across the Group to brief them on this development and conducted refresher training on the Group Procurement Policy. We conducted procurement refreshers with Designated Compliance and Risk Officers on Procurement Governance to ensure that they are aware and fully comply with our policy and procedures. We also provided case studies and tips to identify potential red flags.

We engaged our suppliers on our “No Purchase Order, No Pay” process. We have included an anti-bribery statement in our Group Electronic Procurement System homepage and in the terms and conditions for requests for proposals and quotations. We strengthened the enforcement of the Vendor Code of Conduct by embedding it in our procurement contracts in Malaysia.

**“ We continuously seek opportunities to communicate and reinforce our sustainability vision and aspirations with our suppliers. ”**

## SUPPLIER ENGAGEMENT

The COVID-19 pandemic has had a severe impact on all businesses, especially SMEs. At the height of the pandemic, we engaged our SME suppliers to understand how they were coping with the challenges of the pandemic. One of the recurring key issues they faced was the ability to maintain sufficient cash flow. In response to this need, we were able to request for expedited payment to be made to 292 SME suppliers in Malaysia and Indonesia.

We continuously seek opportunities to communicate and reinforce our sustainability vision and aspirations with our suppliers. We encourage our suppliers to participate in CIMB-led sustainability initiatives, such as The Cooler Earth Sustainability Summit 2020 where we had participation from 82 suppliers across the region. Furthermore, we also engaged 184 of our suppliers across the region as part of our materiality assessment review.

In our engagement with suppliers, we recognise the disparity of sustainability practices between local and foreign suppliers. Among multinational and foreign suppliers, there are typically more robust sustainability commitments, policies and practices in place to meet local, regional or global standards and mandates. We are committed to conduct targeted engagements with local suppliers to support them in elevating their social and environmental practices as we raise our sustainable supply chain standards.

## GRIEVANCE MECHANISMS

We have in place effective and transparent supplier grievance mechanisms. The CIMB Group Whistleblowing Policy provides a confidential avenue for suppliers to report suspected unethical, illegal or improper behaviour in a confidential manner. We increased awareness of the Group Whistleblowing channel and encourage reporting of any suspicious activities. We have made the Whistleblowing Policy visible and easily accessible to all stakeholders via various channels, including the recently refreshed CIMB Group website, the GEPS homepage, and in the VCOG.

## OUR WHISTLEBLOWING PLATFORMS



**Email:** [whistleblowing@cimb.com](mailto:whistleblowing@cimb.com)



**Website:** <https://www.cimb.com/en/who-we-are/corporategovernance/code-of-conduct/whistle-blowing.html>



## DIVERSITY AND INCLUSION

A work culture that embraces Diversity and Inclusion enables a healthy mix of different perspectives, for more comprehensive and well-rounded decision making, and builds a brand that attracts top talent. At CIMB, we believe that Diversity and Inclusion positively contributes to shaping a sustainable and high-performance company.

We embrace diversity at all levels of the Group. Our commitment is captured in our Diversity and Inclusion Statement which includes respect for gender, age, backgrounds, beliefs, ethnicity, skills and abilities. Our policy of non-discrimination ensures that employees are selected, developed, progressed and rewarded on merit and are able to equally access all available opportunities within the Group.

### CIMB GROUP DIVERSITY STATEMENT

At CIMB, we celebrate diversity. We recognise that employees are our greatest asset and it is the uniqueness of each of these individuals that drives the company forward.

We believe diversity contributes to bringing creative solutions and positive results to serve our customers, business associates, stakeholders and the community at large.

We take deliberate efforts to foster inclusiveness through our corporate values. We instil in our employees the culture of respect, open engagement and teamwork, and we reinforce these behaviours in our daily work life.

We are committed to strive towards providing equal opportunities for employment and development and career progression based on merits, without regard to their ethnicity, religion, gender, nationality or age. We promote work-life flexibility to enhance workplace wellness and help individuals to achieve quality of life and personal effectiveness.

As a company with a firm foothold in ASEAN, our strength lies in our diversity and we will continue to uphold and champion our core values.

As part of Forward23+, Diversity and Inclusion features as a key area of focus within the broader Group HR Blueprint. We are committed to achieving our Diversity and Inclusion targets of 30% female representation in Key Management and narrowing the gender gap in remuneration by 2024.

## IMPROVING DIVERSITY AT THE WORKPLACE

(GRI 405-1)

### GENDER DIVERSITY

In 2020, 56% of the total workforce in CIMB comprised of women, with women making up 47% of middle to top management. At the entry-level, we continue to ensure a robust pipeline of female talent, with 61% of the most recent intake of The Complete Banker (TCB) programme, an important source of high potential talent for our future management, being female.

At CIMB, we also believe in achieving parity in economic participation and opportunities at the workplace. CIMB is committed to reducing the gender pay gap and is continuously monitoring and reviewing the remuneration ratio between females and their male counterparts, especially for those in similar roles and functions.



### KEY INDICATORS

**22%** Female representation in Key Management

**43%** Female representation in Senior Management

**1 : 0.83** Ratio of remuneration between male and female employees in Key Management (Malaysia)

**48** People with Disabilities (PWDs) Employed

**47%** Female representation in management positions within Revenue Generating functions

**GENDER PAY GAP**

(GRI 405-2)

**Ratio of Remuneration Between  
Male and Female Employees (Malaysia)****Male****Female**

	Male	Female
Non-Management	1.00	1.13
Junior Management	1.00	1.01
Middle Management	1.00	0.94
Senior Management	1.00	0.92
Key Management	1.00	0.83

1. Data is based on Malaysian staff, employed in Malaysian entities (excludes CIMB, Touch 'N Go).

2. Data is based on basic salaries only as at December 2020 payroll.

3. The Men's average is indexed to 1; and the Women's average is taken as a proportion to the Men's average.

**DIVERSITY OF SKILLS**

Diversity of skills is important as different insights and perspectives can drive innovation, through high-performing and creative multifunctional teams.

The banking sector is also rapidly evolving, with advancement in technologies and digitalisation changing the traditional business models of banks and the financial sector as a whole. To meet the growing challenges that come with these transformational and revolutionary sectoral developments, we continue to focus on developing diverse skill sets of our employees across all levels. About 21% of our Associates under the TCB programme and the CIMB ASEAN Scholarship Programme are from non-business disciplines such as engineering, mathematics, bio-medical sciences, and psychology.

**DIVERSITY OF ABILITIES**

We believe that everyone has the right to decent and meaningful employment. We employ 11 Persons With Disabilities (PWDs) in Malaysia while CIMB Niaga has nine PWDs placed as Contact Centre Officers. In Thailand, we have 28 PWDs working in Operations, Investor Relations, and HR departments, including 2 new PWD hires in Operations and Investor Relations in 2020.

**FORWARD-LOOKING PLANS FOR CREATING A DIVERSE AND INCLUSIVE WORKPLACE**

Although many initiatives had to be paused in 2020 due to urgent pandemic-related priorities, the Group is seeking to improve upon existing efforts to foster Diversity and Inclusivity by elevating this to the strategic level, as part of the Group's Forward23+ Strategy. A comprehensive Diversity and Inclusion programme is being designed to be rolled out for 2021-2024 in order to drive focused change, with clear targets and goals in line with the Group's sustainability objectives.

This includes the development of a Group level policy to ensure Diversity and Inclusion principles and criteria are embedded Group-wide, the setting and tracking of selected targets and indicators, and rollout of intervention frameworks/programmes.





HEALTH, SAFETY AND WELL-BEING

We are committed to create a working environment in which the health and well-being of our employees are protected and promoted. We adopt a holistic view of well-being by providing comprehensive benefits and wellness programmes that support physical and mental, as well as spiritual, social and financial well-being. We support employees to take preventive measures to keep our workplace safe, and adopt lifestyles to achieve a healthy work-life integration.

The COVID-19 pandemic has elevated health and well-being concerns among our stakeholders, especially among our employees, customers and vendors. We have developed and put in place robust business continuity procedures to allow us to serve our customers, keep our employees safe, and provide wellness support while working through the disruptions.

HEALTH AND SAFETY GOVERNANCE

Our commitment to provide a safe and healthy working environment is reflected in our managerial systems, personnel and training policies, as well as the overall Occupational Safety and Health (OSH) management system. The Group OSH Policy and Procedures apply to all employees across the Group, as well as contract workers, vendors and customers on our premises.

The Group OSH Unit, under the Corporate Security and Insurance Department, carries out periodic risk assessments to identify, assess and control risk hazards in our premises. Discussion of health issues/risks between Human Resources and business units are held on a regular basis, and between the OSH department and executive management. The regional OSH Units are responsible to drive compliance within their local jurisdiction, and to embed a health and safety culture in their localities. We comply with all relevant safety and health related legal requirements and take reasonable measures to prevent injuries, diseases as well as property loss.

The Group OSH Unit provides on-going communications to provide reminders, and promote health and safety in the workplace. The team conducts health and safety training, as well as supports the rollout of wellness programmes to promote a culture of health and wellness, especially in the current pandemic.

SAFETY AUDITS AND COMPLIANCE

Health and Safety Committees comprising representatives of management, employee unions and divisions, supports the Group OSH Unit to build a safety culture across the Group, including all branches. Committee members are trained on Hazard Identification, Risk Assessment, as well as Risk Control tools, and are responsible for conducting quarterly inspections and consultation. Findings are escalated to the Group OSH Unit, which then prioritises and takes appropriate action to address the issue.

As part of our continuous improvement, OSH internal audit teams schedule safety and health audits across branches and operation centres to ensure the Health and Safety Committees are performing their duty effectively. Our facilities are also inspected by OSH teams from the local governments. Due to the travel restrictions imposed during the pandemic, only two audits were conducted this year.

TRAINING AND AWARENESS

We actively promote a safety culture among all employees. We conduct regular OSH training for Health and Safety Committee members, and on-going employee safety awareness campaigns and talks.

KEY INDICATORS

5 Occupational Safety and Health related training programmes conducted (Malaysia and Thailand)

96 Employees trained

1 Work-related injury

Absenteeism rate of 0.95%

1 Hazard Identification, Risk Assessment, Risk Control Training Programme

2 Health and Safety Committee Training Sessions

2 Emergency Rescue Training Sessions

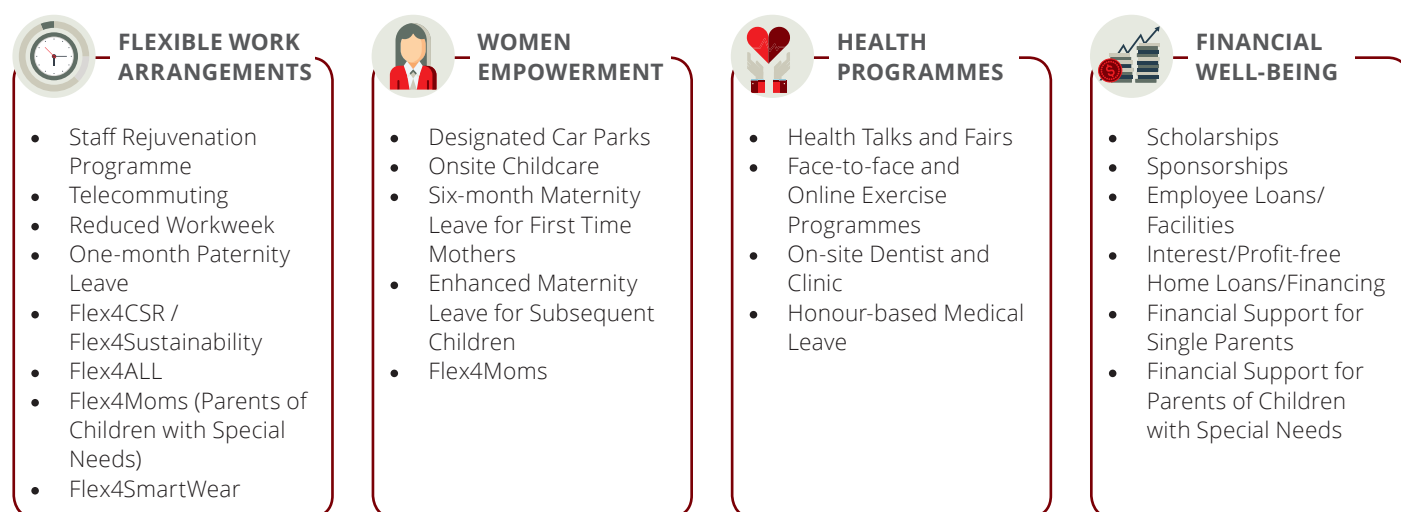
96 Employees Trained

**WORKPLACE WELLNESS @ CIMB**

(GRI 401-2)

We strive to provide a workplace that supports employees in having a healthy work life balance. We provide comprehensive benefits and on-site amenities to ensure that the physical, mental and spiritual needs of employees are met.

Workplace Wellness @ CIMB was first introduced in Malaysia as a comprehensive work-life integration initiative to support staff in both their professional and personal aspirations. The programme is founded on four pillars, which are supported by various welfare and well-being policies, programmes, and initiatives.

**FAMILY-FRIENDLY FACILITIES (MALAYSIA)**

						
<b>Nursing Rooms</b>	<b>Childcare Facilities</b>	<b>Car Park Bays for Expectant Mothers</b>	<b>Sick Bays, Rest and Relax Rooms</b>	<b>Accessible Buildings</b>	<b>Gyms</b>	<b>Surau</b>
Private spaces and facilities for mothers to use for breast-feeding, expressing or temporarily storing breast milk	An onsite centre providing childcare services to cater for employees with young children in Menara CIMB	Designated car park bays for pregnant women which are closer to the entrance of buildings	Allocated spaces for staff usage located at Wisma CIMB when they are not feeling well	Wheelchair ramps and accessible rest rooms in most of our Malaysia head office buildings for easy access of individuals with special needs. All lift buttons are also fitted with braille	Fully-equipped facilities located in Menara CIMB and Akademi Nazir Razak in Bangi	Convenient access to surau for prayers in most of our office buildings

## Well-Being Programme Take-up Rates in Malaysia

	2018	2019	2020
<b>Staff Rejuvenation Programme</b> Allows employees to take unpaid time-off from work for up to six months to pursue personal projects or simply take a break without compromising their careers. The company secures the employee's position in the organisation until the employee returns.	104	83	45
<b>Medical Leave without Medical Certificate</b> An honour-based benefit allowing all employees to take up to five days of medical leave without a medical certificate. Fosters an environment of trust and transparency among employees, promoting empowerment and motivation.	3,630	2,332	3,693
<b>Financial Assistance for Staff with Special-Needs Children</b> Allowance of up to RM1,000 per month for employees with special-needs children up to the age of 18, and an option to work-from-home one day per week	125	135	124
<b>Financial Support for Single Parents</b> Assistance of RM200 per month for each school-going child aged 18 years and below, subject to a maximum of five children. This is to supplement the child's education expenses and to ease our employees' financial burden.	5	29	16
<b>0% Home Loan/Financing</b> Interest/Profit-free home loans/financing not exceeding RM250,000 for up to five years for staff earning less than RM3,500 per month for completed properties. Repayment of facility instalments is delayed for a specific period to relieve lower earning staff of the financial burden of servicing a housing facility during this time. This helps to support our employees as they pursue their careers.	90	293	70
<b>Child Care Subsidy</b> Monetary benefits or discounts for employees with young children to subsidise the cost of childcare services. This helps to provide parents with the best value for quality services.	4,174	3,845	1,267
<b>Retention Policies &amp; Benefits</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Flex4ALL</b> Flexibility to adjust the official start and end time of work, provided that the standard number of hours worked per day is met.	222	309	223
<b>Reduced Work Week</b> Employees work fewer days with reduced workload.	4	5	4

**Policies Encouraging Community Participation**

	2018	2019	2020
<b>Flex4SCSR / Flex4Sustainability</b>			
The Flex4CSR programme has now been extended to also include Sustainability projects within the Group, and has been renamed "Flex4Sustainability"	2	2	0

**Diversity Policies and Benefits**

	2018	2019	2020
<b>Extended Maternity Leave</b>			
Six months paid maternity leave for first-time mothers to allow them to bond with their child and adjust to their new role. For subsequent children, female employees are allowed to extend their maternity leave of 90 days for an additional 90 days on a half-pay basis	N/A	133	89
<b>Paternity Leave</b>			
Paid leave of 30 days or more offered to all first-time fathers to allow them time-off to share responsibilities of caring for their newborns	120	90	250
<b>Flex4Moms</b>			
Employees with young and special needs children can work-from-home one day a week	40	35	15

**LISTENING TO THE VOICE OF EMPLOYEES****Freedom of Association**

We recognise the rights of employees to freedom of association with respect to the national laws. As at end 2020, 45.4% of employees in Malaysia are covered by a trade union or collective bargaining agreement.

CIMB has formal grievance mechanisms in all countries, which set out clear and transparent complaints processes. Settlement of grievances is in accordance with the respective collective agreements, where applicable.

**Safe Speaking Channels**

The "Have Your Say" virtual mailbox provides a safe space for employees to offer suggestions and highlight concerns or issues. With an option to remain anonymous, our objective is to encourage employees to share ideas, which will be analysed for implementation and impact.

In 2020, Group Human Resources rolled out the "Have Your Say" platform in four divisions. They received over 90 ideas, issues, compliments or questions. Of the 39 ideas received, 25 ideas are being explored or have been implemented.



## PROTECTING EMPLOYEES' AND OTHER STAKEHOLDERS' WELL-BEING DURING THE COVID-19 PANDEMIC

The spread of the pandemic across the region presented an unprecedented challenge to our operations. Ensuring the safety and well-being of our employees and customers is a critical part of our Business Continuity Management (BCM) plan. We developed processes to minimise risks of exposure, and actively supported our employees to adjust to the new normal of work and customer engagement.

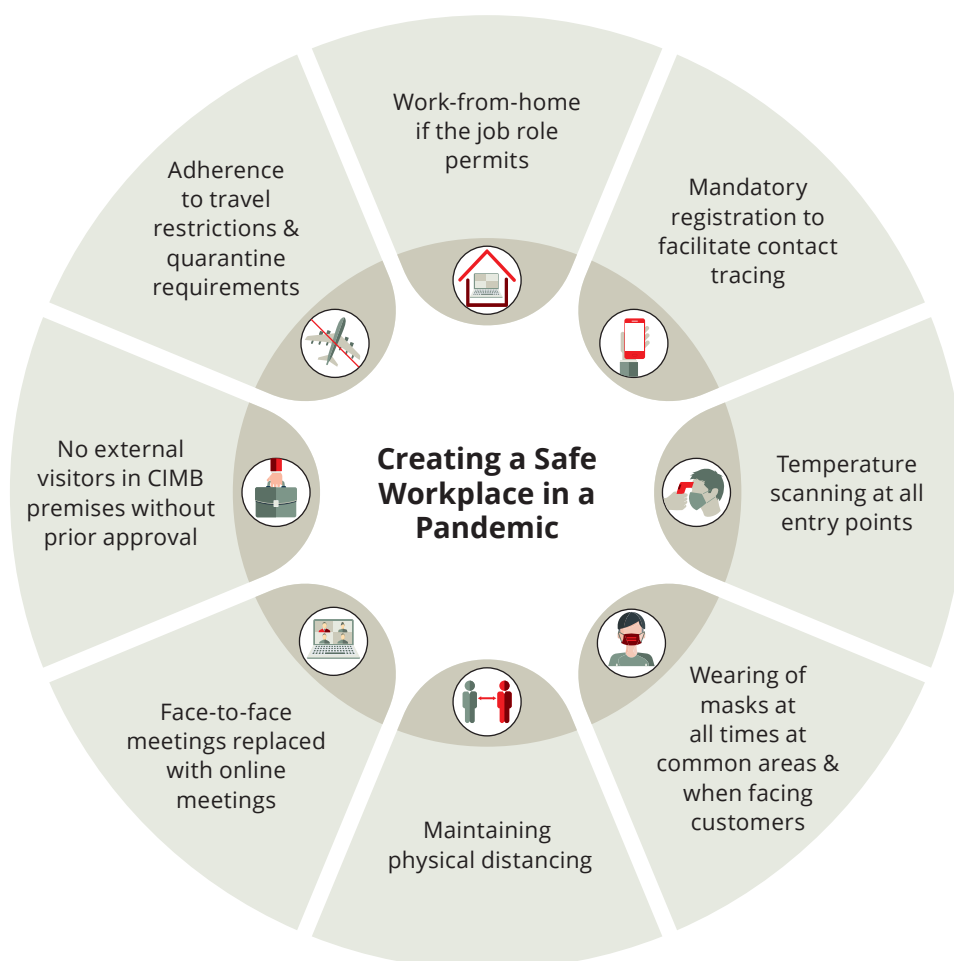
### Business Continuity Management

The Group Crisis Management Committee (GCMC) was activated to coordinate the overall business response to the COVID-19 crisis. The GCMC coordinated strategic and operational responses to ensure smooth business continuity, rolled out processes and procedures to keep our employees safe, and ensured clear and timely communications to all stakeholders on our response to the pandemic.

### Guidelines for a Safer Workplace

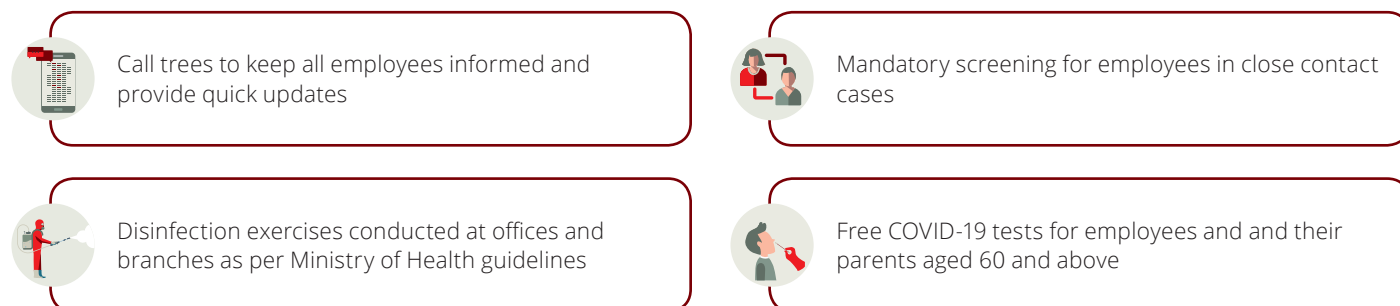
Across our operations, we complied with national pandemic regulations and instituted standard operating procedures (SOP) to operationalise them. Employees were allowed to operate from home where their job function allows. Strict SOP compliance is enforced when employees are required to work from the office. As a provider of essential services, we instituted split operations for Critical Business Units with dedicated remote sites and work-from-home teams to ensure business continuity.

Employees must report potential COVID-19 cases at CIMB premises through a dedicated email address. We developed COVID-19 Case Guidelines based on local jurisdiction to allow staff and supervisors to determine the appropriate actions to be taken based on each individual case. The guidelines set out COVID-19 advisory, case definitions, roles and responsibilities of supervisors, good personal hygiene practices, and procedures upon detection of COVID-19 cases. We developed a four tier COVID-19 exposure system, with corresponding control measures, for employees to adhere to.



### COVID-19 Awareness and Situational Updates

Group BCM and OSH teams provide frequent situational COVID-19 updates. These include directives of GCMC, SOP compliance, work arrangements, government announcements, contact tracing, and awareness of good practices, and are broadcasted to all staff.



### Supporting Employees' Well-Being During the Pandemic

Working during the pandemic, both from the office and from home, has placed a great strain on the well-being of our employees. In addition to health and safety concerns, employees have had to cope with feelings of isolation, concerns about uncertainties, and balancing household responsibilities while remaining productive.

In May 2020, we conducted an independent third-party pulse survey to gauge employee engagement levels and understand the pandemic's impact on well-being, stress and new ways of working. The survey focused on four key areas: wellness and safety, concerns and connection, senior leadership response and communication, as well as virtual work effectiveness.



### CIMB GROUP'S RESPONSE TO EMPLOYEE FEEDBACK

- Introduced fun and uplifting Group-wide activities on social media platforms
- Increased intensity of employee recognition campaigns, taking advantage of a new endorsement module available on our HR system, Y.O.D.A.
- Recognised frontliners with weekly messages from senior management, disseminated across multiple digital platforms for maximum outreach
- Conducted virtual learning sessions to train staff on customer support during the pandemic





## TALENT ATTRACTION, GROWTH AND RETENTION

People form a core component of our Forward23+ strategy. We recognise that people and their talent are the machinery behind all growth, but above and beyond that, our employees are a key stakeholder group that we are accountable to.

As a responsible employer, we aim to create a thriving and stimulating work environment and we invest in our people to cultivate healthy and engaged employees with fulfilling careers. We seek to offer a differentiated value proposition to attract and retain the industry's top talent, while addressing skill gaps within our current workforce. We believe that effective and efficient mechanisms to manage talent acquisition, growth, and retention can ensure business continuity, productivity, performance, and competitiveness.

Meanwhile, technological disruptions are changing the banking landscape, with competition arising from new players. Banks must not only focus on enabling our employees to drive business transformation, but must also future-proof employees for their own personal and career development and growth.



### KEY INDICATORS

**783** The Complete Banker™ programme participants to date

**RM94 million** Total investment in training and development

**33,421** Employees who attended 3D training

## ENCOURAGING ASPIRING YOUTH TO FULFIL THEIR LEADERSHIP POTENTIAL

Having the right talent is crucial to any organisation's progress and success. Providing a working environment that is desirable and promotes development requires us to constantly rethink our workplace strategies and practices. CIMB offers structured programmes to attract, develop and groom talent, creating a robust pipeline for pivotal roles.

**783** The Complete Banker™ programme participants to date

**79** CIMB ASEAN Scholarship holders to date

**Around 620** PROTÉGÉS hired by CIMB to date

### THE COMPLETE BANKER™ (TCB) PROGRAMME

Our regional flagship graduate talent programme serves as a pipeline for junior management roles in CIMB. Now in its 15<sup>th</sup> year, we have trained over 783 graduates regionally. Graduates are provided with options to pursue different tracks under the TCB umbrella of programmes. The TCB programme continues to evolve to ensure current and future needs of the Group are met.

A total of 33 graduates were recruited during the year from across ASEAN. 61% of associates were women. 21% of the graduates were from Science, Technology, Engineering and Mathematics (STEM) and other non-finance and banking-related backgrounds.

#### TCB FUSION

TCB Fusion is a 24 to 48 month programme that provides graduates with the opportunity to experience working with employers in different industries and fields of work. We partnered with leading companies from various industries, such as PwC (Accounting), Accenture (Consulting and Finance), Zico Law (Law), Teach for Malaysia (Non-profit) and DXC Technology (Technology), to develop this programme.

#### TCB DIGITAL

Launched in March 2020, the latest TCB programme aims to ensure that CIMB has the best tech talents to support its digital transformation journey. The pioneer group of 20 IT graduates underwent 12 months of job rotation and classroom learning aimed at equipping them with industry-specific knowledge and experience in developing digital solutions for banking and financial services.

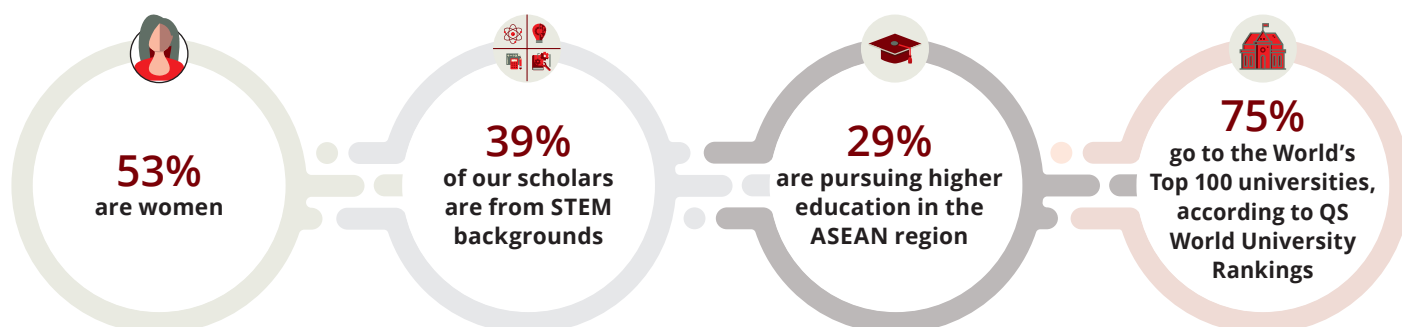
## DIGITAL APPRENTICESHIP PROGRAMME

The Digital Apprenticeship Programme was piloted in December 2019, to provide an inclusive pathway to a career in the digital economy for students from families that are in the B40 and lower M40 (i.e. low income and lower-middle income) segments. Through a partnership with local polytechnics and public universities, the structured five to six month internship programme combines classroom learning with job rotations and learning outcomes jointly pre-defined with partner institutions. We had a total of 20 positions, and out of those, 18 apprentices were offered positions in our TCB Digital programme upon successful completion of the programme.

## ASEAN SCHOLARSHIP

In its fifth year, the CIMB ASEAN Scholarship is our flagship initiative for top university level talent in ASEAN. Since its inception, the scholarship has provided opportunities to 79 students, with 18 scholars having graduated and embarked on their careers with CIMB.

In 2020, over 9,000 applicants across ASEAN applied for 16 bursaries. The scholarship is an opportunity for youths from low and modest income families who would otherwise miss out on quality education and exposure. We identify talent from diverse backgrounds, fields of study, and study locations, which will allow them to bring their unique life experiences and perspectives to the table.



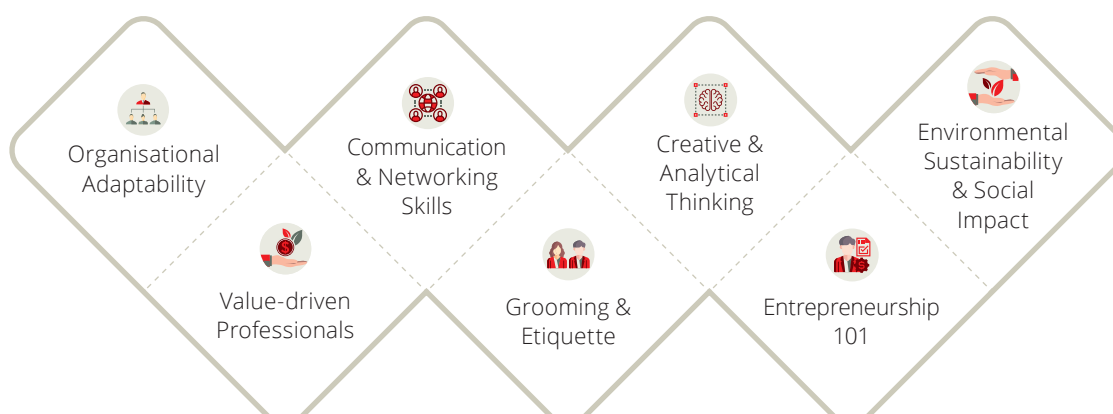
Since its inception in 2016, the CIMB Niaga Scholarship Programme aims to support Indonesian scholars by funding their undergraduate education and providing soft skills support. The CIMB Niaga Scholarship Programme has been awarded to over 1,077 recipients to date.

In 2020, the Programme provided scholarships to 50 students from 15 universities. CIMB Niaga also provides additional grants, laptop subsidies, coaching to work on personal development, thesis assistance, as well as an opportunity to work for CIMB Niaga after graduation.

## PROTÉGÉ

We continue to support the Professional Training and Education for Growing Entrepreneurs Programme (PROTÉGÉ) to provide eight-month work experience placements to increase the employability of graduates. In addition to on-the-job training, trainees are provided with two weeks of formal training in communications, entrepreneurship, career search, sustainability, banking products, compliance and financial planning. Approximately 28% of trainees have been offered employment with CIMB following their completion of the programme.

In addition to gaining work experience, and learning technical skills, the PROTÉGÉS undergo classroom/virtual training to equip them with the following competencies and personal development skill sets:



STRENGTHENING OUR DIGITAL CAPABILITIES

The banking sector is undergoing continuous transformation, with digitalisation of the workforce becoming the industry norm. At CIMB, we continue to place emphasis on building and strengthening the digital quotient of our workforce. Improving digital skills and access to tools, remote work management and digital learning were prioritised to help employees upskill and acquire the skills needed to operate in the new normal in line with the demands of accelerated digitalisation brought on by the pandemic.



**CIMB 3D ACADEMY**  
DIGITAL · DATA · DESIGN  
Preparing you to be <future-ready/>

**DIGITAL**

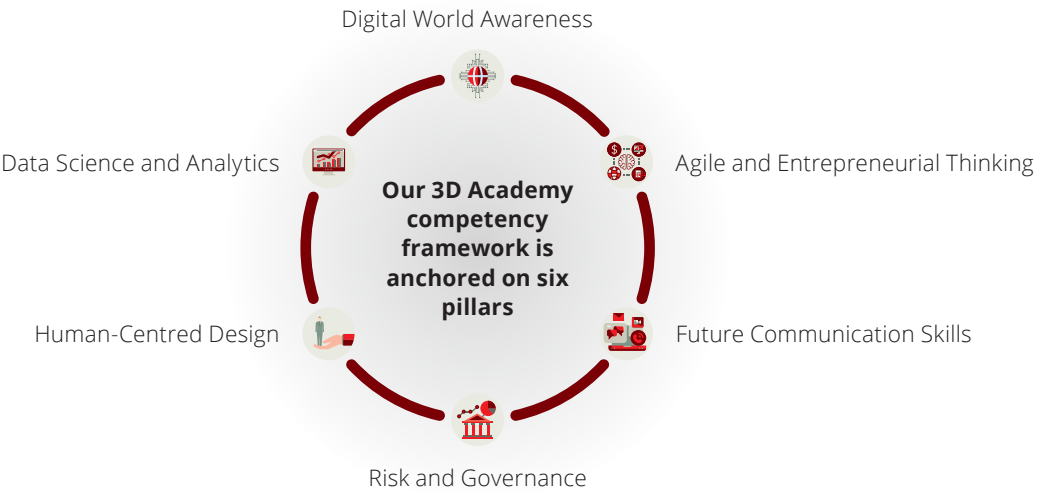
- Skills to help CIMB digitise our business, products and services
- Digital-first mindset
- Skills in current and emerging technologies to drive seamless digital user experiences

**DATA**

- Skills to manage, analyse and translate the data we have into meaningful insights that CIMB can capitalise on to better serve customers

**DESIGN**

- Skills to design products and services centred around people (customers and employees) and the ability to change our business model from what it is today



In 2020, we made it compulsory for our employees to complete at least three 3D modules that are available in our gamified mobile learning platform, Gametize. We have also intensified our upskilling and reskilling efforts through the rollout of intermediate and advanced level 3D programmes on topics such as Data Science, Artificial Intelligence, Design Thinking, etc.

## DIGITALLY ENABLING OUR WORKFORCE IN THE NEW NORMAL

Going beyond training, we actively looked into the needs of employees who have transitioned to working from home due to the pandemic. Priority was given to those most in need of support in terms of accessing technology and adapting to new modes of working. Our focus has been to remain inclusive in our approach, and leaving no one behind when it comes to digital enablement.

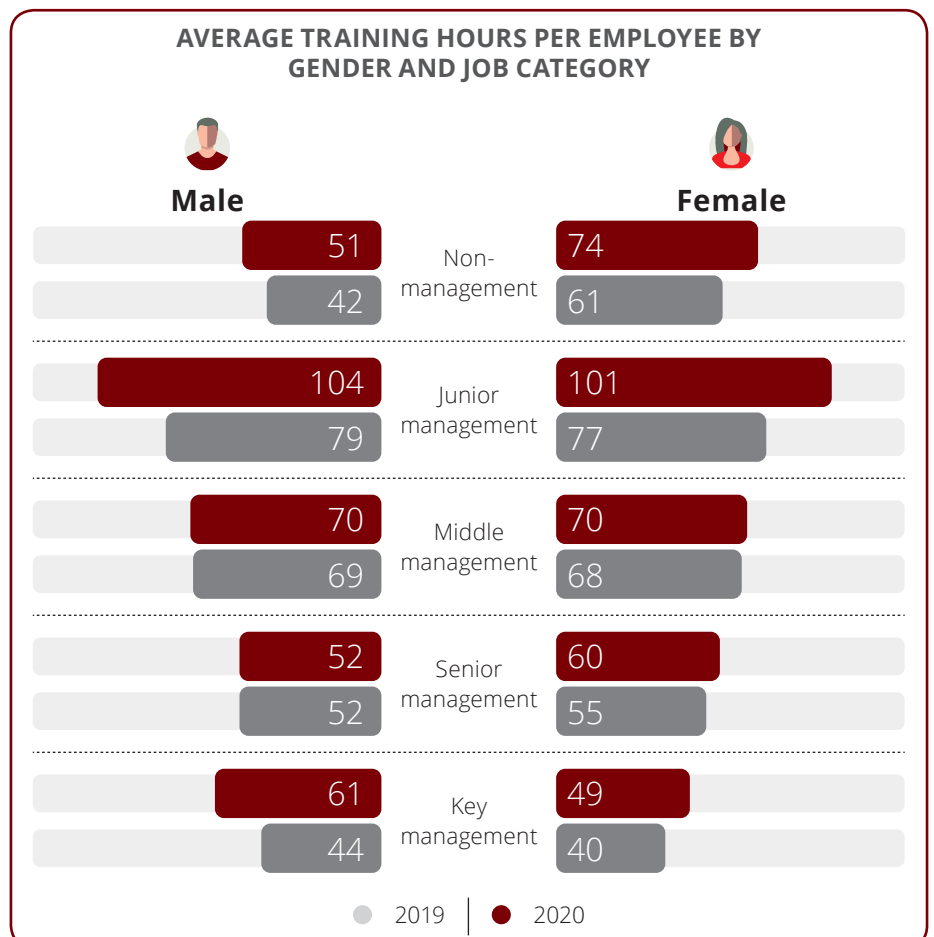
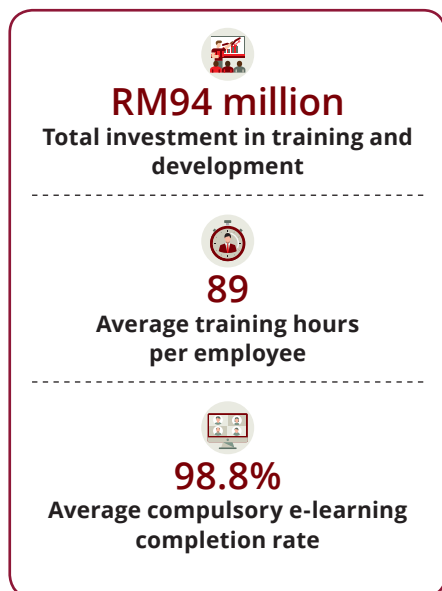
We have in place a benefit targeted at junior-grades to ensure that all employees have access to technology and digital learning platforms such as Gametize to gain new 3D skills, cloud-based career planning and internal personal branding tools such as Y.O.D.A. Eligible permanent employees can claim up to RM50 per month for their data plan. In 2020, we introduced the Digital Subsidy plan to support junior employees working from home with additional data allowance. Under the same Subsidy plan, all employees who complete at least a minimum of three hours of training will be able to make an online training claim to cover the data usage. This policy is in line with our values of Diversity and Inclusion, ensuring that we take all employees forward with us.



## TRAINING AND DEVELOPMENT

(GRI 404-1)

As part of our efforts to build talent and equip our employees with the critical skills needed to succeed in their roles, we have adopted a comprehensive and inclusive approach to designing and delivering our training and development for employees from various functions and levels. We conduct regular training needs analysis to understand and identify the knowledge gaps of our employees.



Mandatory e-learning is in place across the Group, covering key topics such as governance, risk, AML and Customer Experience. In 2020, we achieved an average completion rate of 98.8% for Malaysia, Indonesia, Singapore, Thailand and Cambodia.

#### KEY COMPULSORY E-LEARNING COURSES

Course Title	Compliance Frequency	Percentage of Staff Completed
Anti-Money Laundering/Counter Financing of Terrorism (AMLA/CFT)	Annual	93.2
Financial Services Act/Islamic Financial Services Act (FSA/IFSA) (Malaysia only)	Half-yearly	96.1
Shariah Governance Framework (Malaysia only)	One-off	99.7
Risk Appetite Principles (Malaysia and Singapore only)	One-off	99.8
Operational Risk Management	One-off	99.8
Data Protection (Malaysia and Singapore only)	One-off	99.3
Information Security Awareness	Annual	99.3
Business Continuity Management (BCM)	Every 2 years	99.4
Introduction to Customer Experience (CX)	One-off	99.8
3D (Digital, Data, Design)	One-off	97.7

#### SUCCESSION PLANNING AND LEADERSHIP DEVELOPMENT

Career pathing and succession management is crucial to enable employees to proactively navigate and steer their career progression within the Group, and is one of the key endeavours under Forward23+. This further signals our commitment to continuously update and refine our talent development and succession management approaches. The pandemic has pushed us to reimagine our development approach.

We continue to review our key leadership succession plans across the Group, through our multi-tiered talent review platform spanning country, division and Group to ensure our bench strength remains strong to navigate the ever-changing landscape.

- Refreshed succession plans of critical roles, especially leadership roles, to ensure a strong pipeline
- Introduced the Success Profile Framework, a tool that outlines a prioritised set of key experiences, knowledge/skills, competencies and traits/drivers that are anchored around the strategic vision of the organisation and the demands of the role in its current and future state
- Aligned talent classification guidelines with the new performance management framework, putting in place job families, as well as a leadership and technical competency inventory. These have been incorporated into our Y.O.D.A. platform.

We are working towards democratising the talent experience through differentiated, fit-for-purpose career paths and structured development journeys. In 2020, we introduced a talent assessment framework for the Group which includes a Succession Readiness Assessment and General Leadership Assessment as part of the efforts to further strengthen our talent bench strength through external validation. We also strengthened the senior promotion process through the introduction of external validation via a 180° online assessment, future potential online assessment, and competencies-based interviews to complement the internal panel interview.

