04

Governance & Risk

At CIMB, governance and risk management go hand in hand, forming the backbone of our ability to build resilience, create value over the medium to long term, and establish and maintain trust with our stakeholders.

They also act as guardrails, helping us navigate complex challenges while upholding ethical practices. By addressing risks early, balancing diverse stakeholder needs and prioritising long-term outcomes, we align our decision-making with our commitment to support people and the planet while driving meaningful progress.

First Malaysian bank to complete **2030 net zero target setting** for high-emitting sectors

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Published our **Statement on Biodiversity and Nature**

First Malaysian bank to extend our **human rights grievance mechanism** to communities impacted by the actions of our clients and suppliers

INSIDE THIS SECTION

Rooted in the shared values of #teamCIMB, our approach to governance and risk is built on:

OUR FOCUS AREAS

- **Strong governance systems** that are based on transparency, accountability and integrity
- **An integrated risk management approach** that incorporates environmental and social risks, as well as ethical considerations into daily decision-making and operations
- **Robust policies and processes** that uphold strict compliance with corporate ethics, anti-corruption and anti-bribery regulations
- **Proactive sustainability risk management**, covering climate, nature and human rights risks, to drive long-term value creation and support a just transition towards a low-carbon and more equitable economy

MATERIAL TOPICS	2024 ACHIEVEMENTS
Governance and Ethics	• Achieved a well-rounded Board composition, with 64% independent directors and 36% female directors on CIMB Group Holdings Berhad's Board • Developed a Board-approved Climate Disclosure Framework to ensure transparent, accurate and balanced climate disclosure • Enhanced sustainability accountability at the Board level by enhancing sustainability and climate considerations in the Terms of Reference of key Board committees
Risk Management and Business Resilience	• Strengthened risk management in projects we finance by enhancing financing requirements for the Coal and Palm Oil sectors and expanding our exclusions list to align with our updated Net Zero and No Deforestation, No Peat, No Exploitation commitments • Enhanced governance in financing by expanding the scope of our Group Sustainable Financing Policy to align with Net Zero commitments • Improved risk evaluation of financed projects with the launch of our Integrated Sustainability Assessment Tool, which enhances internal efficiency while improving the customer experience during the evaluation process
Climate Change: Risks and Opportunities	• First Malaysian bank to complete 2030 net zero target setting for high-emitting sectors • Strengthened climate risk management by implementing a Climate Risk Management Standard, maintaining systematic consistency across processes • Enhanced climate risk assessment through a successful proof-of-concept physical risk assessment on property-backed portfolios, including mortgages, commercial real estate financing, income-producing real estate and business loans secured by properties • Advanced climate resilience initiatives by conducting our inaugural Bank Negara Malaysia Climate Stress Testing exercise, scheduled for completion in June 2025
Nature and Biodiversity	• Reinforced commitments through the publication of CIMB's Statement on Biodiversity and Nature • Led national and global knowledge sharing such as at the Malaysian National Biodiversity Policy Implementation – Business Advisory Group and the UNEP FI PRB Nature Capacity-Building Programme
Human Rights and Labour Standards	• First Malaysian bank to extend our human rights grievance mechanism beyond internal operations, allowing communities and employees within clients' businesses or supplier networks to report grievances linked to CIMB's business relations • Supported our clients to improve their human rights risk management, with 95% of action plans due in 2024 met, exceeding our target of 75%

Governance & Risk

GOVERNANCE AND ETHICS

Transparency, fairness and integrity shape our daily decisions, guiding how we work with our stakeholders. By staying true to these values, we contribute to a future that is stronger, fairer and more resilient for everyone.

THE BOARD: INDEPENDENT, ACCOUNTABLE AND DIVERSE

CIMB's Board of Directors plays a crucial role in upholding strong corporate governance. Their leadership upholds integrity across the Group, balancing the interests of stakeholders while navigating an ever-evolving business landscape. Guided by CIMB's Board Charter, the Board provides strategic direction, oversees management and holds the Group accountable for achieving its goals, including advancing our sustainability framework.

