



SUSTAINABLE DEVELOPMENT GOALS BOND AND SUKUK FRAMEWORK

October 2021



CIMB PROFILE

CIMB Group Holdings Berhad (“**CIMB**”) and its subsidiaries (collectively “**the Group**” or “**CIMB Group**”) is one of ASEAN’s leading banking groups and Malaysia’s second largest financial services provider, by assets. CIMB is listed on Bursa Malaysia, and the Group offers consumer banking, commercial banking, wholesale banking, transaction banking, Islamic banking and asset management products and services. Headquartered in Kuala Lumpur, we are present in all 10 ASEAN nations (Malaysia, Indonesia, Singapore, Thailand, Cambodia, Brunei, Vietnam, Myanmar, Laos and Philippines). Beyond ASEAN, the Group has market presence in China, Hong Kong, India, South Korea, the US and UK.



CIMB’S APPROACH TO SUSTAINABILITY

As a leading financial institution in ASEAN, we recognise the impacts of our business and decisions on the wellbeing of stakeholders and the environment. Our commitment is to operate in a way that assumes accountability and responsibility for our actions, whilst minimising negative impacts and creating a net positive impact on people and the planet.

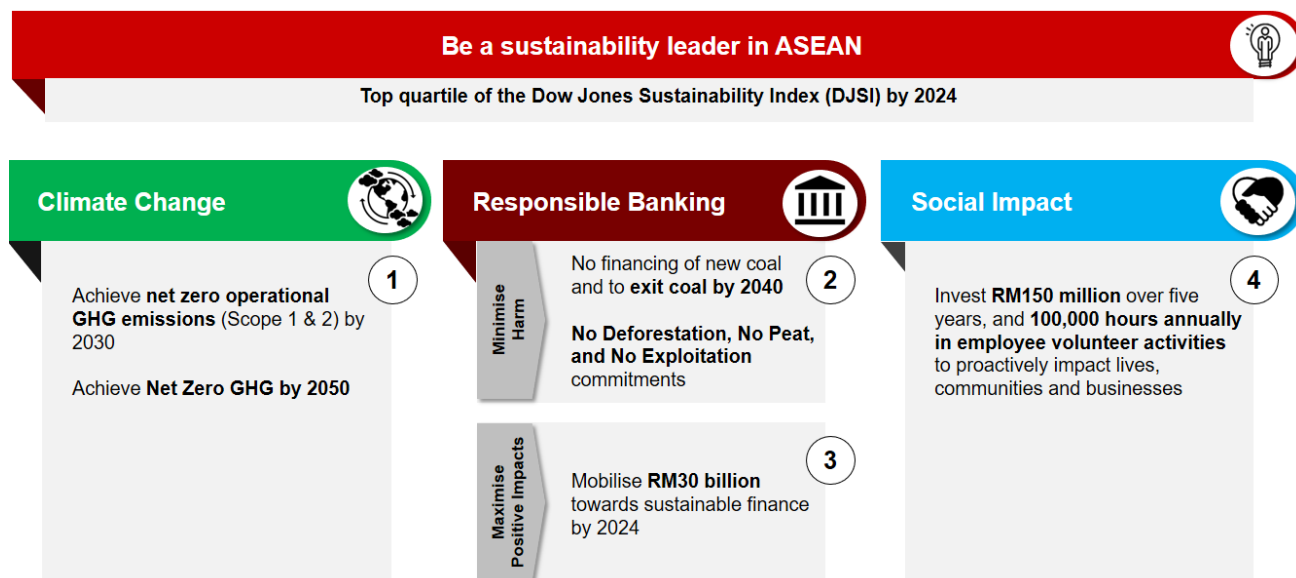
Sustainability is integrated into the Group’s Forward23+ strategic plan under the strategic theme of being a purpose-driven organisation to ensure that we continue to make responsible progress in a challenging and disruptive market landscape brought about by the COVID-19 pandemic. It is our aspiration to become a visible shaper of sustainability practices in the ASEAN community, and to emerge in the top quartile of the Dow Jones Sustainability Index (“**DJSI**”) by 2024.

Underpinning Forward23+ is our six-year Sustainability Roadmap, which takes a programmatic approach to achieve our sustainability aspirations. The Sustainability Roadmap consists of five pillars (see below), with each pillar seeking to deliver net positive impact through:

- **Minimising our footprint**, or negative impacts arising from the course of conducting our business, by introducing environmental and social standards as well as sustainability risk management practices; and
- **Maximising our handprint**, or positive impacts by offering environmentally/ socially beneficial products and services to individuals and businesses, and by creating positive impacts within our own operations.



