



SUSTAINABLE BUSINESS

While we strive to manage the environmental and social impacts of our own operations, it is the business that we do with our clients, that creates the biggest impacts, both negative and positive. As a responsible provider of financial services, our customers are at the heart of everything we do. It is our responsibility to provide secure processes which help to protect our customers' data privacy and finances. We aim to ensure a seamless customer experience and inclusive access to financial services that are relevant, and which help individuals, families and businesses to achieve their goals. As a financial intermediary, we recognise our responsibility towards activities we enable through our financial services. We also recognise our ability and responsibility to influence our customers to adopt business models that positively impact people and planet.

We do this through:



Customer centricity

Going the extra mile for the customer, and delivering excellent customer experience that builds long term relationships.



Privacy and cybersecurity

Ensuring a seamless digital experience, safeguarding our customers' data and privacy.



Technology

Leveraging technology to enhance customer experience and access to finance, and for operational efficiency.



Sustainable finance risk

Minimising potential negative impacts on people and the environment, which may be enabled through our financial services.



Sustainable finance opportunities

Leveraging our financial services to create positive impacts together with our clients.



Financial inclusion

Providing access to affordable financial services, and improving financial literacy, especially among disadvantaged communities.

MATERIAL TOPICS

2021 ACHIEVEMENTS



Customer Experience

Net Promoter Score within **54%** (around median) of industry peers in four markets

Met **88%** of core CX indicators

Achieved customer satisfaction targets in **10 OF 13** channels



Technology

Achieved **99.31%** service uptime on Clicks¹

48% increase in retail digital transaction volume

7% improvement in detection of mule accounts



Sustainable Finance

Conducted **417** Enhanced Sustainability Due Diligence assessments

Facilitated **RM25.9 BILLION** in sustainable finance²

Conducted Group-wide **HUMAN RIGHTS RISK ASSESSMENT** among large clients

First ever Malaysian Ringgit **SUSTAINABILITY-LINKED DERIVATIVE**

89% of clients with E&S action plans due in 2021 **SUCCESSFULLY COMPLETED** them

Developed No Deforestation, No Peat and No Exploitation or **NDPE POLICY**



Financial Inclusion and Well-being

Over **RM7.6 BILLION** in financing to serve underserved communities

RM253 BILLION of financial assistance to **1.7 MILLION** customers since 2020

Over **5 MILLION** depositors onboarded in the Philippines, where we enable easy access to finance

¹ Figure is calculated using the simple average of CIMB Clicks percentage uptime availability in Malaysia, Indonesia, Singapore and Thailand, excluding scheduled maintenance.

² Includes RM7.6 billion for underserved communities.



CUSTOMER EXPERIENCE

We serve over 18 million customers in the region, with the objective of helping them reach their personal and business goals. We place our customers at the heart of all we do, to continuously build trust and advance long-term relationships. We are committed to deliver on CIMB's promises of fair and transparent treatment and providing end-to-end customer care.

CUSTOMER EXPERIENCE GOVERNANCE

The Customer Experience (CX) team is an independent unit within Group Strategy and Group CEO's Office. The Group Customer Experience Management department is responsible for recalibrating and reshaping the customer experience agenda, aligned with Group CX Policies and our Regional Operating Model.

The Group Transformation Committee, chaired by the Group Chief Executive Officer, provides regional oversight and strategic direction, and helps to strengthen CX through internal synergies and best-in-class practices. CX Oversight Meetings are co-chaired by Business and CX Heads to drive the implementation of CX priorities, programmes, and improvement efforts across the region.

Our Promise to Customers



Making banking Easy,
Efficient and going the
Extra mile



Employees are
Empowered to do
the right thing for our
customers






Proper Escalation points
are in place to resolve any
issues that may arise

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MEASURING CUSTOMER EXPERIENCE

We strive to be a leader in customer service and experience among ASEAN financial institutions. We use numerous channels and touchpoints to gather customer interaction and experience data across our value chain. Collectively, the insights are used to design initiatives that drive positive customer outcomes and create stronger brand affinity.

	WHAT WE MEASURE	HOW WE MEASURE	HOW WE PERFORMED
OPERATIONAL	 Service Level Agreement (SLA) performance	<p>A consolidated dashboard of more than 100 vital indicators encompassing fulfilment level across key channels, products and systems, are tracked on a monthly basis to ensure we meet basic customer expectations.</p> <p>Examples include time at branches and call centre, product application turnaround time, and digital uptime.</p>	<p>88% of our core CX indicators met targets, exceeding our target of 75% and improving from 86% in 2020.</p> <p>We expanded the depth of our measurement by building comprehensive dashboards focusing on:</p> <ul style="list-style-type: none"> Customer onboarding journey experience (from application up till activation/ fulfillment) across six key products Preferred/ Affluent segment portfolio engagement levels and fulfillment, across key channels and products
TRANSACTIONAL	 Customer Satisfaction Score	<p>An in-house platform to track service experience and perform recovery at key physical, voice and digital customer interaction channels, supplemented with ad-hoc research or surveys to facilitate business decision making.</p>	<p>We met Customer Satisfaction targets in 10 out of 13 core channels tracked.</p> <p>We conducted over 40 market and ad-hoc surveys to gain customer insights, where the outcomes were used to improve our channel, product and segment, proposition design and delivery implementation. We also implemented new surveys to measure the experience of our digital channels and journeys.</p>
STRATEGIC	 Net Promoter Score (NPS)	<p>An annual Group-wide Customer Engagement Survey to gauge where we stand relative to our key competitors from a total banking relationship standpoint.</p>	<p>Our NPS score was within 54% of the industry in four markets, placing us at around median of peers.</p> <p>In Malaysia, we regained our stronghold amongst retail customers in 2021. Indonesia and Thailand both continued to gain positive traction in their NPS performance amongst both retail and non-retail customers. Singapore, on the other hand, has lost some edge in this space.</p>

INSTILLING A CUSTOMER-OBSESSED CULTURE

We are building a customer-centric culture across all functions. While staying connected with both our customers and employees during the pandemic has been challenging, we have adapted and enabled our existing culture activations through our digital platforms.

CAPABILITY BUILDING

A new, refreshed e-learning module with greater learner interaction and relevancy was rolled out. The enhanced module aims to improve comprehension and interest across various job roles, from front office to mid and back office support.

We developed modules to equip employees with relevant skills on CIMB BEATS (our five step guide to deliver signature customer experience), effective written communication for best CX, and tips on how to demonstrate Treating Customers Fairly. More than 10,000 #teamCIMB were enabled through this to carry out their duties in a customer-centric way, and embed it as part of their day-to-day activities.

REENGINEERING PROCESSES FOR BETTER CUSTOMER EXPERIENCE

Through a variety of data points, we are able to identify opportunities to improve customer experience through a human-centric design thinking process. In 2021, we:

Successfully delivered **86 NPS improvement projects** regionally.



Conducted Process Design Review across six channels and **15 products and services**, to systematically check consistent adherence to vital parameters along **23 customer journeys**.

Delivered **5 projects** (speed and efficiency focus) which translated to tangible financial benefits of **RM5 million**, such as driving digital adoption and reducing snag rates during credit card onboarding.

Strengthened the overall customer engagement mechanism through the review of **>400 communications, journeys and personalisation**.

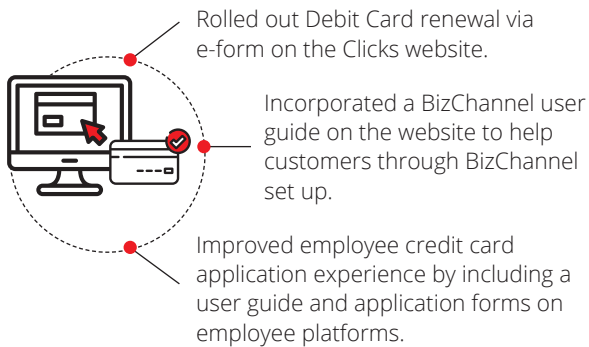
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EMPOWERING EMPLOYEES TO MAKE A DIFFERENCE

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

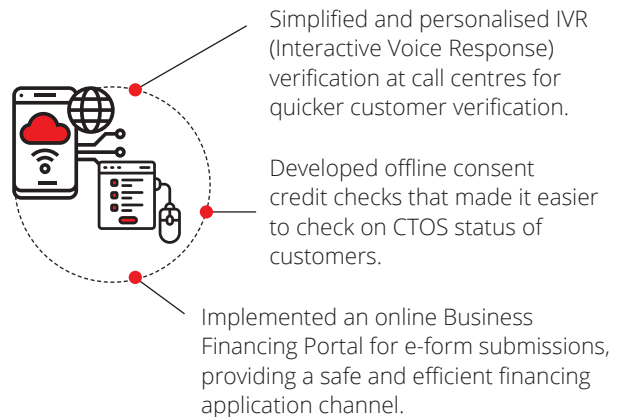
TALK TO CX

The Talk to CX platform allows employees in Malaysia to share feedback from customers and solve recurring challenges faced in delivering a service. All ideas submitted to the platform are reviewed and clarified, with many being implemented.



CX INNOVATOR

CX Innovator is an employee empowerment platform designed to drive a digital and agile approach in improving customer experience. Through design-thinking, employees seek to understand the user experience, challenge assumptions and redefine problems to identify alternative strategies and solutions. Employees are empowered to rapidly roll out prototypes to test and implement their ideas. Close to 30 ideas were received from employees across Malaysia.



REWARDS AND RECOGNITION

Across the region, we received close to 8,000 compliments from customers on their experience interacting with #teamCIMB. We hosted our second Virtual CX Star Awards to recognise 130 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.

