



SUSTAINABILITY SUKUK PROGRESS REPORT

2022/23

FORWARD  Together



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ABOUT THIS REPORT

This Sustainability Sukuk Progress Report (“**Report**”) provides an update to investors on the **use of proceeds** and **sustainability impacts** of CIMB Group Holdings Berhad’s: (a) Sustainability Tier 2 Sukuk Wakalah of RM1 billion (“**CIMB Sustainability Sukuk 2022**”), and (b) Sustainability Tier 2 Sukuk Wakalah of RM400 million (“**CIMB Sustainability Sukuk 2023**”) under the CIMB Group Sustainable Development Goals (SDG) Bond and Sukuk Framework (2021) as at December 2022 and March 2023 respectively. Collectively, the CIMB Sustainability Sukuk 2022 and CIMB Sustainability Sukuk 2023 may be referred to as CIMB Sustainability Sukuk, throughout this Report. Brief overview of the CIMB Group SDG Bond and Sukuk Framework (2021), evaluation and selection procedure, reporting criteria and use of proceeds are also available in this Report.

FEEDBACK

We are committed to ensuring transparency and quality of disclosures in the Green, Social and Sustainable Bond/ Sukuk market. We welcome all feedback, ideas and questions from our investors and stakeholders regarding this Report. Please contact:

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DISCLAIMERS

- This report is provided for information purposes only.
- The information presented is correct as at the reporting date stated. This report does not contain all relevant information in respect of the CIMB Sustainability Sukuk. All information is subject to change without notice or update.
- Investors should make their own assessment and seek their own independent professional advice to enable them to make any decision concerning their investment in the CIMB Sustainability Sukuk.
- Any forward-looking statement is a present prediction of a possible future outcome, the accuracy of which cannot be guaranteed. Past performance should not be deemed as a guide to future performance.

Introduction

CIMB Group Holdings Berhad (“**CIMB Group**” or “**the Group**”) recognises 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, while minimising negative impacts and creating a net positive impact on people and the planet. Setting our sights on becoming the leading focused ASEAN bank and a future shaper of sustainable practices, we integrated sustainability as one of the key elements of our strategic theme to become a purpose-driven organisation. After five years of commencing our sustainability journey, we have managed to make considerable strides on different fronts. Our target of achieving the 75th percentile of the Dow Jones Sustainability Index (“**DJSI**”) ranking by 2024 was accomplished three years ahead of schedule. In 2023, we recorded an uptick in DJSI by achieving 88th percentile from which we started at the 19th percentile in 2018.



Commitments & Targets

- A founding member and the first signatory bank of the United Nations Environment Programme Finance Initiative (“UNEP FI”) Principles for Responsible Banking in ASEAN
- A signatory of the UNEP FI’s Collective Commitment on Climate Action, contributing to local and global climate-related efforts
- The first ASEAN bank to join the Net-Zero Banking Alliance (“NZBA”), committing to aligning our investments and financing with net-zero emissions by 2050
- A top ASEAN Banking Group with a clear Sustainability Roadmap, having demonstrated a marked improvement in ranking on DJSI, from the 19th percentile in 2018 to the 88th percentile in 2023, against the target of the 75th percentile by 2024



Positive Impact Maximisation

- Introduced the Positive Impact Products and Services (PIPS) Framework, which considers economic, environmental and social factors when designing financial solutions
- Introduced new banking products and services including Sustainability-Linked Financing for small and medium-sized enterprises, to incentivise our clients to improve their sustainability performance
- In 2020, the PIPS Framework was revamped as the Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework. Our target to mobilise RM10 billion in sustainable finance under GSSIPS Framework was achieved ahead of schedule. This commitment was subsequently raised to RM30 billion in 2021, and then more than tripled to RM100 billion by 2024 in September 2023



Risk Mitigation

- Operationalised the Group Sustainability Risk Management Framework that integrates environmental and social risks into enterprise risk management strategies
- Established and rolled out two anchor policies, i.e., Group Sustainability Policy and Group Sustainable Financing Policy to tackle environmental and social risks associated with our lending and day-to-day operations
- Introduced seven sector guides covering palm oil, forestry, construction and infrastructure, oil and gas, coal, mining and quarrying as well as manufacturing
- Commit to phasing out coal from portfolio by 2040 to align with the 1.5°C goal of the Paris Climate Agreement
- Established decarbonisation targets for our Coal, Cement, Palm Oil and Power portfolio