To accelerate CIMB's ambition to be an ASEAN sustainability leader, in September 2021 we strengthened our commitments by introducing a set of time-bound and measurable targets, as follows: -



These commitments represent a continuation of our ongoing efforts towards being a sustainability leader in the region since starting our sustainability journey in 2019. They are also a testament to our dedication to continually foster our alignment with the United Nations Environment Programme Finance Initiative ("**UNEP FI**") Principles for Responsible Banking, of which CIMB is a founding signatory. In addition, CIMB is also a signatory of the Collective Commitment to Climate Action ("**CCCA**") and the Net-Zero Banking Alliance ("**NZBA**"), and an official supporter of the Task Force on Climate-related Financial Disclosures ("**TCFD**").



CIMB SDG BOND AND SUKUK FRAMEWORK

In 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development (the "**2030 Agenda**"), which is comprised of the 17 Sustainable Development Goals ("**SDGs**"). The SDGs have a clear vision of "leaving no man behind" in pursuit of a sustainable future, and seek to promote cooperation among countries, businesses, civil societies and the general public in tackling issues such as poverty, hunger, inequality and climate change. The Business and Sustainable Development Commission, in its flagship report "*Better Business, Better World*" in 2017, stated that achieving the SDGs would open up at least U.S.\$12 trillion worth of market opportunities for the private sector by 2030, and well over 50 per cent of the opportunities would be found in developing countries¹.

In view of the significant benefits that CIMB could potentially create by mobilising businesses and investors to contribute towards achieving the SDGs, CIMB Bank Berhad ("**CIMB Bank**" or "**the Bank**") issued a U.S.\$680 million SDG bond in 2019 to orient capital flows towards supporting the Bank's sustainable assets. A Sustainable Development Goals Bond Framework ("**SDG Bond Framework**") was set up to provide guidance on various components of the SDG Bond, including among others the use of proceeds and process for project evaluation and selection.

¹ For more information, please see http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf.

As a regular issuer in the bond and sukuk market, we strive to ensure our instruments and frameworks continue to reflect the latest sustainability commitments of the Group, and market standards as well as expectations. In this regard, we have decided to update the SDG Bond Framework in 2021 and effect the following changes:

- Insertion of a sukuk component to allow for future issuances of Shariah-compliant notes;
- Consolidation of the SDG Bond and Sukuk Framework under the Group, i.e. CIMB and its subsidiaries including but not limited to CIMB Bank could use the SDG Bond and Sukuk Framework as the basis for future sustainability bonds and/or sukuk to be issued on and after 18 October 2021²; and
- Inclusion of new forms of eligible assets that could qualify for the use of proceeds of the future sustainability bonds and/or sukuk by the Group.

(the framework is herein renamed to as the “**SDG Bond and Sukuk Framework**”)

The SDG Bond and Sukuk Framework is revised and prepared in accordance with the Green Bond Principles (“**GBP**”), Social Bond Principles (“**SBP**”) and the Sustainability Bond Guidelines (“**SBG**”) issued by the International Capital Markets Association (“**ICMA**”) in June 2021, as well as the ASEAN Green Bond Standards (“**ASEAN GBS**”), the ASEAN Social Bond Standards (“**ASEAN SBS**”) and the ASEAN Sustainability Bond Standards (“**ASEAN SUS**”) issued by the ASEAN Capital Markets Forum (“**ACMF**”) issued in 2018.

The SDG Bond and Sukuk Framework is presented through the four core components of ICMA's Guidelines as well as its recommendations for bond frameworks and external review:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

USE OF PROCEEDS

The proceeds of each SDG Bond or Sukuk (“**Proceeds**”) or an equivalent amount will be exclusively used to finance and/or re-finance, in whole or in part, new or existing assets, investments, projects and/or products (collectively termed “**assets**”) that comply with the Guiding Principles of the SDG Bond and Sukuk Framework (collectively, “**Eligible Assets**”). These include the Group's own operating or capital expenditures, subject to operating expenditures having been disbursed within 36 months prior to the relevant SDG Bond or Sukuk's issue date. For the avoidance of doubt, the Proceeds could be used to subscribe to any bonds/sukuk/financial instruments issued by any members of the Group where the proceeds of such bonds/sukuk/financial instruments are used to finance and/or refinance Eligible Assets. The Proceeds could also be used to finance companies that derive 90 per cent or more of their revenue from the Eligible Assets. In these instances, the Proceeds can be used by the companies for general purposes (including capital and operating expenses), so long as this financing does not fund expansion into activities falling outside the Eligible Assets. For SDG Sukuk, only Shariah-compliant assets are eligible for the use of Proceeds.

To demonstrate the linkage between our financing objectives vis-à-vis the SDGs and targets, we have structured the Guiding Principles and the list of Eligible Assets based on seven priority SDGs of the Group. They are: (i) Goal 8: Decent Work and Economic Growth, (ii) Goal 9: Industry Innovation and Infrastructure, (iii) Goal 10: Reduced Inequalities, (iv) Goal 12: Responsible Consumption and Production, (v) Goal 13:

² For the avoidance of doubt, sustainability bonds issued by CIMB Bank prior to 18 October 2021 will continue to be guided by the Bank's SDG Bond Framework established on 31 August 2019, including its issuances of annual progress report.