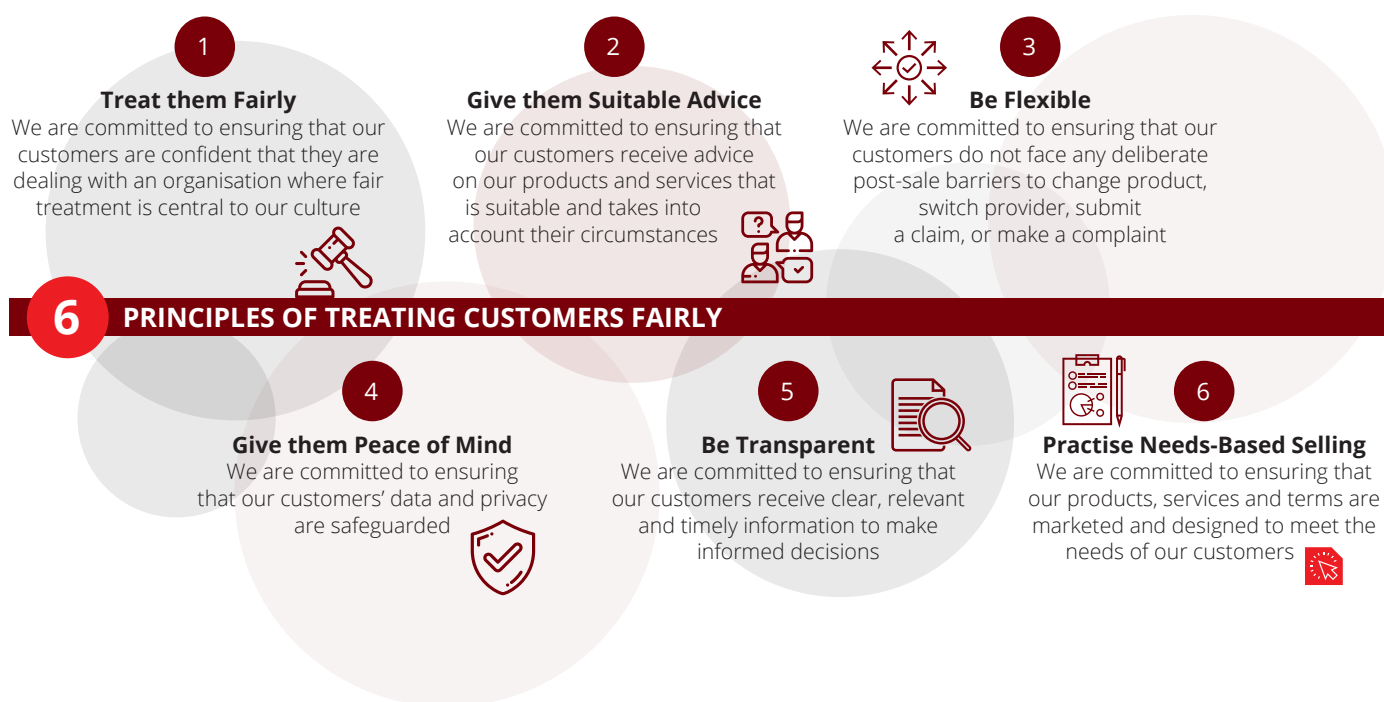
CIMB WOWEEK!

We hosted this appreciation event for our customers, where we continue to stay by their side and remain committed throughout pandemic disruptions.

CIMB WoWeek! provided a platform to support homegrown and B40 entrepreneurs, where we showcased their products and success stories, while delighting our customers with entertainment and giveaways.

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) outcomes in our processes and through our actions.



TAKING CUSTOMERS' PROTECTION TO THE NEXT LEVEL


We invest in training and undertake robust process reviews to ensure that our employees are empowered to deliver on our TCF commitment. This year, we:

- Customised training for staff across different functions, emphasising the importance of TCF, and how to apply TCF within each role. We use a CX Risk Assessment checklist to identify and manage TCF related risks while rolling out initiatives.
- Introduced a TCF Gametize module, which allows staff to access TCF information via their mobile phones.
- Strengthened the TCF Measurement Framework, in collaboration with Group Compliance, to give a holistic view of TCF breaches. All breaches are identified, root cause analysis conducted, with action plans and preventive actions implemented.
- Proactively ascertained segments of customers that are vulnerable to online scams or fraud, and rolled out awareness initiatives on fraud prevention, type of scams, and online shopping Dos and Don'ts, to help prevent them from becoming victims of fraud.
- Continuing to monitor the number of customers affected by various types of fraud, so that we can better assist and protect our customers.

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IMPROVING PRODUCT TRANSPARENCY AND DISCLOSURES

This year we focused on improving transparency and ease of transactions for our non-retail customers.

- Worked with Commercial Banking to simplify Facility Letters and Offer Letters, so that it is easier for customers to understand product terms and requirements.
- Consolidated and condensed the general, credit and Shariah terms for Islamic and Conventional Letters of Offer and Facility Agreements.
- Placed a QR code on Letters of Offer, which links to the general terms, thereby reducing the number of pages that customers need to sign. 

EFFECTIVE CUSTOMER COMPLAINTS MANAGEMENT

All customer feedback and complaints are important to us. We ensure that complaints are managed with high standards and consistency throughout the region. In 2021:

- We updated our Group Complaints Handling Policy and Procedures, and improved complaints handling processes within each Business Unit.
- We strengthened the Group Customer Exit Handling Policy and Procedures to ensure that when we really need to, account closures are done fairly.
- We ensured that customers are notified early and given sufficient notice to rectify any account irregularities or make arrangements for alternative banking options.
- Where an account has been closed, customers have an avenue to make an appeal to restore their banking relationship with us.

ROBUST MIS-SELLING FRAMEWORK

We continue to reinforce our stance on zero tolerance for mis-selling. We strengthened our mis-selling identification and handling framework to make it easier for frontliners and investigation teams to manage mis-selling cases. Improvements included:

- Comprehensive root cause analysis to help us to zoom into process, people and system gaps and identify remedial and preventive actions.
- Safeguards to ensure that when allegations of mis-selling do arise, all parties, including sales staff, are treated fairly.
- Encouraging staff to self-identify potential mis-selling cases, resulting in early corrective action and service recovery.
- A decline of approximately 60% in number of mis-selling allegations received from customers in Malaysia. Confirmed mis-selling cases in 2021 also reduced by 62% compared to the previous year.



TECHNOLOGY

The advancement of technology and data analytics is a cornerstone of innovation for banks and financial institutions. As regulators across the region open up markets to digital bankings and Fintechs, we have to further accelerate our transformation to remain competitive. Leveraging on the abundance of data, banks are increasingly expected to deliver more personalised engagements and value-added services to help customers meet their financial goals.

We are committed to transforming our operations by deploying data analytics capabilities and artificial intelligence to be a data-first organisation. Through the responsible and ethical use of data, we use technology to enable and deliver innovative services to our customers.

LEVERAGING TECHNOLOGY FOR BETTER CUSTOMER EXPERIENCE DIGITISING OUR CUSTOMER EXPERIENCE

We have made considerable progress in our efforts to value add through digitalisation and improving the technological reliability of our digital platforms across the region. We have seen a 48% increase in digital transactions and a 99.31%¹ service availability level on CIMB Clicks, while CIMB BizChannel had a 99.95%¹ service availability level in 2021. BizChannel users and transaction volume increased 21% and 11% respectively despite movement restrictions across the region.

Across the platform, system processes and resources were optimised. We conducted an in-depth analysis of our customers' user behaviour and peak times, which enabled us to enhance processes and resources to allow for faster and more reliable system performance. With ongoing transaction growth in CIMB Clicks, we are upgrading the platform with sizable investments over the next few years.

CIMB Clicks



Peer-to-peer QR service, a new cashless and contactless payment method to ease payments and transfer transactions



Card & ATM transaction limit maintenance in app for remote transaction threshold adjustment



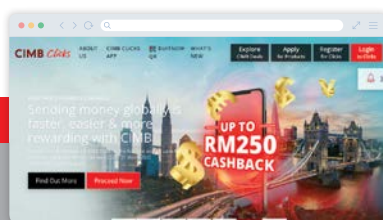
Enhanced Financial Goals & Savings features to enhance financial literacy

CIMB BizChannel



Incorporated "PayNow for Business" features in Singapore

CIMB Clicks



Retail clients

11.8% increase in digital users

48% increase in transaction volume

99.31%¹ service uptime

CIMB BizChannel



Non-retail clients

21% increase in customer base

11% increase in transaction volume

2-2.7x performance improvement in overall system

¹ Service uptime was calculated based on simple average of availability across Malaysia, Indonesia, Singapore, and Thailand, excluding scheduled maintenance.

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LEVERAGING BIG DATA TO SERVE AND PROTECT OUR CUSTOMERS

In 2021, 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 fine-tune 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.

We strive to deliver seamless customer care, integrating the latest technologies into our customer touchpoints and processes to personalise engagement and create meaningful experiences.

We use and handle data responsibly, and utilise big data and machine learning to understand our customers' behaviour to better serve and protect them.

ETHICAL USE OF AI/AUTOMATED DECISION MAKING

With the continued evolution of data, digitalisation and AI, we utilise automated systems to enhance our decision making and risk assessments. However, we do not solely rely on automated outcomes. We embed control and review processes when executing any AI processing to ensure automated decisions are compliant with local regulations and do not adversely impact our customers' financial standing.