## EMPOWERING CAREER TRANSITIONS AND LIFE BEYOND WORK

As the nature of work and the financial industry transforms, we seek to provide avenues for employees to push their boundaries and to stay relevant.

### UPSKILLING AND RESKILLING

The Future of Work (FoW) centre helps to provide skills that would future-proof employees in the age of the fourth Industrial Revolution, offering a wide menu of options to meet different career aspirations and the varying personal circumstances of our employees. Employees are upskilled or reskilled to perform emerging roles that are currently in demand, with the aim of increasing individual employability within and beyond CIMB.

### INTERNAL MOBILITY

We encourage our employees to grow their careers with CIMB, and explore new opportunities when charting their career paths. Our internal mobility programme, titled “2+3+3”, informs all employees of job opportunities before they are advertised externally. Our internal mobility options include:



### FLEXMYCAREER

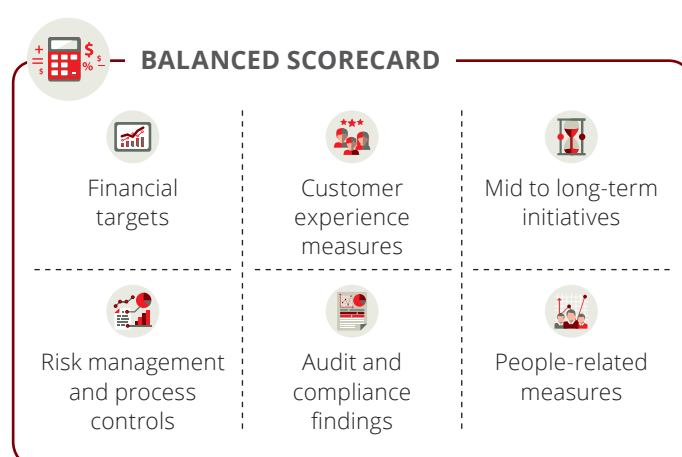
In 2019, we introduced FlexMyCareer, an extension of the many options already available to employees under FoW. The main aim is to equip employees with more choices and better control over their career direction and growth. The additional choices include opportunities beyond banking, entrepreneurial ventures, passion projects or early retirement.

Under this scheme, employees are offered a financial assistance package, add-on medical benefit coverage and a preferential rate for outstanding staff loans with CIMB, to assist them to pursue their personal and professional goals.

In 2020, “Beyond Banking Opportunities: Entrepreneurship 101” was rolled out and attended by 45 employees from across Malaysia. This programme caters to employees who have taken or plan to take up the FlexMyCareer option and those who are keen to start up their own businesses. The key objective of the programme is to build an enterprising mindset and business skill set.

## HOLISTIC PERFORMANCE APPRAISAL SYSTEM

Our Group performance is tracked via a Balanced Scorecard with measures on profitability, cost, capital, shareholders’ return, medium to long-term strategic initiatives, sustainability, risk, audit and compliance, and people development. These success measures are cascaded through the organisation. Likewise, individual KPIs are based on a Balanced Scorecard, covering various aspects as below:



Year-end assessments of individual performance are based on KPI achievements as well as the individual's demonstration of required competencies. In 2020, KPIs were aligned towards our Forward23+ strategy, with long-term focus areas on customers, sustainability, and people, amongst others.



# Sustainable Business




Aligning business priorities with stakeholders' expectations is an essential aspect of creating a valuable and sustainable business. Through the provision of financial services, we have exposure to a broad range of sectors and activities that bring collective benefit to the planet, as well as economic opportunities, uplifting of living standards, and overall well-being. Our sustainable financing framework guides our financing of net positive and sustainable projects, while minimising our risk of negative impacts through robust risk mitigation processes.


The advancement of technology and data is transforming our business through operational efficiencies and the way we serve our customers. Through data analytics, we are able to better understand our customers' needs and selectively engage them with relevant services to improve their banking experience. The pervasiveness of technology and data also allows us to provide digital services and products that promote financial inclusion.

## HOW WE MAP SUSTAINABLE BUSINESS

### MATERIAL TOPICS

 Customer Experience

 Sustainable Finance

 Technology

 Financial Literacy, Inclusion and Well-being

### KEY CONSIDERATIONS


- Who are using our products and services, and how?
- How do we ensure fair and equitable treatment of customers?
- How are we leveraging technology to transform customer experience?
- How do we create positive impacts on the environment and communities through our products and services?
- What is our environmental and social impact along the value chain?
- How do our products and services cater to underserved communities?
- How do we contribute to the greater agenda of financial well-being?


### SUSTAINABLE DEVELOPMENT GOALS





## FORWARD 23+

### RELEVANT STRATEGIC THEMES

 Delivering Sustainable Financial Returns

 Disciplined Execution

 Customer Centricity

 Transform Fundamentals

 Purpose-Driven Organisation



## CUSTOMER EXPERIENCE

Through our diverse portfolio of products and services, we serve over 16 million customers in the region to help them reach their personal and business goals. As a customer-centric bank, we leverage on emerging technologies to personalise our engagement and create meaningful experiences. By deepening customer insights, we strive to deliver seamless services for our customers.

We place customer experience at the heart of all we do. As we strive to continuously build trust and advance long-term relationships with our customers, our Customer Experience (CX) initiatives are driven by our 3E promises to customers - making banking **Easy, Efficient** and going the **Extra mile**. In order to consistently deliver on these promises, our employees are **Empowered** to do the right thing for our customers, and proper **Escalation** points are in place to resolve any issues that may arise.

### CUSTOMER EXPERIENCE GOVERNANCE

The Group Customer Experience Management (GCXM) department is responsible to recalibrate and shape the customer experience agenda aligned with our Regional Operating Model. The department improves governance by setting clear standards to design and deliver a differentiated customer experience. The CX team has been structured as an independent unit within the Group Strategy function and Group CEO's Office.

All strategic engagements are operationalised regionally through the Group Transformation Council, chaired by the Group Chief Executive Officer, to provide regional oversight and strategic direction, as well as strengthening the current CX model through internal synergies via best-in-class practices. Within each country at respective business units, CX Oversight Meetings are co-chaired by Business and CX Heads to drive the implementation of CX priorities/ programmes and improvement efforts.

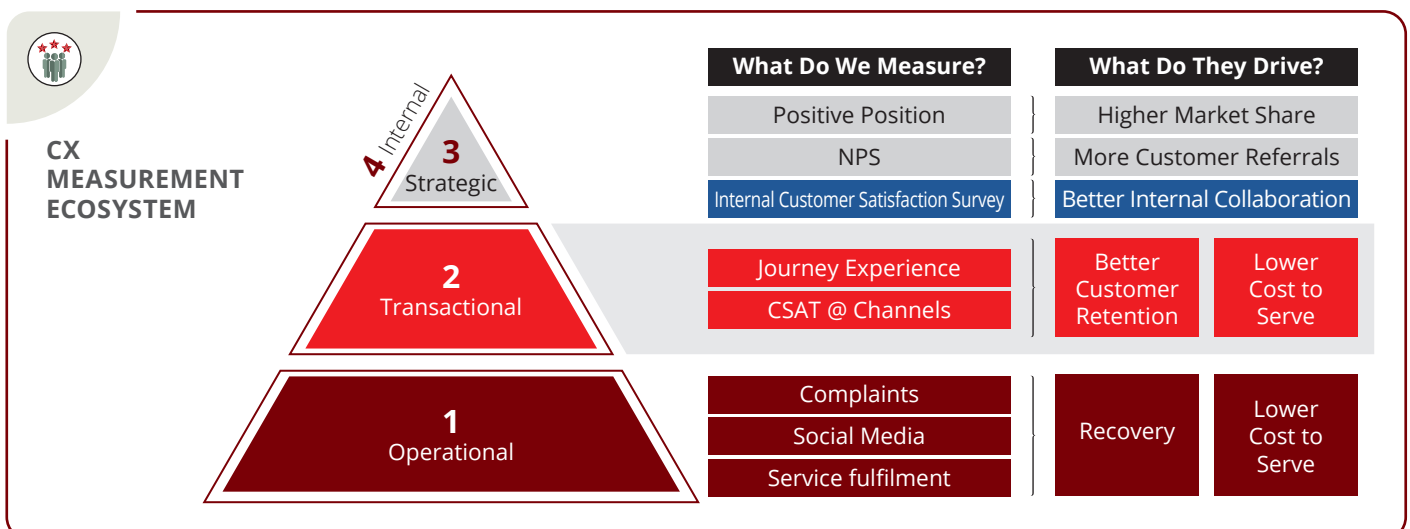
The Group CX Policies set out the overarching principles and standards of our commitment to customer experience. The policies and framework stipulate actions to mitigate potential

risks and impacts arising from complaints and mishandling, to safeguarding the interests of customers, as well as to meet regulatory requirements.

In 2020, as part of our governance review, a CX Risk Assessment checklist was introduced to identify and mitigate potential risks of poor customer experience. This ensures that customer journeys are seamless and are coupled with clear, transparent and timely communications.

### MEASURING CUSTOMER EXPERIENCE

We have developed a comprehensive measurement ecosystem to drive change in the way we deliver for our customers. We use numerous integrated functions that gather direct and indirect data embedded across our customer management value chain to monitor experiences from top-down and bottom-up perspectives. Collectively, the insights are used to design initiatives that drive positive customer outcomes and stronger brand affinity.



Operational Measurements

Our operational measurements ensure that basic expectations are met across key channels, products and systems. Key indicators include branch wait time, call centre wait time, digital availability, and product application turnaround time. In 2020, 86% of our core CX indicators met established targets, with 82% achieving improvements.

We have further augmented our digital measurements by building comprehensive dashboards to capture the performance of CIMB Clicks and BizChannel@CIMB. The dashboard measures customer utilisation (adoption and usage), fulfilment (uptime availability) and voice of customers (overall experience and complaints).

Transactional Measurements



We conduct in-house surveys to measure service experience, and perform recovery at key physical, voice and digital customer interaction channels. This year, we expanded our survey to 21 channels across the region and introduced new questions on how well we have supported customers during the pandemic. We met customer satisfaction targets in 7 out of 9 core channels.

We conducted over 40 market and strategic surveys to gain customer insights to be used in our product design and delivery implementation. We also implemented a new survey on digital channels and journeys as we further digitise our customer experience.

Strategic Measurements

We conduct an annual group-wide Customer Engagement Survey to gauge the strength of our relationship with customers relative to key competitors. We aspire to position CIMB in the top quartile among peers in key markets by 2024.

This year, we expanded our Net Promoter Score (NPS) survey to include emerging markets in Cambodia, the Philippines and Vietnam. Although we maintained our NPS performance across Malaysia, Indonesia and Thailand, the industry has improved at a faster pace, which resulted in a drop in our 2020 relative NPS position. Singapore gained positive traction, and is positioned as a Top Three retail bank among comparable peers.

NPS PERFORMANCE AGAINST INDUSTRY BENCHMARK ACROSS ALL MARKETS			
	2018	2019	2020
 Target	N/A	N/A	Top 34%
 Actual	Top 35%	Top 48%	Within 72%

Our strategy to improve on our NPS is by treating customers fairly and strengthening reliability of customer support in our core channels, with focus on our branches, call centres, and Complaints Handling Units. As digital engagement and experience become core to our customer interaction, we will increase and sustain digital fulfilments through technology resilience, user experience, design and functionality enhancements.

INSTILLING A CUSTOMER-OBSESSED CULTURE

We are building a customer centric culture across all functions to support our frontliners. Staying connected with both our customers and employees, especially during the pandemic, has been challenging. We have adapted and enabled our existing culture activations by optimising our reach through digital platforms.

Capability Building

We introduced virtual classrooms and launched “CIMB BEATS” on the Gametize platform. We conducted 179 sessions and trained 2,062 employees on the five-step best practice to deliver signature customer experiences across the Group.

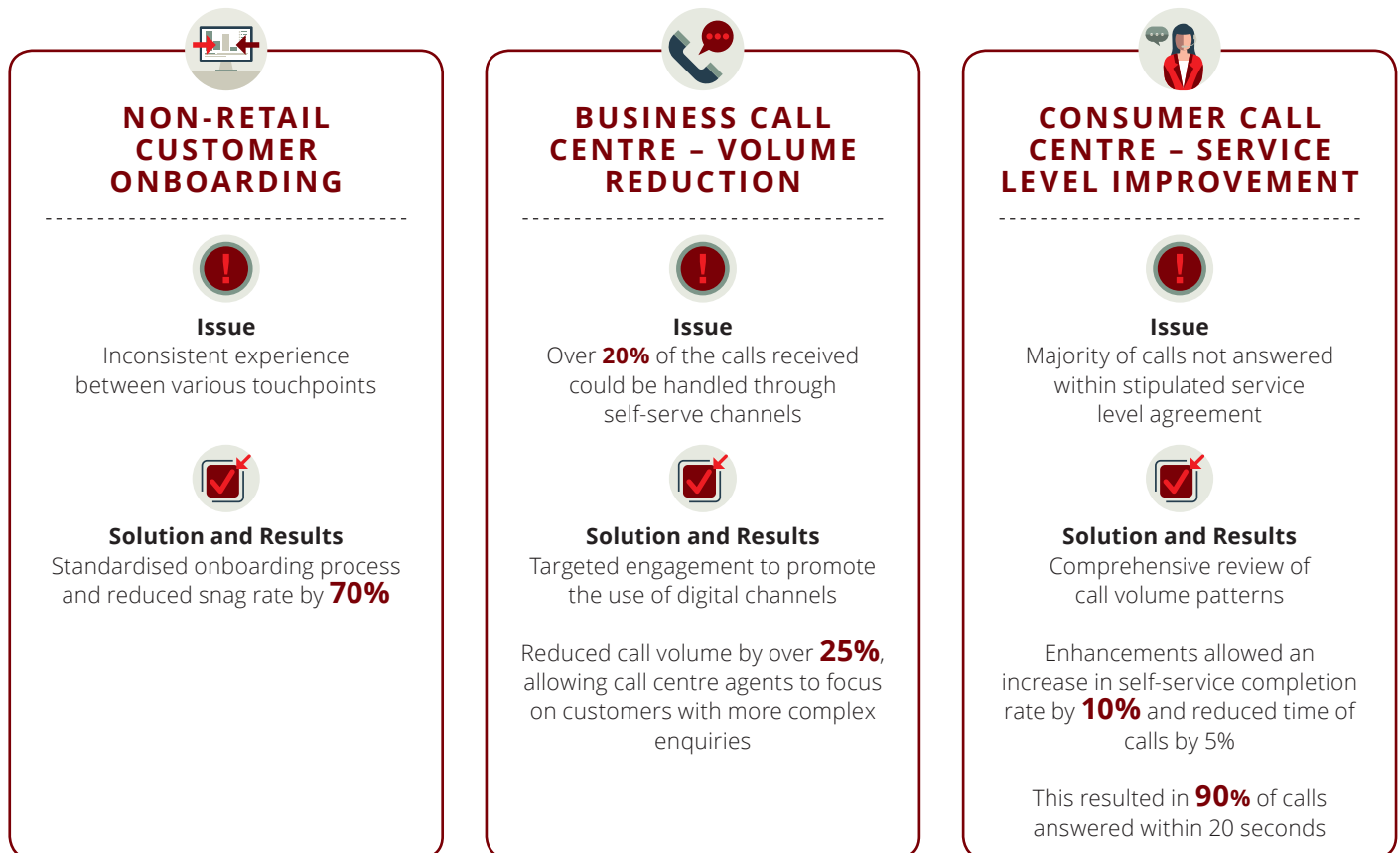
A new module was developed to on-board new joiners in a more interactive way. We conducted CX briefing sessions virtually with 5,365 regional employees to set the tone and ramp up awareness level within the Group.

We conduct an annual CX Maturity Survey to ensure that business enabling teams across all functions have customer experience in mind at all times. The pulse survey provides insight into the functional teams’ knowledge of customer experience, the level of understanding of their enabling role, and how CX is applied in their respective functions.



### Improving Customer Experience through Improved Processes

Through a variety of data points, we are able to identify opportunities to improve customer experience. We have adopted a human centric design thinking process to identify opportunities to enhance customer experience.



### Trust-Building Moments During COVID-19

The COVID-19 pandemic fundamentally changed how we engage and serve our customers. Movement restrictions across all our markets resulted in fewer opportunities to serve our customers at branches. We had to accelerate our digital customer journey towards seamless self-service experience.

#### Providing Assurance

We created a dedicated COVID-19 webpage in each of our markets to provide information and assurance for our customers. We also aligned communications across multiple channels to provide information on our on-going operations, services, and relief packages.

#### Providing Assistance

Across the region, governments rolled out a series of targeted short term relief programmes in the form of payment holidays, payment restructuring or reduction of quantum. For each relief programme, we created FAQ sheets to explain who qualified for the relief and how to apply. We also provided information on the financial implications of applying for the relief so that customers could make an informed decision.

#### Rolling Out Solutions

We developed standard operating procedures guided by national requirements to ensure that we continue to safely serve our customers at branches. As the number of customers

allowed at our physical touchpoints at any time was restricted, we provided additional amenities to ensure their comfort while waiting.

Together with our digital teams, we developed resources to help our customers transition to online services, reducing the need for face-to-face contact. We paired call agents with older customers and walked them through the features of our digital self-service channels.

We worked with our product owners to develop digital solutions so that we could continue to serve our customers. We accelerated the rollout of digital tools and platforms that allowed customers to apply for services, submit documentation, and verify their details from the safety of their homes.

## EMPOWERING EMPLOYEES TO MAKE A DIFFERENCE

Employees are empowered to highlight challenges in our process and propose new ways to improve day-to-day operations. Their commitment to going the extra mile results in significant improvement in customer experience.

### Talk to CX

The Talk to CX platform allows any employee in Malaysia and Singapore along the customer experience journey to make a difference. Employees can share feedback from customers, and on recurring challenges faced in delivering a service. All ideas submitted to the platform are reviewed, clarified, and changes implemented.



#### TALK TO CX: OVER 412 IDEAS SUBMITTED



**Increased efficiency with lower cost**



**Better use of resources**



**Streamlined application forms through digitisation**



**Improved processes to better customer journeys**

## The Jaeger Fighter Programme

The Jaeger Fighter Programme is an employee empowerment platform designed to drive a digital and agile mindset in improving customer experience. Using design thinking approaches, employees seek to understand the user experience, challenge assumptions and redefine problems to identify alternative strategies and solutions. Employees are empowered to rapidly rollout prototypes to test and implement their ideas.

Over 394 ideas were received from employees across Malaysia, with more than 40 ideas recognised and rewarded.



### WINNERS OF JAEGER FIGHTER 2020

#### OctoMatic

An AI anti-money laundering alert bot which reduced investigation time by 70%

#### Vibes

A live streaming e-seminar platform

#### ACE Social Media

An automatic chatbot to respond to simple customer queries on social media

#### Accelerated Dynamic IVR

Simplified Interactive Voice Response verification process to reduce average call handling time

#### TWBO Custody Ops MM

A macro function to improve turnaround time for client confirmation

## Rewards and Recognition

Across the region, we received over 10,000 compliments from customers on their experience interacting with our employees. This year, we hosted our First Virtual CX Star Awards to recognise 100 employees shortlisted across the Group. The event is an opportunity for CX Stars to listen to insights from customer experience thought leaders, and be recognised by senior leaders for their commitment in serving our customers.

### Customer Day Campaign

CIMB's annual Customer Day Campaign is held to appreciate and drive deeper rapport with our customers. It is also recognition of the cross-functional collaboration and internal synergies needed to deliver an amazing customer experience.

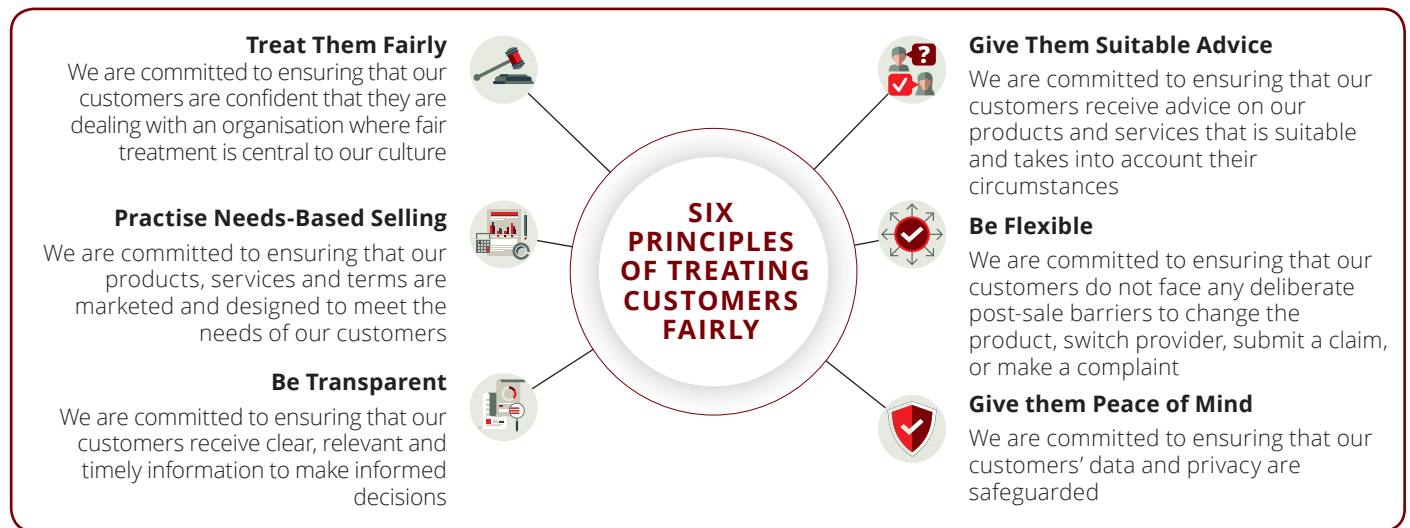
Held in September across Malaysia and Indonesia markets, this year's theme of "Moving Forward", provided an opportunity for employees at all levels to delight, engage and understand sentiments of customers.





## COMMITTED TO TREATING CUSTOMERS FAIRLY

We value the relationships we have with our customers, and are committed to strengthen our connection on the basis of trust. We embed six Treating Customers Fairly (TCF) principles in our processes and demonstrate outcome through our actions.



## Elevating Customers' Protection to the Next Level

We strengthened our TCF policies and procedures by aligning with Bank Negara Malaysia's (BNM's) Fair Treatment for Financial Customers Policy. A Regional TCF Measurement Framework was deployed to ensure that our TCF principles are universally adopted Group wide. We developed a standardised Regional TCF Dashboard to allow effective oversight by senior management and leadership teams to review and perform root cause analysis on cases related to mis-selling.

We reviewed the terms and conditions (T&Cs) of all financial products within the Bank, and removed clauses that were deemed to unfairly favour the bank, and eliminated processes that did not favour customers. Guidelines have been established for business owners in preparing T&Cs for future products and campaigns.

Reduced manual monthly statement requests by over 85%	Simplified internal process for redemption code requests	Simplified refund request process for hire purchase	Simplified EPF withdrawal reversal for home financing	Improved the service level agreement for escalations to one day

## Improving Product Transparency and Disclosures

We re-designed our sales procedure and developed Product Disclosure Sheets which highlight critical information of each product. Product Disclosure Sheets are available on our website for customers to read and understand before applying for a product.

We conducted quality assurance checks through Mystery Shopping missions and post-sale Customer Call Back, to ensure the engagements were done correctly. Immediate remedial actions are taken to ensure that customers are updated on any shortfalls.

## Efficient Customer Complaints Management

We continue to work with our teams to improve complaints management processes. Customer complaints are handled independently, and we are focused on delivering our customer promise to review, and respond to complaints in a timely manner.

## Robust Mis-selling Framework

We established a Staff Conduct Review Task Force to reinforce our zero tolerance for mis-selling. A new framework and matrix was developed to ensure standardisation in identifying mis-selling cases, and consequence management handling. Root cause analysis and action plans are discussed in detail to close any process gaps. We have seen a decline in the number of reported mis-selling complaints on our insurance products since implementing this process.

For more information on the Treating Customers Fairly and Customer Service Charter, please click here:  
<https://www.cimb.com.my/content/dam/cimb/personal/documents/help-support/customer-service-charter/CX-Customer-Service-Charter-Documents-Eng-and-Bm.pdf>





## SUSTAINABLE FINANCE

CIMB, along with other banks globally and regionally, has exposure to a broad range of sectors through the provision of financial services to industries and activities that bring collective benefit to the planet as well as society, in terms of economic opportunities, uplifting of living standards, and overall well-being.

**The banking sector has a strong business case for sustainability. Doing good in our business now means better business in the future. We seek to minimise our footprint, and maximise positive impact, through the activities that we finance.**

We account for a range of environmental and social-related risks, which could lead to credit risk and collateral risks, and impact the long-term viability of our clients. Organisations that have forward-thinking business models and are serious about implementing sustainable business practices have been proven to generate stronger shareholder returns and deliver more consistent performance.

Through our financial services, we recognise that there may be direct and indirect impacts arising from the sectors and activities we finance, as well as unintended consequences from unrecognised and as yet unaccounted for negative impacts. These impacts include negative externalities that manifest in global warming, depletion of forest resources, loss of water catchment areas, impacts to the human rights of indigenous communities, among others.

At CIMB, we are cognisant of the role that the financial services sector needs to play in influencing clients towards sustainability in the long-term. All industries, including financial services, need to transform their business models and embed sustainable practices for better resilience. As a long-term partner, CIMB has a real and present stake in ensuring that our clients are viable in the future. By encouraging sustainable practices through both managing risks and enabling positive impact opportunities, we believe that all stakeholders will see tangible and impactful benefits in the long-run.

With the global pandemic, 2020 was a particularly challenging year for all stakeholders, including individuals, communities, businesses and governments. While the pandemic meant that significant resources were devoted towards immediate relief measures, we continued the implementation of our sustainability strategy through regional policy rollouts, further maturing our approach to both risk management and impactful products and services.



### KEY INDICATORS

**5** Sector Guides rolled out on Environmental and Social risks

**179** Financing Facilities with in-depth due diligence on Environmental and Social risks, of which:

- **3** Financing Facilities were not recommended due to elevated sustainability risks
- **18** Financing Facilities were recommended with Action Plans

**7** out of 8 clients (88%) with action plans due in 2020 completed them

## GROUP SUSTAINABLE FINANCING POLICY

(SASB FN-CB-410a.2)

The Group Sustainable Financing Policy (GSFP) was rolled out on 1 July 2019 in Malaysia and is being implemented in stages across our markets. The purpose of the GSFP is to integrate environmental and social considerations into CIMB's financing decisions, in order to manage environmental and social risks arising directly or indirectly from CIMB-financed clients and activities. The GSFP has been developed in consideration of the commitments, principles and standards to which CIMB is aligned. Through the GSFP, the Group seeks to identify, assess and manage risks arising from financing of clients and sectors that are most vulnerable to environmental and social risks, as well as those that may have detrimental effects on people and planet.

The GSFP applies to non-individual financing customers within Wholesale Banking (including Corporate Banking) and Commercial Banking. Individuals and small and medium enterprises (SMEs) are excluded from policy coverage.

Sustainability risks in specific financing decisions are assessed and managed through a structured, risk-based due diligence process. In considering risks arising from our financing exposure, both client level and transaction level risks are accounted for:

- In terms of business lending, clients would be assessed based on the borrowing entity's sustainability credentials, including policies, commitments and track record.
- At a transaction level, we would take into consideration the intended use of proceeds, and potential environmental and social impacts that could arise as a result.

We are also working towards assessment of portfolio level risks, beginning with climate risks. We are starting to pilot models and data for physical and transition risks in selected sectors.

Sustainability risk assessments are carried out in the form of due diligence for all new financing applications and at the point of renewal or review of existing financing applications. The evaluation process for financing facilities includes both credit risk and sustainability risk assessments, which are generally conducted concurrently.

CIMB maintains an Exclusion List of activities prohibiting the financing of activities that are in contravention of laws and regulations and where there is an imminent risk to life and well-being. CIMB will not engage with clients proven to be involved in illegal activities, bribery, illegal logging, terrorism and operating in breach of national labour laws. Financing involving Casinos and Gaming, Arms and Munitions, and developments within World Heritage Sites are also on our Exclusion List, although there are very specific and limited Permitted Exemptions in place, subject to escalated approvals.



For more information on the Sustainable Financing Framework, please click here  
<https://www.cimb.com/en/sustainability/sustainable-business-and-banking-products.html#Positive%20Impact%20Products>

## BASIC SUSTAINABILITY DUE DILIGENCE

Under the GSFP, all financing transactions for businesses (excluding SMEs) are subjected to a Basic Sustainability Due Diligence (BSDD). The purpose of this first step is to ensure that we are aware of any major adverse environmental and social risks related to the client.

The BSDD ascertains if a client has been linked to negative social and environmental impacts in the past three years. This includes checking if a client has been cited in news reports or linked through credible sources to negative social and environmental impacts.

## ENHANCED SUSTAINABILITY DUE DILIGENCE

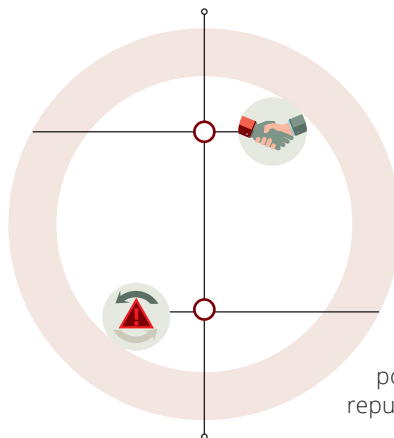
There are several circumstances that require a client to undergo Enhanced Sustainability Due Diligence (ESDD), an analysis conducted by CIMB's Sustainability team.

- Clients where the BSDD process reveals significant environmental and/or social risks
- Clients engaged in High Sustainability Risk Sectors as defined by CIMB and have not fulfilled the minimum requirements set in our Sector Guides
- Clients who have not complied with agreed Sustainability Action Plans that have been mutually agreed on upon approval or renewal of a financing facility
- Clients that have been linked to significant environmental and/or social risks by any credible source including, but not limited to, CIMB employees and stakeholders, regulators, media, non-governmental organisations, and recognised sustainability information providers.

## KEY ENVIRONMENTAL AND SOCIAL CONSIDERATIONS FOR ASSESSING RISK

The GSFP requires evaluation of a client's material sustainability risks from two perspectives:








The environmental and social risks that the client and its operations are exposed to, due to considerations such as the nature of its activities, geographical location, supply chain and raw material production impacts, among others. A key aspect of consideration includes climate-related physical and transition risks and mitigation actions that are being pursued.



The environmental and social risks arising from the financed activity. This includes specific project-related risks and related landscape impacts, and includes an assessment of the client's sustainability commitments, policies, performance, track record, and reputation.



### Environmental Risks

 <b>Climate Change</b>	<p>Business activities that may be impacted by climate change leading to business disruption and/or negative financial impacts in the future. This could include:</p> <ul style="list-style-type: none"><li>→ Physical risks such as floods, droughts and other extreme weather events, either impacting the business activity itself or via the supply chain; and</li><li>→ Transition risks in moving towards a low-carbon economy, such as regulatory changes, carbon pricing and shifting away from fossil fuels.</li></ul>		
 <b>Deforestation</b>	<p>The risk arising from developments and other industrial activities on forested areas, including those designated as national or state reserves and High Conservation Value/High Carbon Stock areas as assessed by a credible technical assessor</p>	 <b>Energy Use</b>	<p>The risk arising from high or inefficient use of energy in the form of electricity and other energy sources</p>
 <b>Biodiversity Loss</b>	<p>The risk arising from activities that occur within or near areas of high biodiversity that may impact endemic or endangered species of flora and fauna</p>	 <b>Water Scarcity</b>	<p>The risk arising from activities conducted at areas of water scarcity and where developments could impact water availability through changes in the natural landscape</p>
 <b>Marine Environment</b>	<p>The risk arising from activities that impact marine ecosystems, that may cause loss of marine biodiversity</p>	 <b>Waste and Pollution</b>	<p>The risk arising from inadequate management of waste and by-products, leading to terrestrial, freshwater and/or marine pollution</p>



## Social Risks

<p><b>Institutional Integrity*</b></p>	<p>The risk arising from poor management practices that may result in non-fulfilment of sustainability policies and commitments and negative environmental and social impacts</p>	<p><b>Health and Safety</b></p>	<p>The risk arising from unsafe working conditions, including lack of provision of personal protective equipment, policies and procedures on workplace safety, and adequate medical coverage</p>
<p><b>Human Rights and Labour Issues</b></p>	<p>The risk arising from activities impacting employees, including working conditions and benefits, fair wages, contractual agreements, right to form associations, and provision of basic needs including housing, access to water, healthcare and education, among others</p>	<p><b>Negative Impacts on Communities</b></p>	<p>The risk arising from activities that impact inhabited areas, including the Free, Prior and Informed Consent (FPIC) of communities impacted by business activities</p>

\* Note that risk factors related to a business relation's governance issues are considered as part of the scope of the CIMB Group Anti-Money Laundering/Counter Financing of Terrorism and Group Anti-Bribery and Corruption Policies, which deal with risk of offences or unlawful activities related to financial crime, money laundering, terrorism, proliferation financing, bribery and corruption, and regulatory breaches.

In 2021, CIMB plans to take another major step in transparency, by publishing our Sustainable Financing framework, which discloses our approach to sustainable financing.

The Sustainable Financing framework will provide information to stakeholders including customers, investors, regulators and civil society on how CIMB implements sustainable financing within the Group and provides insights into how we manage risk and maximise positive impact opportunities in our business. Key details on our risk management processes, tools and frameworks, as well as our responsible banking products and services framework – the Green, Social, Sustainable Impact Products and Services (GSSIPs) Framework – will be provided in the document.



For more information on the Sustainable Financing framework, please click here:

<https://www.cimb.com/en/sustainability/sustainable-business-and-banking-products.html#Positive%20Impact%20Products>

## POLICY ENHANCEMENTS AND IMPLEMENTATION IN 2020

**In 2020, the Policy was enhanced to include coverage of investment banking deals including Initial Public Offerings (IPOs) and Bond/Sukuk issuances. This will take effect in mid-2021 for Malaysia, followed by other countries in phases.**

Regionally, as part of our planned rollout, Sustainable Financing Policies have been adapted and approved for staged rollout across our key regional operations including Singapore, Indonesia, Thailand and Cambodia. Our businesses in the Philippines and Vietnam have very low material exposure to Corporate and Commercial Banking segments and as such have been excluded for Policy coverage in the near-term.






The implementation of sustainable financing policies across our regional operations ensures that environmental and social risks are assessed in consideration of local regulations and legal frameworks. Approvals of high sustainability risk cases in countries of operation are governed by local entity committees.

The process of implementation of sustainable financing policies in the regional entities starts with the engagement of key local stakeholders including the Corporate and Commercial banking teams, Risk, Compliance and Legal representatives. The Policy and related procedures are endorsed by in-country Business Unit heads and finally approved by the Boards of respective entities.

## DEVELOPMENT OF SECTOR GUIDES, INCLUDING COAL

CIMB has identified a number of economic activities that carry relatively high levels of social and/or environmental risk. Although all business lending facilities go through a Basic Sustainability Due Diligence, financing to customers in high risk sectors are subject to an Enhanced Sustainability Due Diligence prior to facility approval and renewal. These identified sectors are periodically reviewed and updated to take into account emerging risks, and to ensure continued relevance.

### CIMB GROUP LIST OF HIGH SUSTAINABILITY RISK SECTORS

	Description of High Sustainability Risk Activities
 <b>Palm Oil</b>	New development of oil palm plantations and management of existing planting areas.
 <b>Mining and Quarrying</b>	Mining of coal, metal ores and minerals including quarrying of stone, sand and clay.
 <b>Oil &amp; Gas</b>	Extraction of crude petroleum and natural gas, and related upstream service providers and contractors, including pipeline transportation of fossil fuel products.
 <b>Construction &amp; Real Estate</b>	Development and construction activities including for infrastructure, residential and commercial buildings, roads and railways and other civil engineering projects.
 <b>Power Generation</b>	Electric power generation including coal, natural gas, and other fossil fuel-derived energy sources, and electricity transmission and distribution infrastructure.
 <b>Forestry</b>	Permitted logging activities and silviculture - the development of forest plantations for timber extraction.

CIMB has put in place Sector Guides, which lay out specific requirements, prohibitions and encouraged practices that are targeted towards clients. Sector Guides have been put in place for Palm Oil, Oil & Gas, Construction & Real Estate (including Infrastructure), Forestry, and Coal. Through the implementation of Sector Guides, risks arising from these sectors are given a higher level of scrutiny and clients are expected to comply with CIMB's sectoral requirements.

Subsequent implementation in 2021 focuses on the localisation and adaptation of country-level Sector Guides. While our Sector Positions remain consistent across all regions, specific changes are applied pertaining to local laws and regulatory requirements. This is especially the case for industries such as construction & real estate, and oil & gas where specific requirements and thresholds for project type and size have different regulatory requirements.



## CASE STUDY: CIMB'S COAL SECTOR GUIDE

CIMB Group was the first banking group in Malaysia and Southeast Asia to formalise a progressive Coal Sector Guide that targets to phase out coal from its portfolio by 2040. Luanne Sieh, Head of Group Sustainability explains the thinking behind the development of this sector guide.



### What are the scope and key requirements of the Coal Sector Guide?

From January 2021, CIMB will refrain from undertaking any form of asset-level or general corporate financing and capital market issuances i.e. IPOs and bond/Sukuk issuances directly connected to greenfield or expansionary thermal coal mines or coal-fired power plants. Power generation clients who are involved in coal-fired power production will be required to develop a diversification strategy to reduce coal in their power generation mix. We do, however, have some remaining commitments within the sector which we will honour.

We have embarked on a sector limit setting exercise for coal to backstop our phase-out plan. Our plan is to ratchet down our coal exposure, which stood at less than 1% of the Group's financing assets at the end of 2020, down to zero, in a fair and balanced manner over time. We are the first bank in Southeast Asia to commit to phasing out coal by 2040, in line with the Paris Climate Agreement goal to keep global temperature increase to below 1.5 degree Celsius.

### What was the rationale behind the development of CIMB's Coal Sector Guide?

The CIMB Coal Sector Guide was developed in anticipation of a massive transition away from coal as a source of energy. Global and regional stakeholders are moving towards low-carbon economies to meet their climate commitments, with 110 countries having already announced net zero targets for 2050 / 2060. Coal is the single biggest contributor to anthropogenic climate change. The burning of coal is responsible for 46% of carbon dioxide emissions worldwide and accounts for 72% of total greenhouse gas emissions from the electricity sector.

The Global Energy Monitor reported that in 2020, Bangladesh, Indonesia, the Philippines, and Vietnam scrapped plans for up to 45GW of new coal-fired power plants. Even power plants that have been commissioned relatively recently have not been spared. Two Japanese companies have recently written off their entire investment in a 10-year-old coal-fired power plant in Australia, citing difficulty in refinancing their loans as the reason for this decision.

For CIMB, these market shifts present a significant source of transition risk, with the risk of stranded assets and abandoned projects escalating. This is further exacerbated by the increasing number of investors and financiers committing to stay away from further coal investments. Japanese and Singaporean banks, for instance, have made a series of announcements to control or prohibit new financing for coal. BlackRock, the world's largest asset manager, is working towards divesting from companies generating more than 25% of revenue from thermal coal from its active investment portfolios.

On the other side of the coin, the systemic shift towards renewable energy presents an opportunity for CIMB to grow our exposure to this sector through our Green, Social, Sustainable Impact Products & Services (GSSIPS). According to IEA's World Energy Outlook 2020, electricity generation from renewables is projected to grow rapidly in all scenarios, due to ready access to capital, and falling cost of solar photovoltaic generation. In fact, solar power is now consistently cheaper than new coal or gas-fired power plants in most countries. CIMB is well-positioned to encourage this transition to renewables with our renewable energy financing programmes, and our partnerships with leading solar providers.





### How was the Coal Sector Guide developed?

The Coal Sector Guide is built upon the CIMB Group Sustainable Financing Policy, which was first rolled out in Malaysia in late 2019, and includes sector guides for palm oil, forestry, oil & gas and construction & real estate.

We started developing the Coal Sector Guide as far back as 2019. The Sector Guide had initially been planned for approval and launch in mid-2020 but was delayed due to CIMB's overall strategy review exercise, as well as other urgent and important issues arising due to the pandemic.

As an ASEAN banking group with presence in markets of differing stages of economic development, a holistic and inclusive approach to financing policies is crucial. Through 2020, we conducted extensive benchmarking, and analysed our exposure to coal, as well as past coal-related bond deals, at an asset level in each of our markets. Specific coal sector requirements were developed collaboratively with our regional Wholesale and Commercial Banking teams, who provided insights on industry challenges and future direction. We also engaged with external parties, such as civil society organisations, to understand the context of our main operating countries with regards to coal mining and likely shifts in energy mix moving forward.

A key part of the implementation process was ensuring that our business frontliners understand the sector guide requirements, and are able to engage their clients on coal and on sustainability factors in business decision-making. To this end, extensive training has been conducted to bring business relationship managers up to speed with our coal sector guide and its requirements.



## CLIENTS ASSESSED FOR SUSTAINABILITY RISK

(G4-FS10)

In 2020, we carried out Enhanced Sustainability Due Diligence (ESDD) on 179 financing cases across Malaysia, Indonesia and Singapore. Localised versions of the GSFP were approved and implemented in the 2<sup>nd</sup> half of 2020, with CIMB Singapore rolling out the Policy in August 2020, while CIMB Niaga, Indonesia rolled out the Policy in November 2020. Case numbers subjected to ESDD are foreseen to rise as the Policy sees full-year deployment in these countries in 2021, and as Thailand and Cambodia come on stream. As we consider both high-risk sectors and controversies linked to clients and specific projects or transactions, multiple avenues exist for escalation of cases for ESDD.