Climate Action, (vi) Goal 15: Life on Land and (vii) Goal 16: Peace, Justice and Strong Institutions. Recognising that some Eligible Assets may contribute to more than one SDG, for ease of reference and communication, each Eligible Asset is placed under a specific SDG to which it creates the most significant impact.

Whilst the Eligible Assets are considered to be in congruence with the aspirations of the SDG Bond and Sukuk Framework, the Group is cognisant of the inherent environmental and social risks associated with some businesses, projects and/or products. In this regard, specific sustainability risk policies such as the Group Sustainability Policy ("**GSP**") and Group Sustainable Financing Policy ("**GSFP**") will be applied, where relevant, to ensure significant environmental and social risks are duly identified, managed, prevented or mitigated. The Group will exercise professional judgment, discretion and sustainability knowledge in determining eligibility of assets and ensuring the ones selected for the use of Proceeds of a SDG Bond or Sukuk do not result in any undesirable and unacceptable impact on stakeholders or the environment.

Guiding Principles and Eligible Assets

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
Goal 8: Decent Work and Economic Growth	8.3 <ul style="list-style-type: none"> Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small and medium-sized enterprises, including through access to financial services 	<ul style="list-style-type: none"> Employment generation, and programs designed to prevent and/or alleviate unemployment Access to essential services Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> Activities that contribute to sustainable job creation, economic growth and societal wellbeing Activities that contribute to expanded access to affordable and responsible banking/financial products and services to vulnerable groups 	Financing for: <ul style="list-style-type: none"> Start-ups³ and micro⁴, small and medium-sized enterprises ("SMEs")⁵. <ul style="list-style-type: none"> For medium-sized enterprises to be eligible for the use of Proceeds, the assets should exhibit one or more of the following characteristics: <ul style="list-style-type: none"> Majority-owned or majority-managed by persons from vulnerable segments⁶; Operate in sectors/ activities that contribute to other SDGs in the SDG Bond and Sukuk Framework; Benefit low-income populations⁷ or groups from vulnerable

³ Start-ups are defined as businesses that have been in operation for less than 6 months, or as defined by respective national governments. If the data is unavailable, then the average loan size given to this type of business should be less than RM150,000.

⁴ Microenterprises are defined as those with sales turnover of less than RM300,000 or less than 5 full-time employees, or as defined by respective national governments. If the data is unavailable, then the average loan size given to this type of business should be less than RM150,000.

⁵ Small and medium-sized enterprises are defined as follows (or as defined by respective national governments):

- Manufacturing:
 - Small: Sales turnover from RM300,000 to less than RM15 million or full-time employees from 5 to less than 75. If the data is unavailable, then the average loan size given to this type of business should be less than RM5 million;
 - Medium: Sales turnover from RM15 million to not more than RM50 million or full-time employees from 75 to not more than 200.
- Services and Other Sectors:
 - Small: Sales turnover from RM300,000 to less than RM3 million or full-time employees from 5 to less than 30. If the data is unavailable, then the average loan size given to this type of business should be less than RM1 million;
 - Medium: Sales turnover from RM3 million to not more than RM20 million or full-time employees from 30 to not more than 75.

⁶ For instance, the chief executive officer or president is from a vulnerable segment; at least 51% of shareholding, board of directors, or top management are from vulnerable segments. Vulnerable segments consist of elderly (60 years old and above), women, youth (15-40 years old), indigenous people, people with disabilities, and/or ex-prisoners.

⁷ Low-income populations are defined as bottom 40 per cent of households with a monthly income of RM4,849 and below ("**B40**") or individuals who are earning RM2,700 per month or lower (or as defined by respective national governments).

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
	<p>8.5</p> <ul style="list-style-type: none"> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value <p>8.6</p> <ul style="list-style-type: none"> By 2020, substantially reduce the proportion of youth not in employment, education or training <p>8.10</p> <ul style="list-style-type: none"> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all 			<p>segments, in terms of expanded access to basic needs such as food, healthcare and education⁸; or</p> <ul style="list-style-type: none"> Seek to maximise productivity, efficiencies and income through digitalising their business <ul style="list-style-type: none"> Education or training for entrepreneurs from low-income populations Education or training for women, e.g. women empowerment workshops, career comeback programmes and women entrepreneurship programmes Construction of public schools/ universities/ vocational schools/ teaching institutions Construction of student housing/ campuses for public schools and universities Free/ subsidised education or vocational training for low-income populations, youth and professionals Education loans/ financing with reasonable interest/profit rates and/ or income-contingent repayment options for low-income populations, women, youth and professionals Microfinance schemes such as microcredits, microsavings and microinsurance/ microtakaful for individuals or financing for Microfinance Institutions ("MFIs"). To be eligible for the use of Proceeds, the assets should be targeted at low-income populations and should meet the following characteristics: <ul style="list-style-type: none"> Accessible and affordable, e.g. reasonable interest /profit rates, no collateral/guarantor

⁸ Only companies with at least 80% of their customer base from low-income populations or vulnerable segments could qualify for the Use of Proceeds.