DIGITAL TRANSFORMATION

With disruptive financial technologies displacing the traditional model of banking operations, we are accelerating our digital transformation and innovation, moving towards more agile and tech-driven setups. We have also established the necessary cyber-resilience frameworks, tools and protocols to improve our ability to detect, prevent, respond to, and recover from potential cyber-incidents.

Over the past few years, we have made significant investments to transform our infrastructure to strengthen service resiliency and minimise disruptions to our customers and employees. These collective initiatives have led to more personalised engagements and value-added benefits to meet customers' financial goals in a safe and secured manner.

Leveraging on our secure network infrastructure, we have been able to provide the necessary capacity for our employees to work safely from home with minimal productivity loss.

Using Big Data to Serve and Protect Our Customers



Providing access to credit

We applied data analytics to better understand the digital and social behaviour of customers. This allowed us to extend financing of RM11 million in the second half of 2021 to customers who had little credit bureau information.



Improving fraud detection

We refined and adapted our machine learning models by expanding data points, increasing fraud prediction accuracy by 13% – 15%.



Identifying mule accounts

We developed a model to detect new and existing accounts that are being used by criminal syndicates as mule accounts, resulting in a 7% improvement in detection effectiveness.

TECHNOLOGY BLUEPRINT PROGRAMME

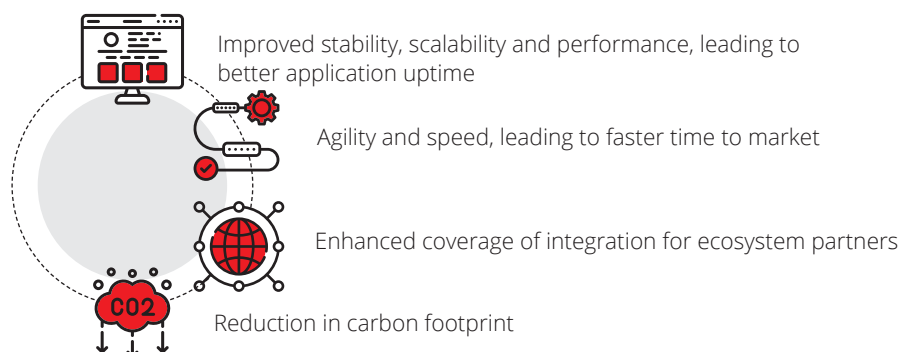
In 2019, we commenced a technology transformation programme to enhance capability maturity across the following domains:



With the completion of the technology transformation programme, we embarked on the Technology Blueprint as part of Forward23+ focusing on the following:

- Building resilient and next gen tech, with modernised, stable and resilient platforms
- Driving differentiated customer experience
- Evolving our operating model, building tech and data DNA
- Anchoring on value to future-proof Group Technology, with a disciplined and value-driven approach to planning, investments and value tracking.

To enhance stability, resiliency and performance, we have completed a core stack refresh and facilitated transition towards cloud-based platforms by enabling Platform as a Service (PaaS), Software-defined Wide-Area-Networks and Office 365. Cloud adoption will provide the following benefits:



We continue to implement new tools to enhance visibility of our operations, allowing us to proactively monitor and promptly respond to any issues in relation to security, as well as our network, infrastructure and applications.

To provide differentiated customer experience, we will be investing further in digital channels and analytics, prioritising Consumer and Corporate digital banking applications. We are on track to roll out the Next Gen Consumer Internet banking application and have commenced work on our Next Gen Corporate Internet banking application. These will be highly scalable, modular and resilient platforms, that will be able to support large increases in digital transactions. We have also started working on regional adoption of ISO 20022 for SWIFT cross-border transactions, as well as the set up of a CIMB Payment Hub.



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DATA GOVERNANCE, PRIVACY AND CYBERSECURITY

As we accelerate digital and technology adoption across our operations, we need to continuously strengthen the foundation of our relationship with our customers, and build trust. As a regional and significant financial institution, we have a role in ensuring that banking and financial systems operate efficiently and securely, and that customers can bank with confidence. This includes protecting personal information according to regulatory definitions, ensuring responsible, legal, fair and transparent use of personal data, and helping to protect against fraud and financial crime.

DATA GOVERNANCE

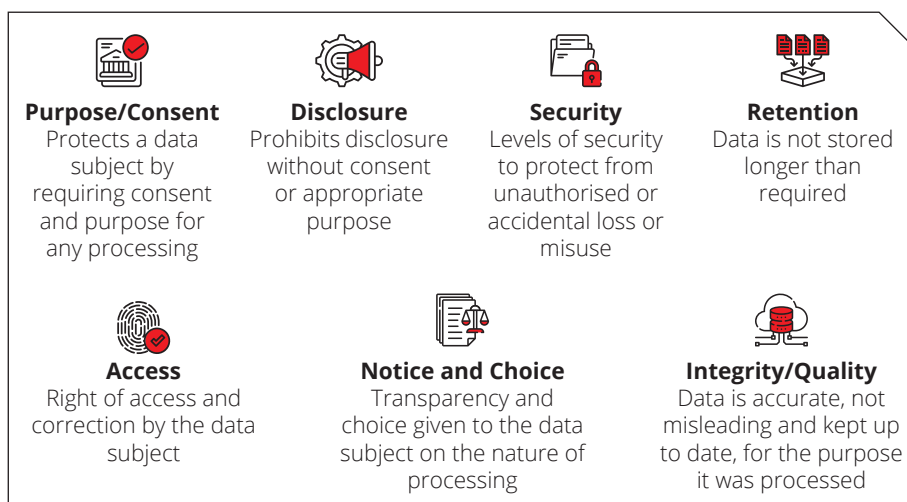
We are on a multi-year Data Transformation Journey with the objective of harnessing the power of data to enable Business Units to make better decisions and innovate, and to achieve our aspirations of becoming a data-driven organisation. This multi-year transformation journey begins from building the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

The Group Data and Analytics department continues to drive the Group's enterprise data transformation. We respect and adhere to industry best practices, local laws, regulations and the industry Code of Conduct. We continue to strengthen data governance oversight and regulatory compliance by continued institutionalisation of the Group Data Management Policies and Procedures.

Data talent development and culture building efforts remain as a key focus to drive data ownership and accountability. We continue to adopt standardised methodologies and tools to enhance the understanding of data and build data trust with our customers. This is complemented by the Digital and Data Academy that helps to embed data skills as a core competency for all CIMBians.


PRIVACY GOVERNANCE

CIMB Group's Personal Data Protection Policy, Notice and Procedures (Privacy Policy) has been progressively enhanced to meet increasing expectations along the principles of:



Our three lines of defence manage and mitigate secrecy, confidentiality and privacy risks, with relevant reporting by Group Data, Group Risk and Group Legal and Compliance to the Board Risk and Compliance Committee. Where privacy laws and regulations exist separate from banking regulations, Data Protection Officers are appointed to implement Data Protection policies and procedures, as well as assess and align policies to emerging regulatory requirements.

We respect our data subjects and take any potential or alleged breach of data confidentiality or privacy very seriously. We continually manage complaints, substantiate and mitigate accidental loss or disclosure via our customer resolution units and independent reviews.

In 2021, we tightened our controls to adapt to the pandemic and the reliance on service providers to deliver key documents and information. These initiatives resulted in material reduction in substantiated complaints of approximately 35% from the previous year. There were also no complaints or investigations by regulatory bodies during the year. 

Data Protection Initiatives

As we continue on our digitisation journey, we must ensure all confidential disclosures and data are secured. In 2021, the Data Protection Office and Information Security teams further enhanced our capabilities for overseas referrals and account opening with revised procedures, including de-identification or bilateral encryption of data between CIMB entities.

We also enhanced online privacy management via notices and proactive consent management on our portals and apps. In Thailand, customers are able to perform granular cookie and marketing selection to allow for personalised automation of online banking features.

Data Privacy Capabilities

We continue to adopt the latest data privacy practices across our operations, and seek to align our policies to enable a seamless customer experience across jurisdictions. Singapore, Thailand, Vietnam, Indonesia and Brunei have issued revisions, drafts or enforceable data privacy laws, which are expected to come into effect between 2021 and 2024. We updated our consumer operations manual in the United Kingdom, Hong Kong and Singapore, whereas new policies were adopted in Thailand and Vietnam in anticipation of new legislations.

We provide our employees with ongoing support, tools and resources, to ensure that the Group's privacy standards are continuously upheld. Online training for all employees on data protection, secrecy and information security is mandatory, with case studies, materials and monthly broadcasts provided via knowledge portals. This year, we provided targeted training on protecting customer privacy to front-line staff who worked from home, as well as virtual training for approximately 400 compliance, risk and control personnel in the region.

CYBERSECURITY

Cybersecurity is a cornerstone of our risk management and financial crime prevention programmes, to help us safeguard customers' data. As digital banking becomes a daily essential, we need to ensure robust processes are in place to preemptively detect and respond to cyberattacks.

Cybersecurity Governance

Cybersecurity is a key component of technology risk, which is comprehensively managed under the Enterprise-wide Risk Management Framework. The Board of Directors oversees Technology and Cybersecurity risks, with a number of Independent Directors with relevant technology backgrounds.

Our people, processes and technology are benchmarked against the best in the industry. We adhere to Financial Services Industry Best Security Standards, as well as the local regulatory policy and procedure requirements where we operate.

We maintain a suite of policies that articulate our approach to security, including the Group Technology Risk Management Framework and the Group IT Security Policy, developed in alignment with the US National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF).

Three-Lines of Defense in Managing Technology and Cybersecurity Risk

First Line of Defense	Second Line of Defense	Third Line of Defense
Group Technology's Information and Cyber Security teams, and Designated Compliance and Risk Officers, are responsible for the adoption and operationalisation of cybersecurity controls and monitoring to ensure the Group's IT Network and ecosystem are secured from internal and external cyber threats.	The Chief Information Security Officer oversees Technology and Cyber Risks, reporting regularly to Group Risk.	The Group Corporate Assurance Division provides independent assurance on the effectiveness of cyber security controls and risk management activities.