The sustainability due diligence process is now firmly embedded and operationalised, with Relationship Managers taking a proactive approach towards ensuring clients provide the necessary documentation to show compliance to our Sector Guides, and ensuring that controversies linked to environmental and social risks are adequately addressed.



### ENHANCED SUSTAINABILITY DUE DILIGENCE CASE SUMMARY: 2019-2020

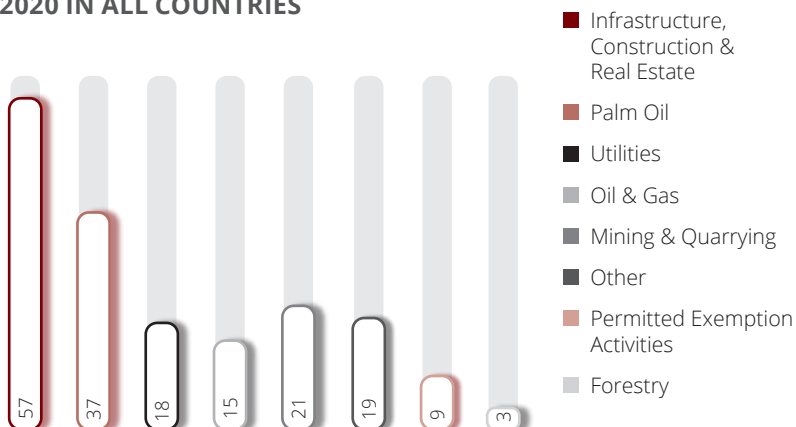


Key Indicators	Total	Malaysia	Indonesia	Singapore
Number of Enhanced Sustainability Due Diligence (ESDD) cases completed	218	164*	50	4
Cases recommended for approval based on low/mitigated sustainability risks	184	141 (86.0%)	41 (82.0%)	2 (50%)
Cases recommended for approval with E&S Action Plans	29	21 (12.8%)	6 (12.0%)	2 (50%)
Cases not recommended due to elevated sustainability risk	5	2 (1.2%)	3 (6.0%)	0 (0%)
Clients with E&S action plans due for completion in 2020	8	8	–	–
Clients that completed their E&S action plans due in 2020	7	7 (87.5%)	–	–

No clients in Indonesia and Singapore have action plans due in 2020. E&S refers to Environmental and Social

\* The data for 2020 (125 cases) was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

### CLIENTS UNDERGOING ENHANCED SUSTAINABILITY DUE DILIGENCE IN 2020 IN ALL COUNTRIES



As we implement our sustainability policies and evolve our internal due diligence processes, CIMB recognises that client engagement is a key part of ensuring we deliver impactful results through our risk mitigation efforts. We value long-term partnerships in all aspects of our business, and are determined to encourage our clients towards better sustainability practices, just as we in turn improve on our own sustainability performance. Engaging with clients allows us to maintain direct and open communication channels with clients on their sustainability journey. Our efforts on engagement have included engaging sectoral and subject matter experts including the UNEP FI and CDP to deliver technical and thematic training sessions for the benefit of clients and peer financial institutions. Moving forward, we aim to step up direct client engagement efforts to further advance our sustainability strategies.



### CASE STUDY: CLIENT ENGAGEMENT IN FORESTRY

In 2020, CIMB engaged with clients in the forestry sector, in particular those operating in primary forest landscapes. In general, forestry clients conduct operations in forested areas through concessions provided by state governments to conduct logging and tree planting activities. Through the implementation of our Forestry Sector Guide, we strive to ensure that clients in the sector are implementing the required steps towards achieving forest certification. Of particular interest is community engagement efforts with local and indigenous communities, who are reliant on forest resources, in line with Free, Prior and Informed Consent (FPIC) principles. Through the course of these engagements and the due diligence process, we seek to ensure clients are not involved in illegal deforestation and abide by regulatory requirements for logging operations.

### CASE STUDY: CLIENT ENGAGEMENT IN THE RUBBER GLOVE MANUFACTURING SECTOR

During the COVID-19 pandemic, demand for rubber gloves spiked globally, resulting in a major increase in production and exports of rubber products. Due to the upshift in demand in combination with the pandemic, several rubber glove manufacturers faced issues relating to the spread of COVID-19 among their workers, who are mainly migrant workers. This has resulted in pressure from international markets and civil society organisations to improve labour protection and procedures to prevent the spread of COVID-19 in dormitories and workers' quarters. CIMB has taken steps on engaging clients in the sector and is closely monitoring company disclosures on sustainability progress to ensure that these improvements are made.

### CASE STUDY: CLIENT ASSESSMENT IN THE PALM OIL SECTOR

Our main sustainability risk mitigation indicator for the palm oil sector is compliance to national certification (Malaysia Sustainable Palm Oil or Indonesia Sustainable Palm Oil) or international voluntary certification standards (Roundtable on Sustainable Palm Oil). Among the key risks assessed in the sector include deforestation and labour risks. Our focus remains on ensuring clients involved in the upstream development of plantations are compliant with recognised standards and meet the relevant legal and regulatory requirements.

#### Highlights of Environmental and Social Risks Identified and Mitigated in the Palm Oil Sector based on the 37 ESDDs conducted in 2020

Conversion of HCS/HCV areas	No violations detected
Use of fire for land clearing	No violations detected
Respect for indigenous and customary land use rights including ensuring FPIC	No violations detected
Protection of health and safety of workers and communities	No violations detected
Use of forced, compulsory or child labour	No violations detected
Proof of legality of plantation operations	No violations detected

We are supportive of the No Deforestation, No Peat, No Exploitation (NDPE) Commitments that are being implemented by companies across the palm oil supply chain. As such, we actively encourage clients to commit to NDPE and conduct High Conservation Value (HCV) and High Carbon Stock (HCS) assessments prior to new developments, while monitoring human rights compliance within their operations.

In 2020, out of the total 37 palm oil facilities assessed, a total of four clients were identified as carrying elevated levels of risk due to incomplete sustainability certification of their plantation holdings. Of these, 2 clients have completed their agreed Action Plans on obtaining the required certification ahead of their 2021 deadlines. The remaining clients are progressing towards certification, although we anticipate that there may be delays in certification audits given the COVID-19 pandemic restrictions.

### ACTION PLANS

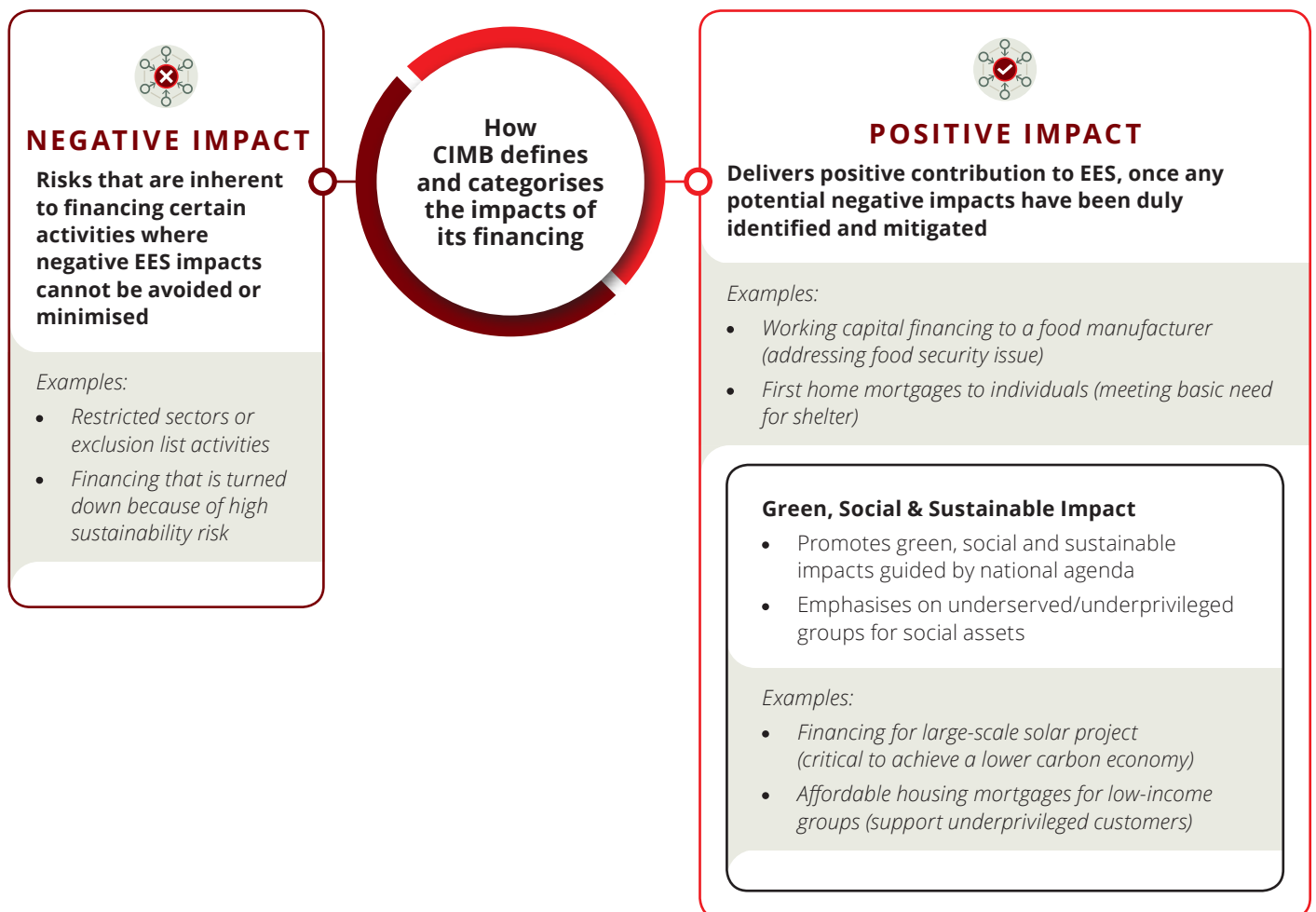
CIMB's approach to risk mitigation includes the option of agreeing Action Plans with clients who may not be meeting our minimum requirements or are in the process of resolving a recent controversy. This enables us to monitor the progress of clients on the implementation of material sustainability improvements including certification, disclosures and risk mitigation actions. All action plans are time-bound and clients are expected to close out the agreed actions within the agreed timelines. In the event a client is unable to fulfil agreed action plans, CIMB engages the client to understand reasons behind the delay and an extension may be granted. However, in situations where there is lack of acknowledgement or no tangible progress on a time-bound plan, CIMB may place the client on the Sustainability Watchlist, meaning no new or additional facilities will be extended to the client.

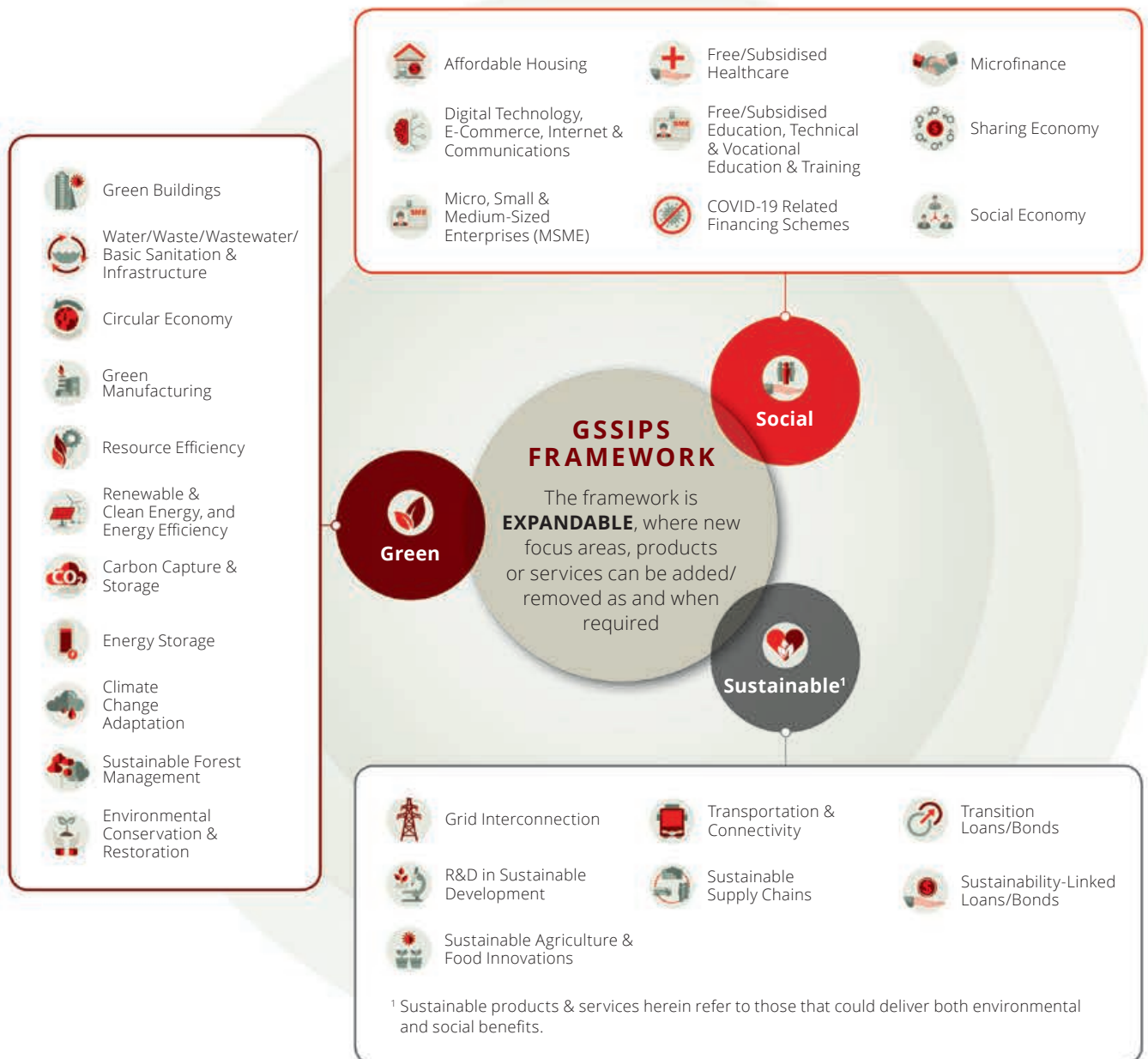
## MAXIMISING OUR HANDPRINT THROUGH POSITIVE, GREEN, SOCIAL AND SUSTAINABLE IMPACT FINANCE

In 2019, the Positive Impact Products and Services (PIPS) Framework was developed to streamline and guide the development of a suite of sustainable financing products and services. The PIPS Framework sets out the focus areas and eligible business opportunities that CIMB considers as imperative to the attainment of CIMB's seven priority SDGs, and where there is a need in the market.

The PIPS Framework has a broad ambit, covering all products and services that create positive impacts to the economy, environment or society, provided that they do not result in significant negative EES impacts. In implementing the PIPS Framework, it became clear that there was a need to drive certain financing products and services that promote selective green, social and sustainable impacts that are prioritised by global goals, and by respective national development plans.

To this end, in 2020, we refreshed and evolved the PIPS Framework to draw attention to specific Green, Social, Sustainable Impact Products and Services (GSSIPS). The GSSIPS Framework is expandable, whereby additional focus areas such as transition loans/facilities and COVID-19 related financing schemes, could be added to cater to emerging needs and the national agenda. Moving forward, we aim to champion and strengthen our handprint via GSSIPS focus areas. We are currently developing an internal taxonomy to provide more clarity to business units on the principles and criteria for each focus area of the GSSIPS Framework.





## CIMB SUSTAINABILITY-LINKED LOANS

In January 2020, CIMB developed its framework for Sustainability-Linked Loans (SLLs) guided by the Sustainability-Linked Loan Principles 2019 issued by the Asia Pacific Loan Market Association. The SLL offering was the first in Malaysia, targeted at corporate borrowers who are keen to enhance their sustainability performance in alignment with any of the 17 SDGs. As at the end of 2020, we had committed RM0.97 billion of the RM3.0 billion earmarked for SLLs.

An SLL is no different from any other loan, except for one thing – it comes with mutually pre-agreed Sustainability Performance Targets (SPTs) that require corporate borrowers to demonstrate meaningful and measurable sustainability improvements. If the borrowers successfully achieve the SPTs, they receive an interest rebate. In this way, we incentivise sustainable behaviour and promote positive change through an approach where everyone wins. Unlike green loans, borrowers can use the proceeds of their SLL for general working capital purposes, and are not limited to green projects.

SPTs that are selected and pre-agreed with our customers should be material (i.e. highly relevant and significant to their business), ambitious, measurable and verifiable. The more ambitious the SPTs, the more rebates that could be considered and offered. SLLs are flexible as a customer's SPTs can be set either at the operating entity level or holding company/group level.



**Malaren International Sdn Bhd**  
(subsidiary of StarHub Group)

### RM270 million Sustainability-Linked Term Loan

- Achieve pre-agreed annual targets on CDP Climate Change Scores from FY2021 to FY2023



**Sarawak Energy Berhad**

### RM100 million Sustainability-Linked Revolving Credit

- Grid Emission intensity in alignment with the Paris Agreement
- Fully electrify Sarawak by 2025

## ASEAN SUSTAINABILITY BONDS

As a leading capital market player, we aim to facilitate issuances of green, social, sustainability bonds and sukuk to assist our issuer clients to raise funding via the debt capital markets. In 2020, we were appointed as the sole lead manager for Cagamas Berhad's (Cagamas) inaugural issuance of RM100 million ASEAN Sustainability Bonds. This private placement was executed following Cagamas's expansion of its Medium-Term Notes Programme coverage in 2019 to allow for issuances of sustainability bonds or sukuk according to standards such as the Sustainability Bond Guidelines by the International Capital Markets Association (ICMA), ASEAN Sustainability Bond Standards endorsed by the ASEAN Capital Markets Forum (ACMF) and the Sustainable and Responsible Investment Sukuk Framework by the Securities Commission of Malaysia. The proceeds of this particular ASEAN Sustainability Bonds issuance were used to acquire loan assets relating to employment generation via SMEs, renewable energy and sustainable wastewater management.

## SME RENEWABLE ENERGY FINANCING

CIMB SME Renewable Energy Financing is our first financing scheme to enable SMEs in Malaysia to reduce their operational costs from power consumption while contributing to reduction in GHG emissions through adoption of renewable energy. This also supports the national agenda of increasing the energy mix from renewable energy to meet national climate change mitigation targets.

We have allocated RM100 million towards financing the needs of SMEs to purchase solar photovoltaic (PV) systems. This programme covers financing of up to 100% of the solar PV system cost, including cost of installation, and is capped at RM1 million. The programme was extended to new-to-bank customers this year, where in the past it was only offered to existing customers.

The progress of this programme against our initial target has been impacted due to COVID-19. SMEs have been severely affected by the lockdown and slower demands, and are focused on business recovery and sustaining cash flow, while delaying large capital expenditures.

Despite the challenging business environment, CIMB is committed to continue engaging customers and solar service providers to promote the sustainability agenda. We actively participate in webinars and roadshows organised by the Sustainable Energy Development Authority and Malaysian Photovoltaic Industry Association.



For more information on SME Financing Renewable Energy Financing, please click here:  
<https://www.cimb.com.my/en/business/solutions-products/financing/sme-financing/sme-renewable-energy-financing.html>



### BUYSOLAR PARTNERSHIP

CIMB Bank and CIMB Islamic are the first official financiers of buySolar, the first one-stop online marketplace in Malaysia that enables both individuals and businesses to purchase solar panels. Launched in February 2020, the buySolar platform provides end-to-end solar installation services, which includes online application, cost estimation, solar installation, Net Energy Metering Scheme application, financing, online monitoring maintenance and after-sales services.

For more information on buySolar, please click here:  
<https://www.buysolar.my/cimb-business-loan>

### MATRADE SUSTAINABLE SME EXPORTERS PROGRAMME

In 2019, The Malaysian External Trade Development Corporation (MATRADE) launched the Sustainability Action Values for Exporters (SAVE) Programme, a five-year programme to transform Malaysia into a sustainable trading nation, focused on creating a community of sustainable local exporters.

In partnership with the SAVE programme, we conducted four online "SMEs Sustainable Exporters Programme" sessions. The webinars were aimed at enhancing sustainability export readiness of SMEs. Over 96 SMEs from sub-sectors comprising food and beverage, machinery parts and components, medical equipment, furniture, garments, and cosmetics underwent over 2.5 hours per session of online training on economic, environmental, social and governance aspects that could potentially create new opportunities for resilient growth.



1

CIMB and Managing Director, TNBX Sdn Bhd Ir. Nirinder Singh Johl, Managing Director, Gsparx Sdn Bhd Elmie Fairul Mashuri, Chief Operating Officer, OpenSys Technologies Sdn Bhd Luke Sebastian, CEO, Sustainable Energy Development Authority (SEDA) Ir. Dr. Sanjay Velautham at the launch of Opensys Technologies Sdn Bhd's buySolar online solar marketplace platform.

2

Former Group CEO, YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, with MATRADE's former CEO, Dato' Wan Latiff Wan Musa at the MoU exchange of SMEs Sustainable Exporters Programme. It was witnessed by former Deputy Minister of International Trade & Industry, Dr. Ong Kian Ming and MATRADE Chairman Tan Sri Dr. Halim Mohammad.

### GREENBIZREADY

CIMB GreenBizReady is a one-stop sustainability solution for CIMB's SME clients looking to start or deepen their sustainability journey. SMEs will be connected to and supported by industry leaders and government agencies, and be offered a suite of solutions to enable and strengthen their efforts. Solutions include sustainability-linked financing, sustainability service providers, training and capacity building, certification and advisory services, and business matching.

GreenBizReady will provide SMEs with a competitive advantage by equipping them with practical knowledge and tools to incorporate EES considerations into their businesses, helping them become sustainability-ready for long-term business resilience.

With the support of CIMB's strategic associates, GreenBizReady will enable SMEs to participate in programmes and activities via online platforms while also enjoying complimentary mentorship sessions on a regular basis. Ten webinars have been planned, and the programme aims to reach 500 SMEs. After completing each session, SMEs will be assigned a designated contact person to assess their readiness and plan the next step of their sustainability journey.



For more information on GreenBizReady, please click here:  
<https://www.cimb.com.my/en/business/solutions-products/solutions/greenbizready.html>

## ESG INVESTMENT FUNDS

As a financial intermediary, we play a role in facilitating the growth of Sustainable and Responsible Investing. We strive to curate and distribute a variety of ESG-themed investment funds to customers seeking to invest in funds with positive social and environmental impact, without sacrificing financial returns. In 2020, we broadened our panel of ESG-focused investment funds for our Private Banking and Preferred Banking clients. Collectively, a total AUM of RM94.2 million was recorded for ESG-related funds.

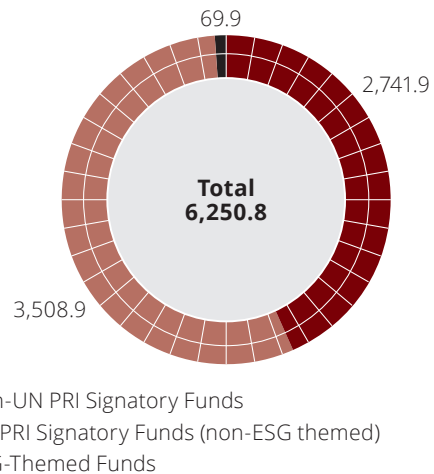


### CASE STUDY: PRIVATE BANKING MALAYSIA'S INITIATIVES IN 2020

- Curated a dedicated fund shelf comprising funds offered by signatories to the UN Principles for Responsible Investment (UN PRI)
- Onboarded Singular Asset Management (Singular), a boutique equity-focused investment management company with exposure to Malaysia and Asia. Singular integrates ESG considerations into their investment decisions. It offers both wholesale funds that are registered as SRI funds with Securities Commission of Malaysia and discretionary mandates to CIMB's Private Banking clients
- Through these initiatives, Private Banking Malaysia saw a 14% growth in the AuM for ESG-themed investments compared to 2019

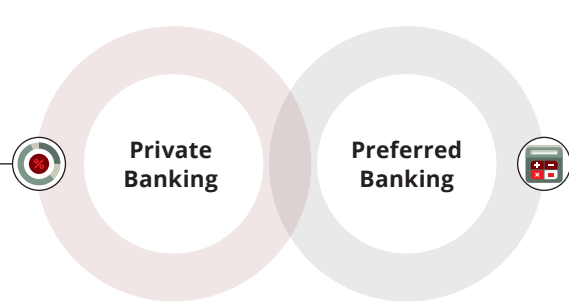
#### PRIVATE BANKING MALAYSIA'S AUM AS AT 31 DECEMBER 2020

RM million



### ESG-Themed Funds Distributed by CIMB

- Singular ESG Discretionary Mandate (Malaysia)
- BIMB-Arabesque i Global Dividend Fund (Malaysia)
- BIMB Arabesque Asia Pacific Shariah (Malaysia)
- BIMB ESG Sukuk Fund (Malaysia)
- Federated Hermes-Global Equity ESG Fund (Singapore)



- BIMB-Arabesque i Global Dividend Fund (Malaysia)
- Blackrock Sustainable Energy (Singapore)
- Threadneedle Pan European ESG Equities (Singapore)
- Schroders ISF Global Climate Change Equity (Singapore)

### ECOSAVE SAVINGS ACCOUNT – i

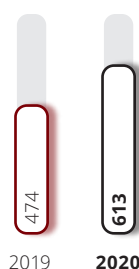
The EcoSave Savings Account-i (EcoSave) is a sustainability-focused savings product that enables customers to support impactful environmental conservation and rehabilitation efforts throughout Malaysia. Since its inception, CIMB Islamic has committed 0.2% of the total quarterly average portfolio account balances towards environmental-focused projects and activities. Customers also receive regular updates on project outcomes and sustainability updates through quarterly newsletters.

In 2020, EcoSave has enabled the disbursement of a total of RM2.2 million towards environmental projects. These efforts have included supporting mangrove conservation in Kuala Gula, Perak in partnership with the Global Environment Centre (GEC) and supporting WWF's Ulu Muda Conservation Project in Kedah.

Up to 2023, we have committed RM1.25 million to The Free Tree Society (FTS) and WWF-Malaysia towards the conservation of Setiu Wetlands in Terengganu.

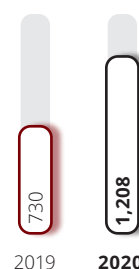
#### NUMBER OF ACCOUNTS

Thousands



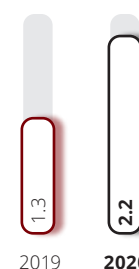
#### TOTAL ACCOUNT BALANCE

RM million



#### TOTAL DISBURSED TOWARDS ENVIRONMENTAL PROJECTS

RM million



**Note:** A balance of RM2.4 million remained as of end-Dec 2020 as part of the 0.2% commitment and will be allocated towards more environmental projects identified.



For more information on EcoSave, please click here:  
<https://www.cimb.com.my/en/personal/day-to-day-banking/accounts/savings-account/ecosave-savings-account-i.html>

### Environmental Conservation: WWF–Malaysia Setiu Wetlands, Terengganu

CIMB Islamic has an on-going three-year commitment through EcoSave with WWF-Malaysia towards the conservation of Setiu Wetlands, Terengganu with an additional RM1 million donation in 2020, in addition to the initial RM1 million donation in October 2019. The partnership aims to strengthen the protection and management of Setiu Wetlands in addition to educating and building capacity of local communities to support, participate in and drive conservation efforts that can contribute supplemental incomes for better community livelihood.

Setiu Wetlands is located on the east coast of Peninsular Malaysia in the state of Terengganu. This unique and diverse wetland encompasses freshwater, brackish and marine environments with at least nine types of inter-connected ecosystems. Listed as a wetland of national importance in the Malaysian Wetland Directory (1987), it forms part of Terengganu's identified secondary ecological linkage under the Central Forest Spine Master Plan developed by the Federal Government of Malaysia to help protect the country's biodiversity and ecosystem services.

Significant progress has been achieved, including the successful implementation of two major events earlier this year: Setiu Wetlands Scientific Expedition Series 1 and Setiu Wetlands Open Day, which demonstrated strong partnerships between both parties.

Key highlights in Q2 2020 included the Terengganu Setiu Wetlands Camp (T-SWetC) and the second Scientific Expedition bringing together researchers and stakeholders, while gearing up towards further implementation of identified community-related activities such as community-based solid waste reduction, and management initiatives on recycling and upcycling.

Despite intense planning and preparation made towards further activities, major constraints and challenges were faced during the COVID-19 pandemic. As a consequence, all physical engagement with stakeholders and partners, including events, conservation fieldwork and outdoor activities were halted. These are planned to resume as soon as is safely possible.



Ahmad Shahrizan Mohd Shariff, CEO, CIMB Islamic Bank Berhad (centre) together with (L-R) Baida Hercus, President, Free Tree Society; Calvin Raqem, Executive Director, Taman Tugu Project Development Sdn Bhd (representing Amanah Warisan Negara, AWAN); Sophia Lim Chooi Kuan, CEO, WWF-Malaysia and Helina Yow Ling See, Director of Partnerships, WWF-Malaysia

### Urban Rehabilitation: Free Tree Society and Amanah Warisan Negara

In July 2020, CIMB Islamic signed a collaboration agreement with Free Tree Society (FTS) and its trustee, Amanah Warisan Negara – a National Public Trust under Khazanah Nasional Berhad. CIMB Islamic committed RM250,000 towards supporting public education on environmental stewardship, conservation and climate change, focusing on students and decision-makers in corporations.

A key feature of the programme is enabling carbon offsetting through the planting of trees and increasing biodiversity in targeted areas. The programme also aims to train environmental stewards to raise environmental awareness among communities and students, who can play a vital role in ensuring conservation of biodiversity, and devote time and effort towards planting trees in urban green reserves and set-aside areas.

### Waqf SAVINGS IN LINE WITH SDG 6

In Indonesia, we have developed a Waqf-linked savings account product that supports UN Sustainable Development Goal 6 on the provision of clean water and sanitation. A portion of the profit earned from the savings account is channelled towards clean water projects, totalling Rp6,662 million or RM1.9 million in 2020. Examples of these projects include building wells for underserved communities in need of clean water sources.

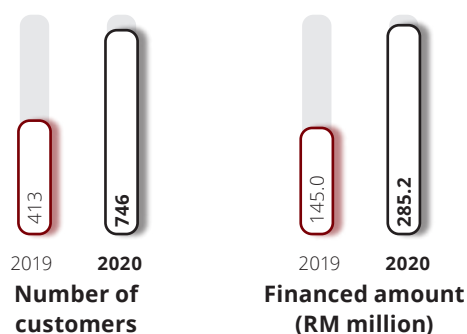
### FINANCING FOR GREEN HOMES & VEHICLES

There is a growing awareness and desire among customers to integrate sustainable products as part of their lifestyle. CIMB strives to be an agent for change, by supporting our customers to embrace sustainable lifestyles through simple and intuitive financing solutions.

#### Green Home Financing

Since 2018, CIMB has offered preferential financing rates for retail customers to purchase green residential homes certified with Green Building Index, GreenRe, Leadership in Energy and Environmental Design (LEED) or BCA Green Mark in Malaysia. We continue to promote the financing of green homes as these contribute to lower carbon emissions and sustainable living spaces. With interest/profit rates as low as BR/IBR of 0.5% p.a. we have financed RM285.2 million for green homes.

#### GREEN HOME FINANCING



### GREEN VEHICLE FINANCING

#### Indonesia

In October 2020, CIMB Niaga launched a Shariah-compliant financing product for electric motorcycles called the "Motor X-TRA" programme. It is Indonesia's first provider of Shariah-compliant financing for electric motorcycles, using the Muharabah concept. In partnership with Gesit, a manufacturer of e-bikes, the programme makes it easier for customers to own electric motorcycles through lower instalments and free life insurance.

CIMB Niaga also provides financing for electric and hybrid cars. Total financing for electric and hybrid vehicles was Rp11,635.8 million or RM3.3 million in 2020.

#### Thailand

In 2019, CIMB Thai was Thailand's first bank to offer loans for electric motorcycles, with an average interest rate of 0.4% lower than a regular motorcycle loan.

#### Malaysia

Green vehicle financing for electric and hybrid vehicles in Malaysia accounts for 2% of our total hire purchase portfolio. With a fixed rate as low as 2.34%, we have financed 4,368 vehicles over the last three years.

### e CREDIT CARD

CIMB Bank Berhad launched the CIMB e Credit Card to support the changing needs of customers' digital-first lifestyles by providing extra value for online and contactless transactions across major e-commerce platforms and merchants in Malaysia. The card offers value for all online shopping, e-wallet, auto-billing and in-store contactless spending which comes with up to 12 times bonus points in each transaction at no minimum spend. Over 13,000 customers have signed up for the e Credit Card.

A feature of the e Credit Card is that it allows customers to redeem bonus points and donate towards non-governmental organisations and COVID-19 relief. The card also supports the growth of home-grown micro brands in partnership with Poptron, a social e-commerce platform that has curated over 100 ethical and socially-conscious micro and emerging brands spanning over seven product categories.

## CIMB SDG BOND

In 2019, CIMB Bank Berhad developed its SDG Bond Framework and executed our maiden SDG Bond transaction valued at US\$680 million. This marked the first-ever SDG bond to be issued by a Malaysian and ASEAN issuer in the Reg S international capital markets, as well as in the Formosa bond market.

As at 30 June 2020, the proceeds from the bond were fully allocated to eligible assets in line with the CIMB SDG Bond Framework. Impacts of eligible assets include:

Enabling more than  
**28,000** retail customers  
earning less than  
**RM4,360** per month to  
purchase affordable homes  
priced at not more than  
**RM300,000**

Financing more than  
**3,600** new hybrid cars,  
with **35%** less CO<sub>2</sub> emissions  
per km/passenger compared  
to conventional cars

Completing more than  
**150** solar energy projects  
and installing more than  
**>100** MWac solar PV systems  
for residential, industrial  
and commercial usage

Funding two civil servant  
cooperatives, which offer  
affordable personal financing  
and microcredits to over  
**175,000** civil servants  
(e.g. armed forced personnel,  
teachers, nurses)



For more information on the CIMB SDG Bond Progress Report, please click here:

[https://www.cimb.com/content/dam/cimb/group/documents/sustainability/main-page/reports/others/CIMB%20SDG%20Bond%20Progress%20Report%202020\\_Final.pdf](https://www.cimb.com/content/dam/cimb/group/documents/sustainability/main-page/reports/others/CIMB%20SDG%20Bond%20Progress%20Report%202020_Final.pdf)





## TECHNOLOGY

We live in an increasingly on-demand world where everything we need is delivered at the click or tap of a button. Technological advancement continues to disrupt the banking landscape as regulators open up markets to digital banks. Leveraging on data, banks are increasingly able to deliver more targeted engagements with customers to offer added value and services to help them meet their financial goals.

Digital banking is increasingly becoming the primary banking experience for many of our customers. We are committed to transforming our operations by deploying data analytics capabilities to be a data-first organisation. The transformation of our operations will enable us to deliver relevant services and enhance customer experience. With this, we recognise our accountability in protecting our customers' data and privacy and have stepped up our efforts in applying comprehensive data governance and cybersecurity measures.



### KEY INDICATORS

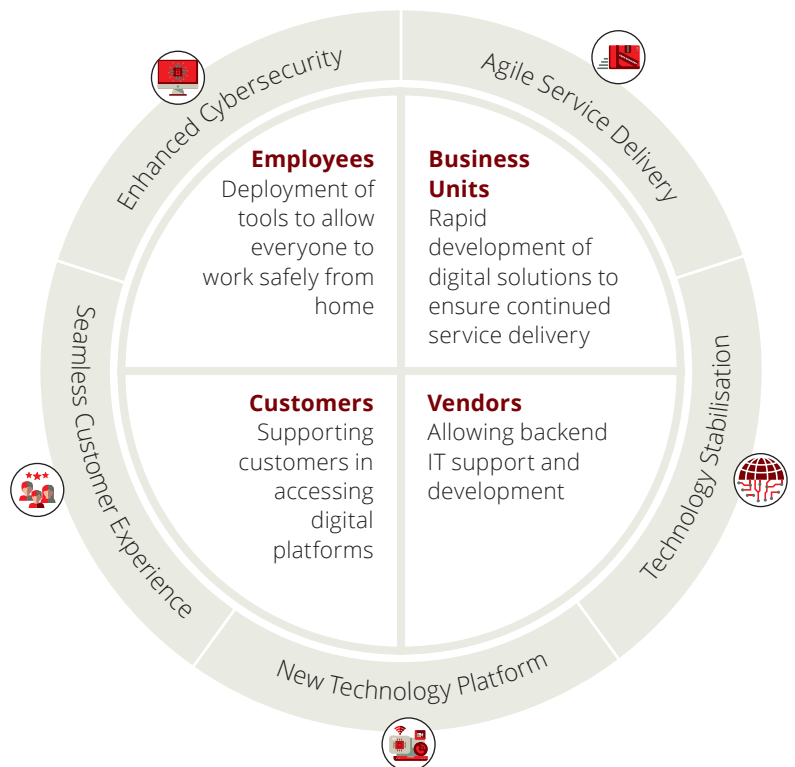
Over **5 million** digital users

## TECHNOLOGY IN THE NEW NORM

The COVID-19 pandemic has disrupted normal face-to-face operations and accelerated the adoption of technology and digital services. During this unprecedented time, we focused on protecting the stability of our critical operations, while supporting our employees and customers in adapting to the new normal. We made adjustments to project delivery timelines, whilst accelerating investments to meet regulatory commitments and building resiliency around critical services.

The movement control orders around the region resulted in a large proportion of our staff having to remotely work-from-home. Internally, we rapidly scaled up multi-factor authentication to ensure that employees could work from home while securely accessing the office network. We implemented infrastructure changes to increase the reliability and speed of remote working operations for critical functions to enable our employees and vendors to operate securely and efficiently, and to prevent criminal cyber activity.

We supported business units to accelerate the digitalisation of products and critical services, such as mobile payments and online document submission. Our systems had to remain agile to incorporate financial relief initiatives that were rolled out to support our customers and clients. We prioritised customer support to ensure that they were able to transition to using digital platforms and self-serve channels. We ensured that our core digital channels were able to handle the increased demands on the network, to ensure uninterrupted digital services for our customers.





## TECHNOLOGY TRANSFORMATION PROGRAMME

Under the ongoing Technology Transformation Programme, we have started to leverage cloud-based platforms which provide additional security, resiliency and accessibility. We have facilitated a transition towards a regional mobile-enabled Human Resource system, an Enterprise Performance Management Cloud Finance system, as well as efficient and secure workplace collaboration tools.

We continue to integrate Robotic Process Automation into our internal operations. By automating repetitive tasks across all applications, we are able to achieve a much faster turnaround time, while reducing, or even eliminating, errors.

We also seek to future-proof our business through integration and partnerships, using Application Programme Interfaces (APIs) to allow for ease of integration, as well as Blockchain-as-a-Service. We have also enabled digital innovation with new ways of working, for example, through business-IT alignment and adoption of DevSecOps/Agile working models, simplifying interactions with APIs and micro services, and pivoting to cloud/mobile-first solutions.

## IMPROVING OUR DIGITAL CHANNELS

The digital revolution is transforming our businesses and the value we deliver to our customers. Driven by the growing proportion of app-native customers, mobile devices, apps, machine learning and automation have transformed our customers' expectations. Customers now expect to interact, transact and receive relevant content anytime, anywhere through their preferred devices.

We conducted a technology refresh in 2020, enabling the system to operate on the latest technology with on-demand capacity, to improve performance and resiliency. These efforts have improved the performance and resiliency of our systems, with CIMB Clicks uptime increasing from 94.7% in 2019 to 98.7% in the first six months of 2020, despite the growth in the number of customers and volume of transactions. We are committed to achieving and maintaining an uptime of more than 99.5% for our digital channels.

We completed the Tools Roadmap for Intelligent Operations and have started the implementation journey. This enables us to have visibility of our operations with tools (infra, security and apps) to proactively monitor and respond to any issues on our network, infrastructure and applications.

## CIMB CLICKS

CIMB Clicks is our online and mobile platform for our retail customers. We introduced an Insights feature, which aims to improve financial literacy among retail customers. The feature provides personalised assistance to monitor spending, helps set targets for savings, and establishes credit limit reminders to help our customers to keep spending under control.

In Malaysia, we enhanced Clicks to enable DuitNow QR – a national digital payment initiative that unifies all cashless bank payment transactions and eWallets. Investment products such as Unit Trusts, eGold Investments, eFD can also now be transacted online.

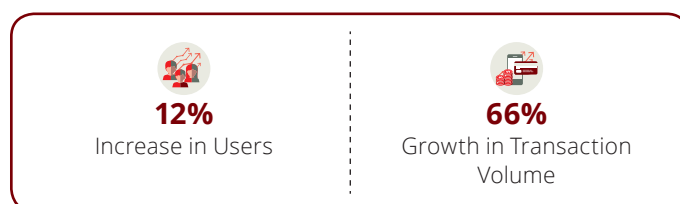


## CIMB BIZCHANNEL

CIMB BizChannel is the online and mobile platform for our non-retail clients, catering to clients from sole proprietorships to government agencies and everything in between. For the convenience of our customers, we made seamless BizChannel onboarding as part of the Online Account opening process for every account. We also improved our service levels, reducing BizChannel registration turnaround time by 60%, and the turnaround time for BizChannel package upgrade changes by 86%.

Across the region, we introduced features to support our clients to overcome challenges faced due to the restricted movements.