Awareness Building & Partnerships

- Institutionalised The Cooler Earth Sustainability Summit to increase market awareness of the importance of sustainability and to mobilise support of key stakeholders in the ecosystem
- Demonstrated commitment through participation in various industry-level and policy-level dialogues and action-oriented platforms, such as Bank Negara Malaysia’s Joint Committee on Climate Change and Community of Practitioners for Value-Based Intermediation, which has been set-up to steer and drive convergence for climate responses and sustainable efforts among Malaysian banks
- Founded CEO Action Network (CAN) to institutionalise a peer-to-peer informal network of CEOs for sustainability advocacy, capacity building, action and performance

Overview of CIMB Sustainability Sukuk

As a leading bank in ASEAN, we are cognisant of our responsibility to support and work towards the SDGs. This is against the backdrop of many studies which have pointed the need to plug a financing gap worth trillions of dollars in order to meet the SDG ambitions. In this regard, CIMB Bank Berhad (“**CIMB Bank**”) established the CIMB SDG Bond Framework in 2019. This framework is benchmarked against the Green Bond Principles (“**GBP**”), Social Bond Principles (“**SBP**”) and the Sustainability Bond Guidelines (“**SBG**”) of the International Capital Markets Association (“**ICMA**”) as well as the ASEAN Sustainability Bond Standard (“**ASEAN SUS**”) issued by the ASEAN Capital Markets Forum (“**ACMF**”).

Second Party Opinion

CIMB Bank obtained a second-party opinion on CIMB Group SDG Bond and Sukuk Framework from Sustainalytics on 15 October 2021, confirming its alignment with ICMA’s GBP, SBP and SBG as well as ACMF’s ASEAN GBS, ASEAN SBS

In October 2021, the CIMB SDG Bond Framework was updated to CIMB Group SDG Bond and Sukuk Framework with the following main changes: (a) to insert a sukuk component; (b) to consolidate the SDG Bond and Sukuk Framework under CIMB Group; and (c) to include new forms of eligible assets. The CIMB Group SDG Bond and Sukuk Framework was revised and prepared in accordance with the GBP, SBP, SBG issued by ICMA in June 2021, as well as the ASEAN Green Bond Standards (“**ASEAN GBS**”), the ASEAN Social Bond Standards (“**ASEAN SBS**”) and the ASEAN SUS issued by ACMF in 2018.

CIMB has since then been keeping up our strong commitment to sustainability and acting as a catalyst for real sustainable action in ASEAN. CIMB Group successfully issued a Sustainability Tier 2 Sukuk Wakalah of RM1 billion and Sustainability Tier 2 Sukuk Wakalah of RM400 million, in December 2022 and March 2023 respectively, under the Sukuk Wakalah Programme of Ringgit Malaysia Fifteen Billion (RM 15,000,000,000.00). Proceeds from CIMB Sustainability Sukuk will be utilised to finance investments in Islamic financial investments, Islamic business activities, refinancing and in any other Shariah-compliant business activities that align with the CIMB Group SDG Bond and Sukuk Framework.

Summary of CIMB Sustainability Sukuk 2022

Issuer	CIMB Group Holdings Berhad
Issue Ratings	AA2 (RAM Ratings)
Offering	Drawdown from RM 15.0 billion Sukuk Wakalah programme
Size	RM1 billion
Tenor	10 years (non-callable 5 years)
Listing	N/A
Use of Proceeds	<p>Proceeds shall be used by CIMB Group:</p> <ul style="list-style-type: none"> To fund investments in Islamic financial instruments approved by Bank Negara Malaysia’s (BNM) Shariah Advisory Council or the Security Commission Malaysia’s (SC) Shariah Advisory Council To fund or invest in the Islamic business activities of CIMB Group’s subsidiaries and overseas branches; and Any other Shariah-compliant business activities, including refinancing of any existing financing/borrowings or future Shariah-compliant financial obligations <p>Additionally, assets that support the following seven (7) priority SDGs of CIMB Group:</p> <ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 10: Reduced Inequalities Goal 12: Responsible Consumption and Production Goal 13: Climate Action Goal 15: Life on Land