Cybersecurity Operations

The Cyber Security Defense team, under the Group Information and Cyber Security department, is responsible for providing 24 X 7 monitoring via its Security Operation Centre (SOC), which processes thousands of early warning indicators of possible compromises, keeping our network secure. They work together with Cyber Threat Intelligence and Computer Emergency Response teams to prevent intrusions; detect, and monitor security alerts and anomalies; perform impact assessments; 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 Pen Tests, Vulnerability Assessments, Patch Assessments and Risk & Impact Analysis, to verify the effectiveness of IT security controls. The teams also conduct cyber drill simulations, business continuity exercises and security awareness and training, alongside provision of security tools, maintenance and support, as well as management of third-party, physical and network security. In 2021, there were no major breaches, despite an exponential increase in the number of attempts.

Promoting Cybersecurity Culture

Cybersecurity culture is an organisation's collective attitudes, knowledge, assumptions, norms and values regarding cybersecurity. A strong cybersecurity culture is based on employees willingly embracing and proactively using cybersecurity practices that keep the Group, our customers, and employees safe. Cybersecurity culture is developed throughout all levels, from the Board to all employees, and across all stages of employment, from onboarding to off-boarding, through regular mandatory learning.

We deploy increasingly complex phishing simulation exercises to test the level of awareness. Employees who fail the phishing simulation must go through additional online training to strengthen their knowledge on such threats.

In 2021, we invited external speakers to engage with employees on cybersecurity topics, and monthly emails were released to promote awareness on Do's and Don'ts. We also organised a cybersecurity contest to create a fun learning approach for all employees.


We are members of the Bank Negara Malaysia Financial Threat Intelligence Platform, and the Financial Services Information Sharing and Analysis Center, a global cyber intelligence sharing community focused on financial services.



SUSTAINABLE BUSINESS



SUSTAINABLE FINANCE: MANAGING RISKS

We recognise our accountability for the activities that we enable through our financial services, and the influential role that we can play in requiring or encouraging our clients to limit their adverse environmental and social impacts. As a long-term partner, CIMB has a real and present stake in ensuring that our clients are future-proof. As such, we seek to actively support our clients in their transition to more sustainable and resilient business models and practices. 

GROUP SUSTAINABLE FINANCING POLICY









CIMB's Group Sustainable Financing Policy (GSFP) lays out our commitment and approach to identifying, assessing, managing and mitigating risks arising from financing and capital raising activities of our non-individual clients. This is especially pertinent in sectors that are most vulnerable to environmental and social risks, and those with activities that have significant potential adverse impacts on the environment and society.

The GSFP takes a risk-based approach to evaluate our clients' material sustainability risks arising from nature of activities, geographical location, supply chain and/or production impacts. These risks could result in material impacts to our clients or their stakeholders, which in turn could have financial impacts on us.

We continued to enhance and implement the GSFP in 2021. We reviewed and added to the list of high sustainability risk sub-sectors and rolled out GSFP for investment banking deals involving capital raising (including initial public offerings and bond/sukuk issuances). For our regional offices, we completed GSFP rollout in Thailand, Cambodia and International Offices (including Hong Kong, Shanghai and Labuan) and localised our Sector Guides to meet respective laws and regulatory requirements in Indonesia and Thailand.

Environmental Risks Considered



 Climate Change	<p>Business activities that may be impacted by climate change leading to business disruption and/or negative financial impacts, including:</p> <ul style="list-style-type: none"> Physical risks such as floods, droughts and other extreme weather events, either impacting the business activity itself or via the supply chain; and Transition risks in moving towards a low-carbon economy, such as regulatory changes, carbon pricing and shifting away from fossil fuels.
 Deforestation	<p>The risk arising from developments and other 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>
 Biodiversity Loss	<p>The risk arising from activities that occur within or near areas of high biodiversity and exploitation/reduction of species that may impact endemic or endangered species of flora and fauna.</p>
 Marine Environment	<p>The risk arising from activities that impact marine ecosystems, including those that may cause loss of marine biodiversity.</p>
 Energy Use	<p>The risk arising from high or inefficient energy use in the form of electricity and other energy sources, resulting in higher GHG emissions.</p>
 Water Scarcity	<p>The risk arising from high rates of water use, and activities in water-scarce and water catchment areas, where developments could impact water availability.</p>
 Waste and Pollution	<p>The risk arising from inadequate management of waste and by-products, leading to terrestrial, freshwater and/or marine pollution.</p>
 Ecosystem Degradation	<p>The risk arising from permanent changes or significant impacts to a sensitive physical environment such as mangrove, peat swamp or limestone areas.</p>

Social Risks Considered**Institutional Integrity**

The risk arising from poor management practices that may result in non-fulfilment of sustainability policies and commitments, as well as negative environmental, social or reputational impacts.

**Health and Safety**

The risk arising from unsafe working conditions, including lack of personal protective equipment, policies and procedures on workplace safety, and adequate medical coverage.

**Human Rights and Labour Issues**

The risk arising from activities impacting employees, including working conditions and benefits, equal remuneration, gender equality and no discrimination, contractual agreements, right to form associations, freedom of movement, debt bondage, access to remedy, and provision of basic needs including housing, access to water, healthcare and education, among others.

**Negative Impacts on Communities**

The risk arising from activities that impact native customary rights and inhabited areas, including not obtaining the Free, Prior and Informed Consent (FPIC) of communities impacted by business activities.

EXCLUSION LIST

CIMB's Exclusion List includes activities that contravene laws and regulations, and where there is an imminent risk to life and well-being. Financing of activities on CIMB's Exclusion List is prohibited. We will not engage with clients proven to be involved in illegal activities, bribery, illegal logging, terrorism and operating in breach of national labour laws. We will also not finance any new (and expansions of) coal-fired power plants and thermal coal mines.

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.

SUSTAINABILITY DUE DILIGENCE

A structured sustainability due diligence and escalation process is firmly embedded and conducted concurrently with credit and deal approval processes, to identify clients and transactions that are exposed to high sustainability risk. Our goal is to mitigate risks to the client, which may lead to credit or other risks to CIMB, and to induce our clients to improve on their sustainability practices.

Basic Sustainability Due Diligence

All financing and capital raising transactions for businesses (excluding SMEs), including annual reviews of financing facilities, are subjected to a Basic Sustainability Due Diligence (BSDD) by our Relationship Managers. This is to ensure that we are aware of any major adverse environmental and social risks related to the client. BSDD includes client interviews and desktop reviews to check if the client has been cited in adverse news reports or linked through credible sources to negative social and environmental impacts.

NEW NO DEFORESTATION, NO PEAT, NO EXPLOITATION COMMITMENT

This year, we developed our No Deforestation, No Peat, No Exploitation (NDPE) policy. The policy will be rolled out starting mid-2022 with the palm oil and forestry sectors in Malaysia, and expanded across countries and sectors in phases. This means that we will not be financing or facilitating capital raising for companies that:

- Are directly involved in new conversion of High Conservation Value (HCV) areas;
- Are directly involved in new cultivation on peat;
- Do not have legal rights and a policy/commitment on respecting free, prior and informed consent (FPIC) of indigenous and local communities;
- Do not have a policy/commitment regarding no exploitation of workers and respecting labour rights.







Processors, including palm oil mills, are strongly encouraged to establish traceability systems for external crop suppliers, develop an assurance mechanism to ensure crops are sourced legally, and engage with external suppliers on their own NDPE requirements.

SUSTAINABLE BUSINESS

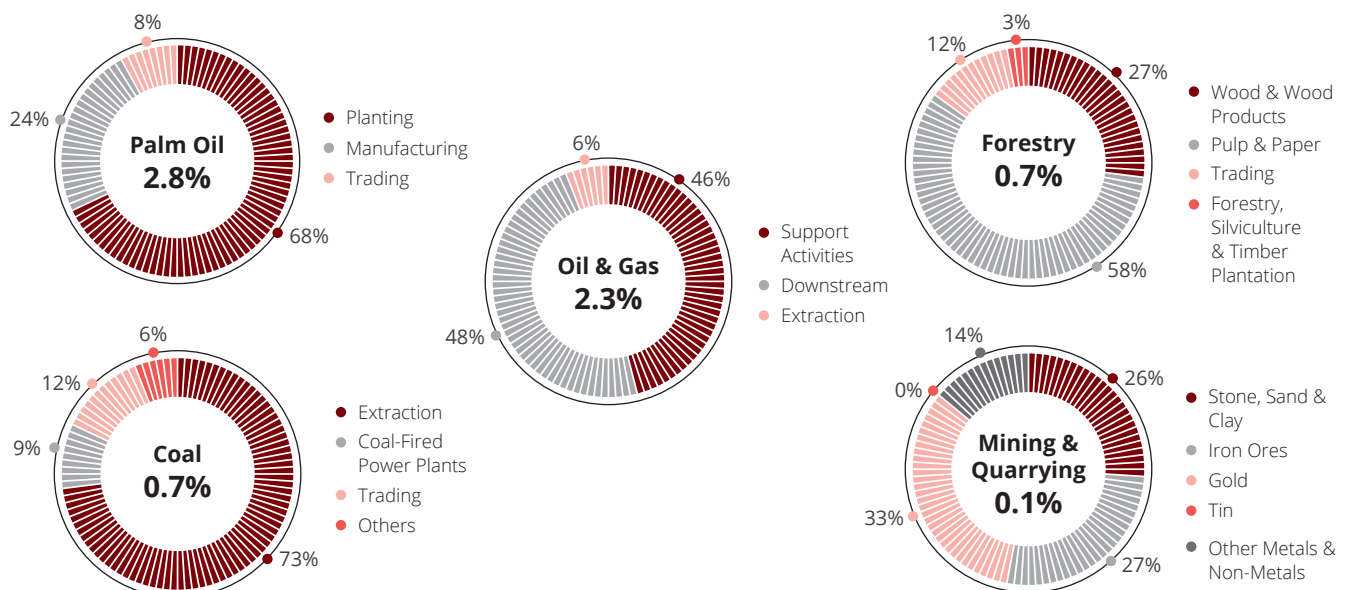
Enhanced Sustainability Due Diligence

Clients that are identified as exposed to high environmental or social risk are subject to an Enhanced Sustainability Due Diligence (ESDD), which is conducted by the Group Sustainability team. Generally, ESDD is conducted for clients who fail the BSDD, those operating in pre-identified high sustainability risk sectors, those who do not meet our Sector Guide requirements, or those who have been highlighted through credible sources to be involved in environmental or social issues. Our ESDD framework is developed in line with internationally accepted best practices as contained in the UN Environment Programme Finance Initiative (UNEP-FI) Environmental & Social Risk Analysis training, and includes consideration of risk impacts for large scale projects.