- CIMB Niaga incorporated a Dropbox feature in BizChannel to facilitate client submission of service request forms online.
- CIMB Singapore was the first bank in Singapore to develop a chatbot specifically for business owners seeking information on COVID-19 related financial relief from all government ministries. The chatbot was awarded the Top 40 Monetary Authority of Singapore Fintech Solutions 2020.



## TRANSFORMING CUSTOMER JOURNEYS THROUGH DIGITISATION

The digitalisation of our core operations has allowed us to digitise manual processes. The Transforming Customer Journeys (TCJ) department is tasked to take a fresh approach to design the end-to-end journey for our customers within an agile design and delivery ecosystem. TCJ integrates innovative digital solutions such as fully online application processes, eKYC, and simplified real-time customer pre-screening to allow us to provide seamless, fast and hassle-free services to our customers.

Our model is to work with partners to create a pilot platform in which new capabilities and ways of working could be incubated. If the pilot is successful, we then scale up and accelerate the programme. We have increased the number of initiatives delivered using an Agile delivery model, where we work with key programme contributors to create an operating model which enables scalable and sustainable Agile delivery.

The team has undertaken several high-priority customer journeys which have seen improved operational efficiency and transformed the experience of our customers.

Customer Journey	Transformation	Results
<b>Retail Account Opening</b>	CIMB announced its online-to-branch bank account opening for individual banking customers. The solution allows customers to submit their application to open a current or savings account online, by completing an e-form on CIMB's website. Once submitted, customers can make use of a dedicated e-account priority queue in any CIMB branch to pick up the debit card as the last step.	<ul style="list-style-type: none"> <li>• In-branch wait time reduced by more than 50%</li> <li>• In-branch processing time reduced by 43%</li> <li>• Almost 40% of all new accounts are opened via the new process</li> </ul>
<b>Biz Financing Platform and ACE RM Portal (Commercial Lending)</b>	The Biz Financing Portal makes CIMB's banking offerings more accessible, providing safety and convenience. SMEs can now submit financing applications and related documents online. The ACE RM Portal works in tandem, and digitizes the entire application process without any paper submissions, minimising manual processes.	<ul style="list-style-type: none"> <li>• Submission errors dropped by 61%</li> <li>• Improved customer relationship management scores</li> <li>• Credit approval turnaround time reduced by 50%</li> </ul>
<b>Wealth Channel</b>	A multi-channel end-to-end investment and insurance platform that enables customers to learn about and sign up for products to reach their financial goals	<ul style="list-style-type: none"> <li>• All-in-one dedicated wealth digital portal for self-served customers</li> <li>• A fully fledged solution to increase productivity of relationship managers</li> </ul>

## BIG DATA AND ARTIFICIAL INTELLIGENCE

In 2020, we accelerated the application of data analytics in a number of ways. Advanced analytics have allowed us to optimise cash holdings in our branches, thereby reducing cash runs, improving customer experience and reducing costs.

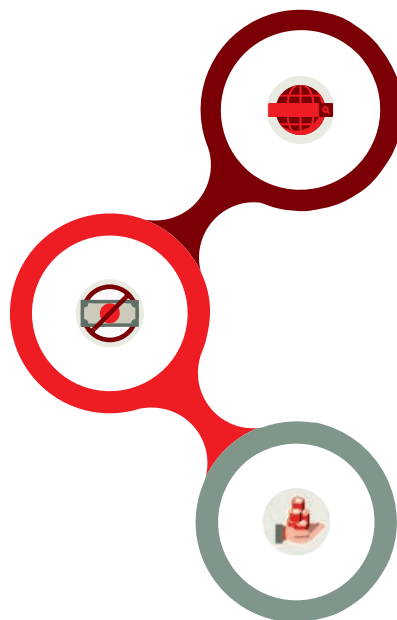
We have been able to optimise the branch network by identifying underserved areas, and optimise the distribution of self-service terminal networks by applying revenue, maintenance cost, usage and competitor intelligence data in our data models. We have also accelerated our efforts to find innovative ways to improve customers' accessibility to our branches and banking touchpoints, using branch-to-branch distance data and geo-spatial analytics to plan our current and future customer touchpoints.

Through digital banking, we understand that a high degree of personalisation can enrich the quality of banking interactions. Based on pre-identified criteria such as demographics, lifecycle stage and customers' interests, we design our outreach programmes to match specific products to customer needs. We are also able to use analytics to foster social and financial inclusion, and identify early risk indicators to detect potential defaulters.

## IMPACT OF BIG DATA AND AI DEPLOYMENT

### Anti-Money Laundering (AML) Alert Optimisation and Clicks Fraud detection

- Optimises suspicious transactions capture rate, which has led to reduced fraud transactions and avoidable AML alerts



### Targeted product offering using Next Best Product engine

- Offers targeted suggestions of financial products to reduce non-relevant communications to customers

### Alternative Credit Underwriting Models

- Gives us the ability to extend financing to under-served customers with no credit history, and to previously unbanked segments
- Early warning indicators to provide alerts on SME customers at risk of default

## DATA GOVERNANCE AND PRIVACY

Data privacy threats are constantly evolving, with increasingly sophisticated cybersecurity attacks exploiting any vulnerability. Financial service providers, as custodians of customers' data, are sometimes targeted by malicious hackers. Our customers share and entrust their data with us, and it is our responsibility to safeguard their privacy. CIMB sees data management, privacy and security as both a hygiene factor as well as a competitive driver. We uphold the highest standards and best practices in the way we collect, store, analyse and use data to deliver a better customer experience, while protecting and respecting the privacy of customers, thus maintaining their trust.

### DATA GOVERNANCE

CIMB is on a multi-year Data Transformation Journey with the objective of harnessing the power of data to enable business units to make better decisions, innovate and achieve aspirations of becoming a data-driven organisation. This multi-year transformational journey begins from building the foundational blocks with the capacity and aspiration to scale, in accordance to the Group's readiness and maturity.

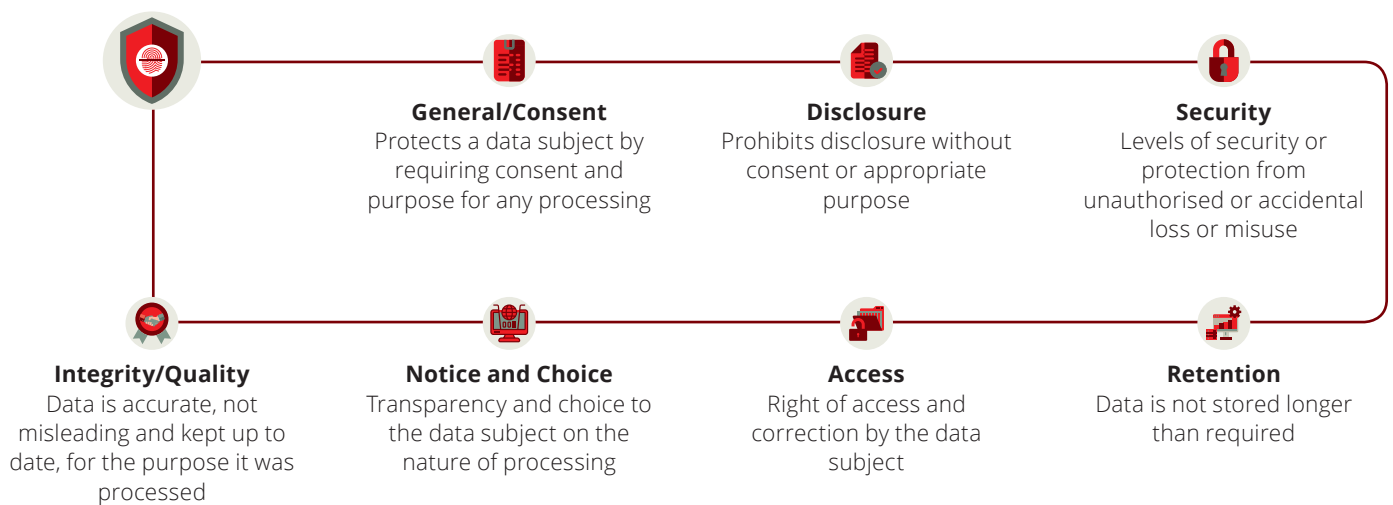
CIMB's Group Data Management Policy sets out a structured approach to managing data and disseminating information within CIMB Group. We respect and adhere to industry best practices, local laws, regulations and the industry Code of Conduct. Clear roles and responsibilities are assigned to dedicated Data Domain Owners, Data Stewards, Data Enablers across divisions to oversee and address data domain-specific matters.

In 2020, the Group Data Office established key committees to drive data transformation, and provide oversight on Data Governance, Data Quality and Data Architecture subject matter. The Group Data Office leads the "Strengthening Data and Analytics" initiative within the Forward23+ strategy. While laying the foundations for stronger governance and oversight, the committees also aim to build future talent and technology enablers for advanced analytics.

## ENHANCED PRIVACY AND DATA PROTECTION

CIMB Group's Privacy Policy and notices state our internal policies on personal data processing and a customer's rights as a data subject. We are regulated and guided by both principles of banking customer confidentiality, and national personal data protection laws. These laws and principles ensure that the use of personal information is legal and fair, and that data management systems and processes are secure.

CIMB Group's policy adopts the privacy and data protection principles that govern the rights of data subjects, the transparency of communicating choice, access and consent, as well as the obligations in protecting, processing and retaining data. These principles, also referred to as obligations, may be summarised as follow<sup>1</sup>:



The Board Risk and Compliance Committee governs the management of secrecy and privacy risks. The Group Data Protection office (formerly known as Data and Technology Compliance) was established in 2013 when the PDPA came into effect. The Office assists the Group's Chief Legal and Compliance Officer in ensuring the Group recognises and protects the rights of individuals as data subjects and processes personal data in accordance with the applicable data protection rules. Data Protection officers across CIMB's financial services entities adopt and implement the Group Data Protection policies, whilst enforcing local regulatory requirements and procedures.

Key ASEAN jurisdictions, such as Indonesia and Thailand, are legislating and enforcing national privacy and data protection laws, setting out requirements for handling personal information. The Data Protection Office conducts on-going reviews and revisions to privacy notices, clauses, internal policies and service levels, to ensure that these rules are integrated into CIMB's processes, to continuously strengthen our privacy protection.

The Data Protection Office also assists and advises CIMB's not-for-profit entities and services, such as CIMB Foundation, CIMB Cares and CIMB Alumni Network. It tailors their privacy policy or notice and relevant processes, to protect their stakeholders' data and rights. CIMB respects its data subjects and takes any potential or alleged breach of data disclosure together with privacy very seriously. Whilst CIMB did not experience any systemic nor material data privacy and protection during the year, CIMB manages complaints, investigates and mitigates accidental loss or disclosure of individual incidents, via its customer resolution units and independent reviews.

## DATA PROTECTION INITIATIVES

During the COVID-19 period, CIMB undertook various measures to protect customers' data whilst expanding contactless transactions. These ranged from secured verification of identity for financial aid, and enhanced controls for staff working from home, to restricting data remotely accessed by service providers.

As CIMB continues on its digitalisation journey, secured-confidential disclosures and data sharing will fuel electronic wallets, microfinance and financial aid. In 2020, the Data Protection Office and Information Security team enhanced data anonymisation/pseudonymisation and encryption schemes to protect and obscure the identity and personally identifiable information of our customers.

<sup>1</sup> Organised according to the Personal Data Protection Act of Malaysia

### DATA PRIVACY CAPABILITIES

We ensure that our processes are in-line with the latest and best practices in data privacy. In 2020, three members of the Group Data Protection Office and Group Technology management team obtained the Certified Data Privacy Solutions Engineer certification, as part of the inaugural technical privacy certification under the Information Systems Audit and Control Association.

### DATA PRIVACY CULTURE AND TRAINING

The bank's controls are reviewed and audited periodically to determine whether data is collected, processed or stored in accordance with regulations. Gaps and subsequent corrective actions are reported to the Board Risk and Compliance Committee.

We drive a privacy culture that aims to maintain our stakeholders' trust and confidence with effective data privacy and cybersecurity measures. We ensure that employees have access to personal data strictly on a need-to-know basis, with clear policies and procedures. These are available via the Group's intranet and knowledge portals.

Annual data protection and information security training is mandatory for all employees across the Group. Training and awareness programmes include data governance, management and protection, responsibilities and controls. These are carried out via online platforms, supplemented workshops for control functions and units that process customer data.

The banks' controls are reviewed and audited periodically to determine whether data is collected, processed or stored in accordance with regulations. Gaps and subsequent corrective actions are reported to the Board Risk and Compliance Committee.

### ENHANCING CYBERSECURITY

The Group Technology Risk Management Framework and the Group IT Security Policy govern our approach to protecting our systems and applications, and ensure the safe and secure delivery of digital banking. Cybersecurity is a key component of technology risk, which is comprehensively managed under the Enterprise Risk Management Framework. The Board of Directors are engaged in the oversight of Technology and Cybersecurity risks, with Independent Directors having the relevant technology background. We adhere to Financial Services Industry Best Security Standards, as well as the regulatory policy and procedure requirements where we operate. We recently completed a revamp of the Group IT Security Policy, which focused on strengthening our cybersecurity defences across People, Process and Technology.

CIMB adopts the 3-lines of defense in managing technology and cybersecurity risk. IT Security is responsible for the operationalisation of cyber controls, and the Head of IT Security reports to Group Technology as the First Line of Defense. The Group IT Security team ensures the Group's IT network and

ecosystem is secured from internal and external threats. As the Second Line of Defense, the Chief Information Security Officer oversees Technology and Cyber Risks, reporting regularly to Group Risk. Designated Compliance and Risk Officers (DCOROs) are appointed across CIMB's entities to ensure adoption of Group Technology & Security controls.

### STRENGTHENING CYBER RESILIENCE

Our Cyber Security Operations Centre, Cyber Security Response & Recovery team, and Threat Monitoring & Intelligence unit are the operational teams that keep our network secure. They work together to prevent intrusion, detect and monitor security alerts and anomalies, perform impact assessment, develop containment and remediation strategies, and perform forensic investigations on internal and external threats.

The team conducts periodic proactive security assessments and reviews, such as Pentests, Vulnerability Assessments, Patch Assessments and Risk & Impact Analysis, to verify the effectiveness of IT Security controls. The teams also conduct cyber drill simulation and business continuity exercises; provide security awareness and training; provide security tools maintenance and support; and manage third-party, physical security and network security.

Our people, processes and technology are benchmarked against the best in the industry. In 2020, the team completed over a dozen security enhancement projects to strengthen our defence capabilities. We also reinforced our ability to deter and stop cyber threats by building additional satisfactory use case scenarios.

### EMBEDDING A REGIONAL NETWORK SECURITY OPERATING MODEL

As we strengthen our regional operating model, we continue to align best practices on security controls through a vendor-agnostic approach in managing cyber threats. We conduct monthly meetings with regional teams to provide security advisory on best practices, and to standardise policies, security processes and tools, in order to build an infrastructure that enables efficient threat mitigation and response across our regional network.

### PROMOTING CYBERSECURITY AWARENESS AND CULTURE

We continue build a robust cybersecurity culture by rolling out a comprehensive awareness programme for all employees. Cybersecurity e-learning is mandatory for all employees, to promote good knowledge, attitude and behaviour towards protecting our digital assets. Email awareness campaigns reinforce understanding of threats, as well as the appropriate steps to prevent them. We conduct phishing campaigns to test the effectiveness of our awareness programmes, where employees who fail the test have to undergo refresher training.



## FINANCIAL LITERACY, INCLUSION AND WELL-BEING

Financial inclusion is essential for social equality and economic empowerment. Financially empowering individuals and businesses through financial literacy and banking services creates a ripple effect that drives improvements across local society.

We promote financial literacy among children, youths and working adults to inculcate healthy financial habits. As a financial institution, we also play a critical role in bringing affordable and accessible financial services to individuals who are unbanked and underbanked to alleviate financial hardship, promoting inclusion for all. We work with national governments and local partners to develop and disburse targeted aid where needed, delivering a social development agenda to help ensure that no one is left behind.

### PROMOTING FINANCIAL LITERACY IN THE YOUNGER GENERATION

We support financial literacy programmes that empower youth in the region. These programmes inculcate financial management as a life skill, and promote an understanding of how financial services can enable this.

#### BE\$MART

Be\$MART is CIMB Foundation's flagship financial education programme targeted at young adults and university students across Malaysia. Over the past four years, the two-day financial literacy programme has reached over 20,000 students. In 2020, we conducted 76 sessions and engaged over 3,800 students from public universities and colleges.

Due to the pandemic, we had to switch to virtual programmes starting from April 2020. Despite the challenges, the programme maintained a high level of very positive outcomes, with an average improvement in financial literacy awareness of 142% from the programme.

In 2019, we launched the Be\$MART app to complement the two-day workshop, enabling post-workshop engagement to inculcate good financial behaviour. The app allows users to effectively plan their finances, with interactive and practical features such as setting financial goals, budget tracking, as well as scheduled notifications of monthly expenses and upcoming bills. We have seen good traction from the app and have reached more than 1,000 active users.

### PROMOTING SAVING HABITS IN INDONESIA

In 2015, Indonesia's Financial Services Authority launched SimPel Savings to promote the habit of saving from an early age, through educational activities and expanding financial access. CIMB Niaga has participated in promoting SimPel Savings through its branch network, with a focus on the rural areas of Indonesia. In 2020, an additional 5,821 new SimPel accounts were opened. This led to a total of 33,311 SimPel accounts created, with savings of Rp6.7 billion since the start of the programme.



#### KEY INDICATORS

More than  
**14,000** students engaged  
on financial literacy

More than  
**RM1.35 billion**  
financing of affordable housing

More than  
**1,300** SMEs empowered on  
sustainable practices





In addition to promoting SimPel Savings, we conduct educational activities with students through:

#### AYO MENABUNG DAN BERBAGI PROGRAMME

Since 2011, the Ayo Menabung dan Berbagi Programme (Let's Save and Share) aims to increase financial literacy and financial inclusion of students from primary to high school, and vocational levels. Over the last decade, the programme has reached 50,689 students spanning 370 schools.

In 2020, the programme:



Was held in  
**31** cities with  
**7,451**  
students from  
**69** schools



Facilitated  
opening of  
**4,159** new  
SimPel accounts



Increased  
financial literacy  
rate by **7%**  
among students

#### TOUR DE BANK

Tour De Bank (TDB) aims to foster financial intelligence and a culture of saving money at a young age through exposure to the activities in the banking industry. Launched in 2015, a total of 8,258 students from 166 primary schools have participated in the TDB programme.

In 2020, the TDB programme:



Was attended by  
**2,960** students from  
**52** schools across  
**23** cities



Awareness improved by  
**11%** following the visits

## SUPPORTING OUR CUSTOMERS DURING THE PANDEMIC

The COVID-19 pandemic presented a challenge to individuals and businesses across the region, as governments introduced strict movement control measures to contain the spread of infections. At the same time, they had to manage the economic and social repercussions of these measures. Many countries in ASEAN imposed movement control orders that forced businesses to temporarily halt operations. Almost all businesses were impacted, particularly those in the service industry such as food and beverage, hotels, and tourism providers.

As many people were affected by salary reductions and retrenchments, we saw an urgent need to support those who were hardest hit, both in line with government and regulatory mandates, but also going beyond mandated requirements. We established various relief programmes across our regional operations to support businesses and individuals affected by the pandemic. These included loan/financing repayment moratoriums and restructuring for individuals, SMEs and corporate clients. We also channelled funds towards organisations and charities that actively support those who were affected most by the pandemic, including frontline workers and underprivileged segments of society.

### MALAYSIA

CIMB supported the government's six-month automatic moratorium on all retail loans and financing, which excluded credit cards and overdraft facilities. We sought to ensure all affected customers were able to take up the moratorium and had access to the assistance information needed. During this period, retail customers that had loan/financing facilities that were less than 90 days past due received zero compounded interest/profit and no late payment charges or penalties. Credit card customers could opt to convert outstanding balances into a term loan/financing for up to three years.

A similar moratorium was also extended to SMEs that met the stipulated criteria. Over 94% of our retail customers and 68% of SME customers benefited from this moratorium, while the rest chose to opt out and continued with their current repayment structures. Following the end of the six-month moratorium in September 2020, we supported vulnerable customers impacted by the pandemic, such as those from the B40 segment or who had lost their job or income, by offering expanded targeted payment assistance. These include among others, a 3-month payment relief for customers with loss of employment (from 1 January 2020 onwards) or a 6-month reduction of monthly payments for those experiencing a decline in income.

The Economic Recovery Plan launched by the government offered a range of assistance initiatives to support SMEs to sustain their business operations, preserve jobs and support economic growth. We supported eligible customers in obtaining financing through these funds and extended targeted rescheduling and restructuring. In total, over RM6 billion in financial relief was disbursed to our SME customers.

For smaller businesses such as microenterprises and SMEs, several assistance options were made available, including payment of interest/profit only for selected products and extension of loan/financing tenure to enable lower monthly instalments.

To strengthen our customer support system, a dedicated webpage and email helpdesk on COVID-19 relief measures were developed to keep our customers updated with the latest announcements and help them navigate through adversities.



## INDIVIDUAL CUSTOMERS

Assistance	Purpose	Number Supported
CIMB 6-Month Moratorium for Individuals (including ASB, Mortgage, Hire Purchase and Personal Financing)	To ease financial pressure on individuals through deferment or suspension of payment obligations	>1.3 million accounts
Credit Card Relief Programme	To assist customers with their credit card payments	>3,000 customers
<ul style="list-style-type: none"> <li>Auto Term Loan/Financing for customers that have missed three consecutive payments</li> <li>Balance Conversion Relief of up to 36 months at EIR 13%</li> </ul>		>20,000 customers
Post-Moratorium Targeted Assistance Programme	Mainly comprised of 3-month deferment of instalments or reduction of instalments for 6 months	>128,000 accounts



## SME CUSTOMERS

Assistance	Purpose	Number of Clients Supported	Approved Amount
CIMB 6-Month Moratorium for SMEs	To alleviate the financial burden on SMEs	12,388	N/A
Bank Negara Malaysia Special Relief Facility/-i	To sustain SMEs' business operations, preserve jobs and support economic growth	>2,000	RM785 million
CIMB BRF/BRF-i			RM280 million
Ministry of Finance PENJANA SME Financing-i Scheme		130	RM27 million
Ministry of Finance PENJANA Tourism Financing	To support Malaysian SMEs in the tourism sector	10	RM2 million
Payment Assistance Programme	Comprised of loan/financing moratorium extension, debt, restructuring and rescheduling aimed at supporting customers from the most impacted sectors	2,110	RM6 billion

We committed RM2 million towards a COVID-19 Bereavement Support Programme to grant financial assistance to CIMB customers or their immediate family members who had fallen victim to COVID-19 in Malaysia and Singapore. The Bereavement Support Programme provided:

- RM5,000 to defray funeral expenses
- RM2,000 to pay for outstanding bills owed by the deceased
- A waiver of outstanding fees and charges owed to CIMB by the deceased
- Write-off of debts, subject to a cap, on selected CIMB products of the deceased customer.

## INDONESIA

CIMB Niaga provided financial relief to individuals and industrial sectors affected by the pandemic in accordance with government policies. We offered a restructuring and rescheduling programme of up to one year for Consumer and SME Banking loans for facilities below Rp10 billion. Credit was extended to commercial banking clients operating in the fast-moving consumer goods, healthcare services and palm oil sectors. We reduced interest/profit rates, minimum outstanding payments, and late payment penalties on credit cards.

## SINGAPORE

CIMB Bank Singapore launched the government-backed COVID-19 Bridging Loan/Facility for Singapore clients. The unsecured term loan/financing of up to S\$5 million was offered at competitive market rates, as well as waiving of facility and early repayment fees. Under this scheme, we disbursed S\$329.3 million in loans.

In addition to the relief provided by the Monetary Authority of Singapore and The Association of Banks Singapore, we extended a Special Financial Relief Programme which placed a moratorium on principal and interest/profit for up to nine months, and trade bill extension of up to 180 days. Under the scheme, we disbursed over S\$259.3 million of financing through CIMB BizAssist (Enhanced Working Capital Facility) to support our SME clients in bridging their short-term cash flow gaps. We also provided principal and interest deferment, rescheduling, and restructuring for credit cards and loans to more than 1,800 retail customers.

## CAMBODIA

The National Bank of Cambodia focused its assistance on four key sectors which are important to the economy - tourism, garments, construction, and transportation and logistics. We provided financial relief through rescheduling and restructuring of loans, as well as deferment of principal and interest until 30 June 2021.



For more information about our COVID-19 assistance programmes, please click here:  
<https://www.cimb.com/en/who-we-are/regional-COVID-19-support.html>

## ACCELERATING FINANCIAL INCLUSION

At CIMB, we actively support disadvantaged individuals and communities in line with our financial inclusion goals. We aim to support communities in the bottom 40% or B40, as commonly referred to in Malaysia, to enhance their long-term savings, own vehicles and homes, while helping them to improve their financial standing and long-term economic resilience.

### PROVIDING FINANCING FOR B40 COMMUNITIES

We are among the four leading banks to offer low-interest/profit financing for affordable housing, with the flagship product, PR1MA financing, targeted towards lower-income communities. This is in line with BNM's initiative to disburse RM1.0 billion in funds to help low-income communities to buy homes. Since 2016, CIMB has been supporting PR1MA end-financing to facilitate ownership of homes priced below RM500,000. In 2020, we extended more than RM1.35 billion in financing for affordable housing.

Ownership of vehicles allows people to gain access to flexible and efficient travel options for family use and facilitating micro and small business endeavours. CIMB offers competitive financing for B40 communities to purchase vehicles. In 2020, we extended a total of RM2.4 billion towards new auto financing for B40 communities in Malaysia, and B3.9 billion for motorcycles in Thailand.

At CIMB, we understand that financing can be utilised for many productive purposes including starting a business or home renovation. To date, we have provided a variety of financing products for B40 communities at competitive interest / profit rates, providing flexibility for consumers in achieving their financial goals. In 2020, we extended almost RM1.2 billion towards personal financing for B40 customers.

## ENABLING LONG-TERM SAVINGS THROUGH ASB

Amanah Saham Bumiputera (ASB) is a long-term investment fund that allows customers to invest their savings and provides a stable avenue to build wealth over the long run. CIMB offers financing for ASB investments, enabling customers to access affordable funds that can then be applied towards ASB. Our total ASB financing targeted towards B40 communities amounted to RM1.75 billion in 2020, making up 53% of all ASB financing extended.

## STRENGTHENING CAPACITY OF SMALL AND MEDIUM-SIZED ENTERPRISES

Small and medium-sized enterprises (SMEs) make up the largest segment of businesses in the region. With the current challenging business climate and changing behaviour of consumers, pivoting to digital platforms is critical for short- and long-term gains. Across the region, we partnered with solution providers and experts to provide information and affordable solutions to assist them with their digital business transformations. In 2020, we helped build capacity for more than 1,036 SMEs across the region.

### Building e-commerce platforms

We partnered with multiple online platforms to support SMEs customers to build a digital presence.

- Shopmatic, a leading e-commerce provider in Southeast Asia, conducted “Build Your Own Store and Start Selling Online” webinars to help CIMB’s SME customers. Following these free workshops, 1,295 SMEs customers signed up on the platform and 331 established their online stores on Shopmatic.
- Exabytes and Billplz offered affordable web hosting and an online payment platform for SME customers to grow their digital presence
- Supported members of the Malaysian Bumiputera Design Association and Plaza Shah Alam Tenants to adopt digital business practices
- Offered a 30% discount for all annual subscription packages with Shopmatic to build tailor-made E-Commerce stores for SMEs.
- CIMB Singapore SME Banking organised webinars with digital solution providers on how they can support SMEs transitioning their business processes online

### Digitalising Human Resource Solutions

Partnered with HReasily to offer “BusinessHR”, an online human resource management platform for SME customers across the region

### Hosting Business Webinars and Podcasts

CIMB Singapore partnered with chambers of commerce and industry experts to conduct a series of 10-minute podcasts to advise SMEs on business issues and practices, ranging from human resources to digitisation and government support schemes

### Developing Sustainable Exporters

Conducted sustainable business workshops with local SME exporters, in collaboration with the Sustainability Action Values for Exporters initiative of The Malaysian External Trade Development Corporation (MATRADE) to create a community of sustainable local exporters



## FINANCIAL INCLUSION IN THE PHILIPPINES

Through its digital banking platform, CIMB Bank Philippines has disrupted banking and made financial inclusion a reality for over three million individuals. In two years, the Philippines has grown to be the Group's third largest country by customer base. We find out from Vijay Manoharan, CEO of CIMB Bank Philippines, what impact the digital bank has had in the country.



### Can you give us some context on the status of financial inclusion in the Philippines?

For years, financial inclusion has been one of the key opportunities to drive economic growth in the Philippines. According to Nielsen's 2019 Inclusive Digital Finance Report, 77% of the Philippines' population do not have a bank account. The Central Bank of the Philippines, Bangko Sentral ng Pilipinas (BSP), estimates that up to 93% of Filipinos took up loans from the informal lending sector.

However, 60% of unbanked Filipino families have a mobile phone, of which 59% regularly use the internet through their mobile phones. This high usage and engagement on the internet and social media was a clear opportunity for financial inclusion.



### WHY FILIPINOS DON'T HAVE A BANK ACCOUNT



**44%**

Don't have enough money



**32%**

Could not maintain the minimum balance



**29%**

Don't have the required documents



**17%**

Thought that bank-related charges were too high

### How have you championed financial inclusion in the Philippines?

We brought banking closer to the Filipinos as we provide solutions to meet their daily banking needs through our unique digital platform banking strategy. We first do this by removing the barriers to opening a bank account through simplifying all the requirements needed by a traditional bank. This includes the removal of face-to-face transactions, processing fees and maintaining minimum balance requirements.

We have removed the need to chase narrow branch banking hours by working with the country's frontrunners like GCash, the Philippines' leading digital wallet; Bayad Center, the Philippines' leading utilities payment company; and 7-Eleven, the Philippines' largest convenience store chain.

This strategy gave birth to a unique proposition for CIMB Bank Philippines to introduce a 4% per annum savings account along with free Life Insurance coverage up to P250,000 within the GCash mobile app. Through this partnership, CIMB Bank Philippines is the only bank that allows a full digital onboarding experience on a partner's app. Application is fast and easy as we were able to leverage on our partner's existing data. This allows our customers to have a bank account in less than 10 minutes with no minimum deposit and maintaining balance required.

We further solidified our partnership with GCash, as we now power "GCredit", a revolving credit facility available to GCash users. GCredit, which works like a flexible loan or credit card, gives GCash customers access to money that they can use to perform transactions and is easily available on the GCash app. Any GCash user with an eligible GScore may apply for the GCredit revolving loan.

On the other hand, our partnerships with 7-Eleven and Bayad Center provide our customers with access to over 8,000 physical touch points for cash-in transactions. To further build on our digital platform banking strategy, CIMB Bank Philippines will be partnering with Bayad Center, to empower customers to have seamless savings account opening and loan application on the Bayad Center app, powered by CIMB Bank's digital financial solutions.



### DRIVING FINANCIAL INCLUSION

**<10 min**  
to open a bank  
account

**Zero fees**  
& no minimum  
balance

Free life insurance  
up to **P250,000**

Up to  
**4%**  
interest Savings  
Account



### What does financial inclusion mean for your customers?

To us, financial inclusion means providing opportunities for our customers to achieve financial freedom and reach their life goals, by presenting them with the tools and knowledge to make better and smarter choices about their finances.

Basic savings accounts are an essential tool for our customers to transact, as well as securely save money for important purchases, education, or for a rainy day, putting them on a firmer and more stable financial footing. We are happy to know that even those who are not earning much are able to save P50 daily on their CIMB Bank App, brought about by the convenience of our digital platform. In the midst of the pandemic, our average balance per customer and average cash-in per customer increased by 350% and 400%, respectively.

Access to credit is another key step towards financial empowerment, as this enables customers to make larger purchases, or to start or expand their businesses. While traditional banking usually requires formal accounts and other documentation, the growth in CIMB Bank's loan portfolio is driven by its unique end-to-end digital application experience coupled with an alternative credit scoring model that enables CIMB Bank to understand the repayment behaviour and creditworthiness of applicants with greater accuracy, all in less than 10 minutes.

### How has the digital platform strategy helped CIMB Philippines' business?

As of 31 December 2020, we have over three million customers, with 30% of deposit customers formerly unbanked, and over 60% of successful loan applicants saying that their first bank loan is with CIMB. Since 2019, we have seen remarkable growth of 103% in customer acquisition, 800% increase in peso deposits, and 500% increase in loan disbursements.

CIMB Bank Philippines has received 23 international awards, and is now the most awarded digital bank in the country, since our establishment in December 2018.





# Corporate Social Responsibility



In aspiring to be a leading focused ASEAN Bank, CIMB is committed to its purpose of “building a high-performing sustainable organisation to help advance customers and society”. We focus on issues that are most important and meaningful to the communities around us, and do our part to help ensure that no one is left behind, especially among communities from the lowest 40% of income earners (B40), where the needs and inequality are the greatest. We help create sustainable communities in markets where we operate through supporting programmes that promote equality, inclusion, stewardship, empowerment and entrepreneurship. We encourage and facilitate our employees and stakeholders to volunteer and be agents of change.

## HOW WE MAP CORPORATE SOCIAL RESPONSIBILITY

### MATERIAL TOPICS



**Corporate Citizenship  
& Volunteerism**

### KEY CONSIDERATIONS

- How do we instil new skills that have the potential to improve competencies, income, employability, competitiveness, and quality of life of beneficiaries?
- How do we improve health and well-being of beneficiaries?
- How do we provide a springboard for meaningful participation by our stakeholders to support local communities?

### SUSTAINABLE DEVELOPMENT GOALS



**FORWARD 23<sup>+</sup>**

**RELEVANT STRATEGIC THEME**



**Purpose-Driven Organisation**



## CORPORATE CITIZENSHIP AND VOLUNTEERISM

CIMB Group's Corporate Social Responsibility (CSR) programmes are focused around three core pillars - Community Development, Education, and Sports. Our regional markets align their CSR strategy with the Group, but have the flexibility to focus on issues that are important locally.

CIMB Group has pledged to spend up to 1% of CIMB Group's pre-tax profit on CSR annually from 2018 – 2020. Disbursed through the CIMB Foundation and other CIMB entities, we have invested RM117 million over the past three years.



### Community Development

Catalyst to drive equality with access to healthcare and economic opportunities irrespective of gender, ethnicity, abilities, and socio-economic status



### Education

Provide community-based learning opportunities and facilitate access to knowledge and learning



### Sports

Promote the development and participation of youth in sports to promote well-being and inclusion



### KEY INDICATORS

**RM29.3 mil** Invested in communities

**4,216** Total volunteer hours

**118,808** Total number of beneficiaries

## CIMB FOUNDATION

In 2007, the CIMB Foundation was launched with seed funding of RM100 million to drive our Corporate Responsibility and philanthropic programmes in Malaysia. The CIMB Foundation is established as a non-profit organisation limited by guarantee. In 2020, the Foundation disbursed RM11.1 million to fund 45 projects across three core pillars.

The Board of Trustees ensures that funds are properly administered and disbursed according to the Foundation's vision, objectives and areas of focus. The CEO of CIMB Foundation leads a multifunctional team to provide organisational support for the daily management of CSR-related matters.

**Rafe Haneef** was appointed as Chief Executive Officer of CIMB Foundation effective from 1 October 2020, following the retirement of Dato' Hamidah Naziadin.

Rafe's appointment is in line with his oversight of Corporate Responsibility at CIMB Group, where he was recently appointed as Group Chief Sustainability Officer. Rafe is also the CEO of Group Transaction Banking.



“CIMB Foundation will strive to build a better world by creating positive impacts in the community and environment that we operate in. To reduce inequality of opportunities and address climate change, in line with the United Nations Sustainable Development Goals (SDGs), our key focus areas moving forward will be education, economic empowerment, health and community well-being, and the environment. Through strategic partnerships and employee engagements, we aspire to proactively pursue the opportunities that will deliver maximum impact to people and planet.”

For more information about the CIMB Foundation, please scan this QR code



## CATALYSING COMMUNITY DEVELOPMENT

Launched in 2007, Community Link is CIMB Foundation's flagship community development platform that connects CIMB with local communities. Employees, customers and communities across our branch network in Malaysia and Indonesia propose community projects they would like us to support. Since programme inception, over 850 community projects which are aligned to SDGs have been supported through grants.

In 2020, 15 of 36 projects that were identified and shortlisted for implementation had to be put on hold due to the COVID-19 lockdown and restrictions. Projects that were deferred will be reviewed for implementation in the first quarter of 2021.

### GOAL 3: GOOD HEALTH AND WELL-BEING



#### Supporting Children with Autism

The Selangor State Education Department operates more than 1,000 community service centres and almost 50 special education schools. We piloted a programme to upskill and certify 20 education administrators and teachers to work with children diagnosed with Autism Spectrum Disorder (ASD). Once certified in April 2021, the teachers will be able to develop and conduct ASD early intervention programmes. The Selangor State Education Department has indicated interest to take ownership of this project to ensure long term viability.

We also supported the establishment of a sensory room for children with ASD in Ipoh, Perak. The room has capacity to help 25 children with one-to-one therapy sessions twice per week. The room allows the centre to conduct behavioural assessments, as well as teach development and support skills and interventions to families with children with ASD.

#### Accessible Rural Special-Needs Rehabilitation Services

We supported the establishment of a therapy room to provide early intervention and rehabilitation services for the special-needs community of Padawan, Sarawak. The centre provides rehabilitation services such as nervous system stimulation, occupational and speech therapy, and cognitive development for the surrounding communities. There are 28 registered children and youths who will now be able to attend one-to-one therapy sessions twice per week to improve their mental and physical well-being.

In Kelantan, CIMB Islamic was a major funder of Yayasan Orang Kurang Upaya Kelantan's (Foundation for the Disabled and Underprivileged) initiative to construct a hydrotherapy pool for individuals with special needs. Once it is completed in mid-2021, a permanent and fully equipped hydrotherapy pool will support more than 2,000 sessions and individuals. This will improve the quality of rehabilitative services for the disabled community.

#### Providing Mental Health Services

The CIMB Islamic Safe Space Programme provides community-based mental health services for low-income communities in the Klang Valley in partnership with SOLS Health, a community-based mental health organisation which provides comprehensive mental health services by qualified mental health care professionals. The centre provides Family and Youth Support Programmes, Sexual Abuse and Trauma Services, Early and Interval Screening, Assessment and Treatment, Executive Functioning, and ReachIn, an online platform that provides free and accessible mental health screening and resources, and connects users to qualified mental health professionals. So far, the programme has supported more than 2,000 children, youth, and families living with mental health challenges, developmental difficulties, as well as survivors of trauma and abuse.



#### Combating Period Poverty

Among families with lower income, sanitary pads could be out of financial reach, resulting in girls and women not being able to go to school or work, and exacerbating further their economic circumstances. We supported Project Freedom Flow, a project by Ecolove by The Hive which distributed 320 free washable sanitary pads and reusable menstrual cups to women and girls from indigenous communities in Perak, Selangor and Johor.

**GOAL 8: DECENT WORK AND ECONOMIC GROWTH****Helping Transform NGOs into Social Entrepreneurs**

We support the Me-Reka's "Gear Up Bootcamp", a one-year programme aimed at transforming the mindset of seven NGOs away from a charity-based operating model towards a social enterprise model. The programme involves exploring various social enterprise models, design thinking, product ideation and prototyping, business model mapping and partnerships, digital tools, financial planning, as well as feasibility study and execution. The NGOs will also receive business coaching and mentorship support as part of the programme.

**Capacity Building for F&B Entrepreneurs**

We identified the need to upskill small food and beverage (F&B) operators to improve efficiency and minimise waste to survive in the competitive F&B industry. We supported sustainable business training programmes for 60 small F&B operators in Kuala Lumpur, helping them improve their menu offerings and pricing, business cost structure, and operational efficiency through use of technology.

We also supported a programme to set up a café operated by single parents in Kuala Lumpur. The café will provide decent employment for six single parents, in addition to learning transferable skills in F&B management.

**Improving Productivity of Small Scale Rural Farmers in Sabah**

Hope Malaysia supports small scale farmers in Kota Belud, Sabah to achieve long-term economic stability through better crop management. They assist farmers to learn new farming techniques, good agricultural practices, and crop diversification. The project supported the establishment of three acres of farming land in Kg Podos, and 12 sustainable fish farming ponds in Kg Bokilong. The programme aims to double the income of 13 families through multi-crop and fish farming activities in the village within the first year.

Now in its third year, the women's farming project with Persatuan Ibu-Ibu Tunggal Sabah (Single Mothers Association) continues to thrive and has expanded to include herbal agriculture. Additional funding was allocated to support the project to buy processing equipment to double production efficiency. The programme supports 40 single mothers to earn between RM1,000 to RM1,500 a month.





## GOAL 10: REDUCING INEQUALITIES



## Closing the ICT Gap

In an increasingly digitalised world, Information and Communication Technology (ICT) resources and skills are needed to keep pace and thrive. Rural and low-income populations often do not have access to sufficient ICT resources, and this results in the wealth gap not just persisting, but widening. CIMB saw the need to help ensure that children attending rural schools have access to proper ICT resources.

In Pahang, we refurbished the ICT room of SK Pelak and supported the purchase of 12 new computers. This ensures that 80 school children from this rural community have the right infrastructure for ICT education and are able to participate in online learning modules.

In the Klang Valley, we provided daily term-time meal allowance and supplementary ICT literacy programmes for 110 youths from indigenous communities in Malaysia pursuing vocational diplomas in welding. The programme helps to provide students from lower income households with nutritious meals, along with support to improve their ICT skills.