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
				<p>required, innovative channels such as digital finance; and</p> <ul style="list-style-type: none"> – Responsible, e.g. practise needs-based selling, consultation and training support to customers, provision of deferment of repayment or restructuring of repayment schedule
Goal 9: Industry, Innovation and Infrastructure	<p>9.1</p> <ul style="list-style-type: none"> • Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all <p>9.4</p> <ul style="list-style-type: none"> • By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities <p>9.c</p> <ul style="list-style-type: none"> • Significantly increase access to information and communications 	<ul style="list-style-type: none"> • Affordable basic infrastructure • Sustainable water and wastewater management • Green Buildings 	<ul style="list-style-type: none"> • Activities that result in quality, reliable and sustainable infrastructure to support affordable and equitable access for all, in particular, low-income populations 	<p>Financing for:</p> <ul style="list-style-type: none"> • Development of roads to increase connectivity in underdeveloped rural areas or where road connectivity does not exist or is clearly inadequate and hinders a community's development • Construction, operation, maintenance and/or upgrade of: <ul style="list-style-type: none"> – water supply and distribution infrastructure or network with the intention to increase household and/or industrial access to water, decrease leakages or improve water quality; – wastewater treatment infrastructure with the objective of reducing pollutant discharge load or improving plant efficiency; or – sanitation facilities • Construction, renovation and/or purchase of residential, commercial, industrial buildings and mixed development that meet recognised environmental standards, e.g. Green Building Index ("GBI") (Gold and above), Singapore Green Mark (Gold or above), Building Research Establishment Environmental Assessment Method ("BREEAM") (Excellent and above), Leadership in Energy and Environmental Design ("LEED") (Gold and above) • Acquisition, development, operation and/or maintenance of: <ul style="list-style-type: none"> – Communication infrastructure and network with the

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
	technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020			<p>intention to increase affordable and accessibility of internet coverage and speed and/or mobile phone usage;</p> <ul style="list-style-type: none"> – Transmission and distribution infrastructure for electricity in rural areas where there is no access to electricity or the access is substantially inadequate; – Drainage systems targeted towards rural areas that currently lack such systems; – Freely accessible multipurpose halls (such as communal spaces that support recreational activities for youth); or – Public transportation infrastructure such as bus stops
Goal 10: Reduced Inequalities	<p>10.1</p> <ul style="list-style-type: none"> • By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average <p>10.2</p> <ul style="list-style-type: none"> • By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status 	<ul style="list-style-type: none"> • Access to essential services • Socioeconomic advancement and empowerment 	<ul style="list-style-type: none"> • Activities that contribute to parity within the society and enable the vulnerable and disadvantaged groups to have equal access to resources 	<p>Financing to:</p> <ul style="list-style-type: none"> • construct, upgrade and/ or operate public or quasi-governmental hospitals/ clinics/ medical centres that offer free/ subsidised healthcare services primarily to low-income populations or underserved communities in rural areas • provide and/ or distribute public/ free/ subsidised healthcare schemes, equipment, emergency medical responses, pandemic-related support (see COVID-19 and Other Global Pandemics Financing section below) or disease control services • provide education and vocational training on healthcare • build or purchase affordable housing or social housing. To be eligible for the use of Proceeds, such houses should target populations with a monthly household income of not more

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
				than RM4,850 ⁹ and have a maximum property price of RM500,000 ¹⁰ , or as defined by respective national governments in other countries
Goal 12: Responsible Consumption and Production	<p>12.2</p> <ul style="list-style-type: none"> By 2030, achieve the sustainable management and efficient use of natural resources <p>12.5</p> <ul style="list-style-type: none"> By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse 	<ul style="list-style-type: none"> Environmentally sustainable management of living natural resources and land use Circular economy Pollution prevention and control 	<ul style="list-style-type: none"> Adoption of processes, infrastructure or technology that improve output, efficiency and growth of various economic sectors in a sustainable manner to recognised international standards Pollution prevention and control 	<p>Financing for:</p> <ul style="list-style-type: none"> Organic farming/ certified farming or aquaculture namely MyOrganic, MyGAP, Rainforest Alliance, UTZ, Bonsucro, Aquaculture Stewardship Council Farm ("ASC") and other ISEAL recognised certification standards Sustainable seafood development (i.e. with certification from the Marine Stewardship Council ("MSC")) Increased food productivity/ yield on same size of land through best agricultural practices (e.g. precision agriculture, soil management, crop rotation, biological nitrogen fixation, smallholders¹¹ replanting with non-GMO seeds from authorized producers governed by relevant authorities e.g. Ministry of Agriculture and Food Industry ("MAFI")) Manufacturing, distribution and/ or purchase of water metering and water saving systems and technologies Rainwater harvesting and storage Training programmes on sustainable production or consumption (e.g. sustainable agriculture, sustainable fisheries management) Waste management activities such as biogas infrastructure using waste as feedstock (e.g. RSPO certified palm oil mill effluent, livestock manure), waste diversion from landfill for composting or conversion to

⁹ Household income & basic amenities survey report 2019, Department of Statistic Malaysia

¹⁰ This threshold may be adjusted based on nationally determined definition of affordable or social housing announced by the Malaysian Government (<https://www.srp.com.my/en/criteria.html>) or other national governments as and when available.