CIMB has a list of 28 sub-sectors, falling within six main industries, classified as high sustainability risk. In 2022, we will be adding manufacturing and livestock & fisheries into our list of high sustainability risk sectors. We currently have five Sector Guides, covering palm oil, forestry, oil & gas, construction & real estate (including infrastructure) and coal. We are currently developing Sector Guides for manufacturing and mining & quarrying.

 Palm Oil	 Forestry	 Oil & Gas	 Construction & Real Estate	 Power Generation	 Mining & Quarrying
Description of High Sustainability Risk Activities					
New development of oil palm plantations and management of existing planting areas, including processors and palm oil mills.	Permitted logging activities and development of forest plantations for timber extraction.	Extraction of crude petroleum and natural gas, and related upstream service providers and contractors, including pipeline transportation of fossil fuel products.	Construction activities including infrastructure development, particularly for projects with extensive E&S impacts such as forest clearance or large scale development.	Electric power generation, including from coal, other fossil fuels and hydro power, as well as electricity transmission and distribution infrastructure.	Mining of coal, metal ores and minerals including quarrying of stone, sand and clay.

Portfolio Exposure to High Sustainability Risk Sectors

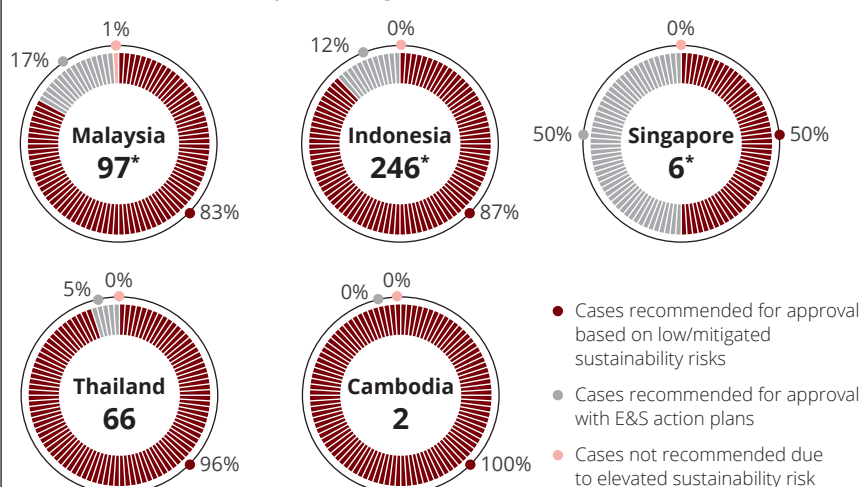


Exposure as % of total Group gross loans as at 31 December 2021 in Malaysia, Indonesia, Singapore, Thailand and International Offices

Relationship Managers take a proactive approach towards ensuring clients provide the necessary documentation to demonstrate compliance to our Sector Guides, and ensure that any issues linked to environmental and social risks are adequately addressed. Clients who do not meet our sector requirements are asked to commit to time-bound action plans to meet them, with progress checkpoints at least once a year.

In the unlikely event where clients do not meet the agreed action plans on a repeated basis, or if we judge that the client is linked to a significant environmental and/or social impact where the risk is above our appetite, we may choose to disassociate ourselves from the client by turning down any new requests for financing or capital raising. In CIMB, we exercise three lines of defense to monitor compliance to the GSFP. We are required to carry out control-testing every six months to ensure effective implementation of the policy, and are subject to periodic audits by the Group Corporate Assurance Division.

Enhanced Sustainability Due Diligence 2021


417

Enhanced Sustainability Due Diligence cases completed


13%

of cases recommended for approval with E&S action plans

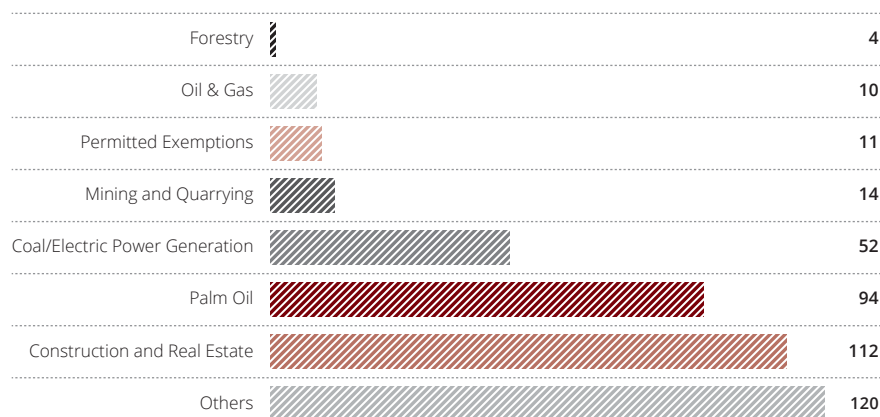

89%

of clients who completed their due E&S action plans**

* The data for Malaysia, Indonesia and Singapore in 2021 (349 cases) was assured by KPMG. Please refer to the Statement of Assurance on pages 142 to 146.

** Based on ESDD cases with action plans due, with 2 out of 9 being project financing, e.g. Case 1 (Client A) with action plan due in reporting year & Case 2 (Client A) with action plan due in reporting year will be counted as 2.

Clients Undergoing Enhanced Sustainability Due Diligence in 2021



SUSTAINABLE BUSINESS

Clients with Action Plans Due in 2021

Sector	Action Plan	Type of Financing	Completion Status
 Palm	MSPO and RSPO certification	General financing	Completed
	ISPO and RSPO certification	General financing	Completed
	NDPE and remediation of deforested area	Project & general financing	In progress
 Forestry	Forest management plan and certification	General financing	Completed
 Mining & Quarrying	Community engagement and environmental compliance	Project financing	Completed
	Completion of remedial work	General financing	Completed
 Oil & Gas	OHS and environmental management certification	General financing	Completed
 Manufacturing	Improvement of labour practices	General financing	Completed
 Permitted Exemption	Responsible business certification	General financing	Completed

SUSTAINABILITY RISK ENGAGEMENT WITH OUR CLIENTS

In 2021, we conducted one-on-one engagements with financing clients from six sectors, specifically to discuss sustainability risks and safeguards. The main objectives of these engagements were to discuss progress in relation to earlier-agreed sustainability action plans, to clarify challenges faced and any issues arising, to communicate and discuss CIMB's new policies and requirements in relation to topics such as NDPE and human rights, and to encourage our clients to transition towards more sustainable practices.

Sectors	 Palm Oil	 Forestry	 Mining & Quarrying	 Construction	 Oil & Gas	 Manufacturing
Examples of issues discussed	NDPE and human rights	NDPE and human rights	Environmental impacts and issues highlighted by NGOs	Human rights and pollution	Human rights, and health & safety	Human rights
Examples of engagement outcomes	New planting plans and NDPE commitments		Implementation of remediation works	Assurance on waste management, monitoring of contractors	Preventive measures with regards to safety	Remediation actions and commitment to meet CIMB's human rights requirements



SELECTED SECTOR CASE STUDIES

Palm oil sector

In addition to risk mitigation based on international and national certification standards, in 2021 we piloted integration of No Deforestation, No Peat, and No Exploitation (NDPE) commitments to strengthen our sustainability standards.

We engaged clients on our new NDPE requirements, as well as emerging regulatory standards, including BNM's Value-based Intermediation sector guidelines, and Climate Change and Principle-based Taxonomy.

Among the 94 palm oil clients assessed, 33% were recommended with action plans, and one case was not recommended to proceed. Action plans included policies for no deforestation and no peat for new plantings, and no exploitation, to uphold labour and community rights. 2% of assessed cases were for project financing.

Forestry sector

Clients with logging concessions must demonstrate compliance to sustainable logging principles, as well as no exploitation of impacted stakeholders including respecting FPIC principles. Clients with timber plantations must meet our No Deforestation, No Peat, and No Exploitation requirements.

Engagements in 2021 focused on our Forestry Sector Guide requirements, the importance of the sector in supporting climate mitigation, as well as potential opportunities for carbon credit issuance from sustainable forest management and reforestation activities.

Regionally, four clients were assessed, all for general corporate financing. One client was requested to commit to an action plan to obtain sustainable forest management certification.