## Skills Training for Persons with Disabilities

CIMB Niaga supports training for disabled individuals, working in partnership with several local foundations in Indonesia. Focusing on improving practical job skills and individual independence, CIMB Niaga enabled training for 308 individuals with disabilities in 2020, of whom 73 were subsequently able to secure meaningful employment in the community, and 18 becoming entrepreneurs.

## Caring for Carers

In medical emergencies and in situations of long-term illness, the burden and stress on the carers of the patient can often be overlooked. CIMB Islamic is partnering with the Langkawi General Hospital to build a house to accommodate B40 families who have to travel a distance to care for family members in hospital. The eight-bedroom facility will lighten their financial burden and provide families with proper facilities to rest in while caring for family members.

## Supporting Education for Orang Asli Children

In 2016, CIMB Islamic began a partnership with Universiti Kebangsaan Malaysia (UKM) on a five-year project to address the educational needs of children from the Orang Asli (Indigenous) community. The children of Orang Asli are often disadvantaged in their education because they live far from schools, and often have difficulty adjusting to mainstream education.

The Universiti Kebangsaan Malaysia - CIMB School @Nature for Anak Orang Asli is located in Pos Gob, Gua Musang, which is one of the most remote Orang Asli villages in Peninsular Malaysia. The village is only accessible via four-wheel drive, with the journey potentially taking more than 10 hours in rainy conditions.

The school is staffed by two locally-trained teachers, who teach literacy, numeracy and the national school curriculum to up to 50 children. The School @Nature also provides the community with a platform to engage and receive help on other issues, such as health, well-being, and socio-economic opportunities.



## CASE STUDY: #JADINYATA COMMUNITY LINK SOCIAL IDEA COMPETITION

The #JadNyata Community Link Social Idea Competition is CIMB Niaga's annual platform to encourage the community to be a part of the solution. CIMB Niaga supports the realisation of shortlisted projects through grants and expert assistance.

In 2020, after a rigorous selection and judging process from over 324 ideas, CIMB Niaga announced three winners of the competition.

Nur Rahmi Yanti,  
Sorghum for Our Future

Nur Rahmi Yanti is passionate about improving the welfare of sorghum farmers in Lombok. The Sorghum for Our Future programme supports sorghum farmers in adopting good agricultural practices to increase productivity and improve food security. Moving forward, Nur Rahmi plans on developing the "Sorghum Village", which provides educational tourism on the production and processing of sorghum.

## GOAL 13: CLIMATE ACTION



### Connecting Communities with Renewable Energy

The Orang Asli (Indigenous) are among the most marginalised communities in Malaysia, with more than half of Orang Asli families living below the poverty line, and 20% considered living in hardcore poverty. Many families do not have access to electricity and clean water.

Having supported three villages in Bentong and Raub districts in 2018 and 2019, we partnered with the social enterprise SAORA to install solar photovoltaic and water filtration systems in two Orang Asli villages in Slim River, Perak. The two communities, with 63 families in total, now have six hours of electricity per day, and access to clean drinking water. The solar system has reduced their monthly generator diesel cost by 65%, and improved the air quality in the villages.



### Sequestering Carbon through Bamboo Conservation

Since 2012, CIMB Niaga has supported the Bamboo Conservation Programme as part of its efforts to preserve the unique biodiversity of Indonesia. Sustainable bamboo harvesting supports the livelihoods of many local families, as bamboo is used for food and handicrafts, prevention of soil erosion, and renewable construction materials.

The Bamboo Conservation Programme, in partnership with Yayasan Keanekaragaman Hayati (KEHATI), works with local bamboo farmers in rural low-income areas, to re-plant three species of bamboo across Indonesia. The programme conducts training and supports farmers with bamboo processing equipment, to create market-ready products to be sold.

In 2020, the project supported planting of 5,000 Betung bamboos in Ngada Regency, Flores, East Nusa Tenggara with the potential to absorb 800 tonnes of CO<sub>2</sub>e per year.

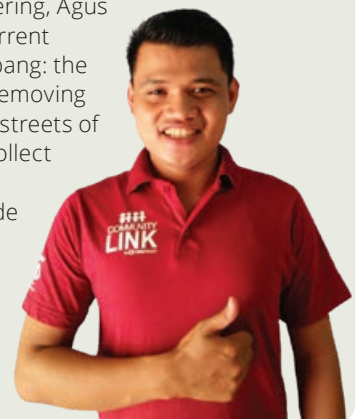
### Nicky Claraentia Pratiwi, Understanding Business and Optimising Digital Content for those with Disabilities

Nicky saw a need and opportunity to provide online capacity training for people living with disabilities. The goal of the programme is to empower people living with disabilities with the skills needed to become entrepreneurs through the use of digital technology. The online training will provide an introduction to digital opportunities, entrepreneurship programmes, mentoring, as well as internship opportunities.



### Agus Irawan Saputra, Biogas Production to Address Local Energy Needs

Trained in Chemical Engineering, Agus plans to address two concurrent issues in Banyuasin, Palembang: the lack of affordable gas, and removing cow manure that litters the streets of Palembang. The plan is to collect the manure, process and capture the biogas to provide an affordable source of fuel for the local community.





## EDUCATION

We are committed to provide learning opportunities that improve the quality of life of our beneficiaries. Our flagship programme, BE\$MART, aims to provide children with financial skills which are crucial to their personal development.

The CIMB ASEAN Scholarship provides young talents across the region, especially from low-and modest-income families, an opportunity to pursue a degree. We promote life-long learning opportunities among lower income communities focusing on developing entrepreneurship skills. Working with our partners, we share knowledge and tools, as well as provide financial grants to allow entrepreneurs to grow their businesses.

### Taylor's-CIMB Islamic Entrepreneurship Programme

Since 2017, CIMB Islamic has partnered with Taylor's Education Group to conduct entrepreneurship training targeted at aspiring young entrepreneurs from B40 communities. The programme has expanded to address targeted segments, such as "Program Keusahawanan Universiti" (University Entrepreneurship Programme), "Program Keusahawanan Marketplace" (Marketplace Entrepreneurship Programme), and "Program Keusahawanan Digital" (Digital Entrepreneurship Programme).

In 2019, we started a pilot programme for Asnaf (Zakat recipients) in collaboration with Baitulmal Wilayah and Baitulmal Perlis. This suite of initiatives is designed to help B40 entrepreneurs to gain knowledge, improve their skills and establish business linkages, which will help them seize opportunities for growing their businesses. To date, we have helped 118 Zakat recipients in those communities.

### CIMB IIUM Entrepreneurship Programme i-Taajir

Since 2018, CIMB Islamic has collaborated with the Center of Islamic Economics (CIE) and International Islamic University Malaysia (IIUM) on a financial inclusion programme for small business owners from B40 communities. The programme uses the Islamic microfinance principles of Zero Profit Financing, Murabaha Sale, and Profit and Loss Sharing to support and enhance livelihoods of individuals.

Successful participants are assessed through a stringent screening process and must attend entrepreneurship training before funds are disbursed. To date, the programme has supported 57 entrepreneurs across sectors such as food and beverage, services, and agriculture.

### UiTM-CIMB Islamic Entrepreneurship Programme

In collaboration with Universiti Teknologi MARA (UiTM), CIMB Islamic funded an entrepreneurship programme for the FELDA scheme in Lurah Bilut, Pahang - the nation's first FELDA settlement development. These settlement schemes provide economic viability and stability to rural smallholder farms growing cash crops.

The programme trained 48 participants on entrepreneurship skills, ranging from Marketing and Business Planning to Entrepreneurship and Innovation. They were provided mentorship to help them develop business proposals, and coached on effective business pitching. Upon completion of the training, 20 participants presented their business model to qualify for grants ranging from RM10,000 to RM20,000 based on the nature and need of the project. In the coming year, the programme will follow up with the 17 successful grant recipients to monitor and further support the development of their businesses.



## CASE STUDY: MICROBIZREADY

The MicroBizReady Programme is designed by CIMB's SME Banking and CIMB Islamic teams, with the aim of improving the skills of small entrepreneurs in the B40 segment (i.e. Bottom 40 percent of the Malaysian population) in order to take their business to the next level. Jaya Balan Kathiravalu, Head of Commercial SME Banking, and Hussam Sultan, Regional Head, Islamic Banking – Commercial Banking, share how the programme is bringing financial inclusion to micro-entrepreneurs.



### How did MicroBizReady come about?

Since 2017, CIMB has been working with Taylor's Education Group on an Entrepreneurship Development Programme through the provision of grants. The programme provides support and capacity building targeted at micro-entrepreneurs with monthly revenue below RM3,000, living in low-cost housing projects around Kuala Lumpur. To date, 402 micro-entrepreneurs have completed the training and received grants.

In 2020, we developed the MicroBizReady Programme, to take the Entrepreneurship Development programme and partnership to its next phase. From a pool of over 250 potential micro-entrepreneurs who have participated in the Entrepreneurship Development Programme, 30 micro-entrepreneurs from diverse sectors who have demonstrated commitment to the programme over the past three years were chosen to increase their bankability.

### How does MicroBizReady help micro-entrepreneurs?

As part of MicroBizReady, we supported participants through enhanced business coaching and mentorship from CIMB's SME Banking teams and our partners. This involved understanding their business challenges and goals, as well as sharing financial insights and suitable financial solutions that would help them achieve their goals. They also benefited from sharing provided by market experts on opportunities to diversify and grow their business. Apart from this, we also engaged our digital partner, Shopmatic, to help MicroBizReady participants build their own websites, creating an online presence with greater reach. At the end of the programme, participants will continue to have access to consultation with their programme mentors to keep their businesses on track.



### What have been the outcomes and impacts of the programme?

Following the completion of the MicroBizReady pilot, 25 out of 30 of the participants have created their e-commerce websites under the guidance of Shopmatic. CIMB also presented cash vouchers of up to RM3,000.00 and a 3-month subscription for Shopmatic's e-commerce tools to the winners of a webpage development challenge that ran as part of the programme.

As of now, it is too soon to demonstrate the end impacts of the programme. However, through anecdotal evidence, these micro-entrepreneurs have been able to navigate their businesses through the pandemic with proper cash flow, and pivoting their business to adjust to the new normal.



**"I am thankful to CIMB and Taylor's for giving us the opportunity to participate in MicroBizReady. We have learnt so much from the programme, and I already have new clients through my new website!"**

<https://kakkinperfectphotoservices.myshopmatic.com>

**Norarsikin binti Maakim**  
owner of Arsikin Vision Management

**"Having participated in similar programmes, I would say this programme stood out from the rest with relevant content and knowledge that I can adopt instantly in my business. I look forward to the mentorship sessions to build an even stronger business."**

<https://sugar-bliss-desserts.myshopmatic.com>



**Nurul Syuhada binti Roslan**  
proprietor of Sugar Bliss Desserts

### What are the plans for 2021?

We are aware of the challenges faced by B40 communities, and we will keep supporting the most vulnerable segments to help their businesses not only to survive, but to thrive. We will be providing them with financing through Micro Entrepreneur Financing (MEF) under the SME Penjana Fund.

We aim to enroll another 120 micro-SMEs in 2021 to benefit from MicroBizReady. Our intention is to explore further financial inclusion initiatives within the B40 segment, targeting specific groups such as women entrepreneurs, the Asnaf Community (Zakat recipients) and individuals living with disabilities. The intent is that we not only provide assistance to the most vulnerable, but also help CIMB as a financial services provider to understand the different barriers faced by each group in starting and growing their businesses.

## PROMOTING SPORTS FOR HEALTH, INCLUSION AND NATIONAL PRIDE

### CIMB JUNIOR FOOTBALL DEVELOPMENT PROGRAMME

Launched in 2006, the CIMB Junior Football Development Programme is an initiative to make football accessible to children from lower-income families. The programme provides training and coaching to developing young junior footballers. Today, the programme provides grassroots training to nearly 2,000 children aged 7 to 18 in the Klang Valley, Malacca, Kedah, Kelantan and Sabah.

In 2020, we collaborated with the Persatuan Bolasepak Polis Di Raja Malaysia (Royal Police Football Association) to provide a platform for young talents to gain exposure in the national league. The top 21 players under the CIMB Junior Football Development Programme were selected to participate in the Youth Trophy 2020.





## CIMB JUNIOR CYCLING DEVELOPMENT PROGRAMME

Junior Cycling Malaysia (JCM) is an initiative by the Ministry of Youth and the Sports and National Sports Council of Malaysia. Established in 2016, the programme aims to develop competitive cyclists to represent Malaysia through nationwide races, cycling clinics and exposure to international cycling tours.

The programme has attracted over 7,264 young cyclists, with 75% from B40 families. Since the launch of the programme, 24 junior cyclists have participated in international tours and have won 94 medals. In 2020, five junior cyclists transitioned to the national team. The CIMB Foundation Criterium Series, in partnership with JCM, was postponed to 2021 due to the pandemic.

## CIMB JUNIOR SQUASH DEVELOPMENT PROGRAMME

Since 2006, the CIMB Junior Squash Development Programme has been developing new squash talents across the country. The programme provides a platform to more than 4,000 junior squash players across six age groups from below 9 to 18 years old. In addition to 29 national-level and 200 state-level players, the programme has developed two world top-40 ranked players.

Together with the Squash Racket Association of Malaysia, the programme aims to make the game more accessible. The programme has attracted many children from B40 income families as they recognise the opportunities the programme provides through education and training at top facilities. Five players on the national team are from B40 families. In partnership with the Ministry of Education, squash courts were constructed in eight government schools. Over 160 players are now playing squash in these schools, coached by Level 1 World Squash Federation certified coaches.

## CIMB PARALYMPIC SPORTS DEVELOPMENT PROGRAMME

In 2015, the CIMB Pan-Disability Football Academy was institutionalised as one of the first-ever structured football development programmes for athletes with disabilities in Malaysia. Every year, we aim to build a high-performance Malaysian National Blind Football team to participate in the Paralympics. The programme has successfully produced more than 45 national level players.

In 2020, the academy had 400 disabled footballers, split into disability groups: the blind B1 (visually impaired), B2/B3 (partially visually impaired), amputees, physically-challenged, cerebral palsy, cerebral palsy using frame, hearing-impaired, autistic, power chair football and skate soccer. In addition to supporting the training programme, we provided customised equipment and aids needed by the players.



## ZAKAT CONTRIBUTION BY CIMB ISLAMIC

Zakat is a religious obligation for Islamic companies to donate a portion of wealth each year towards charitable causes. There are eight categories of beneficiaries allowed under Shariah, which places priority on improving the living standards of lower income communities and ensure their basic needs are met.

The Management of CIMB Islamic determines the calculation of zakat contribution and the list of its beneficiaries. This is endorsed by the CIMB Islamic Board Shariah Committee, and the Board of CIMB Islamic. Over the last three years, CIMB Islamic has invested on average RM2.9 million annually to improve the quality of life and provide opportunities for all.

## CIMB DONATION POLICY

The CIMB Donation Policy governs the Group's giving. We only make charitable donations that are appropriate, legal and ethical under relevant and practices. We do not make donations towards political parties. As part of the screening process, we include checks on anti-money laundering, reputational risk, and connected parties. No donation is offered without the prior approval in accordance with the Group's Delegated Authority and CIMB Foundation's Policy.

## FLEX4CSR / FLEX4SUSTAINABILITY

We support employees to be part of the change we bring to local communities. Previously known as Flex4CSR, the CIMB Flex4Sustainability policy in Malaysia allows for all confirmed permanent employees who have completed at least two years of service to take paid leave for 30 consecutive calendar days to support any CIMB Foundation or Sustainability project with no change to their tenure and benefits. CIMB employees can also claim a half-day leave for every ten hours spent volunteering for a cause.

## COVID-19 RELIEF INITIATIVES

Communities across the region were severely affected by the economic and social impact of the COVID-19 pandemic. Movement restrictions and lockdown initiatives implemented to try to break the chain of infection have resulted in loss of jobs and decline in family income, requiring individuals to seek immediate relief and aid.

CIMB Group directly contributed over RM2.8 million to support various COVID-19 relief initiatives, across our operational footprint, while encouraging and enabling our stakeholders to do the same. Our largest contribution was channelled towards buying personal protective equipment needed by frontliners at government hospitals at the onset of the pandemic.

We partnered with NGOs with strong grassroots connections to reach underserved local communities directly, for instance, through delivery of food and other essentials. We also engaged our customers and provided various digital channels for our customers to donate directly to those in need.





## CONTRIBUTIONS TOWARDS COVID-19



The Association of Banks Malaysia (ABM)

**RM1 MILLION**

Critical preparedness, readiness and response support for the Ministry of Health and the Crisis Preparedness and Response Centre, operational suppliers, at-risk community livelihood, mental health & psychological support through

MERCY MALAYSIA



#ResponsMALAYSIA

**RM500,000**

Ministry of Finance-Malaysian Red Crescent Society collaboration to procure essentials for frontliners and drive community engagement



GLC/GLIC Disaster Response Network

**RM1 MILLION**

Support in the form of medical supplies, PPE and ventilators to hospitals through

YAYASAN HASANAH



Crowdfunding

**RM113,976**

from **940** CIMBians, plus

**RM341,930**

matched by CIMB Foundation



Direct Contribution

**RM50,000**

worth of PPE for frontliners, food assistance and groceries for underserved



Direct Contribution

**RM693,183**

from CIMB Foundation



Raised

**RM1 MILLION**

for **24 NGOs** through the Touch 'N Go eWallet



Raised

**almost RM100,000**

from bonus and rewards points conversion in Malaysia and Indonesia



Provided

**RM1.3 MILLION**

through Zakat funds from CIMB Islamic



# Governance and Risk



A robust governance framework supports the navigation of risks and creates a culture of transparency and accountability, which leads to long-term value creation for stakeholders. Our Sustainability performance is enabled by a robust governance framework that lays the foundation for us to drive net positive economic, environmental and social impacts.

Corporate governance involves the policies, procedures, processes and practices that a company depends on and is vital to help achieve its goals, manage risk and facilitate decision-making. Corporate culture sets what is commonly described as the shared values and norms that shape the behaviour and mindset within an organisation. Having a strong culture of integrity promotes behaviours consistent with a company that holds good corporate governance as a cornerstone of its operations and business.

## HOW WE MAP GOVERNANCE AND RISK





## GOVERNING OUR SUSTAINABILITY RISKS AND EFFORTS

Our sustainability governance framework defines the roles and responsibilities of the Board and Management as part of our strategy to become a purpose-driven organisation. The framework aims to mitigate sustainability risks, provide policy support for material issues and improve transparency through disclosures and reporting to promote accountability.

At CIMB, we strive to strengthen governance by regularly reviewing our sustainability operating model and risk framework, improving policy support to accelerate sustainability performance, and continually strengthening our commitment towards strong corporate governance.



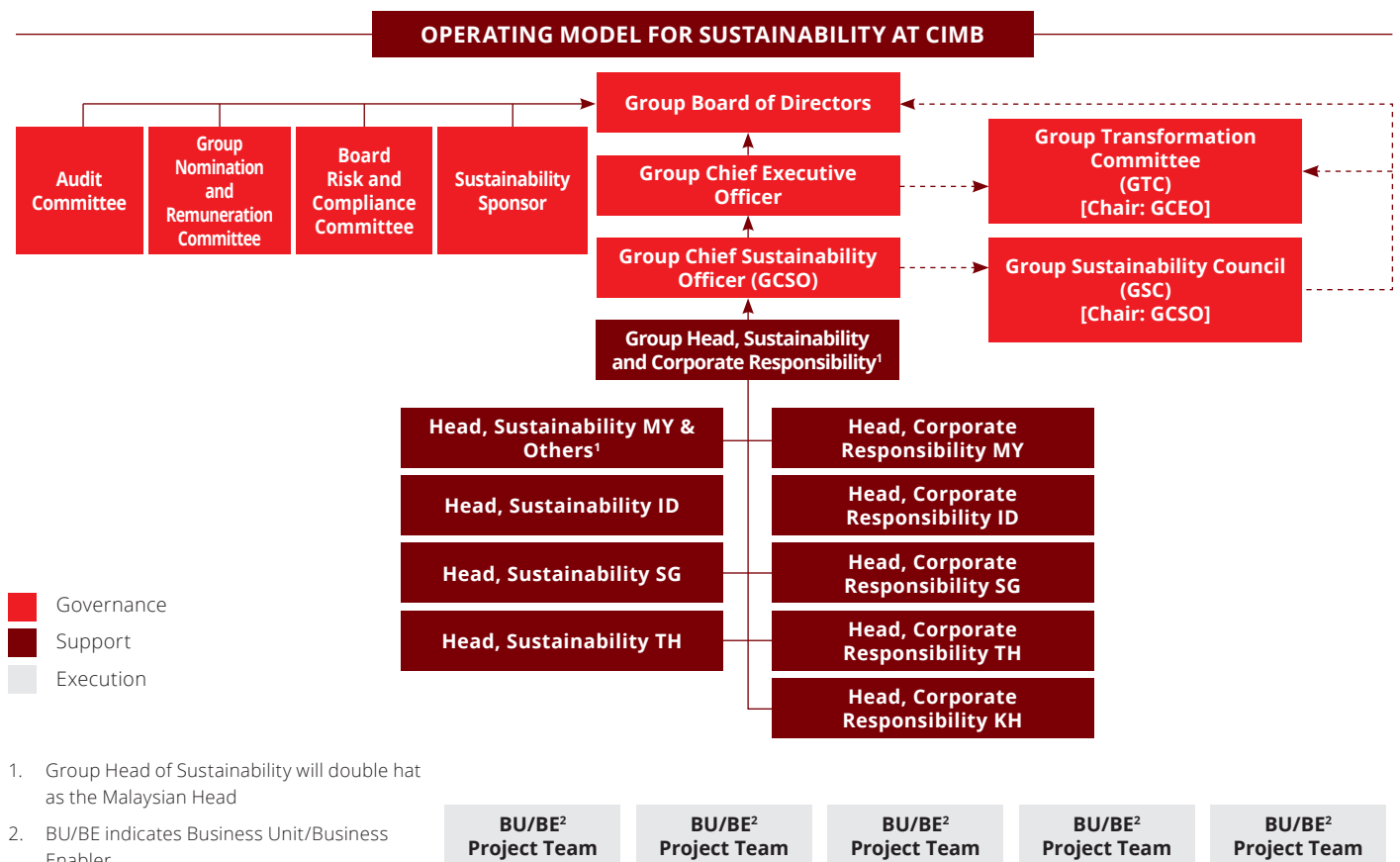
### KEY INDICATORS

**11** out of 13 (85%) material issues supported by policy commitments

## SUSTAINABILITY GOVERNANCE STRUCTURE

The Board and Management play a crucial role in achieving CIMB's aspiration of building a high performing sustainable organisation to help advance customers and society.

We elevated the sustainability agenda to the Group-level in 2018, to cover all businesses in our key operating markets. The Group Sustainability division and Group Sustainability Council were also institutionalised during that time.



## BOARD OF DIRECTORS AND SUSTAINABILITY SPONSOR

The Board is the highest governance body accountable for sustainability strategy around material Economic, Environmental, Social and Governance (EES&G) issues, opportunities and risks, including but not limited to climate risks. The specific sustainability-related roles and responsibilities of the Board are incorporated in the Board Charter.

The Board is to:

- Establish, in conjunction with Management, the sustainability framework and strategy in support of the Group's vision, and oversee and monitor the effectiveness of that strategy
- Review and approve appropriate Sustainability Policies for CIMB, to support the sustainability framework and strategy
- Ensure and oversee the institutionalisation of sustainability as part of CIMB's culture.



For more information on the Board Charter, please click here:

<https://www.cimb.com/content/dam/cimb/group/documents/who-we-are/corporate-governance/2019AUG06CIMB-Group-Holdings-Berhad-Board-Charter.pdf>

Sustainability is also embedded in the roles and responsibilities of Board Committees. The Board Risk and Compliance Committee (BRCC) provides oversight and advice to the Board and Management in respect of Sustainability Risk, including climate change risk. The Audit Committee (AC) supports the Board in ensuring there is a reliable and transparent reporting and internal control system for sustainability-related matters, while the Group Nomination and Remuneration Committee (GNRC) considers sustainability experience in nomination of Directors, to build sustainability competence on the Board.



For more information on the Board Committee Terms of Reference, please click here:

<https://www.cimb.com/en/who-we-are/corporate-governance/board-committees.html>

The Board Sustainability Sponsor (Sponsor) is responsible for advising the Board and Management on sustainability strategy, integration, and advocacy. The Sponsor provides guidance to the Board and Management in developing the sustainability strategy, by taking into account current and emerging sustainability risks, including climate change, and the material EES&G issues of the Group and key stakeholders. The Sponsor also advises the Board and Management on the integration of sustainability considerations and creating a proactive culture of sustainability into business strategies and day-to-day activities of the Group. The Sponsor acts as an advocate and champions awareness and capability building at the Group, both with internal and external stakeholders.

In 2021, CIMB has plans to establish a dedicated Board Committee whose role and focus will include advising the Board and Management on sustainability matters including strategy, risk, opportunities and performance management. This committee will take on the roles and responsibilities of the Sponsor along with additional responsibilities.

To further strengthen sustainability competence on the Board, CIMB invited UNEP FI and WWF to conduct training on climate change and sustainability reporting, along with emerging trends in sustainable finance. The training was attended by Board members of key CIMB entities, and reinforced the pivotal role that the Board has in sustainability management.

## GROUP TRANSFORMATION COMMITTEE AND GROUP SUSTAINABILITY COUNCIL

The Group Transformation Committee (GTC) was established in 2020 to assist the Group Chief Executive Officer (GCEO) in directing and steering CIMB's overall strategy, including sustainability, which is a key programme under CIMB's Forward23+ strategy. The GTC is represented by senior members and permanent invitees from all key business and functional units within CIMB Group, across all key geographies. The GTC's key sustainability-related responsibilities include but are not limited to:

- Reviewing and approving CIMB Group's sustainability strategic plans and initiatives
- Overseeing the sustainability risk profile of the Group's business activities and ensuring the implementation of appropriate policies, procedures, and controls
- Championing the integration of sustainability principles into CIMB's DNA and culture
- Providing strategic guidance on the development and implementation of group-wide sustainability key performance frameworks
- Overseeing sustainable business growth and championing the development of significant green, social and sustainable impact products and services across all key business units.

The Group Sustainability Council (GSC) is established to assist the Group Chief Sustainability Officer in leading the development and successful execution of CIMB's sustainability framework, in line with strategic outcomes set by the Board and GCEO. The GSC endorses sustainability policies and procedures and is responsible for reviewing, recommending or approving (whichever is applicable) business activities or transactions with High Sustainability Risk, ensuring that CIMB Group's activities meet regulatory guidelines. The GSC also provides a forum for discussion and endorsement on key sustainability matters. The GSC is represented by 18 senior members and permanent invitees from key business and functional units within CIMB Group, across all key geographies. The management and management-level committees in key geographies such as Indonesia, Singapore, Thailand, Cambodia and the Philippines play a similar function to GSC in ensuring successful execution of the sustainability framework in the local context.

## GROUP SUSTAINABILITY DIVISION

Group Sustainability was established as its own division in October 2020, with the creation of the role of Group Chief Sustainability Officer who directly reports to the GCEO. The Group Corporate Responsibility department has been integrated into the Group Sustainability Division for better synergy. The Group Sustainability Division operates on a regional operating model with teams in Indonesia, and Singapore, and country representatives in Thailand, Cambodia, Vietnam and the Philippines.

Multidisciplinary project teams from various Business Units and Business Enablers are pulled together to lead and execute sustainability projects. For example, the Sustainable Finance Working Group (SFWG) is comprised of members from Group Wholesale Banking and Group Commercial Banking as well as Group Risk, and works to implement the Group Sustainable Financing Policy (GSFP), its sector guides, and procedures.

A Sustainability Champions group was set up to provide an opportunity for staff to advocate and participate in various sustainability discourses. Comprised of 196 staff, this regional group serves as a change agent network, where new developments in sustainability, key issues and ideas are shared and discussed among the members.

## SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

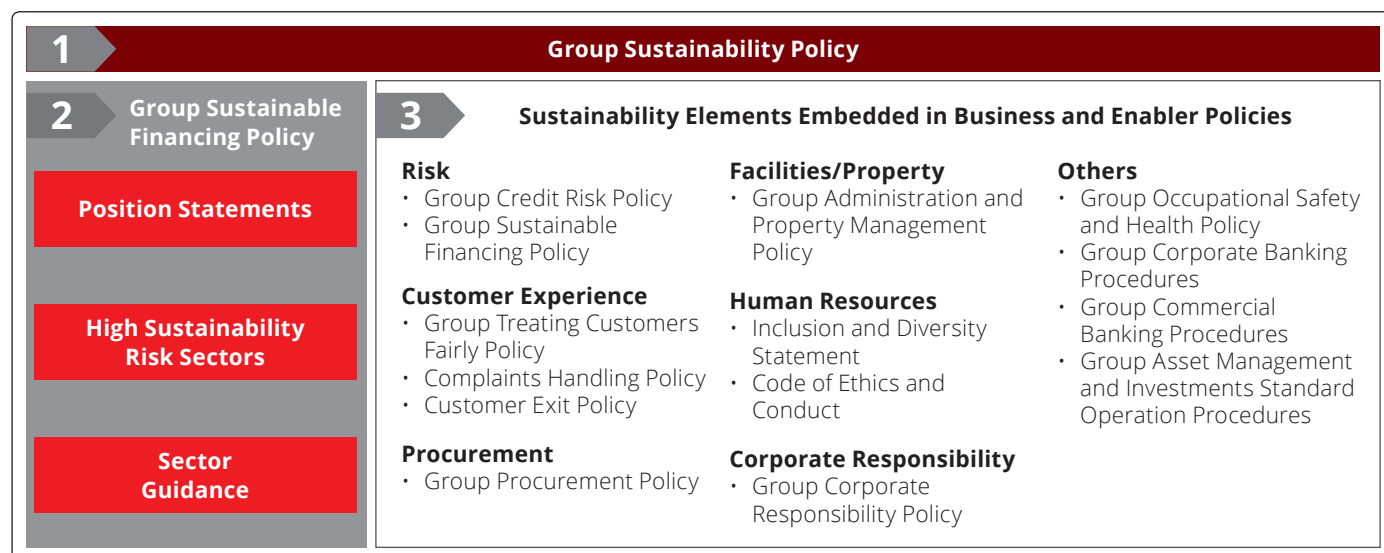
The Sustainability Risk Management Framework was first operationalised in 2019. In 2020, we included Climate Risk, specifically Physical and Transition Risk, as a sub-component of Environmental Risk into our Risk Library and the Enterprise-Wide Risk Management Framework. This was to provide more focus and effectively navigate climate risks.



For more information on the Sustainability Risk Management Framework, please click here:  
<https://www.cimb.com/en/sustainability/governance-and-risk.html>

## GROUP SUSTAINABILITY POLICY

Two main policies, the Group Sustainability Policy and Group Sustainable Financing Policy, guide the Group's orientation and performance in relation to sustainability.



The Group Sustainability Policy (GSP), approved in December 2018, was rolled out in Malaysia and Indonesia in 2019. Policy adoption was approved in Singapore, Thailand and the Philippines in 2020, and with Vietnam expected to complete adoption by 2021. This policy outlines the Group's approach to sustainability, including its risk management, which is guided by five key principles, UNEP FI Principles for Responsible Banking and UN Global Compact Principles. For more details on these principles, please refer to the Sustainability Principles section on pages 16 - 24 of this report.

The GSP is implemented across business units and enablers to assess sustainability risks within CIMB's own operations, as well as CIMB's business relations, which include investees, CSR programme partners/ grantees, suppliers/ vendors, outsourcing partners, joint-venture or tie-up partners, and clients with whom we engage.

A structured process is in place, where new business relations undergo a Basic Sustainability Due Diligence, with certain cases being escalated to the Sustainability team for further investigation.

In 2020, 36 high risk business relations were escalated regionally to the Sustainability team for Enhanced Sustainability Due Diligence, where 34 were subsequently recommended for approval, and two were not recommended to proceed.

## DISCLOSURES AND REPORTING

Disclosures and reporting are key to enable transparency and accountability. Our sustainability reporting continues to be guided by the GRI Standards and is externally assured. We began independent external assurance in 2019 of selected sustainability performance indicators. This is to credibly validate our progress in sustainability and ensure accurate disclosure to our stakeholders. In this report, we have expanded the scope of indicators assured to include among others, Greenhouse Gas (Scope 1) Emissions, the number of clients screened on environment and social risks, financial literacy awareness as a result of Corporate Responsibility programmes, female representation in revenue generating management positions, and average training hours. Please refer to the Statement of Assurance section on pages 159 - 162 of this report for more details.

## SUSTAINABILITY KPIS

Since 2019, we linked the KPIs of selected senior management, including the GCEO, with sustainability performance. Sustainability KPIs have been expanded in 2020 to be carried by the GCEO, Group Management, Country Heads of main countries, and relevant senior management in key business units and enablers that contribute significantly towards the advancement of sustainability in CIMB. Even broader rollouts are planned for 2021.



## CORPORATE GOVERNANCE

Corporate governance involves the practices, policies and processes that a company depends on and is vital to help achieve corporate goals, manage risks and support decision-making. Effective corporate governance ensures accountability in the decision-making process, with the interest of the company and its stakeholders in mind. Good corporate governance is pivotal to preserving and upholding the integrity of the banking ecosystem and the economy as a whole.

### OUR BOARD

The Board's role and decision-making are critical to the organisation's performance. From strategic interventions to directional oversight, from removing biases and redundancies to maintaining a degree of transparency and integrity - all these go a long way to reinforcing the Board's effectiveness.



#### BOARD COMPOSITION

- Independent Directors on the Board establish a neutral position on matters of conflict and vested interests of related parties. They play a role in both value creation and value preservation, always acting in the best interests of multiple stakeholders. As at 31 December 2020, the CIMB Board had seven Independent Directors, i.e., 70% of the total Board composition.
- Diversity of knowledge, experience and skills provide multiple perspectives and balance. As at 31 December 2020, based on competency mapping of our Board members, the Board has extensive experience in driving Leadership and Strategy, in addition to banking and finance. 30% of our Board members are also actively involved with various non-profit social and environmental organisations.
- Balanced gender representation on the Board is pivotal towards building resilience, creativity and innovation. CIMB is committed to gender diversity on the Board by continuously identifying opportunities to select high potential Board-ready women, while building a talent pipeline from the industry. As at 31 December 2020, female representation on the Board was at 30%, an increase from 11% in the previous year, and meeting our target for the year.



#### KEY INDICATORS

**Governance-related scores on Dow Jones Sustainability Index Corporate Assessment (2020)**

- **Risk & Crisis Management** **85/100**
- **Anti-Crime Policy & Measures** **86/100**
- **Code of Business Conduct** **66/100**

**30% Female representation on the Board**

**30% Active Board members in non-profit social/ environmental organisations**



For more information on the composition of our Board members, please click here: <https://www.cimb.com/en/who-we-are/leadership.html>.

The Board delegates certain aspects of its governance and risk management responsibilities to Board Committees, which primarily assist the Board in the execution of its duties and responsibilities. The Board Risk and Compliance Committee (BRCC) provides oversight and advice to the Board and Management in respect of all risks undertaken by the Group and future risk strategy, including determination of Risk Appetite. The Audit Committee (AC) supports the Board in ensuring that there is a reliable and transparent financial reporting process and to review the corporate governance practices and internal control system in ensuring checks and balances within the Group. The Group Nomination and Remuneration Committee (GNRC) oversees the nomination process and remuneration of Non-Executive Directors and key senior management of local and regional subsidiaries and joint-venture entities of CIMB.

The Board has also established a Code of Conduct which is based on the core philosophy of "Creating Value, Enabling Our People and Acting with Integrity". The Board recognises its role in establishing ethical values that support a culture of integrity, fairness, trust, forthrightness and the pursuit of excellence. The Board has also adopted a Code of Conduct for Directors that acts as the fundamental guiding principles and standards for Directors to carry out their duties. This Code applies to all the Directors of CIMB Group and is primarily based on the five fundamental principles of competence, integrity, fairness, confidentiality and objectivity as recommended by the Code of Ethics for the Financial Services Industry published by the Financial Services Professional Board (FSPB).
















## OUR POLICY MANAGEMENT FRAMEWORK

CIMB is strongly committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. It has a well-structured corporate governance framework in place to support the Board's aim of achieving long-term and sustainable value creation, as well as fostering a culture that values ethical behaviour, integrity and respect, to protect shareholders' and other stakeholders' interests at all times.

CIMB's Policy Management Framework (PMF) establishes a consistent, structured and risk-based approach for the management of policies across CIMB Group entities (including subsidiaries and overseas branches) locally and abroad. The objective of the PMF is to set the minimum standards to govern policies for the Group in a consistent manner and to meet the relevant regulatory requirements. Policy owners are responsible for the rollout and implementation of their policies, and policies issued at the Group, Business, overseas branches or subsidiary/entity levels, are reviewed and approved by the Board of the respective subsidiaries/entities.

## KEY POLICIES SUPPORTING MATERIAL ISSUES

We aim to ensure that we have a clear position on all of our stakeholders' material matters and that these matters are managed well. This table lists the key policies, frameworks and commitments that support our identified material issues:

Material Topics	Policy / Procedure / Framework / Commitment
 <b>Corporate Citizenship &amp; Volunteerism</b>	<ul style="list-style-type: none"> <li>Group Corporate Responsibility Policy</li> <li>CIMB Donations Policy (see page 96)</li> <li>CIMB Flex4CSR/Flex4Sustainability policy, refer to the Corporate Social Responsibility section of this report</li> </ul>
 <b>Corporate Culture</b>	<ul style="list-style-type: none"> <li>A Better CIMB (ABC) framework, refer to the Corporate Culture section of this section of this report</li> </ul>
 <b>Customer Experience</b>	<ul style="list-style-type: none"> <li>Group Customer Experience Policy, including the Group Complaints Handling Policy and Treating Customer Fairly Charter, refer to the Customer Experience section of this report</li> </ul>
 <b>Governance</b>	<ul style="list-style-type: none"> <li>Refer to the Statement on Risk Management and Internal Control in CIMB's 2020 Annual Report for a comprehensive overview on governance including but not limited to Whistleblowing, Anti-Bribery and Corruption, Code of Ethics, Fraud Risk Management policies</li> </ul>
 <b>Health, Safety and Well-being</b>	<ul style="list-style-type: none"> <li>Group Occupational Safety and Health Policy and Procedure, refer to the Health, Safety and Well-being section of this report</li> </ul>
 <b>Sustainable Finance</b>	<ul style="list-style-type: none"> <li>Group Sustainability Policy</li> <li>Group Sustainable Financing Policy and Green, Social and Sustainable Impact Products and Services (GSSIPS) framework, in the Sustainable Business section of this report</li> </ul>
 <b>Talent Attraction, Growth &amp; Retention</b>	<ul style="list-style-type: none"> <li>Group Human Resources Policy and Procedure</li> <li>Group Training Policy</li> <li>For more on work-life balance and retention policies, refer to the Health, Safety and Well-being section of this report</li> </ul>
 <b>Technology</b>	<ul style="list-style-type: none"> <li>Group Personal Data Privacy Policy and Group Data Management Policy, refer to the Technology section of this report</li> </ul>
 <b>Sustainable Supply Chain</b>	<ul style="list-style-type: none"> <li>Vendor Code of Conduct</li> <li>Group Whistleblowing Policy</li> <li>For more information, refer to the Sustainable Supply Chain section of this report</li> </ul>
 <b>Climate change</b>	<ul style="list-style-type: none"> <li>Group Sustainable Financing Policy and Enterprise-Wide Risk Management framework</li> <li>Committed towards reducing our GHG emissions intensity by 10% from the 2019 baseline</li> </ul>
 <b>Diversity and Inclusion</b>	<ul style="list-style-type: none"> <li>Committed towards improving gender parity by setting targets to increase female representation in Key Management positions and to reduce the gender pay gap</li> </ul>
 <b>Financial Literacy, Inclusion and Well-being</b>	<ul style="list-style-type: none"> <li>Group Corporate Responsibility Policy</li> <li>Group Sustainable Financing Policy and Green, Social and Sustainable Impacts Products and Services (GSSIPS) framework</li> </ul>
 <b>Sustainability Awareness and Participation</b>	<ul style="list-style-type: none"> <li>Committed towards raising awareness and advocating for sustainability to both our internal and external stakeholders</li> </ul>

### RISK AND CRISIS MANAGEMENT

Risk management is important to help identify, evaluate, and proactively manage and mitigate risk factors that are a part of every business. A robust and effective risk management system is critical for CIMB to achieve continued profitability and sustainable shareholder and stakeholder value creation. As such, CIMB embraces risk management as an integral part of our Group's business, operations and decision-making processes.

Crisis management is the application of strategies and an effective decision making structure to respond to fast-changing situations to manage an unexpected emergency event with significant operational impact. A Business Continuity Management (BCM) programme is in place as part of our ongoing commitment in ensuring business resilience throughout our Group. Continuity of service to our customers, together with all the supporting business processes, is fundamental to meeting our business objectives.

The Group Crisis Management Committee (GCMC) was activated to coordinate the overall business response to the COVID-19 crisis. The GCMC coordinated strategic and operational responses to ensure smooth business continuity, rolled out process and procedures to keep our employees safe, and ensured clear and timely communications to all stakeholders on our response to the pandemic. For more details on Risk and Crisis Management, please refer to the Statement of Risk Management and Internal Control on pages 143 to 154 of CIMB's 2020 Annual Report. For more details on our COVID-19 response, please refer to the Health, and Safety and Well-being section on pages 38 - 43.

### SAFEGUARDING AGAINST FINANCIAL CRIME

CIMB Group is committed to enforcing an effective internal control system for anti-money laundering / counter financing of terrorism (AML/CFT), targeted financial sanctions (TFS) and proliferation financing (PF), in compliance with all related laws, regulations, guidelines and industry-leading practices. The Group Anti-Money Laundering, Counter Financing of Terrorism Policy and Targeted Financial Sanctions Policy encompasses all reporting institutions of CIMB Group, to ensure consistency in managing AML/CFT, TFS and PF risks.