	<ul style="list-style-type: none"> Goal 16: Peace, Justice and Strong Institutions (encapsulated in the goals above) <p><u>Exclusion List</u> Assets that are involved in or associated with the following activities will not be considered as Eligible Assets for instruments issued under the CIMB Group SDG Bond and Sukuk Framework: illegal activities such as bribery, terrorism etc.; arms and munitions; casino and gaming; tobacco; alcohol; breaches of national labour laws and human trafficking laws; illegal logging or uncontrolled fire; activities that impact World Heritage Sites; extraction, refining, transportation, distribution or combustion of fossil fuels, energy efficiency improvements in fossil fuel-based technologies; and other activities such as production and distribution of pornography, predatory lending activities, etc.</p>
Evaluation	<ul style="list-style-type: none"> Business units screen, select, and propose a list of new or existing assets, businesses, projects and/or products pursuant to the guiding principles of the CIMB Group SDG Bond and Sukuk Framework (“Eligible Assets”) Group Sustainability (“GS”) evaluates the proposed Eligible Assets against the CIMB Group SDG Bond and Sukuk Framework and ensure sustainability due diligence has been duly conducted, if any GS makes recommendations to Group Sustainability Council (“GSC”) for ratification of inclusion or exclusion as use-of-proceeds of the proposed Eligible Assets <p>GSC reviews and provides final approval for proposed Eligible Assets</p>
Management of Proceeds	<ul style="list-style-type: none"> The Proceeds will be allocated to a portfolio of Eligible Assets (“Portfolio”). Where necessary, additional Eligible Assets will be added to the Portfolio to ensure sufficient and timely allocation of the incremental net Proceeds Allocation of the Proceeds and the Portfolio will be monitored and tracked through our internal information systems <p>If any of the Eligible Assets cease to comply with the CIMB Group SDG Bond and Sukuk Framework, new Eligible Assets will be identified, and Proceeds will be allocated to these assets as soon as is practicable.</p>
Reporting	<p>CIMB will provide a progress report on an annual basis until full allocation of the Proceeds. The progress report will consist of Allocation and Impact Reporting as set out in the CIMB Group SDG Bond and Sukuk Framework.</p>

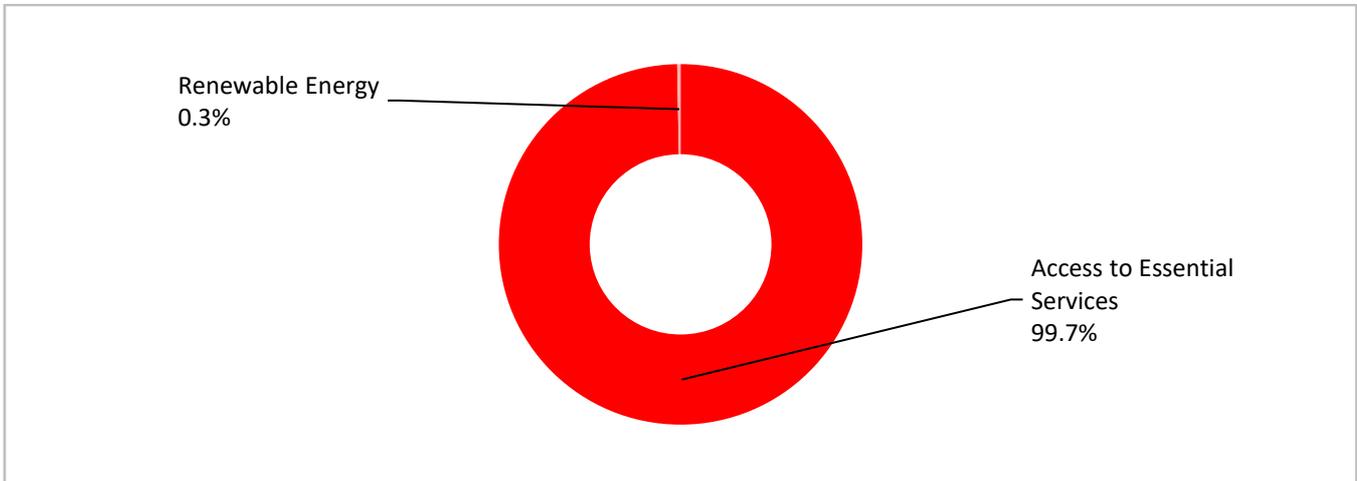
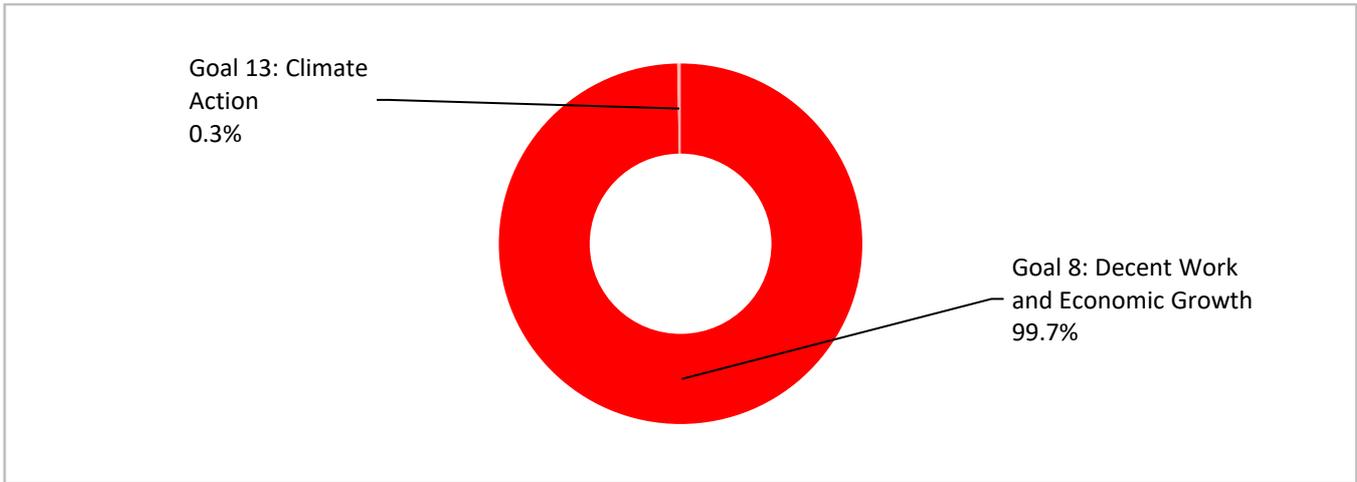
Summary of CIMB Sustainability Sukuk 2023	
Issuer	CIMB Group Holdings Berhad
Issue Ratings	AA2 (RAM Ratings)
Offering	Drawdown from RM 15.0 billion Sukuk Wakalah programme
Size	RM400 million
Tenor	10 years (non-callable 5 years)
Listing	N/A
Use of Proceeds	<p>Proceeds shall be used by CIMB Group:</p> <ul style="list-style-type: none"> To fund investments in Islamic financial instruments approved by BNM’s Shariah Advisory Council or the SC’s Shariah Advisory Council