¹¹ Smallholders comprise farmers who own 100 acres of land or less.

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
				<p>market quality products and/or byproducts (e.g. conversion of rice husk into cutlery, durian husk into cellulose bandage)</p> <ul style="list-style-type: none"> Construction, operation, maintenance and/ or upgrading of recycling facilities or infrastructure (e.g. buy back centres, sorting centres promoting waste segregation, waste collection vehicles) for both public and industrial waste. Emission intensity of waste collection vehicles should meet one of the following criteria: (i) light commercial vehicles either electric or hybrid with direct emissions of less than 50 gCO₂/km; and (ii) commercial heavy trucks with zero direct emissions or direct emissions less than 25 gCO₂/km Manufacture of recyclable, renewable and sustainably sourced substitutes (e.g. biogenic feedstock such as wood and bamboo) that have substantially reduced lifecycle emissions compared to fossil fuel-related alternatives such as plastics Operating, decommissioned and/ or closed landfill gas capture with gas capture efficiency of above 75 per cent Research into and development ("R&D") of processes, infrastructure, technology and facilities that promote efficient resource use and management. These include: - <ul style="list-style-type: none"> R&D of products, processes, and technologies using bio-based materials; Usage of recycled/ waste / resource-efficient materials as an input; or Production of resource-efficient products that are RSB certified
Goal 13: Climate Action	13.1 <ul style="list-style-type: none"> Strengthen resilience and adaptive capacity 	<ul style="list-style-type: none"> Climate change adaptation Environmentally sustainable 	<ul style="list-style-type: none"> Mitigation and adaptation projects that contribute to reducing carbon 	Financing for: <ul style="list-style-type: none"> Natural disaster prevention infrastructure and/ or measures (e.g. flood control and flooding

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
	<p>to climate-related hazards and natural disasters in all countries</p> <p>13.3</p> <ul style="list-style-type: none"> Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	<p>management of living natural resources and land use</p> <ul style="list-style-type: none"> Renewable energy Energy efficiency 	<p>emission/intensity or vulnerability to climate change</p>	<p>mitigation systems, disaster preparedness measures)¹²</p> <ul style="list-style-type: none"> Development and/ or application of climate resilient agricultural methods such as planting non-GMO drought resistance crop (e.g. SRI paddy with higher yield and less water use, climate resilience cash crops), vertical farming powered by renewables, drip irrigation (which consume lesser water compared to conventional methods such as sprinkler systems), etc. Acquisition, development, operation and/ or maintenance of renewable energy facilities, i.e. <ul style="list-style-type: none"> Wind power; Solar photovoltaic power (including floating); Solar thermal utilisation with more than 85 per cent of electricity generated from solar energy; New and/ or existing hydropower including small-scale hydro ($\leq 25\text{MW}$), hydro run of river with low storage capacity, and large-scale hydro with $\leq 100\text{g CO}_2/\text{kWh}$ or power density of $\geq 5\text{W}/\text{m}^2$; Geothermal with direct emissions of $\leq 100\text{g CO}_2/\text{kWh}$; Biomass energy with direct emissions of $\leq 100\text{g CO}_2/\text{kWh}$ and uses sustainable feedstock such as waste or by-products from certified agricultural or forestry activities such as Forest Stewardship Council ("FSC"), Programme for the Endorsement Forest Certification ("PEFC"), Malaysian Timber Certification Council ("MTCC") Hydrogen production (through electrolysis powered by renewable energy only)

¹² The said Eligible Asset should be supported with a Vulnerability Assessment and Adaptation Plan or equivalent, which sets out the vulnerability of an asset to material physical risks from current and future climate change as well as a management response plan to address the identified vulnerabilities (with clearly defined adaptation outcomes).