The policy governs the appointment of anti-money laundering compliance officers, the monitoring and reporting of suspicious transactions, sanction management, record retention, employee training, risk and status reporting to Board and Senior Management and an independent audit of the internal AML/CFT, TFS and PF measures.

The Group AML/CFT and TFS policy establishes the Group AML/CFT and TFS Compliance programme, which develops and maintains a Risk-Based Approach in assessing and managing the Money Laundering, Terrorism Financing, TFS and PF risks, which include but are not limited to:

- Customer Due Diligence at onboarding and on an ongoing basis by conducting structured Enhanced Customer Due Diligence for customers assessed to be of higher Money Laundering, Terrorism Financing and TFS risk. The process is designed to identify and assess the risks posed by customers and enables the understanding of the customer's identity, expected transactions and delivery/distribution channels.
- Establishing and maintaining the Ongoing Customer Due Diligence process to ensure that the customer's profile is up-to-date, and the Transaction Monitoring process to identify suspicious activities / transactions in the customer's account.

The policy states that CIMB may establish business relationships via non-face-to-face channels, with approval from the Board and in compliance with local AML/CFT and TFS regulations. We also recognise that Politically Exposed Persons (PEPs) may pose a higher risk due to their position and influence. However, we do not stigmatise and refuse business relationships with customers identified as PEPs/PEP-Controlled Entities. Instead we adopt a Risk-Based Approach to identify the potential ML/TF and PF risks and apply enhanced measures to mitigate these risks.

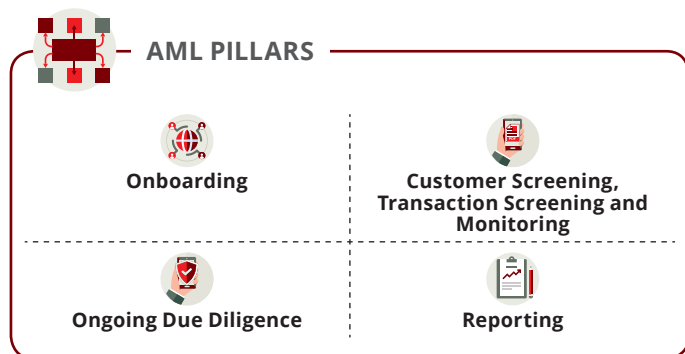
Our senior management and employees undergo frequent mandatory training, with customer-related and control personnel completing annual training via e-learning, targeted training, and external professional and regulatory seminars. The training enables our employees to effectively interact and communicate with our customers, counterparties and relevant stakeholders on the Group's policy and considerations in relation to their transactions.

The Group's internal controls, various systems and information sources are subject to annual internal audits, as well as periodic thematic, risk or specific assessments as the need or threat arises. The enhancements arising from such assessments range from changes to detection scenarios and thresholds, to revisions to customer due diligence criteria.

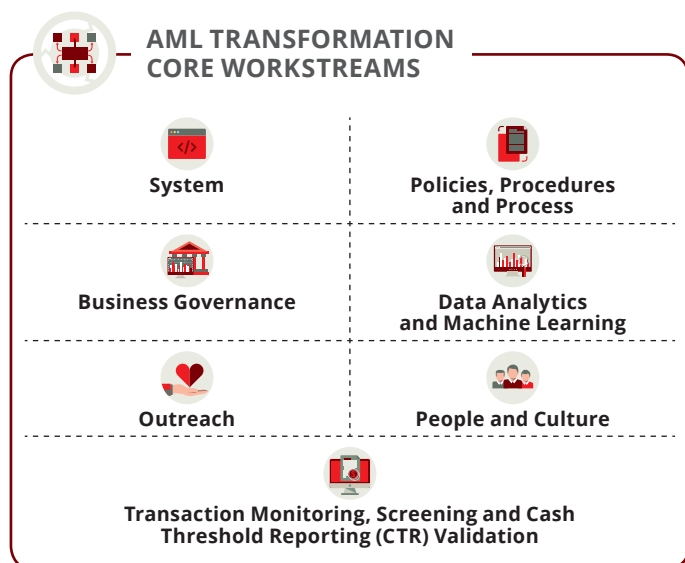
## Governance and Risk

### AML TRANSFORMATION PROGRAMME

CIMB has established the AML Transformation Programme to resolve recurring AML related breaches that were previously highlighted by Bank Negara Malaysia (BNM). The AML Transformation Programme was approved by BNM on 4 December 2019. The initiative enhances the following AML pillars:



The main objectives of the Programme are to improve financial crime prevention in the areas of AML/CFT, as well as to reduce the number of AML breaches by better monitoring via data analysis, technology and automation. The Programme also aims to enhance AML awareness and culture across all levels. By the end of 2020, 20 out of 34 transformation projects have been completed, across seven workstreams. AML role-based training has been rolled out to 1,238 staff in Consumer, Commercial and Wholesale Banking.



To ensure proper oversight of Programme implementation, the AML Transformation Steering Committee (ATSC) was established to oversee the Programme. The progress of the Programme is tabled and discussed at the ATSC on a monthly basis, prior to updating the Group Risk and Compliance Committee (GRCC) and Board Risk and Compliance Committee (BRCC). In addition to providing overall direction and deliberation on the issues impacting the timeline of the Programme, the ATSC is also responsible to provide oversight and advice on Programme implementation. The project targets, timelines, scope, budget, resourcing and completion are deliberated and approved by the ATSC.

CIMB Group's AML/CFT, financial transparency and related sanctions policies and related information are available at <https://www.cimb.com/en/who-we-are/corporate-governance/code-of-conduct.html>, as well as within the Statement on Risk Management and Internal Control on pages 143 to 154 of CIMB's 2020 Annual Report.

### PROTECTING CUSTOMERS FROM FRAUD AND SCAMS

Global cases of financial scams and cyber / online fraud in the banking sector are on the rise. The increase in internet-related activities and the exploitation of consumers' financial insecurities have been key drivers of this trend. As a financial institution, CIMB has an important role to play in fraud risk management. The Group Fraud Risk Management Framework was developed in 2019 for a consistent approach and oversight to fraud risk management activities across all the divisions within the Group.

For more information on the Group Fraud Risk Management Framework, please refer to the Statement on Risk Management and Internal Control on pages 143 - 154 of CIMB's 2020 Annual Report.



## CORPORATE CULTURE

Shared workplace values, behaviours, and underlying mindsets collectively inform culture, which shapes how an organisation operates. The success of any transformational effort is often dependent on leadership engagement, as well as the culture of the organisation. In our recalibrated strategy, Forward23+, Culture & Values are critical in our ability to transform into a high performing, purpose-driven organisation.

Corporate culture is the behavioural norm and actions of employees in various situations, and culture manifests itself in many different forms. For example, in how employees conduct themselves in work-related settings, in how they engage and go the extra mile for customers, in upholding ethics and compliance principles when no-one is watching, whether they strive to embed sustainability principles into their process and product designs, and the care placed in safeguarding data privacy.

CIMB's philosophy of "Value Creation, Enabling People and Integrity" where integrity and honesty are non-negotiable. By embodying the CIMB philosophy, we are committed towards a culture of good compliance practices, protecting the privacy of our customers, employees and business, while going the extra mile for customers. We also strive to create net positive impact for our community and an inclusive approach for our business relations to positively influence their own sustainability performance and commitment.

Our Code of Conduct, Anti-Bribery and Corruption Policies, A Better CIMB, and Sustainability KPIs, discussed below, are some of the key programmes and initiatives to encourage the desired culture. For more details on our approach to data protection and privacy for our stakeholders, please refer to the Technology section of this report. For more information on how we go the extra mile for customers, please refer to the Customer Experience section on pages 51 - 55 of this report.

## OUR CODE OF ETHICS AND CONDUCT

At CIMB, we recognise the consequences of any actual or potential conflict of interest that affects trust and integrity, which are the values that we live by to build mutually-rewarding and productive relationships at the workplace.

The Code of Ethics and Conduct for all employees encompasses all aspects of the day-to-day business operations of the Group and sets out the standards of behaviour that are expected of all employees of CIMB in terms of engagement with customers, business associates, regulators, colleagues and other stakeholders. The Code makes references to specific Group Policies and Procedures relating to conflicts of interest, bribery, corruption, money laundering/counter-financing of terrorism, customer management, whistleblowing and fraud management.

We follow a structured onboarding approach to familiarise our new employees with tools, processes, systems, security practices, policies and procedures. All our employees are

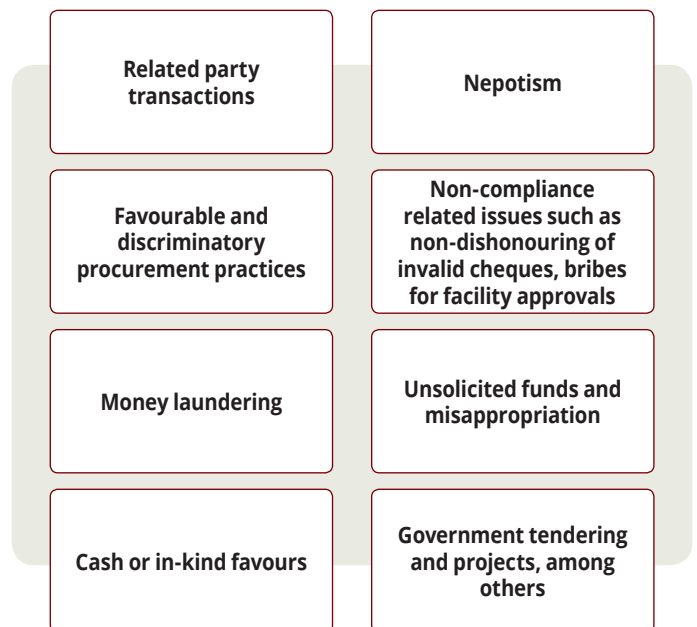
equipped with the Code of Ethics and Conduct and are required to acknowledge it on a yearly basis. We also conduct regular audits to ensure that our employees understand and follow the established policies and procedures.

For more information on CIMB Code of Conduct, please click here: <https://www.cimb.com/en/who-we-are/corporate-governance/code-of-conduct.html>.

## BRIBERY AND CORRUPTION

We are committed to conducting our business free from any form of bribery or corruption by adopting a zero-tolerance approach to any acts of bribery or corruption perpetrated by employees, suppliers and others with whom we do business or who act on our behalf. All local anti-bribery and anti-corruption legislations are adhered to by CIMBians.

We expect our employees to be vigilant about wrongdoing, malpractice or irregularities in the workplace. All employees must report any such instances to the management immediately. As a Group, we always deal with such matters confidentially and protect the identity of the complainant. We have identified different types of bribery and corrupt practices that could potentially impact our business across the value chain of banking. These include:



The Code of Conduct states categorically that any form of bribery is not tolerated, including receiving and giving of personal gifts. Employees must not put themselves in an obligated or compromised position in any business dealing. Among others, employees should not accept gifts from principals, vendors, suppliers, contractors, customers and other third parties that may influence or are perceived to be able to influence any decision-making process in the organisation.

### CHARITABLE CONTRIBUTIONS / DONATIONS AND SPONSORSHIP POLICY

CIMB only makes charitable donations and sponsorships that are appropriate, legal and ethical under laws and practices. In order to ensure appropriate governance over this policy, no donation and sponsorship is offered without the prior authorisation by CIMB's Management or the Board.

### POLITICAL CONTRIBUTIONS

Under the Group Sustainability Policy, CIMB does not make or offer monetary or in-kind political contributions to political campaigns, parties, political party officials or candidates for political office. If any contribution is made, it must be permissible under applicable laws and must be approved by the Board of Directors and accurately reflected in CIMB's accounting records.

### GIFTS, ENTERTAINMENT AND HOSPITALITY POLICY

The "No Gift Policy" applies to all employees, who are restrained from exchanging gifts with current or potential customers, vendors, agents or business partners. This is to prevent any conflicts of interest, or appearance of such in our business dealings. Gifts provided by customers will either be returned or donated to beneficiaries of CIMB Foundation or charities.

However, we recognise that the exchange of business courtesies, such as modest gifts, hospitality and entertainment (including meals, invitations to attend promotional events or corporate functions) particularly during festive periods is customary and legitimate to create goodwill, and/or strengthen business and commercial relationships. Such courtesies are allowed if they are not lavish, if they are appropriate and reasonable in the light of accepted business practices of the relevant businesses that the Group operates in, and are not intended to improperly influence the decisions of the person involved.

In deciding on whether to receive or accept a gift, consideration will be given to the following key guiding principles:



CIMB's employees or associated persons must not give or request favours or offer or accept gifts or any personal benefit or privilege of any kind with a value that could in any way influence (for example, by causing the person to act or fail to act in violation of a legal duty, by causing the person to abuse or misuse their position, by securing an improper advantage, contract or concession, etc.) the judgment of the recipients or a third party in their business dealings with or on behalf of CIMB or any other party.

As a general rule, a reasonable amount of entertainment is allowed for the purpose of business networking, fostering relationships with external parties or showing hospitality.

CIMB Niaga issued an official memo to all customers reinforcing our policy commitments. In the spirit of transparency, customers were reminded that giving or receiving gifts, commissions and or bribes in any form to the Commissioners, Directors and employees of CIMB Niaga are considered serious violations. Customers were also encouraged to use the various whistleblowing channels, including the website, for bringing any such violations to the attention of CIMB Management for appropriate action.

## TRAINING

Our employees are provided with regular Anti-Corruption and Bribery compliance training programmes to build awareness and competence around the requirements and obligations of anti-bribery and corruption laws and this Policy. For successful implementation and compliance to this policy, we will ensure continuous efforts to communicate, train and educate all our employees and associated persons.





## MONITORING, REVIEW AND DUE DILIGENCE

CIMB recognises that managing an Anti-Bribery and Corruption programme is a continuous process. A systematic review and monitoring process is necessary to ensure that objectives are being met. Internal control systems and procedures are subjected to regular review to ensure the effectiveness and compliance to the Anti-Bribery and Corruption programme and policy.

## INTEGRITY AND GOVERNANCE UNIT

CIMB established the Integrity and Governance Unit (IGU) in October 2020 to foster the principles and culture of abhorring corruption, abuse of power and malpractices. The IGU has an independent reporting line to the Board of Directors and the Malaysian Anti-Corruption Commission (MACC). The Board Risk and Compliance Committee was also delegated as the Independent Committee to provide oversight and advice to the Board and Management with respect to the management of Bribery and Corruption Risk.

The IGU comprises four core functions, which are summarised as follows:

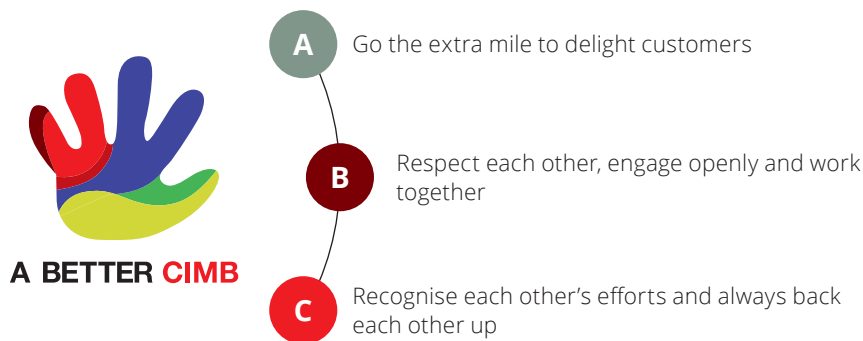
Functions	Roles
 <b>Governance</b>	<ul style="list-style-type: none"> <li>To be the Custodian and Administrator of the Integrity and Governance Framework</li> <li>To rollout and implement the IG Framework</li> <li>To perform Control Effectiveness Testing (CET) in order to ensure the adequacy of the IG Framework</li> </ul>
 <b>Complaints Management</b>	<ul style="list-style-type: none"> <li>To assess complaints for further action, and monitor the status of investigation of complaints</li> <li>To ensure action is taken on all complaints on corruption, abuse of power, malpractice, violation of CIMB's Code of Ethics and Conduct</li> <li>To prepare the Complaints Statistics Report</li> </ul>
 <b>Detection &amp; Verification</b>	<ul style="list-style-type: none"> <li>To investigate complaints related to corruption, abuse of power, malpractice as well as violation of the Code of Conduct and Ethics in the organisation</li> </ul>
 <b>Integrity Enhancement</b>	<ul style="list-style-type: none"> <li>To plan, implement and coordinate integrity strengthening programmes</li> <li>To engage and build strong networks with the respective business and functional units</li> <li>To conduct Integrity Governance awareness campaigns/programmes</li> </ul>



## A BETTER CIMB (ABC)

Our purpose of building a high performing sustainable organisation to help advance customers and society rests on our corporate values, which defines our culture and motivates action towards building #teamCIMB, A Better CIMB. We strive to create a high performing organisation driven by a collaborative and purposeful work culture. With a workforce of over 34,000 employees across 15 markets we build values and behaviours that transcend borders. We are respectful and inclusive, and act with integrity with all stakeholders.

Our ABC journey started in 2015 with the framework anchored on three Critical Behaviours.



We see our shared values as a positive force that shapes the culture of #teamCIMB, informing the way we work with our various stakeholders to achieve a shared purpose. It creates a sense of belonging and affiliation, instils pride and helps in decision-making.

There is continued focus on encouraging and raising awareness on ABC, to deepen our employees' understanding of the three Critical Behaviours and embedding them into the fabric of our employees' daily lives at work.

## ENGAGING WITH OUR CHANGE AGENTS

Our ABC Change Agents comprise of 143 Business Sponsors and 1,701 Informal Leaders from across the region. We appointed 34 new Business Sponsors and 129 Informal Leaders in 2020. We employ multichannel engagements with our Change Agents, via townhalls, virtual onboarding and workshops, to share examples, celebrate role models, and reinforce the importance of their roles in culture building.



## SHOWCASING ROLE MODELS

We have created several platforms to showcase role models who exemplify the three Critical Behaviours and to publicly recognise those employees. “ABC Heroes” is a monthly initiative where short stories on employees that embody the ABC culture are shared with #teamCIMB via our digital channels.

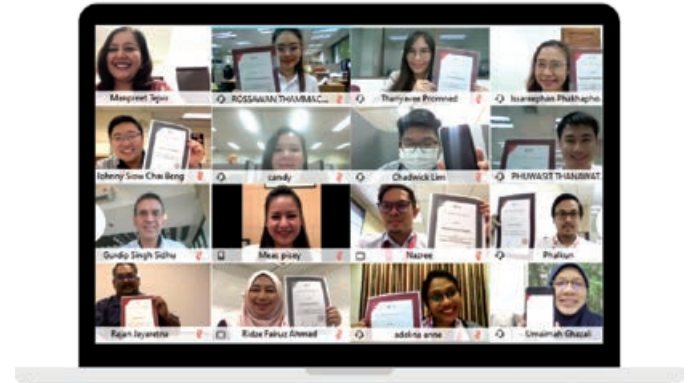


To further promote the culture of ABC within CIMB, specifically to “Respect each other’s efforts and always back each other up”, we have leveraged on the HR system (Y.O.D.A) to encourage mutual recognition and team engagement. The endorsement module in Y.O.D.A allows staff to recognise and endorse their colleagues for their skills and contribution to the organisation.



“Regional Customer Experience (CX) Compliments” is an initiative to highlight employees who have consistently demonstrated the CX behaviour of “Going the Extra Mile to Delight Customers”. This initiative recognises employees who have received compliments for exceeding customers’ expectations. There is also an annual award ceremony to celebrate our employees where the best of the best are celebrated for their outstanding service towards customers. CX Star Awards is a regional programme to recognise employees that demonstrate customer centric behaviour with strong commitment in delivering outstanding CX to their customers, both internally and externally. For more details on how the CX DNA is inculcated across all CIMBians, please refer to the Customer Experience section of this report on pages 51 - 55.

## Regional CX Compliments Campaign, Best of 2020 Virtual Ceremony



## PROMOTING COLLABORATION AND ENGAGEMENT

We initiated the annual Internal Customer Satisfaction Survey (ICSS) to gauge and improve the level of collaboration and the effectiveness of inter-departmental teamwork within the organisation, in our goal of becoming a customer-centric financial institution. We also use this survey to calibrate our performance in the “Respect each other, engage openly and work together” behaviour through the five CX Promises of making it **Easy**, **Efficient**, going the **Extra Mile**, enabling **Empowerment** and **Escalation**. We have launched many virtual activities for our employees to continue fostering teamwork and collaboration. For more details on our Employee Engagement initiatives, please refer to the Health, Safety and Well-being section of this report.

## BRINGING CULTURE TO THE NEXT LEVEL

We ran the ABC Pulse Survey in 2020 for all BSPs across the Group to gauge their feedback on how CIMB has performed in embedding the three Critical Behaviours thus far.

<b>75%</b> agree that leaders are living the ABC culture	<b>99%</b> agree that teamwork and collaboration have increased amongst CIMBians	<b>90%</b> believe that since ABC started, results can be seen and have improved productivity and efficiency at their workplace
---	---	--

In 2020, we initiated the next phase of culture-building with a refresh of our values. We anticipate the rollout of a new culture framework in 2021 in line with our Forward23+ strategy.

# Stakeholder Engagement and Advocacy



Systematic engagement is fundamental to understanding stakeholders' needs, while advocacy creates consensus and an ecosystem of support and change. It is critical to analyse, understand and respond to the evolving expectations, needs, and issues of our stakeholders. The primary objective for our engagement is to raise awareness and to mobilise support for meaningful action towards sustainable development.

Over the past year, we worked to raise our level of engagement with internal stakeholders across the Group, as the orientation of our employees on sustainability, sustainable finance, and sustainable development is critical to the success of our strategy rollout.

Externally, we actively participated in regulatory-led and industry peer working groups to support the development of standards and toolkits. We initiated dialogues and joined deliberations with business leaders, associations, clients, civil society organisations, suppliers and government officials on catalysing an ecosystem that is conscientiously driving towards sustainable development.

## HOW WE MAP STAKEHOLDER ENGAGEMENT AND ADVOCACY

### MATERIAL TOPICS



**Sustainability  
Awareness and  
Participation**

### KEY CONSIDERATIONS

- How do we partner with industry peers and regulators to facilitate systemic changes in sustainable financing?
- How do we engage and orientate internal stakeholders towards sustainable business?
- How do partner with stakeholders to conduct outreach, awareness and advocacy to advance the sustainability agenda?

### SUSTAINABLE DEVELOPMENT GOALS



**FORWARD 23<sup>+</sup>**

**RELEVANT STRATEGIC THEME**



**Purpose-Driven Organisation**



## SUSTAINABILITY AWARENESS AND PARTICIPATION

According to the Global Commission on Economy and Climate, the transition into a sustainable economy could create more than 65 million new jobs and lead to an economic boost of US\$26 trillion by 2030. However, this transition will require collective efforts, where various stakeholders in the value chain collaborate to create positive change.

The broad reach and influence of the financial industry provides an opportunity and responsibility to drive meaningful industry-level change. Financial institutions have the network and resources to convene engagement platforms that bring diverse stakeholders to the table for dialogue, and precipitate sustainable actions. These can help to shape best practices, define new standards in sustainability leadership and influence progressive regulations.

In short, there is a strong impetus for banks to invest in capacity building on sustainability issues. Greater awareness of sustainable development will promote integration of sustainability principles into the conduct of business and lifestyles. Sustainability engagement and advocacy programmes encourage collaborative action on multiple fronts, and on potentially cross-cutting multi-stakeholder issues. Collectively, these will result in more inclusive economic growth and human progress that benefits all stakeholders, including future generations.



### KEY INDICATORS

**1,223** Employees trained/  
briefed on Sustainability  
Issues

**196** CIMB Sustainability  
Champions

CIMB is an active member of  
**7** National and International  
Working Groups

## STRENGTHENING INTERNAL SUSTAINABILITY CAPABILITY

### INTERNAL AWARENESS AND CAPACITY BUILDING

We continuously engage with teams across the Group to share perspectives on sustainability in the context of our business and CIMB's purpose of advancing customers and society, to raise awareness and build technical capacity on sustainability and sustainable finance. We were due to rollout Group-wide sustainability training targeted at different levels of employees and the Board. However, due to the pandemic, these plans were reprioritised for 2021.

Training <sup>1</sup>	Stakeholder Group	Total Attendees	Total Training Hours
Sustainability Leadership Training by UNEP FI and WWF	Board of Directors of CIMB Group Holdings Berhad, CIMB Bank, CIMB Investment Bank and CIMB Islamic Bank	24	48
Sustainability for Leaders	Senior Management in Singapore	84	336
Role-Based Training	Relationship Managers & Risk Officers in Indonesia, Cambodia, and Singapore	320	1,451
SDG: Knowing The Business Risks and Opportunities	Sustainability Champions	75	225
It's a Tuesday Thing	Sharing of sustainability with various departments	205	205
Introduction to Sustainability	University graduate PROTÉGÉS trainees	97	194

<sup>1</sup> Other training included The Cooler Earth Submit, sustainability reporting and GHG training, and external webinar.



## SUSTAINABILITY CHAMPIONS

The Sustainability Champions group comprises of more than 190 employees from across divisions and countries. The Champions advocate adoption of sustainability best practices in their respective areas of work and their personal lives. The aspiration is for the Champions to participate in advocacy efforts of the industry, and in their circles of influence. Through digital platforms, our Champions share and discuss the latest developments in the field of sustainability and sustainable finance. In Malaysia, each corporate banking team and commercial banking centre has nominated respective sustainability champions to inculcate the culture of sustainability within their teams.

## CIMB ACTS

Advancing CIMBians Towards Sustainability (ACTS) is a programme that empowers employees to ideate and implement simple and impactful sustainability initiatives. The objective is to raise awareness, inspire behavioural change and mobilise support in driving the sustainability agenda at our workplace and beyond.

The CIMB ACTS Programme Team assumes the role of coaches, facilitators, and supporters of ACTS Missions to ensure the initiatives are executed with impact. Most Missions have a pre-determined set of impact metrics, which are tracked to ascertain successful implementation. During the year, CIMB ACTS adopted two Missions, which focused on circular solutions. For more information about Missions, refer to page 32 of this report.

## CHAMPIONING SUSTAINABILITY AWARENESS AMONG EXTERNAL STAKEHOLDERS

We are committed to promoting and sharing sustainable business thought leadership with our wider stakeholders. We organise and participate in forums that provide a platform for the exchange of practices, strategies and solutions, while driving action and impact.

### THE VIRTUAL COOLER EARTH SUMMIT

The Cooler Earth Sustainability Summit is CIMB's platform to inspire business leaders, financiers, investors, policy and decision-makers to shift the paradigm of business and finance, and our way of life. Through the Summit, we hope to bring together industry stalwarts, thought leaders, shapers and movers to dialogue for definitive action on sustainability.

This year's theme, **Recovery, Resilience** and **Responsibility**, was focused on the role of sustainability in identifying, managing and preparing for unprecedented risks such as the global pandemic. The Summit also aimed to share practical knowledge that will help businesses to build back better and greener. In collaboration with our knowledge partners, WWF, IMPACTO and Think City, the digital Summit had an encouraging 3,880 registered participants from 50 countries. Held over eight weeks, the Summit featured 120 speakers, 32 webinars and masterclasses, with over 50 hours of content delivered.

With the support of our NGO partners, we also planned over 20 in-person events in three countries. These experiential events provided participants with a greater understanding and insights into how individuals and organisations can make a difference in the social and environmental fabric of their communities.



### HIGHLIGHTS OF EXPERIENTIAL LEARNING SESSIONS

#### EATS, SHOOTS & ROOTS

Sayur in the City Tour. Tour of an urban space dedicated to educating and connecting urban dwellers with nature through edible gardens

#### TAMAN TUGU MALAYSIA

Guided walk through the forests of Taman Tugu, in the heart of Kuala Lumpur, and workshops to help propagate indigenous Malaysian trees

#### DIALOGUE IN THE DARK

Dialogue in the Dark. An experiential tour, of a day in the life of a person who is visually impaired



Sustainability at Gardens by the Bay – An exclusive behind the scenes tour of how sustainability is integrated into Singapore's iconic landmark



Urban Farming Workshop by ComCrop – Discovering urban farms using hydroponic systems to address food security for Singapore

#### heritage output lab

Streets of KL - A walk about the historic core of KL to understand how history shaped the development of the city today

Our estimated carbon emissions for this year's Summit was 28.3 tCO<sub>2</sub>e, five times less than the previous year's summit, and sixteen times less on a per-participant basis. We are committed to offsetting up to five times our emissions from the Summit, and have purchased 150 tCO<sub>2</sub>e of voluntary emissions reduction carbon credits towards the Katingan Peatland Restoration and Conservation Project in Central Kalimantan, Indonesia.



Find out more about The Cooler Earth Sustainability Summit:  
<https://coolerearth.cimb.com/>





Watch recordings of the sessions

### THE COOLER EARTH SUSTAINABILITY SUMMIT IN NUMBERS

> 3,800 Delegates	120 Speakers	32 Webinars and Masterclasses	28 Top Sectors Represented, including:
> 1,300 Organisations from 50 Countries	110 NGOs and Civil Society Organisations	<ul style="list-style-type: none"> <li>- Financial Services</li> <li>- Utilities</li> <li>- Consulting</li> <li>- Education</li> <li>- Civil Society/Non-profit</li> </ul>	

### KNOWLEDGE SHARING

We invited sustainability experts to highlight emerging risks for the financial services sector, as well as the sectors that our clients and other stakeholders are in. We are also an active contributor in forums, conferences and webinars to share our sustainable finance journey and discuss emerging issues.

#### Climate Change and Forest-related Risks

There is an urgent need to mobilise definitive action and mitigate the impacts of environmental harm and degradation. In early 2020, we hosted a workshop by CDP on "Climate Change and Forest-related Risks in Financing" for banks, institutional investors and regulators in Malaysia. The workshop was attended by over 50 participants.



Participants at CDP's workshop on Climate Change and Forest-related Risks in Financing

#### UNEP Plastics Disclosure Project

We have been an active member of UNEP, supporting this flagship project designed to enable organisations to reduce their plastic footprint. Last year, in partnership with the Ocean Recovery Alliance, we hosted an interactive online training session to raise awareness and encourage companies to join the project.

#### Oxfam's Fair Finance Asia

We were invited to share insights with civil society organisations across Asia on the role of financial institutions in mitigating environmental risks and challenges. Our objective was to promote an understanding of existing initiatives and standards that accelerate financial institutions' ESG compliance and accountability, as well as suggest collaborative actions between banks and civil society to promote sustainable development.

#### Regional UN Business and Human Rights Conference

The pandemic and its impacts have reinforced the critical need for businesses to integrate the universal principles of human rights in the conduct of business. In 2020, we participated in the UN Regional Business and Human Rights Forum to share how we are integrating human rights into our policies and operations, and how we encourage our clients to respect and adopt human rights principles, through integration of ESG criteria in our lending practices.



## COMMITTING TO GLOBAL PARTNERSHIPS FOR IMPACT

### UNITED NATIONS ENVIRONMENT PROGRAMME FINANCE INITIATIVE

With more than 300 members and 100 supporting institutions, the United Nations Environment Programme Finance Initiative (UNEP FI) engages and encourages the global banking industry to implement sustainability principles at all levels of their operations. We are a drafting member and the first ASEAN signatory to the UNEP FI Principles for Responsible Banking (PRB). We are active members of PRB working groups, including Client Engagement and Peer Learning.

### UNEP FI TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES PHASE II BANKING PILOT

CIMB participated in UNEP FI's Task Force on Climate-related Financial Disclosures (TCFD) Phase II banking pilot, where participating financial institutions worked to identify, assess, and manage their climate risk and opportunities. As part of this pilot, CIMB contributed to the development of industry heat maps that will provide insights into portfolio exposure to physical and transition risks. CIMB is in the process of piloting the Transition Check Tool developed by UNEP FI and Oliver Wyman on our oil and gas portfolio.



For more information on the outputs of the TCFD Phase II banking pilot, please click here:  
<https://www.unepfi.org/banking/tcfid/>

## COLLECTIVE COMMITMENT TO CLIMATE ACTION

The Collective Commitment to Climate Action (CCCA) comprises of 38 PRB signatory banks. Members of CCCA are committed to aligning their portfolios with the Paris Agreement and finance the low-carbon, climate-resilient solutions towards limiting global warming to well below 2 degrees Celsius, and striving for 1.5 degrees Celsius.

### Collective Commitments

Focus on where we can have most significant impact

Engage and work with stakeholders on their transition

Work with other banks to develop each bank's capabilities

### Our Progress

- Formulated and rolled-out CIMB's Group Coal Sector Guide
- Set a target to grow our positive impact products and portfolio
- Completed pilot testing of Bank Negara Malaysia's Climate Change Taxonomy on three sectors
- Reviewing portfolio exposure and conducting a heat-mapping exercise to prioritise carbon-intensive and climate-vulnerable sectors for targeted scenario testing
- Engaged with multiple stakeholders through webinars and masterclasses at the Virtual Cooler Earth Sustainability Summit 2020
- Initiated the CEO Action Network, with 41 organisations from over 20 sectors to strategise definitive action for sustainability and sustainable development
- Member of the UNEP FI Working Group
- Member of Bank Negara Malaysia's Joint Committee on Climate Change
- Joined the technical working group to develop CDP's Climate Change & Forest pilot questionnaire



For more information on our CCCA disclosures, please click here:  
[https://www.unepfi.org/wordpress/wp-content/uploads/2020/09/CIMB\\_CCCA-report\\_website092020.pdf](https://www.unepfi.org/wordpress/wp-content/uploads/2020/09/CIMB_CCCA-report_website092020.pdf)



**GISD**

Global Investors for  
Sustainable Development  
Alliance

### GLOBAL INVESTORS FOR SUSTAINABLE DEVELOPMENT ALLIANCE

The Global Investors for Sustainable Development (GISD) Alliance aims to leverage on the expertise, influence and business acumen of 30 influential corporate leaders to stimulate long-term investment in development, and accelerate progress towards achieving the SDGs. Global leaders have a two-year mandate to free up trillions of dollars from the private sector to finance the SDGs.

As a member of the GISD, we were involved in Working Group 2, which aims to scale SDG investment opportunities, especially in developing countries. The key deliverables of the working group are to:

- Understand and address sustainable investment obstacles by investigating issues that hamper investable development projects
- Provide transparency on investable development projects and the available funding sources by establishing a database/investment platform to connect projects with funding sources
- Develop solutions such as innovative financing vehicles to package investment opportunities



**PFAN**

Accelerating Investment  
for Climate and Clean Energy



UNITED NATIONS  
INDUSTRIAL DEVELOPMENT ORGANIZATION

REEEP

### PRIVATE FINANCING ADVISORY NETWORK

CIMB Bank Berhad and CIMB Islamic Bank Berhad became official partners in the Private Financing Advisory Network (PFAN) in September 2020. PFAN is a programme under the United Nations Industrial Development Organization and is managed by Renewable Energy and Energy Efficiency Partnerships.

PFAN consists of individuals and business partners who are experts in the field of renewable energy, clean technologies and energy efficiency. The primary objective is to bridge the financing and investment opportunities between entrepreneurs developing clean energy projects and investors looking to invest in such projects.

CIMB will act as a financing partner to cater to projects that require financing in the region. PFAN provides coaching to the project developers and once the projects reach a level of maturity, they may be referred to CIMB for financing opportunities. CIMB can also refer applicable clients to PFAN for coaching.

### OTHER GLOBAL STAKEHOLDER ENGAGEMENTS

In 2020, CIMB participated in and contributed towards the development of several initiatives with external stakeholders including NGOs, business associations, researchers and technical service providers. The outcome of these initiatives are especially pertinent, given our presence in the emerging markets of ASEAN. The active engagement with international and regional stakeholders has enhanced our capacity to identify and better manage future sustainability-related risks.

### GLOBAL CANOPY – TRASE FINANCE

CIMB was invited to provide input and as an early pilot user of the Trase Finance platform. The platform provides a repository of data into global agri-commodity flow from producers to traders, providing traceability of origins worldwide and data on group ownership of market participants. The platform will enable CIMB to access data and detect risks in its financing exposures and be better prepared to engage clients on these risks.



For more information on Trase Finance Platform, please click here:  
<https://trase.finance/>

### ORBITAS REPORT ON CLIMATE TRANSITION RISK AND OPPORTUNITIES

In December 2020, Dato' Abdul Rahman Ahmad, CIMB's Group CEO delivered a keynote speech at the launch event "From Risk to Opportunity: Climate Transitions and Tropical Commodities" alongside Lord Martin Callanan, UK Minister for Climate Change and Corporate Responsibility. CIMB had provided inputs in the inception phase and later reviewed the final report, titled "Agriculture in the Age of Climate Transitions", with technical feedback on data points, assumptions as well as the mitigation opportunities identified through Orbitas' research.

### INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS

The Institute for Energy Economics and Financial Analysis (IEEFA) is an organisation devoted to accelerating the transition to a diverse, sustainable and profitable energy economy. The Institute tracks policies on coal power generation and coal mining issued by financial sector entities and provides technical insights, research and inputs to enable financial institutions to transition towards more robust action plans on coal. CIMB engaged with IEEFA in early 2020 and obtained valuable insights towards the successful issuance of our coal sector guide in December 2020.



## COMMITTING TO LOCAL COLLABORATIONS FOR ACTION

### BANK NEGARA MALAYSIA'S JOINT COMMITTEE ON CLIMATE CHANGE

We play an active role in Bank Negara Malaysia's (BNM's) Joint Committee on Climate Change (JC3) which aims to mobilise collective actions within the Malaysian financial sector towards building climate resilience. Inputs and insights gathered through JC3 are considered in shaping sustainability policies and guidance by BNM and Securities Commission Malaysia.

#### Mandate of JC3:



Subcommittee	Risk Management	Governance and Disclosure	Product and Innovation	Engagement and Capacity Building
 <b>Objectives</b>	<p>Establish collaborative efforts between members in identifying climate-related issues and risks facing the financial sector</p> <p>Facilitate development of climate-related prudential standards and risk management policy</p> <p>Establish a data repository on financial sector exposure to climate-related risks</p>	<p>Assess financial institutions' current governance and disclosure practices pertaining to climate change</p> <p>Explore potential adoption of the recommendations of the TCFD</p>	<p>Facilitate collaboration among members on how financial products and solutions can address climate change</p> <p>Facilitate and explore various intermediation structures that addresses climate change</p>	<p>Establish connections with non-financial services sectors and initiating awareness programmes</p> <p>Identify and conduct capacity building to upskill financial institutions in their management of climate-related, low-carbon economy transition risks and opportunities</p> <p>Collaborate with the wider ecosystem to progress collective engagement on climate and transition initiatives</p>
 <b>Our Contribution</b>	<p>CIMB is one of the pilot banks to implement Bank Negara Malaysia's Climate Change and Principle Based Taxonomy</p>	<p>Conducted a baseline study of local adoption of TCFD. Currently leading the working group to develop half of the TCFD application guide</p>	<p>Shared the research commissioned by CIMB Islamic – "Renewable Energy and Energy Efficiency Benchmarking Report". Recommendations of the report were adopted by the subcommittee</p>	<p>Leading the planning and execution of the JC3 flagship event, slated to take place in mid-2021</p>

### BANK NEGARA MALAYSIA'S VALUE-BASED INTERMEDIATION

BNM's Value-based Intermediation (VBI) aims to deliver the intended outcomes of Shariah through practices, conduct and offerings which generate positive and sustainable impact to the economy, community and environment that are consistent with shareholders' sustainable returns and long-term interests. As one of the founding members of the Community of Practitioners for VBI in 2017, we have been working with Bank Negara to contextualise and drive sustainability through our bespoke products and services.

CIMB was a contributor towards the development and issuance of three initial sector guides that were outputs of the BNM VBI Sectoral Working Groups, which started in 2019. In 2020, sector guides were published for the palm oil, renewable energy and energy efficiency sectors for reference by the financial sector. The recommendations set out in the BNM VBI sector guides will be a reference point for the development or review of CIMB's internal sector positions on palm oil and the energy sector. Moving forward, CIMB will be driving the development of a sector guide for the oil and gas industry through the Working Group. The process brings together industry experts, NGOs including WWF, and financial institution representatives to develop key sustainability indicators that serve as a basis for aligned sector approaches across the financial industry.

### INDONESIA SUSTAINABLE FINANCE INITIATIVE

Since 2019, CIMB Niaga has been a member of the Indonesia Sustainable Finance Initiative (ISFI), a network consisting of 14 Indonesian banks. ISFI was established with the support of Otoritas Jasa Keuangan (OJK) (Financial Services Authority) to promote the development of a sustainable finance implementation plan in Indonesia, with WWF Indonesia as the secretariat.

In 2020, CIMB Niaga moderated a webinar held by ISFI on "Challenges & Opportunities of Renewable Energy in post-COVID-19".



*CIMB Niaga together with Bank Syariah Mandiri, HSBC Indonesia, Maybank Indonesia, and OCBC NISP officially became members of Indonesia Sustainable Finance Initiatives (ISFI)*

### CEO ACTION NETWORK

Initiated at The Cooler Earth Sustainability Summit 2019, the CEO Action Network (CAN) aims to influence policy, mobilise support, inspire action and deliver positive impact across the board. CAN is a closed-door peer-to-peer informal network of CEOs focused on sustainability advocacy, capacity building, action and performance. Through dedicated a Working Group, two Workstreams and active members driving bespoke initiatives, CAN aspires to catalyse its members towards shaping future-ready and ESG-integrated business models and ecosystems.

In October 2020, as the founding sponsor, CIMB Group was appointed as one of the 13 Steering Committee Members, as well as the Chair for the Working Group. We have also confirmed our active participation in two workstreams – Policy Advocacy and Awareness & Capacity Building. Over the next 12 months, we are committed to engage with various stakeholders including SMEs in our supply chain, regulators and policy makers, government, as well as our peers across various sectors to forge partnerships that are committed to responsible business practices and sustainable development. In the process, we will not only exchange industry best practices but also share proven strategies and future-proof ideas with CAN participants.