	<ul style="list-style-type: none"> To fund or invest in the Islamic business activities of CIMB Group’s subsidiaries and overseas branches; and Any other Shariah-compliant business activities, including refinancing of any existing financing/borrowings or future Shariah-compliant financial obligations <p>Additionally, assets that support the following seven (7) priority SDGs of CIMB Group:</p> <ul style="list-style-type: none"> Goal 8: Decent Work and Economic Growth Goal 9: Industry, Innovation and Infrastructure Goal 10: Reduced Inequalities Goal 12: Responsible Consumption and Production Goal 13: Climate Action Goal 15: Life on Land Goal 16: Peace, Justice and Strong Institutions (encapsulated in the goals above) <p><u>Exclusion List</u> <i>Assets that are involved in or associated with the following activities will not be considered as Eligible Assets for instruments issued under the CIMB Group SDG Bond and Sukuk Framework: illegal activities such as bribery, terrorism etc.; arms and munitions; casino and gaming; tobacco; alcohol; breaches of national labour laws and human trafficking laws; illegal logging or uncontrolled fire; activities that impact World Heritage Sites; extraction, refining, transportation, distribution or combustion of fossil fuels, energy efficiency improvements in fossil fuel-based technologies; and other activities such as production and distribution of pornography, predatory lending activities, etc.</i></p>
Evaluation	<ul style="list-style-type: none"> Business units screen, select, and propose a list of new or existing assets, businesses, projects and/or products pursuant to the guiding principles of the CIMB Group SDG Bond and Sukuk Framework (“Eligible Assets”) GS evaluates the proposed Eligible Assets against the CIMB Group SDG Bond and Sukuk Framework and ensure sustainability due diligence has been duly conducted, if any GS makes recommendations to GSC for ratification of inclusion or exclusion as use-of-proceeds of the proposed Eligible Assets <p>GSC reviews and provides final approval for proposed Eligible Assets</p>
Management of Proceeds	<ul style="list-style-type: none"> The Proceeds will be allocated to a portfolio of Eligible Assets (“Portfolio”). Where necessary, additional Eligible Assets will be added to the Portfolio to ensure sufficient and timely allocation of the incremental net Proceeds Allocation of the Proceeds and the Portfolio will be monitored and tracked through our internal information systems <p>If any of the Eligible Assets cease to comply with the CIMB Group SDG Bond and Sukuk Framework, new Eligible Assets will be identified, and Proceeds will be allocated to these assets as soon as is practicable.</p>
Reporting	<p>CIMB will provide a progress report on an annual basis until full allocation of the Proceeds. The progress report will consist of Allocation and Impact Reporting as set out in the CIMB Group SDG Bond and Sukuk Framework.</p>