Manufacturing sector

This sector's ESG impacts include those related to resource use and management, waste handling, labour and working conditions, occupational health and safety, and community welfare, safety and health.

In 2021, we engaged clients in the manufacturing sector to understand how they address key human rights risks along their supply chains, and their readiness to comply with CIMB's Human Rights Policy that is planned for rollout in 2022. 31 clients were assessed this year, all for general corporate financing. Action plans were requested of three clients, including improving workers' accommodation, changing practices related to document retention, and putting safeguards around excessive overtime.

GROUP-WIDE HUMAN RIGHTS RISK ASSESSMENT

CIMB Group initiated a human rights risk assessment among our financing clients across Malaysia, Indonesia, Singapore and Thailand in 2021, focusing on larger exposures in sectors such as manufacturing, palm oil, construction, oil & gas and retail, which have large numbers of foreign and low wage workers.

A survey was conducted to understand our clients' exposures to human rights risk, and to gauge policies and measures that had been put in place to mitigate and address human rights risk. Information was gathered around three key themes:



Human rights policies and commitments

Policy on respecting human rights, commitment to no modern slavery, identification of human rights risks, frequency of social audits and availability of grievance channels



Practices in relation to foreign workers

Zero recruitment fees paid by workers, no passport retention and provision of free accommodation



Fair treatment to all workers

Compliance to national legal overtime limits, no deduction of accommodation and meal fees from workers' wages, and at least one compulsory rest day per week

Of all our corporate banking clients, we identified 104 who have high exposure to human rights risks. We studied these clients' policies and practices, and concluded that 20% of clients assessed had high residual human rights risks, and 33% had medium levels of risk, taking into safeguards that were in place. Of the clients identified as having high residual risk, 45% were in manufacturing and 37% were from the palm oil sector.

CIMB is in the final stages of developing our Human Rights Policy, with policy roll-out targeted to commence in mid-2022. Human rights risk assessments have been integrated into Basic and Enhanced Sustainability Due Diligence since early 2022. Additionally, human rights requirements are being integrated into our existing Sector Guides, including:

- Policy/ commitment on respecting human rights, no exploitation, or statement on no modern slavery
- Human rights due diligence that identifies and addresses key human rights risks
- Grievance mechanism which respects anonymity and prohibits reprisals

In 2022, we plan to conduct awareness sessions and sectoral engagements on CIMB's Human Rights Policy and requirements.



SUSTAINABLE BUSINESS



SUSTAINABLE FINANCE: DRIVING POSITIVE IMPACTS

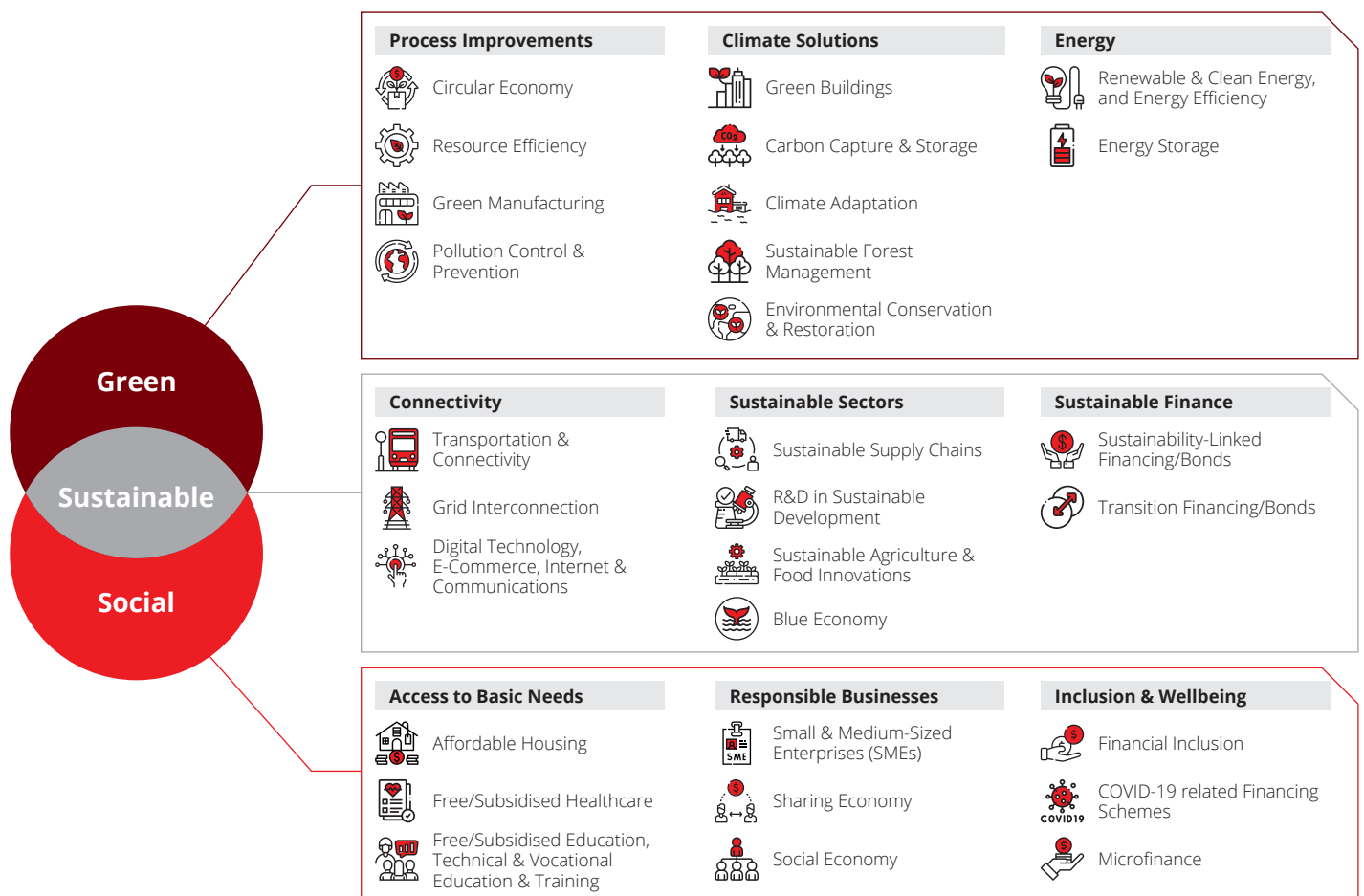
We recognise the critical role that the financial services sector needs to play in influencing clients towards more sustainable business practices and lifestyles. As a financial intermediary, we recognise our ability and responsibility to channel funds towards enabling a low-carbon economy and a more just society. Our goal is to be an ASEAN leader in sustainable finance, providing innovative and relevant sustainable finance solutions to our customers.

OUR GREEN, SOCIAL, SUSTAINABLE IMPACT PRODUCTS AND SERVICES FRAMEWORK

In 2021, we achieved RM25.9 billion towards our target to mobilise RM30 billion in sustainable finance by 2024. This includes all forms of financial services, including financing, equity and debt capital market transactions, wealth management and deposits aligned to the CIMB's Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework.

The GSSIPS Framework provides a guide and an internal taxonomy for the Group to deliver impactful sustainable finance. It is a living document that allows for emerging sectors, technologies, and financing instruments, where we can support our clients to transition to a low-carbon and sustainable future.

In 2021, we embarked on the development of a user-friendly tool for our Relationship Managers (RMs). The tool provides clarity and guidance on the eligibility criteria for each focus area of our GSSIPS Framework, to help our frontliners identify projects and transactions that support sustainable development, while mitigating the risk of greenwashing. In addition, the GSSIPS tool helps RMs to identify climate-supporting assets for tracking and subsequent regulatory reporting, for example, according to Bank Negara Malaysia's Climate Change and Principle-Based Taxonomy and Indonesia Financial Services Authority's Green Taxonomy.



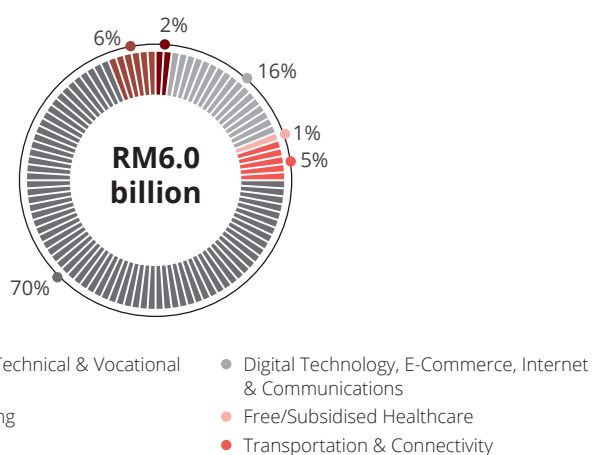
WHOLESALE BANKING

CIMB's Wholesale Banking teams are actively pursuing sustainable business opportunities in the space of lending, capital raising, advisory, and treasury and markets, among others. Beyond traditional green deals such as those for renewable energy, the Wholesale Banking teams hold active discussions with corporate clients from various industries to proactively identify opportunities and help clients transition to a low carbon and socially responsible business model.

GREEN, SOCIAL AND SUSTAINABLE FINANCING

In 2021, Corporate Banking successfully mobilised RM6.0 billion worth of financing to various clients and sectors across the region, as summarised below:

Financing Mobilised, by GSSIPS Focus Area



SUSTAINABILITY LINKED FINANCING

A flagship sustainable financing product under Corporate Banking, we continued to engage with potential clients, incentivising them to meet predetermined and ambitious sustainability performance targets via interest or profit rebates. Since its launch in 2020, RM1.2 billion worth of sustainability linked financing has been accepted by regional corporate clients. In 2021, we concluded two additional sustainability linked transactions while we continued to build on a healthy pipeline.