In our next report, we will outline specific roles fulfilled by CIMB, as well as the tangible outcomes of our collaborative efforts. Meanwhile, please contact the Secretariat at [kish@impacto.my](mailto:kish@impacto.my) for more information or to join the CEO Action Network.



## FINANCIAL INDUSTRY COLLECTIVE OUTREACH

We are a member of the Financial Industry Collective Outreach (FINCO), which supports the provision of educational tools and guidance outreach to underprivileged children and youth to achieve their financial goals. Supported by BNM, the mission of FINCO is aligned with the 2019 National Strategy for Financial Literacy, which aims to improve financial literacy to support a vision of shared prosperity.

In 2021, FINCO will launch a new financial literacy programme in selected primary schools. Building on the current efforts of respective financial institutions, FINCO will work closely with the Education Ministry to maximise our reach and to avoid duplication of efforts.



## ENGAGEMENTS WITH KEY LOCAL STAKEHOLDERS

### Roundtable discussion with Ministry of Water and Environment

CIMB was invited to participate in the roundtable discussion with the Ministry of Water and Environment (KASA) and the Joint Committee on Climate Change on government priorities in relation to climate change. Held on 7 December 2020, the roundtable was co-hosted by Securities Commission Malaysia and BNM to discuss areas related to national climate action priorities and targets, financing for green/climate projects and collaboration with KASA in assessing climate risk, enhancing the green finance ecosystem, and creating awareness on climate change.

### Malaysian Sustainable Finance Initiative Roundtable

The Malaysian Sustainable Finance Initiative (MSFI) and Capital Markets Malaysia held a roundtable on 18 November 2020 with eight CEOs of financial intermediaries representing MSFI stakeholders to engage on the integration of sustainable finance in operations and strategy of the financial sector. Ahmad Shahrman Mohd Shariff, CEO of CIMB Islamic presented CIMB's sustainable finance journey, positive impact business opportunities and our progress and challenges towards reporting against the recommendations of TCFD.

### Malaysian Sustainable Palm Oil Standards Revision Process

CIMB provided feedback and inputs in early 2020 into the Malaysian Sustainable Palm Oil (MSPO) Standards Revision Process that is driven by the Malaysian Palm Oil Certification Council. Among the key inputs included encouraging the adoption of globally-benchmarked standards on deforestation, biodiversity and human rights.

### Federation of Malaysian Manufacturers Sustainable Development Committee

CIMB is a Committee Member of the Federation of Malaysian Manufacturers (FMM) Sustainable Development Committee. The Committee is represented by senior executives from various industries, and works with all FMM Working Committees on issues related to sustainability and in advancing the implementation of the SDGs among member companies.

### Tropical Forest Alliance

The Tropical Forest Alliance (TFA) is an initiative headquartered at the Indonesia Business Council for Sustainable Development in Jakarta that aims to support the public and drive collaborations to achieve zero-deforestation through collective action. CIMB has been a participant in numerous engagements throughout 2020 on identifying key enablers for zero-deforestation commitments across forest-risk commodities including palm oil and forestry. The focus of the TFA is on identifying opportunities for reducing deforestation in Indonesia and Malaysia by providing resources and enabling multi-stakeholder partnerships that encourage uptake of zero-deforestation commitments. CIMB has provided insights to the working group discussions on the financial sector's current and potential contributions towards reducing commodity-driven deforestation in Indonesia and Malaysia.

## PURPOSEFUL MEMBERSHIP

CIMB Group continues to actively participate in various initiatives led by industry associations, financial industry bodies and apex institutions. The key objective is to share best practices, transfer knowledge and technical skills, and collaborate with peers to deliberate on common challenges and future solutions. We proactively champion specific issues, facilitate meaningful dialogue and influence industry action.

However, we understand our role in potentially influencing national policies as part of our membership in industry, business and trade associations that may have a role in influencing public policy. In 2020, we started tracking our contributions to such organisations in terms of membership and sponsorship and can now report that none of our contributions directly go into influencing public policy. Our total monetary contributions to various industry, business and trade associations amount to RM2.2 million.







## IMPACT OF STAKEHOLDER ENGAGEMENT

In building a high performing sustainable organisation, our mission is to help advance customers and society. Towards this, we are committed to engage with our stakeholders to understand their expectations, challenges, and most importantly, collaborate with them to deliver a sustainable tomorrow.

The views and inputs of our stakeholders are key to meeting the objectives and targets defined by our sustainability roadmap. Luanne Sieh, Head of Group Sustainability and Corporate Responsibility shares some of the important issues CIMB stakeholders have raised and our approach to addressing them.



### What has been the issue raised most often by stakeholders in your engagement?

Over the past few years, the most important questions that our stakeholders have been asking us are about our position and strategy on addressing climate change. It is an expectation that is growing in importance especially with regulators, institutional investors and non-governmental organisations.

### What has CIMB done in this regard?

We have taken a number of steps towards the identification, management and disclosure of climate risks, although this is just the beginning of what we see as a long journey.



#### Learning

We are involved in a range of local and international working groups, as well as leadership forums. This has allowed us to understand, learn, and exchange best practices with our peers, and adopt new tools that our teams can use. It is a learning curve that many in the industry are on and we are collaborating with global and regional leaders to develop perspectives, tools and methodologies. We are taking our learnings internally and piloting these tools in our operations in Malaysia and the region. We then share what we have learned through case studies and working groups.



#### Action

After many months of engagement with the business and external stakeholders, one of the most significant steps we took last year was the approval of our Coal Sector Guide by the Board. With effect from 2021, the Group will no longer finance new, or the expansion of, thermal coal mines and coal-fired power plants, except where there is an existing commitment. We are also the first banking group in Malaysia and the first in Southeast Asia to commit to phasing out coal from our portfolio by 2040.



#### Disclosure

We aspire to achieve a high level of transparency on sustainability related matters, which we see as key to strengthening our stakeholders' trust. Our goal is to be in the top quartile amongst peers on both performance and disclosures. In 2020, we have moved up from the 51<sup>st</sup> to 65<sup>th</sup> percentile on Dow Jones Sustainability Index among banks globally. We are currently piloting portfolio analysis tools and methodologies, as part of our ongoing effort towards full TCFD adoption.



### What is your view and approach to working with NGOs?

NGOs are important stakeholders as they are often the first to sound the alarm on issues that have a systemic impact on society. We have great respect for the efforts of issues-based or lead NGOs and we are always open to working with credible partners.

For instance, we currently work with WWF in different ways across the region. WWF has been supporting our engagement with key management and the Board of Directors by providing insights into emerging environmental issues that are business critical. They have also been one of our knowledge partners for The Cooler Earth Sustainability Summit in 2019 and 2020.

Over the past few years, we have partnered to not only raise awareness on sustainability but also to mobilise community participation. For example, we support WWF – Malaysia's Setiu Wetlands Conservation project, which deploys sustainable wetland management practices to protect the biodiversity and ecological value, as well as to improve the social and economic well-being of the communities that depend on the wetlands.

### How do you respond to stakeholders who are critical of your sustainability efforts?

We very much value feedback from our stakeholders as we progress on our sustainability journey. In 2020, we engaged with a large number of stakeholders from various key stakeholder groups to refresh our materiality assessment. We engage regularly with institutional investors and civil society organisations, and we also receive queries from other parties. Wherever possible, we try to demonstrate how we have improved through policies, commitments, and data, and we also spend time discussing expectations and where we need to show more results. It is through these engagements that we develop a mutual understanding of the expectations, while talking through our progress and implementation challenges, and discussing different ways to accelerate towards our common goals.

**“We started our sustainability journey just over two years ago. If you benchmark our progress through ratings, increased governance, policies and processes, products and services, we have made a good start. However, we know that there is much more to be done to bring about meaningful change in mindset and business priorities, not just within CIMB, but among our important stakeholders. We welcome our stakeholders to be our collaborative partners, as we move towards mainstreaming sustainable business, and build a more sustainable tomorrow.”**



# Performance Data

## CUSTOMERS

### ACCESS TO FINANCIAL SERVICES

#### NUMBER OF BRANCHES, TERMINALS AND CUSTOMERS

Categories	Malaysia			Indonesia			Singapore			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Number of Branches	259	234	234	430	376	352	2	2	2	
Total Self-Service Terminals (SSTs)										
Automated Teller Machines (ATM)	1,933	1,824	1,792	4,500	4,500	4,316	6	6	6	
Cash Deposit Machines (CDM) and Others	1,486	1,426	1,436	1,115	1,098	934	–	–	–	
Number of Consumer Banking Customers (million)	8.1	8.2	8.2	5.0	4.7	4.4	0.3	0.3	0.4	

1. Malaysia branches exclude Bureau de Change, Trade Service Centres and Trade Desks.
2. Indonesia branches exclude Micro, Cash Counters and Payment Points, Payment & Cash Centres, Mobile Cash Vans, Private Banking and Trade Service Centres. Total SSTs exclude Electronic Data Capture (EDC) and QR.
3. Singapore branches exclude Private Banking and Trade Service Centres.
4. Thailand branches exclude FX Booths, Private Banking and Trade Service Centres. ATMs include passbook update & cash deposit. All machine-based services (ATM/CDM 3 in 1) were discontinued as at December 2020.
5. Cambodia branches exclude Trade Service Centres.
6. Our operations in the Philippines were established on 3 December 2018.

#### NUMBER OF DIGITAL USERS (MILLION)

Platforms	Malaysia			Indonesia			Singapore			
	2018	2019	2020	2018	2019	2020	2018	2019	2020	
Web and Mobile App	3.2	3.2	3.9	0.8	0.8	0.9	0.11	0.14	0.16	
Mobile App	1.9	1.9	2.8	0.4	0.5	0.6	0.04	0.08	0.10	

1. The figures reported represent the total number of active digital users, excluding CIMB BizChannel.
2. The figures for Malaysia (2019) and Indonesia (2018 and 2019) have been restated to only include total number of active digital users at customer level.
3. The figures for Malaysia (2020) include Enterprise Banking (EB) customers.
4. Tracking of digital users in Vietnam started from September 2019. The figures for Vietnam do not include customers using partner app.
5. Our operations in the Philippines were established on 3 December 2018. The figures for the Philippines do not include customers using partner app.

## CUSTOMER EXPERIENCE

### NET PROMOTER SCORE (NPS)

	2018	2019	2020
Ranking for General Retail Banking	Top 35%	Top 48%	Within 72%

1. The indicator is calculated based on a weighted average of the NPS ranking across Malaysia, Indonesia, Singapore and Thailand, based on CIMB's operating income.

	Thailand			Cambodia			Philippines		Vietnam		
	2018	2019	2020	2018	2019	2020	2019	2020	2018	2019	2020
	85	69	59	13	14	14	1	1	2	2	2
	103	78	-	31	37	39	-	-	2	-	-
	20	20	-	20	21	21	2	2	-	-	-
	0.6	0.5	0.5	0.03	0.04	0.04	1.7	3.0	0.02	0.15	0.22

	Thailand			Philippines		Vietnam	
	2018	2019	2020	2019	2020	2019	2020
	0.03	0.03	0.15	0.03	0.38	0.02	0.04
	0.03	0.03	0.15	0.03	0.38	0.02	0.04

## SUSTAINABLE FINANCE

## GREEN, SOCIAL, SUSTAINABLE IMPACT PRODUCTS AND SERVICES

Products and Services	2019	2020
<b>Consumer Banking: Social Impact Products</b>		
<b>Malaysia (RM mil)</b>		
Affordable Home Financing	2,634.1	1,354.2
PR1MA Home Financing	174.6	461.2
Personal Financing for B40	639.0	1,195.3
Auto Financing for B40	2,204.0	2,427.9
Amanah Saham Nasional Berhad Financing	1,958.0	1,745.0
<b>Indonesia (Rp mil)</b>		
Affordable Home Financing	–	66,827.1
Waqf-Linked Savings Product	–	6,662.0
<b>Thailand (฿ mil)</b>		
Motorcycle Financing	5,706.0	3,926.0
<b>Consumer Banking: Green Impact Products</b>		
<b>Malaysia (RM mil)</b>		
EcoSave-i Savings Account	730.3	1,208.0
Green Home Financing	145.0	285.2
Electric and Hybrid Car Financing	297.0	339.3
<b>Indonesia (Rp mil)</b>		
Electric and Hybrid Car Financing	–	11,635.8
<b>Wealth Management: ESG-Themed Funds (RM mil)</b>		
Preferred Banking	–	24.3
Private Banking	61.4	69.9
<b>Corporate Banking &amp; Commercial Banking (RM mil)</b>		
Sustainability-Linked Loans/Financing	–	970.0
Renewable Energy Financing	–	644.9

1. All the figures provided above are amounts outstanding/balances on account at financial year end, with the exception of:

- Affordable home and auto financing in Malaysia, which is reported as total new financing disbursed during the financial year. Affordable home financing figure (2019) has been restated.
- Amanah Saham Nasional Berhad, which is reported as total new financing booked for the financial year
- Wealth Management: ESG-Themed Funds, which are reported as assets under management
- Sustainability-Linked Loans/Financing, which is reported as total new loans/financing committed during the financial year.

2. B40 consumers refer to Malaysian citizens in the bottom 40% of household income.

## HIGH SUSTAINABILITY RISK DUE DILIGENCE

	Malaysia		Indonesia	Singapore
	2019	2020	2020	2020
Number of Enhanced Sustainability Due Diligence (ESDD) cases completed	39	125*	50	4
Cases recommended for approval based on low/mitigated sustainability risks	26 (66.7%)	115 (92.0%)	41 (82.0%)	2 (50.0%)
Cases recommended for approval with E&S Action Plans	11 (28.2%)	10 (8.0%)	6 (12.0%)	2 (50.0%)
Cases not recommended due to elevated sustainability risk	2 (5.1%)	0 (0.0%)	3 (6.0%)	0 (0.0%)
Clients with E&S action plans due for completion in 2020	N/A	8	N/A	N/A
Clients that completed their E&S action plans due in 2020	N/A	7 (87.5%)	N/A	N/A

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

N/A - No action plans were due for completion in the year of policy rollout (2019 - Malaysia, 2020 - Indonesia and Singapore).

1. The number of ESDD cases completed in 2019 and 2020 excludes Investment Banking clients assessed as part of the Group Sustainability Policy.

2. E&S refers to Environmental and Social.

## EMPLOYEES

### NUMBER AND PERCENTAGE OF EMPLOYEES, BY COUNTRY

Country	2018		2019		2020	
Malaysia	16,743	46.4%	15,820	44.9%	15,516	45.4%
Indonesia	13,373	37.0%	13,276	37.7%	12,902	37.7%
Singapore	1,234	3.4%	1,279	3.6%	1,173	3.4%
Thailand	4,133	11.4%	4,042	11.5%	3,756	11.0%
Cambodia	347	1.0%	388	1.1%	419	1.2%
Vietnam	152	0.4%	144	0.4%	150	0.4%
Others	137	0.4%	283	0.8%	267	0.8%
<b>Total</b>	<b>36,119</b>	<b>100%</b>	<b>35,232</b>	<b>100%</b>	<b>34,183</b>	<b>100%</b>

1. The data is inclusive of CIMB branches, entities and subsidiaries within Category 1 to 3 of the Group's Entity Governance Policy.

2. The 2018 and 2019 figures have been restated following a review that was completed with the migration of data into a new HR platform.

### NUMBER AND PERCENTAGE OF EMPLOYEES, BY JOB CATEGORY AND GENDER

Job Category	Gender	2018		2019		2020	
Non-Management	Male	3,602	45.7%	3,060	44.7%	2,799	45.4%
	Female	4,278	54.3%	3,791	55.3%	3,371	54.6%
Junior Management	Male	9,074	40.3%	9,263	41.1%	9,024	40.6%
	Female	13,421	59.7%	13,294	58.9%	13,176	59.4%
Middle Management	Male	2,205	51.9%	2,176	50.5%	2,163	50.7%
	Female	2,045	48.1%	2,135	49.5%	2,101	49.3%
Senior Management	Male	795	56.0%	782	54.4%	842	56.7%
	Female	624	44.0%	655	45.6%	644	43.3%
Key Management	Male	57	76.0%	57	75.0%	49	77.8%
	Female	18	24.0%	19	25.0%	14	22.2%
<b>Total</b>		<b>36,119</b>		<b>35,232</b>		<b>34,183</b>	

1. The 2018 and 2019 figures have been restated following a review that was completed with the migration of data into a new HR platform.



## NUMBER OF MANAGEMENT EMPLOYEES IN REVENUE GENERATING FUNCTIONS

Country	Gender	2020	
Malaysia	Male	316	52.2%
	Female	289	47.8%
Indonesia	Male	490	53.1%
	Female	433	46.9%
Singapore	Male	34	69.4%
	Female	15	30.6%
Thailand	Male	72	54.5%
	Female	60	45.5%
Cambodia	Male	13	50.0%
	Female	13	50.0%
Total	Male	925	53.3%
	Female	810	46.7%

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

1. Management employees refer to employees within junior to key management job categories with supervisory roles.

## GENDER PAY GAP

## RATIO OF REMUNERATION BETWEEN MALE AND FEMALE EMPLOYEES

Job Category	Gender	2018	2019	2020
Non-Management	Male	1.00	1.00	1.00
	Female	1.00	1.11	1.13
Junior Management	Male	1.00	1.00	1.00
	Female	0.98	1.02	1.01
Middle Management	Male	1.00	1.00	1.00
	Female	0.93	0.93	0.94
Senior Management	Male	1.00	1.00	1.00
	Female	0.89	0.89	0.92
Key Management	Male	1.00	1.00	1.00
	Female	0.94	0.80	0.83

1. Data is based on Malaysian staff, employed in Malaysian entities (excludes iCIMB, Touch 'N Go).

2. Data is based on basic salaries only as at December 2020 payroll.

3. The Men's average is indexed to 1; and the Women's average is taken as a proportion to the Men's average.

## NEW HIRES

### NUMBER AND RATE OF NEW EMPLOYEE HIRES, BY COUNTRY, GENDER AND AGE CATEGORY

Categories		2018		2019		2020	
Country	Malaysia	2,261	13.5%	2,211	14.0%	1,640	10.6%
	Indonesia	2,174	16.3%	2,889	21.8%	1,736	13.5%
	Singapore	317	25.7%	308	24.1%	108	9.2%
	Thailand	1,134	27.4%	684	16.9%	178	4.7%
	Others	207	32.5%	294	36.1%	176	21.1%
Gender	Male	2,900	8.0%	3,177	9.02%	1,950	5.7%
	Female	3,193	8.8%	3,209	9.11%	1,888	5.5%
Age	Ages <30	3,426	9.5%	3,587	10.2%	2,256	6.6%
	Ages 30-50	2,598	7.2%	2,710	7.7%	1,529	4.5%
	Ages > 50	69	0.2%	89	0.3%	53	0.2%
Total		6,093	16.9%	6,386	18.1%	3,838	11.2%

1. The data is inclusive of CIMB branches, entities and subsidiaries within Category 1 to 3 of the Group's Entity Governance Policy.

2. The 2018 and 2019 figures have been restated following a review that was completed with the migration of data into a new HR platform.

## EMPLOYEE TURNOVER

### NUMBER AND RATE OF EMPLOYEE TURNOVER, BY COUNTRY, GENDER AND AGE CATEGORY

Categories		2018		2019		2020	
Country	Malaysia	1,890	11.3%	2,717	17.2%	1,899	12.2%
	Indonesia	2,644	19.8%	2,980	22.4%	2,108	16.3%
	Singapore	308	25.0%	266	20.8%	214	18.2%
	Thailand	766	18.5%	779	19.3%	462	12.3%
	Others	96	15.1%	189	23.2%	151	18.1%
Gender	Male	2,881	8.0%	3,404	9.66%	2,393	7.0%
	Female	2,823	7.8%	3,527	10.01%	2,441	7.1%
Age	Ages <30	2,191	6.1%	2,309	6.6%	1,396	4.1%
	Ages 30-50	3,056	8.5%	3,576	10.1%	2,698	7.9%
	Ages > 50	457	1.3%	1,046	3.0%	740	2.2%
Total		5,704	15.8%	6,931	19.7%	4,834	14.1%

1. The data is inclusive of CIMB branches, entities and subsidiaries within Category 1 to 3 of the Group's Entity Governance Policy.

2. The data includes voluntary turnover (e.g. resignation) and involuntary turnover (e.g. end of contract, dismissal, death, retirement).

3. The 2018 and 2019 figures have been restated following a review that was completed with the migration of data into a new HR platform, and have been updated to reflect both voluntary and involuntary turnover.

## PERSON WITH DISABILITIES (PWD) WORKFORCE

	2018	2019	2020
Hired Workforce	14	49	48

1. The 2018 figure is for Malaysia only.

## TRAINING

## TOTAL TRAINING INVESTMENT (RM MIL)

Country	2018	2019	2020
Malaysia	51.9	55.4	46.2
Indonesia	69.9	81.5	43.6
Singapore	5.1	0.8	-0.2
Thailand	7.2	3.3	4.2
Cambodia	0.4	0.1	0.2
<b>Total</b>	134.6	141.1	94.3

1. For 2018, the reported figures are an approximate training investment amount.

2. The negative training investment amount for Singapore is mainly due to the reimbursement of the Financial Sector Development Fund (FSDF) and the Institute of Banking and Finance Singapore (IBF) funding and training allowance grants and Skills Future Singapore (SSG) subsidies received. Some of the reimbursements were for training in 2019.

## TOTAL TRAINING HOURS

Country	2018	2019	2020*
Malaysia	1,055,055	1,270,251	1,159,519
Indonesia	1,172,041	1,564,693	1,601,488
Singapore	41,624	35,316	58,016
Thailand	123,070	123,598	177,715
Cambodia	9,977	13,740	11,051
<b>Total</b>	2,401,767	3,007,598	3,007,789

## AVERAGE TRAINING HOURS PER EMPLOYEE, BY COUNTRY

Country	2018	2019	2020*
Malaysia	62	80	75
Indonesia	91	118	124
Singapore	34	28	49
Thailand	41	31	47
Cambodia	27	34	26
<b>Average Training Hours per Employee</b>	67	86	89

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

## AVERAGE TRAINING HOURS PER EMPLOYEE, BY JOB CATEGORY AND GENDER

Job Category	Gender	2018	2019	2020
Non-Management	Male	22	42	51
	Female	34	61	74
Junior Management	Male	39	79	104
	Female	40	77	101
Middle Management	Male	43	69	70
	Female	46	68	70
Senior Management	Male	49	52	52
	Female	53	55	60
Key Management	Male	28	44	61
	Female	29	40	49
Total	Male	36	69	86
	Female	40	72	91

## NUMBER OF EMPLOYEES TRAINED/BRIEFED ON SUSTAINABILITY ISSUES (EXCLUDING E-LEARNING)

Country	2019	2020
Malaysia	1,736	658
Indonesia	447	215
Singapore	85	210
Thailand	–	55
Cambodia	–	49
Others	–	36
Total	2,268	1,223

## KEY COMPULSORY E-LEARNING MODULES

Course Title	Compliance Frequency	Percentage of Staff Completed		
		2018	2019	2020
Anti-Money Laundering/Counter Financing of Terrorism (AMLA/CFT)	Annual	99.5%	99.1%	93.2%
Financial Services Act/Islamic Financial Services Act (FSA/IFSA) (Malaysia)	Half-yearly	97.4%	97.9%	96.1%
Shariah Governance Framework (Malaysia only)	One-off	99.8%	99.9%	99.7%
Risk Appetite Principles (Malaysia and Singapore only)	One-off	99.9%	99.9%	99.8%
Operational Risk Management	One-off	99.9%	99.8%	99.8%
Data Protection (Malaysia and Singapore only)	One-off	99.4%	98.6%	99.3%
Information Security Awareness	Annual	99.1%	98.4%	99.3%
Business Continuity Management (BCM)	Every 2 years	99.4%	–	99.4%
Introduction to Customer Experience (CX)	One-off	99.9%	99.9%	99.8%
3D (Digital, Data, Design)	One-off	–	–	97.7%

**HEALTH, SAFETY AND WELL-BEING****ABSENTEEISM RATE\***

Country	2020
Malaysia	1.68%
Indonesia	0.08%
Singapore	1.67%
Thailand	0.64%
Cambodia	0.32%
<b>Overall</b>	<b>0.95%</b>

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

**OCCUPATIONAL SAFETY AND HEALTH INDICATORS**

Indicators	2018	2019	2020
Accident with fatality	0	0	0
Accident with lost work days	2	2	1
Accident without lost work days	2	0	0
<b>Total number of accidents</b>	<b>4</b>	<b>2</b>	<b>1</b>
Total work days lost	4	10	34
Fatality rate	0	0	0
Number of safety and health training sessions	15	18	5
Number of employees trained on safety and health	370	430	96

1. The figures reported are for Malaysia only.

**ENRICHING EMPLOYEE POLICIES/WORK-LIFE BENEFITS AND THEIR TAKE-UP RATES**

Initiatives	2018	2019	2020
Child Care Subsidy	4,174	3,845	1,267
Financial Assistance for Staff with Special Needs Children	125	135	124
Financial Support for Single Parents	5	29	16
Extended Maternity Leave	N/A	133	89
Paternity Leave	120	90	250
Flex4Moms	40	35	15
Flex4All	222	309	223
Flex4CSR/Sustainability	2	2	0
Staff Rejuvenation Programme	104	83	45
Medical Leave without Medical Certificate	3,630	2,332	3,693
Reduced Work Week	4	5	4
0% Home Loan/Facility	90	293	70

N/A: Not applicable as benefit was not available, or introduced late in the year.

## SUPPLIERS

### NUMBER OF SUPPLIERS, BY COUNTRY

	2018		2019		2020	
	Total Suppliers	Percentage of Local Suppliers	Total Suppliers	Percentage of Local Suppliers	Total Suppliers	Percentage of Local Suppliers
Malaysia	655	73%	819	88%	1,242	89%
Indonesia	425	94%	435	97%	430	93%
Singapore	N/A	N/A	N/A	N/A	248	75%
Thailand	N/A	N/A	N/A	N/A	319	90%
Total	1,080	81%	1,254	91%	2,239	89%

1. The figures reported include all suppliers registered on our Group Electronic-Procurement System.

## COMMUNITY

### CORPORATE SOCIAL RESPONSIBILITY CONTRIBUTION

#### TOTAL CONTRIBUTION, BY COUNTRY (RM MIL)

Country	2018	2019	2020
Malaysia	38.2	38.2	22.9
CIMB Foundation	21.6	21.9	11.1
Non-CIMB Foundation	16.5	16.3	11.8
Indonesia	2.3	4.7	4.8
Singapore	1.1	1.7	-0.1
Thailand	0.7	1.1	1.3
Others	0.1	0.1	0.4
Total	42.3	45.8	29.3

1. Contribution from Malaysia includes Zakat contribution from CIMB Islamic.

2. Singapore contribution was negative despite donations made to the local communities. This is due to funds received in lieu of serving a scholarship bond.

#### TOTAL CONTRIBUTION, BY PROGRAMME (RM MIL)

Programme	2018	2019	2020
Community Development	16.1	11.1	3.9
Sports	6.6	6.6	4.0
Education	10.1	11.1	10.9
Disaster Relief, General Donations and Others	9.5	17.0	10.5
Total	42.3	45.8	29.3



## EMPLOYEE VOLUNTEERISM

	2018	2019	2020
Total Employee Volunteers	2,734	1,170	1,563
Total Volunteer Hours	8,192	6,580	4,216
Average Hours per Volunteer	3.0	5.6	2.7
Flex4CSR Take-Up Rate	2	2	0

1. The figures reported include data from CIMB Foundation.

2. The figures for 2018 and 2019 cover Malaysia only. The figures for 2020 have been expanded to include Indonesia, Singapore and Thailand.

3. Flex4CSR is only available in Malaysia.

## SOCIAL IMPACT

## IMPACT OF FINANCIAL LITERACY PROGRAMMES

	2019			2020		
	AMDB	TDB	Be\$mart	AMDB	TDB	Be\$mart
Total participants	5,217	998	6,013	7,451	2,960	3,811
Improvement in financial literacy awareness (%)	67%	78%	149%	7%*	11%*	142%*

\* This data was assured by KPMG. Please refer to Assurance Statement on pages 159-162.

1. The figures reported are for Malaysia and Indonesia only.

2. AMDB - Ayo Menabung dan Berbagi

3. TDB - Tour De Bank

## ENVIRONMENT

## GREENHOUSE GAS (GHG) EMISSIONS

## ORGANISATIONAL BOUNDARY

We have restated the data in our baseline year, 2019, by including consumption from Cambodia and increasing the coverage of Malaysia and Indonesia operations. Our methodology takes into account the following GHGs: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs). CH<sub>4</sub>, N<sub>2</sub>O, and HFCs were converted into CO<sub>2</sub> equivalents based on their global warming potential from the IPCC Fifth Assessment Report. CIMB Group's consolidation and reporting on GHG emissions is based on the "control approach" i.e., we will account for 100% emissions from our operations where we have direct operational control.

For 2020, we have included Direct (Scope 1) GHG emissions and Energy Indirect (Scope 2) GHG emissions for Malaysia, Indonesia, Singapore, Thailand and Cambodia. For Other Indirect (Scope 3) GHG emissions, only emissions from purchased water was taken into account in the calculation.

## Properties Within the Operational Boundary for 2018-2020

Country	2018	2019	2020
<b>Malaysia</b>	Menara CIMB Menara Southern Bank Akademi CIMB Putra Menara UAB Bangunan CIMB Wisma CIMB Menara Bumiputra-Commerce  264 branches	Menara CIMB Menara Southern Bank Akademi CIMB Putra Menara UAB Bangunan CIMB Wisma CIMB Menara Bumiputra-Commerce (CIMB vacated the building in April 2019)  259 branches	Menara CIMB Menara Southern Bank Akademi Nazir Razak (formerly Akademi CIMB Putra) Menara UAB Bangunan CIMB Wisma CIMB  233 branches
<b>Indonesia</b>	121 buildings and branches	Graha CIMB Niaga Puri Indah Menara Sudirman Alam Sutera Icon Bintaro Griya Niaga Sentraya  451 branches	Graha CIMB Niaga Puri Indah Menara Sudirman Alam Sutera Icon Bintaro Griya Niaga Sentraya  451 branches
<b>Singapore</b>	Singapore Land Tower	Singapore Land Tower Park Hotel Orchard Plaza 8 @ Changi Business Park	Singapore Land Tower Park Hotel Orchard Plaza 8 @ Changi Business Park
<b>Thailand</b>	CIMB Thai Langsuan Building Thai Sri Tower Phayathai Plaza Century Plaza  75 branches	CIMB Thai Langsuan Building Thai Sri Tower Phayathai Plaza Century Plaza  61 branches	CIMB Thai Langsuan Building Thai Sri Tower Phayathai Plaza Century Plaza  53 branches
<b>Cambodia</b>	–	GT Tower Norodom North Exchange Square  14 branches	GT Tower Norodom North Exchange Square  14 branches

1. Data for CIMB Thai's DR site Suksawat is included within the branch data.

## TOTAL ENERGY CONSUMPTION

Type of Energy Consumption (MWh)	2018	2019	2020
Purchased Electricity	97,922.4	129,484.1	117,375.5
Fuel Consumption – Gen set	111.5	1,481.7	646.3*
Fuel Consumption – Transportation	4,391.3	16,974.8	7,614.4*
<b>Total</b>	<b>102,425.2</b>	<b>147,940.6</b>	<b>125,636.2</b>

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

1. Petrol and diesel consumption: Gross calorific values for liquid fuels used for energy conversion was based on Carbon Trust (2020).

2. Fuel consumption – Transportation covers diesel and petrol used in company-owned vehicles.

3. Numbers may not add up due to rounding.

## TOTAL GHG EMISSIONS

Scope (tCO <sub>2</sub> e)	2018	2019	2020
Direct (Scope 1) GHG emissions	1,050.3	4,997.9	2,195.8*
Energy Indirect (Scope 2) GHG emissions	65,712.2	89,835.9	81,754.5
Other Indirect (Scope 3) emissions	7.1	161.4	165.2
<b>Total</b>	<b>66,769.6</b>	<b>94,995.2</b>	<b>84,115.4</b>

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

1. Numbers may not add up due to rounding.

DIRECT (SCOPE 1) GHG EMISSIONS (tCO<sub>2</sub>e)

Country	Genset Emissions			Transportation Emissions			Refrigerant Emissions			Total Direct (Scope 1) Emissions		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020*
Malaysia	23.9	22.6	17.6	117.0	155.8	65.6	N/A	14.4	72.6	140.9	192.8	155.9
Indonesia	N/A	334.6	133.3	N/A	3,110.6	1,086.3	N/A	N/A	N/A	N/A	3,445.2	1,219.6
Singapore	N/A	0.3	0.1	16.7	20.9	3.8	N/A	N/A	N/A	16.7	21.2	3.9
Thailand	6.0	6.4	7.9	866.7	1,213.8	709.9	N/A	N/A	N/A	892.7	1,220.2	717.9
Cambodia	N/A	11.3	5.2	N/A	107.4	93.4	N/A	N/A	N/A	N/A	118.6	98.6
<b>Total</b>	<b>29.9</b>	<b>375.1</b>	<b>164.2</b>	<b>1,000.4</b>	<b>4,608.4</b>	<b>1,959.0</b>	<b>N/A</b>	<b>14.4</b>	<b>72.6</b>	<b>1,050.3</b>	<b>4,997.9</b>	<b>2,195.8</b>

N/A: Data unavailable

\* This data was assured by KPMG. Please refer to the Assurance Statement on pages 159-162.

1. Restatement of data reported in CIMB Group Sustainability Report 2019 (page 123-124): The amount of fuel consumption and emissions for Energy Direct (Scope 1) GHG emissions for all countries were revised to improve data accuracy.

2. Besides the pandemic, which had affected the operations and lowering the consumption in general, there was also a significant decrease observed for Indonesia as they reduced the number of vehicles owned.

3. Numbers may not add up due to rounding.

## Sources of emission factors:

## Petrol and diesel:

- Malaysia, Singapore and Thailand, and Cambodia: Default emissions factors for Direct (Scope 1) GHG emissions from diesel and motor gasoline consumption are taken from IPCC Guidelines for National Greenhouse Gas Inventories (2006). Methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) were converted into CO<sub>2</sub> equivalents based on global warming potential from the IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006).
- Indonesia: Emission factor was adopted from Ministry of Energy and Mineral Resources (2017). Methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) were converted into CO<sub>2</sub> equivalents based on global warming potential from the IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006).

## Refrigerants:

- Global Warming Potential for refrigerants are based on IPCC Fourth and Fifth Assessment Report and Guidelines.

## ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS

Country	Electricity Purchased (MWh)			Purchased Electricity Emissions (tCO <sub>2</sub> )		
	2018	2019	2020	2018	2019	2020
Malaysia	78,890.6	74,598.7	64,113.2	54,521.8	49,020.2	42,164.3
Indonesia	4,702.4	40,315.1	39,004.3	4,124.0	33,784.0	32,685.6
Singapore	762.5	2,488.7	2,173.4	323.6	1,017.9	887.8
Thailand	13,566.8	10,982.1	10,794.2	6,742.7	5,458.1	5,364.7
Cambodia	N/A	1,099.7	1,290.4	N/A	555.7	652.0
<b>Total</b>	<b>97,922.3</b>	<b>129,484.1</b>	<b>117,375.5</b>	<b>65,712.1</b>	<b>89,835.9</b>	<b>81,754.5</b>

N/A: Data unavailable

1. Restatement of data reported in CIMB Group Sustainability Report 2019 (page 123-125): The amount of electricity consumption and Energy Indirect (Scope 2) GHG Emissions for Malaysia, Indonesia, and Singapore in 2019 were revised to improve data accuracy and reflect the increase in boundary.
2. The overall decrease of Energy Indirect (Scope 2) GHG Emissions were due to a number of employees working from home during the pandemic, causing the electricity consumption to reduce in 2020.
3. Numbers may not add up due to rounding.

## Sources of emission factors:

- Malaysia: Default emissions factor for Energy Indirect (Scope 2) GHG emissions from electricity consumption was obtained from GreenTech Malaysia, 2017 Clean Development Mechanism (CDM) Electricity Baseline for Malaysia.
- Indonesia: Emissions factor was obtained from the Ministry of Mineral Resources Economy (2016).
- Singapore: Default emissions factor was obtained from Singapore Energy Market Authority (Website accessed on 9 December 2020).
- Thailand: Default emissions factor was obtained from Energy Policy and Planning Office (EPPO) (Website accessed on 7 December 2020).
- Cambodia: Default emissions factor was obtained from the Institute for Global Environmental Strategies (IGES) (2011), Grid Emissions Factor of the Phnom Penh Electricity Grid.

## GHG EMISSIONS (SCOPE 1 AND 2) INTENSITY

Country	GHG Emissions (Scope 1 and 2) (tCO <sub>2</sub> e)		Revenue (RM mil)		GHG Emissions Intensity (tCO <sub>2</sub> e/RM mil)		Change in GHG Emissions Intensity (%)
	2019	2020	2019	2020	2019	2020	2020 vs 2019
Malaysia	49,213.0	42,320.2	9,272.1	9,086.5	5.31	4.66	-12.2%
Indonesia	37,229.2	33,905.2	4,763.2	4,739.0	7.82	7.15	-8.5%
Singapore	1,039.0	891.8	1,316.1	1,107.1	0.79	0.81	2.0%
Thailand	6,678.2	6,082.6	2,029.3	1,920.7	3.29	3.17	-3.8%
Cambodia	674.3	750.6	170.3	180.1	3.96	4.17	5.3%
<b>Total</b>	<b>94,833.8</b>	<b>83,950.3</b>	<b>17,551.1</b>	<b>17,033.4</b>	<b>5.40</b>	<b>4.93</b>	<b>-8.8%</b>

1. Numbers may not add up due to rounding.

**OTHER INDIRECT (SCOPE 3) GHG EMISSIONS – WATER CONSUMPTION AND EMISSIONS FROM PURCHASED WATER**

Country	Water Consumption (m <sup>3</sup> )			Purchased Water Emissions (tCO <sub>2</sub> e)		
	2018	2019	2020	2018	2019	2020
Malaysia	N/A	365,595.0	251,339.2	N/A	124.3	86.5
Indonesia	N/A	N/A	136,904.7	N/A	N/A	47.1
Singapore	20,818.9	5,481.0	4,181.0	7.1	1.9	1.4
Thailand	N/A	96,059.9	81,673.8	N/A	32.7	28.1
Cambodia	N/A	7,395.0	6,040.0	N/A	2.5	2.1
<b>Total</b>	<b>20,818.9</b>	<b>474,530.9</b>	<b>480,138.8</b>	<b>7.1</b>	<b>161.4</b>	<b>165.2</b>

N/A: Data unavailable

1. Restatement of data reported in CIMB Group Sustainability Report 2019 (page 125): The amount of water consumption for Singapore in 2019 were revised to improve data accuracy.
2. The overall increase of Other Indirect (Scope 3) GHG Emissions was also due to the inclusion of Indonesia water data in 2020.

**Sources of emission factors:**

- Water consumption emissions factor was obtained from the UK Government Conversion Factors for Company Reporting (2020).

**PAPER RECYCLED (kg)**

Country	2018	2019	2020
Malaysia	34,428	173,579	7,184
Indonesia	N/A	N/A	N/A
Singapore	N/A	N/A	20,280
Thailand	N/A	216,400	112,644
Cambodia	N/A	N/A	N/A
<b>Total</b>	<b>34,428</b>	<b>389,979</b>	<b>140,108</b>

N/A: Data unavailable

# GRI Content Index

CIMB's sustainability reporting has been prepared "In Accordance" with GRI Standards: Core Option. All references are to be found within this report (CIMB Sustainability Report 2020) unless stated otherwise.