Allocation of CIMB Sustainability Sukuk Proceeds and Impact

CIMB Sustainability Sukuk 2022

As of 31 May 2023, the proceeds from the CIMB Sustainability Sukuk 2022 issuance have been fully allocated to Eligible Assets in line with the CIMB Group SDG Bond and Sukuk Framework, as illustrated in the diagrams below:

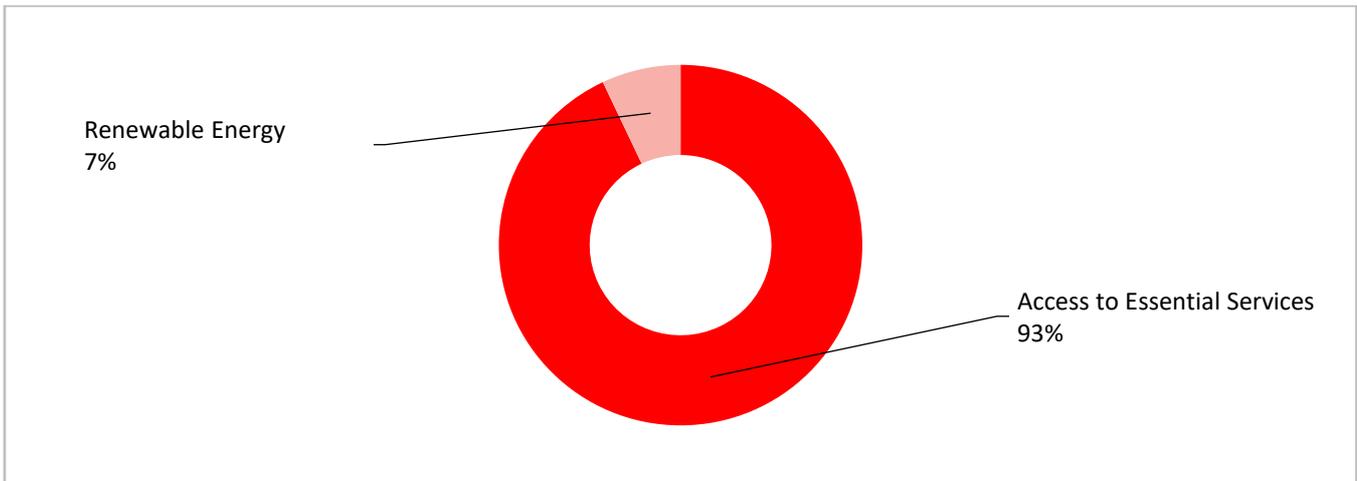
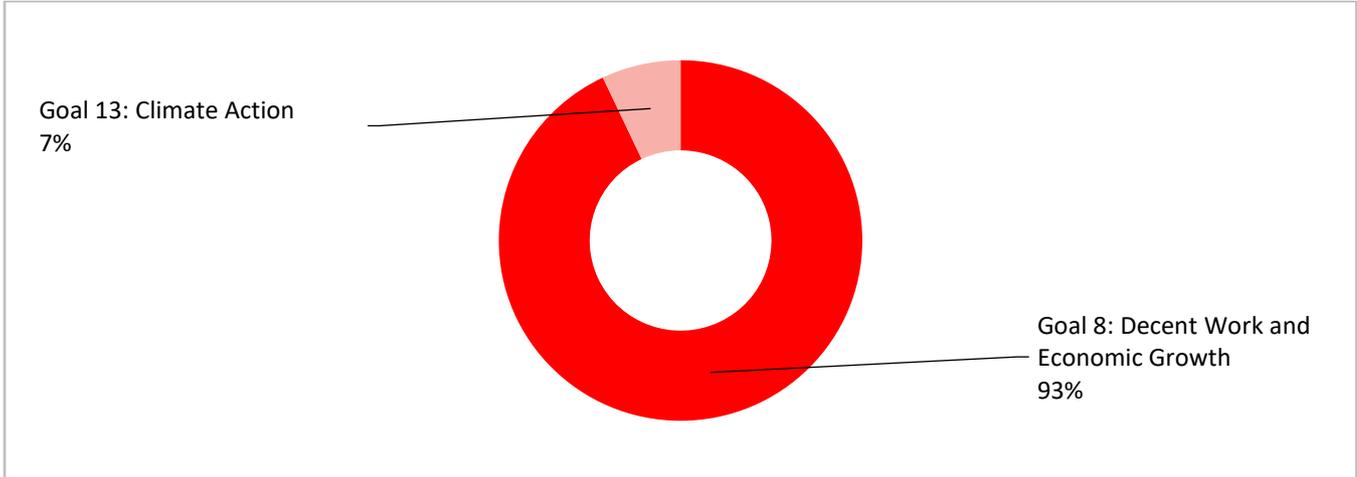