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
				<ul style="list-style-type: none"> Grid expansion/ development, including construction of transmission networks and base stations, which carries a minimum of 90 per cent renewable energy. If the grid expansion/ development project transmits less than 90 per cent of renewable energy, it can be considered as an Eligible Asset provided one of the following conditions is met: <ul style="list-style-type: none"> percentage of renewables is expected to increase; more than 67 per cent of newly enabled generation capacity in the system is below the emission threshold of 100 gCO₂e/kWh over a rolling five-year period; or the average grid emission factor is below 100 gCO₂e/kWh, over a rolling five-year period Manufacturing and/ or distribution of products or technologies that enable greater uptake of renewable energy, increase energy efficiency or address energy loss reduction. These include, but are not limited to, wind turbines (if Balsa wood is used, it must be sustainably sourced and certified with recognised certification standards e.g. FSC, PEFC), solar panels, solar thermal systems, waste biomass combustion (using waste biomass from forestry and agricultural residues) to replace fossil fuel, LED lights and energy efficient water pumps Manufacturing, development, operation and/ or maintenance of grid-scale or behind-the-meter battery storage, pumped storage hydropower ($\leq 100\text{g CO}_2/\text{kWh}$) and hydrogen storage system (electrolysis powered by renewable energy only) Energy efficiency improvement projects (e.g. refurbishment of residential or commercial buildings, improvement of heat efficiency of non-fossil-fuel powered-utilities such as district

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
				<p>cooling systems, installation of smart grids, and smart meters, installation of energy-efficient lighting, appliances or equipment) that achieve a minimum of 15 per cent improvement in energy performance</p> <ul style="list-style-type: none"> • Manufacturing and/ or purchase of electric, fuel cell or hybrid passenger vehicles with zero tailpipe CO₂ emissions or CO₂ emissions of not more than 75g per passenger-kilometer • Manufacturing, construction, operation, maintenance and/ or upgrade of mass transit such as electrified or hydrogen-powered rail, metro, subway and buses with zero direct CO₂ emissions or CO₂ emissions of not more than 75g per passenger-kilometer (with the exception of hydrogen-powered buses which must meet a lower threshold of less than 50g per passenger-kilometer) • Construction, operation, maintenance and/ or upgrade of infrastructure for low carbon or zero carbon vehicles and public transportation (e.g. electric vehicle charging station, hydrogen fueling facilities) • Infrastructure and systems to manage transport demand that lead to reduced carbon emissions (e.g. electronic road pricing) • Free, subsidised, or paid education programmes for vulnerable communities either through online or offline platform (e.g. rural populations, residents located in floodplain areas) to increase awareness on climate related issues and their capability of responding and/or adapting to climate risks
Goal 15: Life on Land	15.1 <ul style="list-style-type: none"> • By 2020, ensure the conservation, restoration and sustainable use of terrestrial and 	<ul style="list-style-type: none"> • Terrestrial and aquatic biodiversity • Environmentally sustainable management of 	<ul style="list-style-type: none"> • Activities that help protect, restore and promote sustainable use of terrestrial 	Financing for: <ul style="list-style-type: none"> • Forest and wildlife conservation and restoration projects such as afforestation and reforestation projects with local tree species, forest/ wildlife restoration

SDG	SDG Targets	ICMA GBP/SBP Project Category	Guiding Principle(s)	Eligible Assets
	<p>inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements</p> <p>15.2</p> <ul style="list-style-type: none"> By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 	living natural resources and land use	ecosystems and resources	<p>projects (e.g. Malua Biobank in East Malaysia, Hutan Desa in Indonesia), and research institutions on ecosystem conservation and restoration e.g. Forest Research Institution Malaysia (“FRIM”)</p> <ul style="list-style-type: none"> Education programmes for local communities to increase their awareness and knowledge on responsible land use Sustainable forest management, reforestation and avoided deforestation (i.e. with certification from the FSC, PEFC, MTCC)
Goal 16: Peace, Justice and Strong Institutions		Encapsulated in the rest of the six SDG above and sub-section “ <i>Process for evaluation and selection of Eligible Assets</i> ” where exclusions are applied		

COVID-19 and Other Global Pandemics Financing			
Healthcare	Healthcare services	<ul style="list-style-type: none"> Financing to equip, operate and add capacity and efficiency to essential healthcare facilities such as hospitals, clinics, healthcare centres, acute care, emergency care, diagnostics, laboratory facilities, nursing home and rehabilitation facilities Manufacturing, logistics and distribution of medical products and supplies essential to medical response, disease control services and vaccinations Financing to equip, operate and add capacity to facilities for healthcare training Financing to equip, operate and add capacity to facilities that house healthcare professionals Hiring and training of medical personnel to assist in the prevention and/ or treatment of COVID-19/ other global pandemics 	
	Healthcare supplies and equipment	<ul style="list-style-type: none"> The conversion of facilities or equipment to produce supplies or equipment needed for the prevention or treatment of COVID-19/ other global pandemics 	
	Pharmaceuticals	<ul style="list-style-type: none"> Financing the subsidisation of provision of pharmaceuticals needed in the treatment of COVID-19/ other global pandemics 	