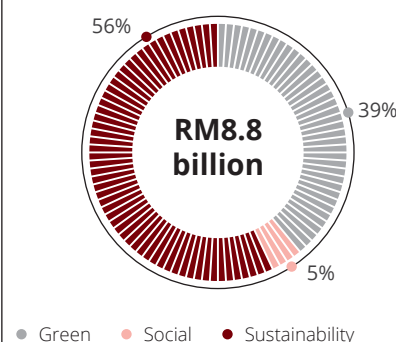
- S\$85 million (RM267 million) sustainability linked financing was extended by CIMB Singapore to OUE C-REITS as part of a syndicated financing facility. The financing interest rate is based on the borrower's improvements in energy and water efficiency in its commercial building portfolio in Singapore and Shanghai.
- RM100 million sustainability linked revolving credit was granted by CIMB Bank to Sabah Credit Corporation, the first SLL for a statutory body from East Malaysia and a financial institution in Malaysia. The interest rate is pegged to the borrower's financing disbursed to customers in the bottom 40 (B40) segment, as well as its contribution in local communities via its CSR efforts, with a view to improving the accessibility of financing facilities to Sabahans and driving socio-economic growth in the State.

SUSTAINABLE BONDS AND SUKUK

Against the global backdrop of COVID-19, 2021 was another record breaking year for global issuances of green, social and sustainability bonds (collectively termed as sustainable bonds), totaling US\$859 billion, 60% higher than 2020 (Reuters, 2021). Similarly, ASEAN saw an exponential growth to US\$29.8 billion in 2021 from US\$0.3 billion in 2016 (EY, 2022).

As a global capital markets champion, CIMB successfully facilitated RM8.8 billion worth of sustainable bonds and sukuk for regional corporate clients and governments in 2021.

Sustainable Bonds & Sukuk Facilitated



SUSTAINABLE BUSINESS

Examples of notable deals

CIMB Bank SDG Bond

On 13 January 2022, CIMB Bank successfully priced its US\$500 million RegS/144A Sustainable Development Goals Bond (SDG Bond), marking the first ever RegS/144A SDG Bond to be issued by a Malaysian bank in the international capital markets. The US dollar SDG bond also marked the first ever 144A bond offering into the US markets by a Malaysian bank.



Indonesia

Launched and priced the Government of Indonesia's US\$3 billion (RM12.4 billion) global sukuk offering, including a US\$750 million (RM3.1 billion) 30-year green sukuk, the longest tenure green sukuk issuance by a sovereign globally.



Malaysia

Facilitated the Government of Malaysia's dual tranche US\$1.3 billion (RM5.4 billion) sukuk wakala offering. The US\$800 million sustainability tranche was the world's first US dollar sustainability sukuk offered by a sovereign.



Thailand

Appointed as an underwriter for National Housing Authority of Thailand's social bond issuance of THB3.0 billion (RM402 million) to fund lower to middle income residential development projects supported by Public Debt Management Office and Asian Development Bank.



SUSTAINABILITY-LINKED DERIVATIVE

As a sustainability leader, we seek to make our own funding and market transactions sustainable. In 2021, CIMB Bank entered into a landmark RM2.45 billion sustainability-linked derivative (SLD) transaction in the form of an interest rate swap with Standard Chartered Malaysia. The transaction was the world's first Malaysian Ringgit denominated and Asia's largest ESG-linked derivative transaction by notional value at the time. A pricing mechanism involving a discount or premium between CIMB Bank and Standard Chartered Malaysia will be applied based on our achievement of GHG Scope 1 and 2 emissions reduction targets, and our achievement on S&P Global Corporate Sustainability Assessment (CSA) (for Dow Jones Sustainability Indices).

COMMERCIAL BANKING GREENBIZREADY

The GreenBizReady Advantage



Financing options
for sustainability
transition



Connect with
sustainability service
providers and
associates



Receive training and
capacity building



Connect with
sustainability
certification and
advisory services



Participate in business
matching services

Launched in 2021, GreenBizReady is an innovative one-stop sustainability solution by CIMB and CIMB Islamic for SMEs that are looking to start or progress on their sustainability journey. Through GreenBizReady, SMEs will receive sustainability linked financing solutions and incentives, access to service providers, business matching opportunities with industry leaders and government agencies, and the necessary training, capacity building, certification and advisory services required for them to progress on their sustainability journey.



- 233 SMEs attended 10 Sustainable Exporter training series delivered in collaboration with MATRADE and IMPACTO Sdn Bhd to enhance their capability to enter markets with higher ESG requirements.
- Baseline sustainability assessments conducted in partnership with IMPACTO to understand opportunities to advance sustainability performance.
- 3 training sessions conducted by partners including emerging green technologies

MicroBizReady

As an enhancement to our Entrepreneurship Programme, CIMB and CIMB Islamic's MBR was introduced in 2020 to provide further upskilling to micro entrepreneurs who are committed to growing their businesses to the next level.


Since its inception in October 2020, MBR has so far successfully conducted 3 cohorts to date and trained over 160 participants from different segments; from the lowest income group in Malaysia, the B40 entrepreneurs in Klang Valley, Women Entrepreneurs, Asnaf community to the Differently Abled community.


Clean Energy Financing and Investment Advisory

The Private Financing Advisory Network (PFAN), hosted jointly by UNIDO and the Renewable Energy and Energy Efficiency Partnership, is a global network of climate and clean energy financing experts, which offers free coaching to support businesses in scaling capacity and attractiveness to financiers and investors.

We assisted eight companies based in Malaysia, Thailand and Singapore, to leverage on PFAN's expertise to enhance their clean energy business model from key financial and technical aspects. 

Renewable Energy

CIMB SME Renewable Energy Financing is our RM100 million 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. The scheme provides financing for up to 100% of the solar PV system cost, including cost of installation. 

CIMB Bank and CIMB Islamic are financing partners for buySolar, a one-stop online marketplace in Malaysia that enables individuals and businesses to purchase solar panels. The platform provides end-to-end solar installation services, which includes cost estimation, solar installation, Net Energy Metering Scheme application, financing, online monitoring maintenance and after-sales services. 


INCEIF CIMB SME Framework Tools

CIMB Islamic commissioned the International Centre for Education in Islamic Finance (INCEIF) to develop a SME Framework Tool that allows for the discovery of insights through data and analysis captured by research on SME clients. The intention of this research project is to identify the risk clusters of these SMEs and for the bank to develop the right financing and solutions while reducing the overall risk exposure of the businesses.

Financing AgTech

CIMB Islamic in partnership with the Malaysia Digital Economy Corporation (MDEC) will provide RM10 million in microfinancing and incentives to 500 farmers to catalyse Digital Agriculture Technology (Digital AgTech) adoption at scale. The programme aims to encourage the next generation of farmerpreneurs to leverage on the use of artificial intelligence, Internet of Things and Big Data Analytics to improve quality and productivity of yields, livelihood of the B40 farming community, and reduce the overall environmental impacts of agriculture.

CONSUMER BANKING GREEN MORTGAGES

CIMB Group provides preferential rate financing with developers in Malaysia and Indonesia to encourage potential home buyers to consider green homes. We recognise sustainability standards such as Green Building Index, GreenRE, EDGE, BCA Green Mark, and GreenShip Standard. In 2021, RM252 million in green mortgages was disbursed. 

GREEN VEHICLES

In Malaysia and Indonesia, we actively encourage our customers to switch to hybrid or electric vehicles. CIMB Niaga Syariah developed an Electric Motor X-Tra financing programme to finance electric motorcycles. We cooperated with Gesit (an electric bike producer in Indonesia) and 17 dealers to increase awareness on environmental friendly motorcycles and support the Indonesian government's renewable energy, fuel saving, and Smart City initiatives. We disbursed RM48 million of financing in 2021 for green vehicles.



SUSTAINABLE BUSINESS

ECOSAVE-i

CIMB Islamic's environmental-focused savings account allocates 0.2% of the total average portfolio balance towards green projects. Since the inception of the programme, RM3.5 million has been channeled towards the support of 14 environmental projects. In 2021, we committed additional funding to the following:



Sustainable Rice Farming

Adan rice grown in the highlands of Sarawak has long been highly prized and sought after. With demand often exceeding supply, this project helps local communities to increase production yield, while protecting the environment.

In partnership with WWF Malaysia, the Ba'Kelalan Sustainable Rice Farming Programme supports farmers to adopt the Systems of Rice Intensification (SRI) planting method. The SRI method shortens the crop cycle by 1-2 weeks, increases yields by 20-50%, and reduces seed use by up to 80% and water use by 50%. More effective weeding control and the use of organic fertilisers also help to reduce the impact on the environment, and keeps the montane rivers pristine.

Following a pilot, farmers in the demonstration plot were able to double their yield. The programme continues to expand, by engaging and enrolling more than 30 farmers from three neighbouring villages to adopt SRI.

Forest Conservation Study

The Fraser's Hill Forest Complex houses six permanent reserved forests, which are under threat from land conversion issues such as logging, mining, agriculture and unchecked infrastructure development. There is no official published document or environmental impact assessment that is available to date, signaling the need for urgent action to protect this natural heritage area.

CIMB Islamic, via Ecosave, is supporting a three-year project to create a Botanical Inventory of the Fraser's Hill Forest Complex, with special emphasis on species diversity, endemism and conservation status. Assessment results and recommendations for the conservation of species and habitats will then be used to support ongoing advocacy for the protection of Fraser's Hill Forest Complex as a state park.