We recognise the critical role Independent Directors play in strengthening the Board's effectiveness. To maintain their independence and integrity, we adhere to strict criteria aligned with regulatory standards as outlined in CIMB's Board Charter on our website.

CIMB's Board follows a one-tier system, bringing together Independent and Non-Independent Directors. This structure ensures a balanced mix of skills, backgrounds and experiences that enrich decision-making. The Board's composition and diversity are actively monitored and guided by our Board Composition and Skill Set Framework to ensure we benefit from a broad range of perspectives and expertise.

KEY OUTCOMES

- 36% female representation on CIMB Group Holdings Berhad Board as of December 2024

Composition of CIMB Group Holdings Berhad Board as of December 2024

8
Malaysians

TOTAL
11

7
Independent Directors

4
Female Representatives

CIMB is committed to continuously improving Board effectiveness. Each year, we work with our Group Nomination and Remuneration Committee (GNRC) to assess the Board, its Committees and individual Directors. To ensure fairness and transparency, we engage an independent external party to conduct this assessment at least once every three years.

In 2024, the Board of CIMB Group Holdings Berhad met 15 times, exceeding the required six meetings per year. Attendance was 96.4%, surpassing the minimum requirement of 75%.

POLICIES THAT GOVERN OUR CORPORATE ETHICS

Clear policies guide how we uphold corporate ethics at CIMB, reflecting our commitment to integrity and responsible business practices. Beyond regulatory compliance, these policies shape how we work, build trust and strengthen relationships with our stakeholders.

CODE OF ETHICS AND CONDUCT

Since its introduction in January 2017, CIMB Group has consistently reinforced adherence to The Code among our staff. This commitment is reflected in mandatory e-learning modules, annual attestations by all employees and various internal awareness programmes designed to facilitate comprehensive understanding and compliance. The Code is further emphasised through firm disciplinary action in response to any breaches, underlining the Group's zero-tolerance stance toward misconduct.

The Code undergoes regular reviews to remain relevant and effective, with the latest enhancements introduced in July 2024. These revisions place a stronger emphasis on critical areas such as the No Gift Policy, sexual harassment prevention and fostering a respectful workplace, which encompasses data privacy, appropriate conduct and consideration for remote working conditions. It also reinforces escalation procedures for misconduct and substance abuse awareness. All employees must fully understand and comply with these standards. Management remains resolute in its expectation of high ethical standards and will take swift action to address any misconduct to maintain a sound and conducive work environment for all.

BRIBERY AND CORRUPTION

We have zero tolerance towards bribery and corruption at all levels. Our Group Anti-Bribery and Corruption Policy outlines the measures to prevent and address such misconduct. Applicable to all CIMB employees, from senior leadership to frontline staff, as well as associated persons including vendors, agents, sponsors and consultants, the policy aligns with local laws, fostering a culture of integrity and emphasising prompt reporting of any irregularities, malpractice or wrongdoing to management.

FINANCIAL CRIME

CIMB Group is fully committed to safeguarding the financial system and continues to invest proactively in its people, processes, and systems to remain vigilant against financial crime – an ever-growing and constantly evolving threat to the financial industry and global economy. Our policies and procedures are routinely reviewed to ensure full compliance with all applicable legal and regulatory requirements while adopting industry best practices relevant to our organisation. We continuously enhance our controls and foster a strong culture of compliance across all levels of the organisation.

As financial crime becomes more prevalent and complex, our Anti-Money Laundering and Counter-Financing of Terrorism Policy outlines our approach to combating these threats. All employees undergo mandatory annual training to safeguard the Bank and our customers against evolving risks.