COVID-19 and Other Global Pandemics Financing		
		<ul style="list-style-type: none"> Financing the production and distribution of pharmaceuticals needed in the treatment of COVID-19/ other global pandemics Financing R&D on a potential vaccine for COVID-19/ other global pandemics
Sanitation		<ul style="list-style-type: none"> Manufacturing, logistics and distribution of products and services for safely managed water, sanitation, and hygiene (“WASH”)
Food security		<ul style="list-style-type: none"> COVID-19/ other global pandemics-related loans/ financing provided to SMEs to facilitate the increase in capacity and efficiency in food systems and supporting the provisioning, production, logistics and distribution of food and nutritional supplements
Socio-economic impact mitigation		<ul style="list-style-type: none"> Loans/ financing or other financial services to support SMEs facing financial stress as a result of COVID-19/ other global pandemics Loans/ financing or other financial services to support initiatives designed to prevent or alleviate unemployment
Others		<ul style="list-style-type: none"> Financial support for the activities of charitable, non-profit, non-governmental and/or other social service organisations who support populations directly affected by COVID-19/ other global pandemics Financial support related to medical nutrition in the treatment of COVID-19/ other global pandemics or ensuring a secure food supply during phases of restricted contact

PROCESS FOR EVALUATION AND SELECTION OF ELIGIBLE ASSETS

The CIMB Group Sustainability Council (“**GSC**”) which was established in 2018 holds the ultimate responsibility and accountability for the SDG Bond and Sukuk Framework, including approval of proposed assets and specific definitions of Eligible Assets under the SDG Bond and Sukuk Framework.

The GSC is currently chaired by the Group Chief Sustainability Officer of CIMB Group and its membership consists of senior representatives from various business and functional units within the Group. The step-by-step process for evaluation and selection of Eligible Assets is as follows:

- business units to screen (based on the Exclusion List), select and propose new or existing Eligible Assets as part of their credit evaluation process and/or new product approval process;
- the Group Sustainability Department (the “**GSD**”) to evaluate the proposed Eligible Assets against the SDG Bond and Sukuk Framework and ensure sustainability due diligence has been conducted on relevant assets in accordance with the GSP and GSFP. Where necessary, the GSD will consult with and obtain guidance from internal stakeholders including subject matter experts on their recommendations regarding the proposed assets;
- the GSD to submit its recommendation to the GSC for ratification of inclusion or exclusion as use of Proceeds of the proposed assets. The recommendation will be made taking the following factors into account:

- adherence of the proposed assets against the SDG Bond and Sukuk Framework and/or other relevant available standards and benchmarks;
 - compliance of the proposed assets with the GSP and/or GSFP, where relevant;
 - the intended beneficiaries of the proposed assets, where applicable;
- (d) the GSC will review and provide approval for proposed assets that comply with the SDG Bond and Sukuk Framework.

Environmental and Social Risks Mitigation

CIMB Group Sustainability Financing Policy (“**GSFP**”) integrates environmental and social considerations into CIMB’s financing decisions.

Exclusion List

CIMB Group 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 Group has also made a No Deforestation, No Peat, No Exploitation (“**NDPE**”) commitment with regard to workers and communities that will be rolled out in phases starting from June 2022 across all countries. Assets that are involved in or associated with the activities listed below will not be considered as Eligible Assets under the SDG Bond and Sukuk Framework:

- illegal activities such as bribery, terrorism etc;
- arms and munitions;
- casino and gaming;
- tobacco;
- alcohol;
- bribery;
- breaches of national labour laws and human trafficking laws;
- illegal logging or uncontrolled fire;
- activities that impact World Heritage Sites;
- direct expenditures relating to extraction, refining, transportation, distribution or combustion of fossil fuels (e.g. development of coal-fired power plants, construction of wastewater treatment plant for fossil fuel operations, storage of fossil fuels), and energy efficiency improvements in fossil fuel-based technologies; and
- other activities such as child labour, production and distribution of pornography, predatory lending activities, alcohol and drugs, etc.

Sustainability Due Diligence Process

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 clients. Enhanced Sustainability Due Diligence (“**ESDD**”) will be conducted under several scenarios, i.e.:

- where the BSDD process reveals significant environmental and/ or social risks including controversy related to the projects or clients;
- clients are engaged in High Sustainability Risk Sectors as defined by CIMB Group; or
- clients have not fulfilled the minimum requirements set out in our Sector Guides. Sector Guides have been developed for Palm Oil, Forestry, Oil & Gas, Construction & Real Estate (including Infrastructure), and Coal.

Key Environmental and Social (“E&S”) Risks

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

- E&S 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; and
- E&S risks arising from the financed activity such as specific project-related risks and related landscape impacts. This includes an assessment of the client’s sustainability commitments, policies, performance, track record, and reputation.

Environmental risks herein refer to climate change, deforestation, energy use, biodiversity loss, water scarcity, marine environment, waste and pollution. Social risks include institutional integrity, health and safety, human rights and labour issues, negative impacts on communities.

MANAGEMENT OF PROCEEDS

The Proceeds from the SDG Bonds and/or Sukuk will be allocated to a portfolio of Eligible Assets ("**Portfolio**"), selected as per the evaluation and approval process set out above. The Group shall strive to achieve a level of allocation for the Portfolio that matches or exceeds the balance of net Proceeds from its outstanding SDG Bonds and/or Sukuk. Where necessary, additional Eligible Assets will be added to the Portfolio to ensure sufficient and timely allocation of the incremental net Proceeds within 24 months. The Group will monitor the allocation of the Proceeds and the Portfolio through its internal information systems.