## ORGANISATIONAL PROFILE

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-1	Name of the organisation	CIMB Group Holdings Berhad	–
102-2	Activities, brands, products, and services	<b>GROUP PROFILE: PAGE 3 - 5</b>	–
102-3	Location of headquarters	Kuala Lumpur, Malaysia	–
102-4	Location of operations	<b>GROUP PROFILE: PAGE 4 - 5</b>	–
102-5	Ownership and legal form	CIMB Group Holdings Berhad	–
102-6	Markets served	<b>GROUP PROFILE: PAGE 4 - 5</b>	–
102-7	Scale of the organisation	<b>GROUP PROFILE: PAGE 3 - 5</b>	–
102-8	Information on employees and other workers	<b>PERFORMANCE DATA: PAGE 127</b> Information on employees were derived from our internal database.	–
102-9	Supply chain	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 34</b>	–
102-10	Significant changes to the organisation and its supply chain	In 2020, there were no significant changes to the organisation's size, structure, ownership, or supply chain. The scope and boundary of this report mainly covers our initiatives in Malaysia, Indonesia, Singapore, Thailand, Cambodia and other markets, where applicable.	–
102-11	Precautionary Principle or approach	The Group's approach to Sustainability (including its risk management) is guided by five key principles, one of which is the Precautionary Principle, which is to exercise due care and diligence to evaluate, adopt and advocate proactive measures to minimise and in the long run prevent environmental harm, as well as promote social equity.	–
102-12	External initiatives	<b>STAKEHOLDER ENGAGEMENT AND ADVOCACY: PAGE 121 - 123</b>	–
102-13	Membership of associations	<b>STAKEHOLDER ENGAGEMENT AND ADVOCACY: PAGE 121</b>	–

## STRATEGY

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-14	Statement from senior decision-maker	<b>SUSTAINABILITY PROGRESS REPORT BY GROUP CHAIRMAN AND GROUP CEO: PAGE 10 - 11</b>	–



## ETHICS AND INTEGRITY

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-16	Values, principles, standards, and norms of behaviour	<b>CORPORATE CULTURE: PAGE 107 - 111</b>	–

## GOVERNANCE

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-18	Governance structure	<b>GOVERNANCE: PAGE 99</b>	–

## STAKEHOLDER ENGAGEMENT

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-40	List of stakeholder groups	<b>OUR STAKEHOLDERS: PAGE 18 - 19</b>	–
102-41	Collective bargaining agreements	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 41</b>	–
102-42	Identifying and selecting stakeholders	<b>OUR STAKEHOLDERS: PAGE 18 - 19</b>	–
102-43	Approach to stakeholder engagement	<b>OUR STAKEHOLDERS: PAGE 18 - 19</b>	–
102-44	Key topics and concerns raised	<b>OUR STAKEHOLDERS: PAGE 18 - 19</b>	–

## REPORTING PRACTICE

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
102-45	Entities included in the consolidated financial statements	<b>ANNUAL REPORT (FINANCIAL STATEMENTS)</b> CIMB Foundation and CIMB Group Entities: No entities were not covered by the report.	–
102-46	Defining report content and topic boundaries	The scope of this report is limited to key strategies, initiatives and programmes that have been implemented in Malaysia, Indonesia, Singapore, Thailand, Cambodia and other markets, where applicable.  In developing this report, we have taken into account the principles of: <ul style="list-style-type: none"> <li>• Stakeholder Engagement Framework (page 18 - 19);</li> <li>• Materiality Assessment (page 20);</li> <li>• Sustainability Context in the description of each material topic; and</li> <li>• Completeness, by reporting our highly material and important material topics.</li> </ul>	–
102-47	List of material topics	<b>OUR MATERIAL MATTERS: PAGE 20</b>	–
102-48	Restatements of information	<b>PERFORMANCE DATA: PAGE 136</b> The 2019 energy consumption and emissions for Energy Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3) GHG Emissions were revised to improve data accuracy and reflect the increase in boundary. The restated amount, in total, is 22% higher than the reported data in 2019.	–
102-49	Changes in reporting	<b>OUR MATERIAL MATTERS: PAGE 20</b> We conducted a high-level refreshed assessment in 2020 as part of our broader stakeholder engagement process. We merged the material topic Nurturing Growth into Talent Attraction, Growth and Retention in order to avoid overlaps in scope.	–
102-50	Reporting period	<b>ABOUT CIMB SUSTAINABILITY REPORT 2020: PAGE 8</b> The CIMB Sustainability Report 2020 includes information for the period 1 January 2020 to 31 December 2020, unless specified otherwise.	–
102-51	Date of most recent report	Sustainability Report 2019 was published in March 2019.	–
102-52	Reporting cycle	Annual	–
102-53	Contact point for questions regarding the report	sustainability@cimb.com	–
102-54	Claims of reporting in accordance with the GRI Standards	<b>GRI CONTENT INDEX: PAGE 139</b>	–
102-55	GRI content index	<b>GRI CONTENT INDEX: PAGE 139 - 147</b>	–
102-56	External assurance	<b>EXTERNAL ASSURANCE STATEMENT: PAGE 159-162</b> Selected reported information for topics material to CIMB are subject to a limited independent assurance by KPMG. For the scope of work and observations, please refer to the full assurance statement.	–

## TOPIC-SPECIFIC DISCLOSURES

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: CLIMATE CHANGE</b>			
103-1	Explanation of the material topic and its Boundary	<b>CLIMATE CHANGE: PAGE 27</b> Topic Boundary: Entities in CIMB and customers impacted by CIMB's climate change commitment	–
103-2	The management approach and its components	<b>CLIMATE CHANGE: PAGE 27, 30, 32, 33</b>	–
103-3	Evaluation of the management approach	<b>CLIMATE CHANGE: PAGE 31</b>	–
302-1	Energy Consumption within Organisation	<b>PERFORMANCE DATA: PAGE 136</b>	–
305-1	Direct (Scope 1) GHG emissions	<b>CLIMATE CHANGE: PAGE 31</b> <b>PERFORMANCE DATA: PAGE 136</b> 2,195.8 tCO <sub>2</sub> e (Malaysia, Indonesia, Singapore, Thailand and Cambodia)	–
305-2	Energy indirect (Scope 2) GHG emissions	<b>CLIMATE CHANGE: PAGE 31</b> <b>PERFORMANCE DATA: PAGE 137</b> 81,754.5 tCO <sub>2</sub> (Malaysia, Indonesia, Singapore, Thailand and Cambodia)	–
305-3	Other indirect (Scope 3) GHG emissions	<b>CLIMATE CHANGE: PAGE 31</b> <b>PERFORMANCE DATA: PAGE 138</b> 165.2 tCO <sub>2</sub> e (Malaysia, Indonesia, Singapore, Thailand and Cambodia)	–
<b>MATERIAL TOPIC: SUSTAINABLE SUPPLY CHAIN</b>			
103-1	Explanation of the material topic and its Boundary	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 34</b> Topic Boundary: Entities in CIMB including suppliers impacted by CIMB's operations	–
103-2	The management approach and its components	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 35</b>	–
103-3	Evaluation of the management approach	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 34 - 35</b>	–
308-1	New suppliers that were screened using environmental criteria	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 34</b>	–
414-1	New suppliers that were screened using social criteria	<b>SUSTAINABLE SUPPLY CHAIN: PAGE 34</b>	–

## TOPIC-SPECIFIC DISCLOSURES (CONTINUED)

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: DIVERSITY AND INCLUSION</b>			
103-1	Explanation of the material topic and its Boundary	<b>DIVERSITY AND INCLUSION: PAGE 36</b> Topic Boundary: Entities in the organisation and employees impacted by CIMB's activities	–
103-2	The management approach and its components	<b>DIVERSITY AND INCLUSION: PAGE 36 - 37</b>	–
103-3	Evaluation of the management approach	<b>DIVERSITY AND INCLUSION: PAGE 36</b>	–
405-1	Diversity of governance bodies and employees	<b>DIVERSITY AND INCLUSION: PAGE 36</b> <b>CORPORATE GOVERNANCE: PAGE 103</b>	–
405-2	Ratio of the basic salary and remuneration of female to male (Gender pay gap)	<b>DIVERSITY AND INCLUSION: PAGE 36</b> <b>PERFORMANCE DATA: PAGE 128</b>	–
<b>MATERIAL TOPIC: HEALTH, SAFETY AND WELL-BEING</b>			
103-1	Explanation of the material topic and its Boundary	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 38</b> Topic Boundary: Entities in the organisation, employees and other stakeholders impacted by CIMB's operations	–
103-2	The management approach and its components	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 38 - 43</b>	–
103-3	Evaluation of the management approach	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 38, 41</b>	–
403-9 (2018)	Work-related injuries	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 38</b> <b>PERFORMANCE DATA: PAGE 132</b>	–
<b>MATERIAL TOPIC: TALENT ATTRACTION, GROWTH AND RETENTION</b>			
103-1	Explanation of the material topic and its Boundary	<b>TALENT ATTRACTION, GROWTH AND RETENTION: PAGE 44</b> Topic Boundary: Entities in CIMB and employees impacted by CIMB's activities	–
103-2	The management approach and its components	<b>TALENT ATTRACTION, GROWTH AND RETENTION: PAGE 44 - 49</b>	–
103-3	Evaluation of the management approach	<b>TALENT ATTRACTION, GROWTH AND RETENTION: PAGE 44 - 48</b>	–
401-1	New employee hires and employee turnover	<b>PERFORMANCE DATA: PAGE 129</b>	–

### TOPIC-SPECIFIC DISCLOSURES (CONTINUED)

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: TALENT ATTRACTION, GROWTH AND RETENTION: (CONTINUED)</b>			
401-2	Benefits provided to full-time employees	<b>HEALTH, SAFETY AND WELL-BEING: PAGE 39</b> <b>PERFORMANCE DATA: PAGE 132</b>	–
404-1	Average hours of training per year per employee	<b>PERFORMANCE DATA: PAGE 131</b>	–
404-2	Programmes for upgrading employee skills and transition assistance programs	<b>TALENT ATTRACTION, GROWTH AND RETENTION: PAGE 46 - 49</b>	–
<b>MATERIAL TOPIC: CUSTOMER EXPERIENCE</b>			
103-1	Explanation of the material topic and its Boundary	<b>CUSTOMER EXPERIENCE: PAGE 51</b> Topic Boundary: Entities in CIMB including customers impacted by CIMB's operations	–
103-2	The management approach and its components	<b>CUSTOMER EXPERIENCE: PAGE 51 - 55</b>	–
103-3	Evaluation of the management approach	<b>CUSTOMER EXPERIENCE: PAGE 52</b>	–
Non GRI disclosure	Net Promoter Score (NPS)	<b>CUSTOMER EXPERIENCE: PAGE 52</b> <b>PERFORMANCE DATA: PAGE 124</b>	–
<b>MATERIAL TOPIC: SUSTAINABLE FINANCE</b>			
103-1	Explanation of the material topic and its Boundary	<b>SUSTAINABLE FINANCE: PAGE 56</b> Topic Boundary: Entities in CIMB including customers impacted by CIMB's sustainable financing policy	–
103-2	The management approach and its components	<b>SUSTAINABLE FINANCE: PAGE 56 - 72</b>	–
103-3	Evaluation of the management approach	As part of the Group Sustainable Financing Policy (GSFP), we are required to carry out control testing every 6 months to review samples of facilities and ensure compliance to the policy. In addition, the Board and management will periodically review the adequacy and effectiveness of the GSFP.	–
G4-FS10*	Number of companies engaged on environmental or social issues	<b>SUSTAINABLE FINANCE: PAGE 63</b>	–
G4-FS8*	Monetary value of products and services designed to deliver a specific environmental benefit	<b>PERFORMANCE TABLE: PAGE 126</b>	–
Non GRI disclosure: SASB FN-CB-410a.2	Description of approach to incorporation of environmental, social and governance (ESG) factors in credit analysis	<b>SUSTAINABLE FINANCE: PAGE 57 - 64</b>	–

\*G4 Sector Supplement: Financial Services

## TOPIC-SPECIFIC DISCLOSURES (CONTINUED)

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: TECHNOLOGY</b>			
103-1	Explanation of the material topic and its Boundary	<b>TECHNOLOGY: PAGE 73</b> Topic Boundary: Entities in CIMB including customers impacted by CIMB's operations	–
103-2	The management approach and its components	<b>TECHNOLOGY: PAGE 73 - 78</b>	–
103-3	Evaluation of the management approach	<b>TECHNOLOGY: PAGE 73 - 74</b>	–
Non GRI disclosure: SASB FN-CF-230a.3	Description of approach to identifying and addressing data security risks	<b>TECHNOLOGY: PAGE 76 - 78</b>	–
<b>MATERIAL TOPIC: FINANCIAL LITERACY, INCLUSION AND WELL-BEING</b>			
103-1	Explanation of the material topic and its Boundary	<b>FINANCIAL LITERACY, INCLUSION AND WELL-BEING: PAGE 79</b> Topic Boundary: Entities in the organisation as well as customers and communities impacted by CIMB's operations	–
103-2	The management approach and its components	<b>FINANCIAL LITERACY, INCLUSION AND WELL-BEING: PAGE 79 - 85</b>	–
103-3	Evaluation of the management approach	<b>FINANCIAL LITERACY, INCLUSION AND WELL-BEING: PAGE 82 - 83</b>	–
Non GRI disclosure: SASB FN-CB-240a.4	Number of participants in financial literacy	<b>FINANCIAL LITERACY, INCLUSION AND WELL-BEING: PAGE 79 - 80</b> <b>PERFORMANCE DATA: PAGE 134</b>	–



### TOPIC-SPECIFIC DISCLOSURES (CONTINUED)

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: CORPORATE CITIZENSHIP AND VOLUNTEERISM</b>			
103-1	Explanation of the material topic and its Boundary	<b>CORPORATE CITIZENSHIP AND VOLUNTEERISM: PAGE 87</b> Topic Boundary: Entities in the organisation as well as communities impacted by CIMB's operations and CSR activities	–
103-2	The management approach and its components	<b>CORPORATE CITIZENSHIP AND VOLUNTEERISM: PAGE 87 - 97</b>	–
103-3	Evaluation of the management approach	<b>CORPORATE CITIZENSHIP AND VOLUNTEERISM: PAGE 87</b>	–
203-1	Infrastructure investments and services supported	<b>PERFORMANCE DATA: PAGE 133</b>	–
413-1	Operations with local community engagement, impact assessments and development programs	<b>CORPORATE CITIZENSHIP AND VOLUNTEERISM: PAGE 87 - 96</b> <b>PERFORMANCE TABLE: PAGE 133 - 134</b>	–
<b>MATERIAL TOPIC: GOVERNANCE</b>			
103-1	Explanation of the material topic and its Boundary	<b>GOVERNING OUR SUSTAINABILITY RISKS AND EFFORTS: PAGE 98</b> Topic Boundary: Entities in CIMB impacted by CIMB's operations	–
103-2	The management approach and its components	<b>GOVERNING OUR SUSTAINABILITY RISKS AND EFFORTS: PAGE 98 - 106</b>	–
103-3	Evaluation of the management approach	<b>GOVERNING OUR SUSTAINABILITY RISKS AND EFFORTS: PAGE 102</b>	–
205-2	Communication and training about anti-corruption policies and procedures	<b>PERFORMANCE DATA: PAGE 131</b>	–
Non GRI disclosure: SASB FN-CB-510a.2	Description of whistleblower policies and procedures	<b>CIMB GROUP WEBSITE</b> <a href="https://www.cimb.com/en/who-we-are/corporate-governance/code-of-conduct/whistle-blowing.html">https://www.cimb.com/en/who-we-are/corporate-governance/code-of-conduct/whistle-blowing.html</a>	–

### TOPIC-SPECIFIC DISCLOSURES (CONTINUED)

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Omission
<b>MATERIAL TOPIC: CORPORATE CULTURE</b>			
103-1	Explanation of the material topic and its Boundary	<b>CORPORATE CULTURE: PAGE 107</b> Topic Boundary: Entities in CIMB impacted by CIMB's operations	–
103-2	The management approach and its components	<b>CORPORATE CULTURE: PAGE 107 - 111</b>	–
103-3	Evaluation of the management approach	<b>CORPORATE CULTURE: PAGE 109</b>	–
Non GRI disclosure	Employee engagement score	–	Not available. Employee engagement survey was not conducted in 2020
<b>MATERIAL TOPIC: SUSTAINABILITY AWARENESS AND PARTICIPATION</b>			
103-1	Explanation of the material topic and its Boundary	<b>SUSTAINABILITY AWARENESS AND PARTICIPATION: PAGE 113</b> Topic Boundary: Entities in CIMB and key stakeholders impacted by CIMB's activities	–
103-2	The management approach and its components	<b>SUSTAINABILITY AWARENESS AND PARTICIPATION: PAGE 113 - 123</b>	–
103-3	Evaluation of the management approach	<b>SUSTAINABILITY AWARENESS AND PARTICIPATION: PAGE 113 - 123</b>	–
415-1	Political contributions	<b>STAKEHOLDER ENGAGEMENT &amp; ADVOCACY: PAGE 121</b>	–

# PRB Index

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020

In line with our commitments as a Signatory of the UNEP FI Principles for Responsible Banking (PRB), this is CIMB's second reporting and self-assessment on our implementation of the Principles. All information in this disclosure is referenced to the CIMB Group Sustainability Report 2020 (Report), unless stated otherwise.

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<b>Principle 1: Alignment</b> We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 High-level description of your bank's business model	<p>CIMB Group is a leading ASEAN universal bank headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and wealth management products and services. It is the second largest banking group in Malaysia and fifth largest by assets in ASEAN and, as at the end of 2020, had around 34,000 employees and more than 16 million retail and institutional customers from 15 countries including Malaysia, Indonesia, Thailand, Singapore, Cambodia, Laos, Brunei, Vietnam, Myanmar, the Philippines, China &amp; Hong Kong, the United Kingdom, India, Korea, as well as the United States of America. The Group has a market capitalisation of USD10.8 billion/RM43.5 billion with total assets of RM602.4 billion as at 31 December 2020.</p>	<i>CIMB at a Glance, Pages 3-7</i>
1.2 Strategic Alignment to Society's Goals	<p>CIMB Group's purpose is to advance customers and society. This is embodied in our organisation's purpose statement, the Forward23+ strategy and our sustainability strategy and framework. Our sustainability philosophy is described in five key principles.</p> <p>We have identified eight highly material issues and a further five important topics based on our stakeholder engagements and our ability to impact.</p> <p>Our sustainability efforts are aligned with seven prioritised SDGs. We collaborate with peers and are committed to global initiatives, including the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB), and are a signatory to the Collective Commitment to Climate Action (CCCA). We have set a target to reduce our Scope 1 and 2 emissions intensity in line with Nationally Determined Contributions (NDCs), and recently made a commitment to exit the coal sector by 2040, in line with the 1.5 degrees scenario.</p>	<p><i>Sustainability - A Way of Business, Page 7; Our Philosophy and Roadmap, Pages 16-17</i></p> <p><i>Our Stakeholders and Material Matters, Pages 18-20</i></p> <p><i>Alignment to Global Goals and Industry Initiatives, Pages 24-25</i></p>

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<b>Principle 2: Impact and Target Setting</b> We will work to continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.		
2.1 Impact Analysis	<p>Through CIMB's core businesses, we work with a diverse set of clients and industries primarily across ASEAN. CIMB's impact analysis is driven by multiple factors, including:</p> <ul style="list-style-type: none"> <li>• Our geographies of operation, with focus on Malaysia, Indonesia, Singapore, Thailand and Cambodia, which make up 99% of our revenue</li> <li>• Our stakeholders' material matters, and an internal assessment of our ability to impact them. Our stakeholder engagement process provides key input into our materiality analysis where we have identified our most significant positive and negative impacts</li> <li>• The nature and scale of our direct operational footprint in various markets, including impacts on stakeholders such as employees, suppliers and communities</li> <li>• The major sectors that we are exposed to through our business lending and capital market activities, including agriculture, construction &amp; real estate, oil &amp; gas, manufacturing, technology, financial institutions, utilities, as well as Small and Medium-sized Enterprises. We see our Wholesale and Commercial Banking segments as the most direct and impactful sectors we can influence through:               <ul style="list-style-type: none"> <li>o <b>Risk Management:</b> Sector Guides have been implemented considering the level of risk in the sector, as well as our exposure to the sector</li> <li>o <b>Encouraging Positive Impact:</b> Our Green, Social and Sustainable Impact Products and Services framework is designed taking into account the key needs and opportunities in our various markets</li> </ul> </li> <li>• The number and nature of retail customers in our core geographies. The focus here is both in terms of Green products (financing, deposits, investments) as well as financial inclusion for disadvantaged communities (affordable housing, motorcycle financing, mobile savings accounts)</li> </ul>	<p><i>CIMB at a Glance, Pages 3-7</i></p> <p><i>Our Stakeholders and Material Matters, Page 18-20</i></p> <p><i>Sustainable Finance, Pages 56-72</i></p> <p><i>Financial Literacy, Inclusion and Well-being, Pages 79-85</i></p>

**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)**

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
	<ul style="list-style-type: none"> <li>National and financial market regulations, as well as awareness on sustainability issues among the general public. Sustainable finance is in its nascent stages in many of our markets, and we therefore dedicate a significant amount of resources to accelerate policy/ regulation, and increase the level of awareness in the business community as well as individuals</li> </ul>	
Statement on fulfilment of the requirements regarding Principle 2.1: Impact Analysis		
Through the implementation of an in-depth stakeholder engagement and materiality assessment including analysis of our sector exposure and needs, the bank has fulfilled its requirements regarding impact analysis on its areas of positive and negative impact through our risk management approach and positive impacts framework.		
2.2 Target Setting	<p>In 2020, we embarked on a target-setting exercise on areas of most significant impact. We conducted a baseline assessment of the preliminary indicators using 2019 data, and conducted a rigorous benchmarking study to ascertain our current relative performance and to help inform our own target-setting exercise. We identified a set of 15 indicators to measure our sustainability progress, in addition to positioning ourselves in the top quartile of the Dow Jones Sustainability Index by 2023 (reported in 2024).</p> <p>We have set a number of measurable targets/commitments to be achieved by 2024, including on:</p> <ul style="list-style-type: none"> <li><b>Sustainable Action:</b> GHG Scope 1 and 2 Intensity; Diversity &amp; Inclusion</li> <li><b>Sustainable Business:</b> Commitment to exit coal (by 2040); Green, Social, Sustainable Impact Products &amp; Services (yet to be published)</li> <li><b>Community:</b> CSR spend (yet to be published); Employee Volunteerism</li> <li><b>Governance:</b> Improvement in Governance scores; Material Issues Supported by Policy; Board Diversity</li> <li><b>Stakeholders:</b> Employees trained on Sustainability</li> </ul>	Sustainability Scorecard, Pages 21-23
Statement on fulfilment of the requirements regarding Principle 2.2: Target Setting.		
The bank has set and published targets on most key areas of material positive and negative impact and identified baseline years for measurement of progress. These targets have been developed to maximise potential positive impact and endeavour to minimise negative impacts.		

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
2.3 Plans for Target Implementation and Monitoring	<p>Our Sustainability Roadmap 2019-2024 outlines our near-term objectives and longer-term goals and commitments to raise awareness, build capacity and achieve impact. Our plans are underpinned by the targets laid out in our Sustainability Scorecard.</p> <p>Sustainability Progress is undertaken by the Group Sustainability Division in partnership with Business Units and Enablers, and is monitored by the Board, the Board Sustainability Sponsor, the Group Transformation Council (GTC), as well as the Group Sustainability Council (GSC). The Sustainability Programme is also tracked and monitored under the Forward23+ strategic transformation initiative and its robust governance structure. Relevant parties who are accountable to implement these plans carry sustainability KPIs on their scorecards.</p> <p>We report our Sustainability progress to our stakeholders annually. Selected reported information for topics material to CIMB are subject to a limited independent assurance by KPMG PLT.</p>	<p><i>Sustainability Roadmap, Page 16; Sustainability Scorecard, Pages 21-23</i></p> <p><i>Sustainability Governance Structure, Pages 99-101; Sustainability KPIs, Page 102</i></p> <p><i>Assurance Statement, Page 159-162</i></p>
Statement on fulfilment of the requirements regarding Principle 2.3: Plans for Target Implementation and Monitoring		
<b>The bank has developed a clear implementation roadmap, and ensured that sustainability KPIs are linked to selected senior management performance metrics and ensured that the governance structure encourages and provides oversight on progress towards achieving sustainability targets.</b>		



**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)**

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
2.4 Progress on Implementing Targets	<p>In 2019, during the inception phase of our sustainability journey, CIMB focused on laying the foundations of a sustainable bank, including developing governance and oversight structures, engaging with key internal stakeholders, collecting data on our operational footprint, and developing commitments, policies and procedures to operationalise sustainability.</p> <p>Subsequently in 2020, we focused on establishing KPIs and embarking on a target-setting exercise against baselines. In 2021, the targets discussed in the previous section and in detail in this Report will be measured and disclosed. Certain targets are already being reported as detailed in the Sustainability Scorecard section of this Report.</p> <ul style="list-style-type: none"> <li>• <b>Sustainable Action:</b> <ul style="list-style-type: none"> <li>– GHG Scope 1 and 2 Intensity (Performance Data, Pages 134-138, Climate Change, Pages 27-33)</li> <li>– Diversity and Inclusion (Diversity and Inclusion, Pages 36-37)</li> </ul> </li> <li>• <b>Sustainable Business:</b> <ul style="list-style-type: none"> <li>– Commitment to exit coal (by 2040) (Coal Sector Guide, Pages 61-62)</li> <li>– Green, Social, Sustainable Impact Products &amp; Services (GSSIPs) Framework (Maximising Our Handprint Through Green, Social and Sustainable Impact Finance, Pages 65-72)</li> </ul> </li> <li>• <b>Community:</b> <ul style="list-style-type: none"> <li>– CSR spend and Employee Volunteerism (Corporate Social Responsibility, Pages 86-97)</li> </ul> </li> <li>• <b>Governance:</b> <ul style="list-style-type: none"> <li>– Improvement in Governance scores and Board Diversity (Sustainability Scorecard, Pages 21-23)</li> <li>– Material Issues Supported by Policy (Key Policies Supporting Material Issues, Page 104)</li> </ul> </li> <li>• <b>Stakeholders:</b> <ul style="list-style-type: none"> <li>– Employees trained on Sustainability (Strengthening Internal Sustainability Capacity, Pages 113-114)</li> </ul> </li> </ul>	<p><i>Our Roadmap, Page 17</i></p> <p><i>Sustainability Scorecard, Page 21</i></p>
Statement on fulfilment of the requirements regarding Principle 2.4: Progress on Implementing Targets		
<b>The bank has fulfilled the requirements regarding Progress on Implementing Targets through reporting on key indicators and performance data in 2020.</b>		

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<b>Principle 3: Clients and Customers</b> We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.		
3.1 Overview of the policies and practices to promote responsible relationships with its customers.	<p><i>Key details on this aspect are found in the Customer Experience and Sustainable Business sections of this Report.</i></p> <p>Our relationships with customers are governed through our sustainability principles and are guided by policies and procedures as shown below. Our customers are broadly divided between individuals and businesses that have different engagement priorities and material sustainability matters.</p> <p><b>Customer Experience</b>            Group Customer Experience Policies set out overarching principles and standards of our commitment to individual customer experiences. Our customer experience framework prioritises safeguarding the interests of customers while meeting regulatory requirements and manages risks arising from potential complaints and mishandling. Our Treating Customers' Fairly (TCF) principles are embedded in our processes and demonstrate our commitment to strengthen customer relationships on the basis of trust.</p> <p><b>Group Sustainability Policy</b>            The Group Sustainability Policy (GSP) was rolled out in 2019 in Malaysia and Indonesia and Singapore, Thailand and the Philippines in 2020. The policy outlines the Group's approach to sustainability including risk management.</p> <p><b>Group Sustainable Financing Policy</b>            The Group Sustainable Financing Policy (GSFP) was rolled out on 1 July 2019 in Malaysia and is being implemented in stages across our markets. The purpose of the GSFP is to integrate environmental and social considerations into CIMB's financing decisions, in order to manage environmental and social risks arising directly or indirectly from CIMB-financed clients and activities.</p> <p><b>Green, Social and Sustainable Impact Products &amp; Services (GSSIPS) Framework</b>            In 2019, the Positive Impact Products and Services (PIPS) Framework was developed to streamline and guide the development of a suite of sustainable financing products and services. In 2020, we refreshed and evolved the PIPS Framework to draw attention to specific Green, Social, Sustainable Impact Products and Services (GSSIPS). The GSSIPS Framework is expandable, whereby additional focus areas such as transition loans and COVID-19 related financing schemes, could be added to cater to emerging needs and the national agenda. Moving forward, we aim to champion and strengthen our handprint via GSSIPS focus areas.</p>	<p><i>Our Stakeholders, Page 18</i></p> <p><i>Key Policies Supporting Material Issues, Page 104</i></p> <p><i>Customer Experience, Pages 51-55 ; Data Governance, Privacy, Cybersecurity, Pages 76-78; Financial Literacy, Inclusion &amp; Well-being, Pages 79-85</i></p> <p><i>Group Sustainability Policy, Pages 101-102</i></p> <p><i>Group Sustainable Financing Policy, Pages 57-62</i></p> <p><i>Maximising Our Handprint Through Positive, Green, Social and Sustainable Impact Finance, Pages 65-66</i></p>

**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)**

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<p>3.2 Description of how the bank has worked with clients and customers to encourage sustainable practices and enable sustainable economic activities.</p>	<p><i>Key details on this aspect are found in the Sustainable Business sections of this Report.</i></p> <p><b>Group Sustainable Financing Policy</b> In 2020, among the key actions on managing clients and customers across operations in Malaysia, Indonesia and Singapore include:</p> <ul style="list-style-type: none"> <li>• Rolling out 5 Sector Guides on Environmental and Social risks</li> <li>• Implementation of the GSFP where Financing Facilities were subjected to in-depth due diligence on Environmental and Social risks, of which: <ul style="list-style-type: none"> <li>o 3 Financing Facilities were not recommended due to elevated sustainability risks</li> <li>o 18 Financing Facilities were recommended with Action Plans</li> <li>o 7 out of 8 clients (87.5%) with Action Plans due in 2020 completed them</li> </ul> </li> </ul> <p>Our Sector Guides refer to specific requirements, prohibitions and encouraged practices that are targeted towards clients. A key milestone in 2020 was committing to the phasing out of coal financing by 2040.</p> <p><b>Green, Social and Sustainable Impact Products &amp; Services (GSSIPS) Framework</b> The GSSIPS Framework includes coverage of all our banking services, including consumer, commercial, SMEs and retail. CIMB has developed the framework for Sustainability-Linked Loans (SLLs) and as of end-2020, we had committed RM0.97 million of the RM3.0 billion earmarked for SLLs to 2024. Other offerings for individuals, SMEs, and commercial clients are detailed in the Report, including sustainability-linked savings accounts and investment funds, sustainability-linked financing for SME customers, financing for green homes and vehicles, among others. The CIMB SDG Bond was developed in 2019 and disclosures have been made available on the use of proceeds from the bond issuance valued at US\$680 million.</p>	<p><i>Clients Assessed For Sustainability Risk, Pages 63-64</i></p> <p><i>Green, Social and Sustainable Impact Products &amp; Services (GSSIPS), Pages 65-72</i></p>
<p><b>Principle 4: Stakeholders</b> We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>		
<p>4.1 Description of which stakeholders (or groups/ types of stakeholders) the bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving the bank's impacts.</p>	<p><i>Key details on this aspect are found in the Our Stakeholders and Stakeholder Engagement and Advocacy sections of this Report.</i></p> <p>In 2020, throughout all our key markets, we have engaged with key regulatory bodies, policy makers, NGOs and civil society, government, and institutional investors mainly to raise awareness on PRB and CIMB Group's sustainability aspirations and roadmap. Stakeholders are identified based on our level of our dependence and the influence they may have on our business continuity and success.</p>	<p><i>Stakeholders and Materiality, Pages 18-20</i></p> <p><i>Stakeholder Engagement &amp; Advocacy, Pages 112-123</i></p>

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<b>Principle 5: Governance &amp; Culture</b> We will implement our commitment to these Principles through effective governance and a culture of responsible banking		
5.1 Description of the relevant governance structures, policies and procedures the bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles	<p><i>Key details on this aspect are found in the Governance section of this Report.</i></p> <p><b>Sustainability Governance Structure</b>            CIMB elevated the sustainability agenda to the Group-level in 2018 to cover all businesses in our key operating markets through the institutionalisation of the Group Sustainability department and Group Sustainability Council. In October 2020, the Group Sustainability Division was established along with the creation of the role of Group Chief Sustainability Officer directly reporting to the GCEO.</p> <p><b>Sustainability Risk Management Framework</b>            First operationalised in 2019, the Framework was updated in 2020 to include climate risk, specifically physical and transition into our Risk Library and the Enterprise-Wide Risk Management Framework. The two main policies guiding our sustainability implementation, the GSP and GSFP are part of the Framework.</p> <p><b>Board of Directors and Sustainability Sponsor</b>            The Board is the highest governance body accountable for sustainability strategy around material Economic, Environmental, Social and Governance (EES&amp;G) issues, opportunities and risks, including but not limited to climate risks. The Board Sustainability Sponsor (Sponsor) is responsible for advising the Board and Management in sustainability strategy, integration, and advocacy.</p> <p><b>Group Transformation Committee and Group Sustainability Council</b>            The Group Transformation Committee (GTC) was established in 2020 to assist the Group Chief Executive Officer (GCEO) in directing and steering CIMB's overall strategy, including sustainability, which is a key programme under CIMB's Forward23+ strategy.</p>	<p><i>Sustainability Governance Structure, Pages 99-101; Sustainability KPIs, Pages 102</i></p> <p><i>Sustainability Risk Management Framework, Pages 101-102</i></p> <p><i>Board of Directors and Sustainability Sponsor, Page 100</i></p> <p><i>Group Transformation Committee and Group Sustainability Council, Pages 100-102</i></p>

**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)**

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<p>5.2 Description of the initiatives and measures the bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.</p>	<p><i>Key details on this aspect are found in the Governance and Strengthening Internal Sustainability Capabilities section of this Report.</i></p> <p>Since 2019, we have linked the KPIs of selected senior management, including the GCEO, with sustainability performance. Sustainability KPIs have been expanded in 2020 to be carried by the GCEO, Group Management, Country Heads of main countries, and relevant senior management in key business units and enablers that contribute significantly towards the advancement of sustainability in CIMB.</p> <p>We continuously engage with teams across the Group to share perspectives on sustainability in the context of our business and CIMB's purpose of advancing customers and society. We continue to raise awareness and build technical capacity across divisions on sustainability and sustainable finance.</p> <p>We were due to roll out Group-wide targeted sustainability training for different levels of employees and the Board. However, due to the pandemic, these plans were reprioritised for 2021. We aim to have 95% of employees trained in sustainability by 2024 through the implementation of training for members of the board, senior management, relationship managers and risk officers. We also continued expanding the Sustainability Champions group comprising of more than 190 employees across divisions and countries that advocate adoption of sustainability best practices. CIMB ACTS (Advancing CIMBians Towards Sustainability) is another internal programme that empowers employees to ideate and implement simple and impactful sustainability initiatives.</p>	<p><i>Sustainability KPIs, Page 102</i></p> <p><i>Strengthening Internal Sustainability Capability, Pages 113-114</i></p>

## PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<p>5.3 Governance Structure for Implementation of the Principles</p>	<p>The Board is the highest governance body accountable for sustainability strategy around material Economic, Environmental, Social and Governance (EES&amp;G) issues, opportunities and risks, including but not limited to climate risks.</p> <p>Our targets have been disclosed in 2020 as part our Sustainability Scorecard where key reference points and indicators have been tied to quantitative and qualitative 2024 goals and commitments. Actions related to these targets are described in relevant thematic sections of this Report.</p> <p>Governance and oversight on these targets are described as part of our Forward23+ strategy and overseen by the Board, the Group Transformation Council (GTC) and the Group Sustainability Council (GSC) with implementation by the Group Sustainability Division.</p> <p>In 2021, Sustainability KPIs of top management, including the GCEO, have been linked to sustainability performance in almost all business units, enablers and countries.</p> <p>Reporting on targets are tied to our disclosures that are guided by GRI Standards and selected performance indicators are externally assured. In this Report, key indicators have been expanded from 2019 to include GHG Scope 1 emissions, number of clients screened on environmental and social risks, among others.</p>	<p><i>Sustainability Governance Structure, Pages 99-101</i></p> <p><i>Sustainability KPIs, Page 102</i></p>
Statement on fulfilment of the requirements regarding Principle 5: Governance Structure for Implementation of the Principles		
<b>The bank has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</b>		



**PRINCIPLES FOR RESPONSIBLE BANKING (PRB) REPORTING AND SELF-ASSESSMENT FOR YEAR 2020 (CONTINUED)**

Reporting and Self-Assessment Requirements	High-level Summary of Bank's Response	Reference(s)/ Link(s) to Bank's Full Response/ Relevant Information
<b>Principle 6: Transparency &amp; Accountability</b> We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.		
6.1 Progress on Implementing the Principles for Responsible Banking	<p>CIMB signed on as a founding member of the PRB in September 2019. This self-assessment report is our second after becoming a signatory to the PRB, in which time we have sought to increase our alignment with the Principles by strengthening our target setting processes, influence on clients and promoting sustainable practices, engaging with customers and stakeholders on material sustainability issues, and improving our governance on sustainability within the Bank.</p> <p>We have reviewed and taken into account assessments of our bank conducted by international and regional organisations, including the Dow Jones Sustainability Index, WWF's Sustainable Banking Assessment (SUSBA), Sustainability Accounting Standards Board (SASB) among others. Our sustainability reporting continues to be guided and externally assured to GRI Standards.</p> <p>Reference is made to our sustainability indicators in line with our Sustainability Roadmap where we have disclosed key performance indicators, including:</p> <ul style="list-style-type: none"> <li>– Sustainable action, where we have disclosed on performance indicators;</li> <li>– Customer Experience where we focus on building trust;</li> <li>– Sustainable Finance and Risk Mitigation where we continue to encourage clients to adopt sustainable practices through our lending policies;</li> <li>– Green, Social and Sustainable Impact Products and Services (GSSIPS) Framework where we develop sustainable products and services.</li> </ul>	<i>Sustainability Progress Report, Pages 10-11</i>
Statement on fulfilment of the requirements regarding Principle 6: Progress on Implementing the Principles for Responsible Banking		
<b>The bank has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking in its first 18 months as a signatory and will continue improving and adapting its processes to further align with these requirements.</b>		



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Website [www.kpmg.com.my](http://www.kpmg.com.my)

## **INDEPENDENT ASSURANCE REPORT TO THE MEMBERS OF CIMB GROUP HOLDINGS BERHAD**

(Company No. (50841-W))  
(Incorporated in Malaysia)

### **Report on the Limited Assurance of the Selected Sustainability Information**

In accordance with the terms of our engagement, we, KPMG PLT ("KPMG"), have been engaged by the Board of Directors of CIMB Group Holdings Berhad to provide limited assurance on the selected sustainability information ("identified as the Selected Sustainability Information") for the year ended 31 December 2020 as published by CIMB Group Holdings Berhad in the Sustainability Report 2020 ("the Report").

#### **Management's Responsibilities**

The Management of CIMB Group Holdings Berhad ("Management") is responsible for the preparation and presentation of the Selected Sustainability Information in accordance with Management's calculation methodologies and the information and assertions contained within it and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that CIMB Group Holdings Berhad and its subsidiaries (hereinafter referred to as "CIMB Group" or "the Group") complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and the Report are properly trained; information systems are properly updated and that any changes in reporting encompass all significant business units.

#### **Our Responsibilities**

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed and evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagement on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board ("IAASB"). This Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement.

KPMG PLT, a limited liability partnership under Malaysian law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

### **Selected Sustainability Information**

Selected Sustainability Information includes the following data for the year ended 31 December 2020:

- Absenteeism Rate (%);
- Average Training Hours per Employee (no.);
- Clients screened on Environmental & Social (E&S) Risks (no.);
- Female Management Representation in Revenue Generating Position (%);
- Financial Literacy Awareness from Corporate Responsibility (CR) Programmes (%); and
- GHG Emissions (Scope 1) (tCO<sub>2</sub>e).

The boundary of the limited assurance engagement by KPMG represents the Group's operation in Malaysia, Indonesia, Singapore, Thailand, and Cambodia ("MISTC"), except for the following indicators:

- Clients screened on Environmental & Social (E&S) Risks (no.), covering operations in Malaysia; and
- Financial Literacy Awareness from Corporate Responsibility (CR) Programmes, covering operations in Malaysia and Indonesia.

### **Procedures Performed over Selected Sustainability Information**

A limited assurance engagement on the Selected Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures include:

- Virtual interviews with Senior Management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries of Management to gain an understanding of the Group's processes for determining material issues for the Group's key stakeholder groups;
- Enquiries of Senior Management and relevant staff at corporate level and selected site level responsible for providing the information in the Report;
- Obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group;
- Virtual interviews with the Group's selected sites which were selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria;
- Comparing the information presented in the Selected Sustainability Information to corresponding information in the relevant underlying sources to determine whether all the relevant information has been included in the Selected Sustainability Information and prepared in accordance with Management's calculation methodologies;
- Evaluate the Selected Sustainability Information presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Group;

- Evaluate the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Our Independence and Quality Control**

We have complied with the independence and other relevant ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG PLT applies the Malaysian Approved Standard on Quality Control, ISQC 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Inherent Limitations**

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

### **Opinion**

Our opinion has been formed on the basis of, and is subject to, the matters outlined in this Independent Limited Assurance Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, as described above, nothing has come to our attention that would lead us to believe that the Selected Sustainability Information included in the Report of the CIMB Group for the year ended 31 December 2020, is not presented, in all material respects, in accordance with Management's calculation methodologies.

In accordance with the terms of our engagement, this Independent Limited Assurance Report on the Selected Sustainability Information been prepared for CIMB Group and for no other purpose or in any other context.





#### **Restriction of use of our Independent Limited Assurance Report**

Our Independent Limited Assurance Report should also not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than CIMB Group, for any purpose or in any other context. Any party other than CIMB Group who obtains access to our Independent Limited Assurance Report or a copy thereof and chooses to rely on our Independent Limited Assurance Report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we do not accept nor assume responsibility and deny any liability to any party other than CIMB Group for our work, for this Independent Limited Assurance Report, or for the conclusions we have reached.

---

Our Independent Limited Assurance Report is released to CIMB Group on the basis that it shall not be copied, referred to or disclosed, in whole (save for the CIMB Group's own internal purposes) or in part, without our prior written consent.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya,

12 March 2021



## MINIMALIST, EFFICIENT, INTELLIGENT DESIGN APPROACH

We worked with our creative agency to plan an optimal design that not only communicates effectively with the readers, but also minimises use of ink, energy for printing, and the associated costs, without compromising on the aesthetic value of the design elements.



### SIMPLICITY

We have gone sparse – replacing full scale and massive images with more icons, and limited the use of colours, keeping it rich.



### CLEAN LINES

We optimised use of line-drawings, non-filled bar graphs/charts, and clean lines for clarity and visually more pleasing and easier to decipher.



### MONOCHROMATIC COLOR PALETTE

By using a single base colour, and its variant shades and tones, we minimised the use of multiple colours that require more ink, with potential wastage.



### MINIMAL ART

Our design this year balances between a clever play of space, creative design, and icons and tighter leadings and margins for text to reduce number of pages.



### REDUCTIVISM

Where possible, we have avoided and reduced the need for heavy texts, fonts, and design elements including photographs etc.



[www.cimb.com](http://www.cimb.com)