TAX MANAGEMENT

We comply with all applicable tax laws and uphold full and timely tax payments in every jurisdiction where we operate. This includes accurate registration, timely tax return filing, proper documentation and transparent reporting. In 2024-2025, we are implementing e-invoicing to streamline tax processes, reduce business costs and support the Malaysian Government's economic goals. Our Tax Policy outlines our approach to responsible tax management.

From 2025, the Group will comply with the Global Minimum Tax Pillar 2 requirements in line with Malaysia's implementation. This initiative, introduced under the OECD/G20's Base Erosion and Profit Shifting (BEPS) project, establishes a minimum effective tax rate of 15% on business profits for multinational enterprises, reinforcing measures against tax avoidance and promoting a fairer tax system.

WHISTLEBLOWING POLICY

Having a secure and reliable whistleblowing channel ensures that individuals can report unethical or unlawful behaviour without fear of retaliation. Our Group Whistleblowing Policy outlines the process and provides a confidential platform for stakeholders to report concerns involving CIMB's management, employees or associated persons.

Read more about our Policies and Statements on our website:

Corporate Governance: Policies and Statements

Our contributions to industry associations, financial industry bodies and apex institutions

GOVERNANCE OF SUSTAINABILITY

Sustainability is a cornerstone of CIMB's business strategy and decision-making, a priority and a shared responsibility across the Group embedded within our robust governance framework. By fostering accountability, transparency and strategic alignment, we can address the evolving needs of our stakeholders while driving meaningful action for people, communities and the planet.

Our Sustainability governance framework integrates responsible practices into CIMB's business strategy, helping us build resilience and drive innovation while addressing key risks and opportunities for our stakeholders.

Here is how ESG is governed at CIMB:

BOARD OVERSIGHT

Board of Directors:

- The highest governance body responsible for CIMB's sustainability strategy, overseeing material ESG issues, risks and opportunities

Group Sustainability and Governance Committee (GSGC):

- Meets quarterly to support the Board in upholding ethical conduct, integrity and responsibility
- Provides oversight and guidance on strategies, frameworks and policies for material matters such as climate change, economic inclusion, anti-bribery and corruption
- Oversees sustainability-related strategies, risks and opportunities, ensuring alignment with the Group's broader objectives

Other Board Committees:

- The Board Risk and Compliance Committee (BRCC), Audit Committee (AC) and Group Nomination and Remuneration Committee (GNRC) provide targeted oversight of specific sustainability-related matters within their respective domains