During the life of the issued SDG Bonds and/or Sukuk, if any of the Eligible Assets cease to comply with the SDG Bond and Sukuk Framework, the Group will identify other assets that comply with the SDG Bond and Sukuk Framework and allocate the Proceeds to those assets as soon as is practicable.

Where the aggregate amount in the Portfolio is less than the total outstanding amount of SDG Bonds and/or Sukuk issued, the Group may hold the balance unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments in the Group's liquidity portfolio until the amount can be channelled towards the Portfolio.

REPORTING

In light of growing investor demand for transparency on the use of Proceeds and decision-useful information relating to their investments, CIMB will issue a progress report on an annual basis until full allocation of the Proceeds. The progress report will consist of:

Allocation Reporting:

The allocation report section of the progress report will include, among others:

- (a) aggregate amounts of funds allocated to each of the SDG guiding principles of the SDG Bond and Sukuk Framework together with a summary on the types of assets financed (e.g. current book value of outstanding loans/ financing, geographical mix);
- (b) share of financing against re-financing for Eligible Assets;
- (c) removal or substitution of Eligible Assets;
- (d) the remaining balance of unallocated Proceeds at the end of reporting period; and
- (e) confirmation that the use of Proceeds of the SDG Bonds and/or Sukuk conforms to the SDG Bond and Sukuk Framework.

Impact Reporting:

The impact report section of the progress report will include:

- (a) specific examples of the assets financed by the SDG Bonds and/or Sukuk; and

- (b) the quantitative value of the economic, environmental and social impacts arising from the assets financed, which may be measured using the indicative impact indicators provided in table below:

SDG	Indicative Impact Indicators
Goal 8: Decent Work and Economic Growth	<ul style="list-style-type: none"> • Number of SMEs financed • Number of entrepreneurial workshops and/ or total training hours and/ or number of people trained • Number of educational institutions built, their locations and types • Number of education loans/ financing given out to low-income populations, youths and professionals • Number of B40 microcredit recipients
Goal 9: Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> • Length of roads built in rural areas (km) • Number of mass transit projects supported • Number of households/ residents that benefitted from new infrastructure such as roads and electrification • Volume of clean water provided • Number of water infrastructure projects built • Volume of wastewater treated (m³) • Internet coverage (%)
Goal 10: Reduced Inequalities	<ul style="list-style-type: none"> • Number of public hospitals and healthcare facilities built/ upgraded • Number of residents benefitting from public healthcare facilities which are otherwise not accessible • Number of affordable and social houses financed • Number of women-led businesses financed, or amount of financing provided • Amount of education loans/ financing given out to women
Goal 12: Responsible Production and Consumption	<ul style="list-style-type: none"> • Number of certified green buildings financed • Volume of water saved • Number of training programmes on sustainable production and/ or total training hours and/ or number of people trained • Tonnes of recycled waste • Tonnes of waste diverted from landfills • Total area with increased yield production financed
Goal 13: Climate Action	<ul style="list-style-type: none"> • Carbon emissions avoided (tonnes of CO₂) • Number of flood mitigation projects financed

SDG	Indicative Impact Indicators
	<ul style="list-style-type: none"> • Energy produced from renewable sources (MWh) • Number of households/ residents that benefitted from renewable energy • Energy savings achieved (MWh) • Number of electric/ fuel cell/ hybrid vehicles financed • Number of electrified/ hydrogen powered public transport infrastructure financed • Number of farmers trained on climate-resilient agricultural methods and/ or total training hours and/ or number of people trained
Goal 15: Life on Land	<ul style="list-style-type: none"> • Forest land restored or planted (hectares) • Number of species conserved • Carbon emissions avoided from reforestation (tonnes of CO₂)
COVID-19 and Other Global Pandemics Financing – Indicative Impact indicators	
<ul style="list-style-type: none"> • Number of patients treated/ tested • Number of additional people with access to affordable health services, medicines and vaccines • Number of units of personal protective equipment produced (including gloves, masks, gowns, disinfectants) • Number of recipients of small business loans or microfinance loans in distress • Number of people receiving grants or assistance to meet basic needs (including rent provisions, utility provisions, food assistance) 	



EXTERNAL REVIEW

CIMB has obtained a second-party opinion from Sustainalytics on 15 October 2021 to confirm the alignment of the SDG Bond and Sukuk Framework with the ICMA's GBP, SBP and SBG as well as the ACMF's ASEAN GBS, ASEAN SBS, and ASEAN SUS.

In addition to the second-party opinion, CIMB will also engage an independent provider on an annual basis to review our progress report and ensure its conformity to the SDG Bond and Sukuk Framework.

The second party opinion by Sustainalytics, as well as the reviewed annual progress report, will be published and made publicly available on www.cimb.com.