Business Unit	% of MYR1.1 bil
Corporate Banking	99.7
Commercial Banking	0.3

Geographic Allocation of Eligible Assets	Malaysia only
Total Portfolio Size of Eligible Assets	MYR 1.1 billion
Number of Eligible Assets	2

CIMB Sustainability Sukuk 2023

As at 31 July 2023, the proceeds from the CIMB Sustainability Sukuk 2023 issuance have been fully allocated to Eligible Assets in line with the CIMB Group SDG Bond and Sukuk Framework, as illustrated in the diagrams below:



Business Unit	% of MYR430.3 mil
Corporate Banking	100.0
Geographic Allocation of Eligible Assets	Malaysia only
Total Portfolio Size of Eligible Assets	MYR 430.3 million
Number of Eligible Assets	2

Eligible Assets Register*

SDG	GBP/SBP Category	Eligible Asset/ Portfolio Description ¹	Sukuk	Impacts	Asset Value (MYR mil)
Goal 8: Decent Work and Economic Growth	Access to Essential Services	Education financing with reasonable profit rates and/or income-contingent repayment options for low-income populations, youth and professionals	CIMB Sustainability Sukuk 2022	<ul style="list-style-type: none"> Provided an estimated 44,100 low-cost financing for youths to pursue their studies at nationally accredited public and private institutions of higher learning 	1,100.00
			CIMB Sustainability Sukuk 2023	<ul style="list-style-type: none"> Provided an estimated 16,000 low-cost financing for youths to pursue their studies at nationally accredited public and private institutions of higher learning 	400.00
Goal 13: Climate Action	Renewable Energy	Acquisition, development, operation and/or maintenance of renewable energy facilities including wind, solar, small-scale hydro (≤ 25 MW), geothermal (has direct emissions of less than 100g CO ₂ /kWh) and biomass energy (has direct emissions of less than 100g CO ₂ /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 of Forest Certification ("PEFC"), Malaysian Timber Certification Council ("MTCC"))	CIMB Sustainability Sukuk 2022	<ul style="list-style-type: none"> Financed solar photovoltaic systems with a total capacity of 1.86MW 	3.29
			CIMB Sustainability Sukuk 2023	<ul style="list-style-type: none"> Part financed the project cost of solar photovoltaic systems with a total capacity of 11.06MW 	30.27
Total allocated assets amount for the 2022 sukuk					1,103.29
Total allocated assets amount for the 2023 sukuk					430.27

Reporting Notes:

¹ Names of borrowers are not provided due to confidentiality concerns.

* The proceeds of the 2022 and 2023 sukuk was fully allocated as of May 2023 and July 2023 respectively, based on outstanding amounts registered as at 31 May 2023 and 31 July 2023 respectively, which was communicated to and concurred by Sustainalytics.

Annual Review by Sustainalytics

In 2023, CIMB engaged Sustainalytics to review the projects funded through the issued CIMB Sustainability Sukuk 2022 and CIMB Sustainability Sukuk 2023 and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the CIMB Group SDG Bond and Sukuk Framework (2021).

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes them to believe that, in all material respects, the reviewed sukuk projects, funded through proceeds of CIMB's 2022 and 2023 sustainability sukuk, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the CIMB Group SDG Bond and Sukuk Framework (2021).