Taman Tugu

We committed RM0.9 million over the next three years to support conservation, preservation and rehabilitation efforts, as well as the operations of Taman Tugu, a green lung in the heart of Kuala Lumpur. The 66-acre urban forest park preserves up to 1,000 trees onsite, including rare and indigenous species, while instilling amongst communities a sense of ownership and care towards the environment. This project aims to plant more than 4,000 new mature trees to increase and enhance the biodiversity of Taman Tugu.



ESG INVESTMENTS AND FUNDS

We are increasing our offering of ESG-themed investment products for clients who wish to increase their exposure to sustainable investments in asset classes such as equities and bonds, whilst generating competitive returns.

In 2021, we onboarded a number of new funds including Principal Global Sustainable Growth Fund, Principal Sustainable Dynamic Bond Fund, Affin Hwang Aiman Global Thematic Fund, Affin Hwang World Series - Global Sustainability Fund, and RHB Global Impact Fund for our Malaysian clients. In Singapore, we added a number of new funds to our offerings, including Blackrock Sustainable Energy Fund, Vontobel Clean Technology Fund, iShares Global Clean Energy ETF and Aberdeen Standard European Sustainable and Responsible Investment Equity Fund.

Whilst each of these new funds carry different commercial objectives and investment strategies, all of them focus on companies that embrace sustainable business practices or can deliver solutions to the world's social and environmental problems.

For Private Banking clients, the total Assets Under Management (AuM) of ESG-related funds stood at RM236.7 million (0.4% of total AuM) in December 2021, while Preferred Banking clients purchased RM219 million of ESG themed funds in 2021.





FINANCIAL INCLUSION AND WELL-BEING

Financially enabling individuals and businesses through financial literacy and affordable banking services creates a ripple effect that drives improvements across local society and the economy. With our presence in a region where a significant population remains unbanked and underbanked, CIMB plays an important role in bringing financial solutions to local communities. Financial inclusion is essential for social equity, economic empowerment, and to alleviate financial hardship.

FINANCIAL INCLUSION

An estimated 50% of the ASEAN population do not have a bank account, and over a quarter are considered underbanked (Fitch Ratings, 2020). We actively work to bridge this financial access and inclusion gap by innovating and creating partnerships to provide financial services that address real pain points for underserved communities.

ACCESS TO BASIC SAVINGS AND PAYMENTS

CIMB Bank Philippines continues to be at the forefront of digital banking in a country where an estimated 71% of the adult population do not have a bank account (Bangko Sentral ng Pilipinas, 2019). This can be attributed to the high cost of opening and maintaining an account, low levels of financial literacy, and poor physical access to branches.

CIMB Philippines' digital banking strategy has removed the traditional barriers required for opening a bank account, including the removal of face-to-face transactions, processing fees and minimum balance requirements. Clients have more flexibility and accessibility, through our partnerships with GCash, the Philippines' leading digital wallet; Bayad Center, the Philippines' leading utilities payment company; and 7-Eleven, the Philippines' largest convenience store chain.

In just over 3 years, CIMB Bank Philippines has on-boarded more than 5 million depositors. In 2021, gross transaction value increased by 282%.

Based on a survey of our customers in late 2021, around 20% of depositors said that CIMB is their first bank deposit account, and 74% of loan customers said that CIMB gave them their first ever bank loan.

ACCESS TO CREDIT

CIMB Bank Philippines launched REVI Credit, which provides easy and hassle-free access to affordable credit lines of up to PHP250,000.

Customers can apply for a personal revolving credit line through their mobile phones, without any income documents, and get almost instant approval. 47,000 individuals have been on-boarded to this facility.

HOME OWNERSHIP

Home ownership plays a vital role to provide families with emotional and financial stability, and has strong positive social impact and outcomes. In Malaysia, we support BNM's initiative to disburse RM1.0 billion to help low-income individuals to buy affordable homes through programmes such as "My First Home scheme", PR1MA and other government schemes. We also assist customers to purchase their first home via FlexiOwn, which provides lower monthly instalments for the first five years to reduce their cash flow burden.

In 2021, CIMB Group extended more than RM2.35 billion in home financing for the lower income community in Malaysia and Indonesia, facilitating the purchase of more than 11,000 affordable homes.

VEHICLE OWNERSHIP

We offer competitive financing for B40 communities to purchase vehicles as a means to gain access to flexible and efficient travel options for family use, and for micro and small business endeavours. In 2021, we extended RM2.4 billion towards new auto financing for B40 communities in Malaysia, and B1.1 billion for motorcycles in Thailand.


OPPORTUNITIES TO INVEST

In 2021, Touch 'n Go Group launched GO+, a micro wealth management product which allows Touch 'n Go (TNG) eWallet users to gain access to low risk money market investments from as low as RM10. This empowers Touch 'n Go users, including those who do not have high disposable incomes, to start investing and earning returns on their investment balances. Funds are easily transferred between the user's designated bank, and GO+. TNG Digital acquired 1.96 million GO+ users with AUM of RM492 million.

Amanah Saham Nasional Berhad (ASNB) allows customers to invest their savings and provides a stable avenue for long-term wealth accumulation. CIMB offers financing for Amanah Saham Bumiputera (ASB) investments, helping customers to access affordable funds that can then be applied towards purchase of ASB. Our total ASB financing for B40 communities amounted to RM2.5 billion in 2021, making up 76% of all ASB financing extended.

SUSTAINABLE BUSINESS

SUPPORTING OUR CUSTOMERS DURING THE PANDEMIC

The COVID-19 pandemic continued to impact livelihoods of clients and customers across the region. Movement control measures to contain the spread of infections presented a challenge to individuals and businesses. With many clients facing loss of revenue, and customers impacted by salary reductions and retrenchments, we saw an urgent need to support those who were hardest hit, in line with government and regulatory mandates, but also going beyond mandated requirements. 

CIMB adopted a three-pronged approach to support and build trust with our customers during the period.

PROVIDING CUSTOMERS WITH FINANCIAL ASSISTANCE

We established various relief programmes across our regional operations to support businesses and individuals affected by the pandemic. These included financing repayment moratoriums and restructuring for individuals, SMEs and corporate clients.



MALAYSIA

Payment Assistance Programme (PEMULIH)

Supported B40 individuals and SMEs that experienced a loss in income due to lockdown measures.



306,676 customers, RM57.1 billion

Targeted Assisted Programmes

We offered a range of financing at preferential rates to targeted individuals, SMEs and microenterprises who were most impacted by the pandemic. This included those in the personal services, food and beverage, arts, entertainment, and recreation sectors.



227,577 customers, RM36.7 billion

Financial Management and Resilience Programme (URUS/FIRST)

A collaboration between the banking sector and Agensi Kaunselling dan Pengurusan Kredit (AKPK) to assist B50 Individuals (those earning below national median of household income) and SMEs who continue to experience cash flow difficulties.



1,993 customers, RM0.6 billion

Special Insurance Coverage

In partnership with Sun Life Malaysia, CIMB rolled out a RM500,000 COVID-19 Vaccine Complications Fund, a complimentary financial assistance to clients experiencing adverse side effects of COVID-19 vaccinations.

INDONESIA

CIMB Niaga continued to provide financial relief to individuals and non-individual clients in sectors affected by the pandemic in accordance with government policies. We offered a restructuring and rescheduling programme to all segments including individuals, SMEs and corporate clients.

SINGAPORE**Individual Customers**

CIMB Bank Singapore extended its relief programme for an additional three months upon the expiry of the Extended Support Scheme on 30 September 2021. Customers with mortgages were provided the option to reduce monthly instalments to 60% or extend their loan tenure by up to three years. Unsecured credit facilities can be converted into term loans for up to five years, with interest rates capped at 8%, with no early repayment penalty. For Renovation & Education loan facilities, clients were provided the option to extend loan tenure up to a cumulative of three years. Over 1,960 customers were supported through these programmes, amounting to S\$60.4 million.

SME Clients

CIMB C-19 / CIMB BizAssist (a financing scheme that provides government risk sharing of 70% to participating financial institutions) helps SMEs to manage their immediate cash flow needs. Since its launch, the programme has benefited 1,302 clients, amounting to S\$584 million.

CAMBODIA

CIMB Bank Cambodia provided extended financial relief through rescheduling and restructuring of financing, and deferment of principal and interest. The relief enables commercial and retail customers to mitigate the disruption to their cash flows and income. While some customers have resumed regular repayment, CIMB continues to grant relief to eligible clients who request for longer support. Active restructured and rescheduled accounts were valued at US\$24 million for commercial and retail customers as at end of 2021.

THAILAND

Over 40,000 account holders in CIMB Bank Thailand were approved for extension to their financing moratorium programme. Over 67% of the debt relief financing involved debt restructuring.

KEEPING CUSTOMERS UPDATED

We set up dedicated COVID-19 support websites to communicate changes to bank operations in a timely manner. We also leverage on other communication channels such as social media, e-mails and call centre IVR announcements to keep our customers well informed.

ACCELERATING DIGITALISATION TO PROTECT CUSTOMERS

The pandemic accelerated the digitisation initiatives of the Group, including online opening of saving and current accounts, and online submission of financing applications.

CIMB launched EVA for SME clients, the first ever chatbot for Commercial Banking customers in Malaysia. Equipped with AI tools and dual language Natural Language Processing, the chatbot is able to evaluate and recommend the most suitable financial solutions based on a customer's business and financial needs.

For retail customers, we made individual phone calls to certain segments of customers who were more vulnerable to COVID-19, such as the elderly, to provide one-on-one guidance on using online banking. In addition, we guided them on how to safely use online banking platforms, while being vigilant towards frauds and scams.