Governance & Risk

MANAGEMENT OVERSIGHT AND IMPLEMENTATION COORDINATION

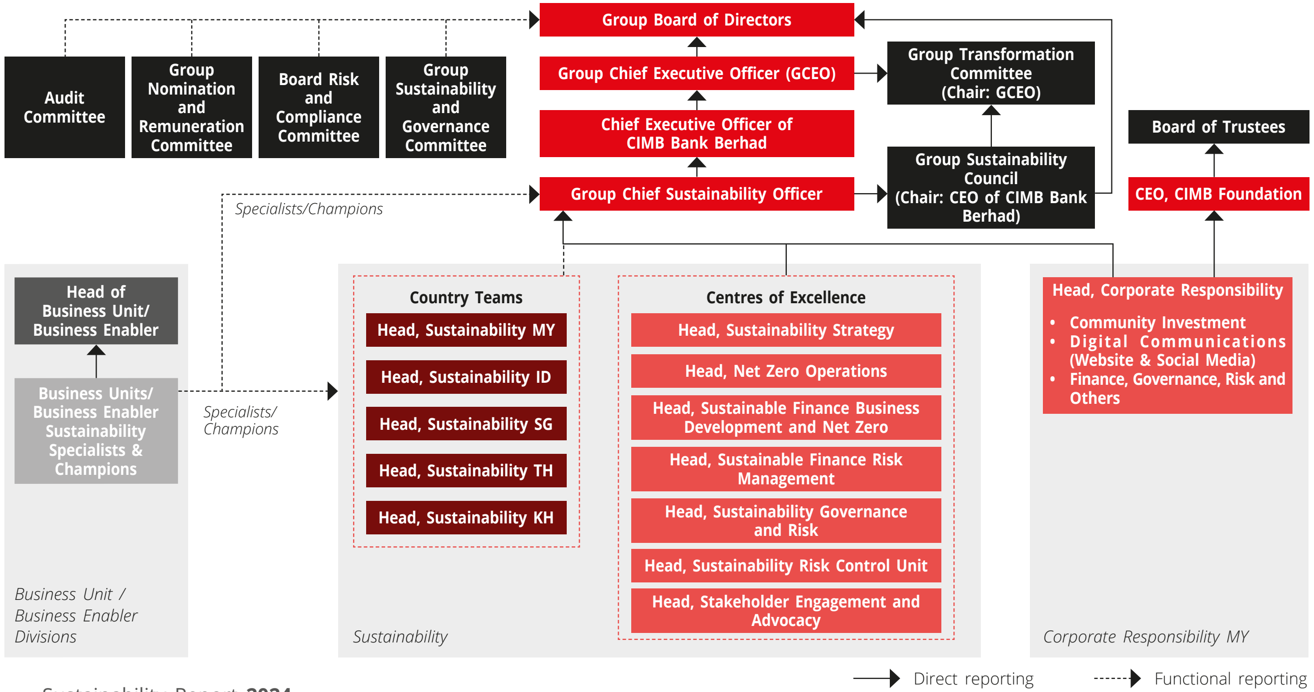
Group Transformation Committee (GTC):
- Chaired by the Group CEO, the GTC oversees the execution of the Sustainability Programme as a key strategic initiative for CIMB

Group Sustainability Council (GSC):
- Chaired by the CEO of CIMB Bank Berhad, the GSC comprises of representatives from across countries and business units
- Monitors the sustainability risk profile of the Group's business activities
- Ensures implementation of sustainability policies, procedures and controls

Group Sustainability Division:
- Responsible for executing sustainability strategies, priorities and initiatives across the Group
- Includes Centres of Excellence, such as a dedicated Governance and Risk Unit
- Works closely with Country Sustainability Teams to deliver localised solutions

IMPLEMENTATION AND EXECUTION

Embedded Sustainability Champions and Specialists:
- Introduced in Malaysia in 2022 and progressively scaled across the region to mainstream the Group's sustainability efforts
- Embedded full-time sustainability specialists and part-time sustainability champions, promoting decentralised innovation and drive a sustainability-driven culture, values and accountability at all levels



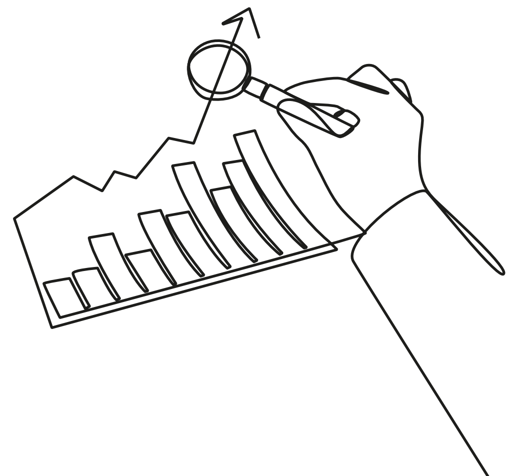
SUSTAINABILITY LINKAGES TO PAY

At CIMB, our commitment to sustainability is reflected in how we assess and reward performance. Sustainability Key Performance Indicators (KPIs) are embedded in scorecards at the corporate, divisional and individual levels, aligning individual, team and organisational goals with our objectives.

How We Tie Sustainability to Performance and Pay

Corporate Scorecard:
- Tracks the Group's overall progress against predefined objectives and timelines, including those related to sustainability goals
- Reviewed and reported to governing committees for accountability and alignment with other strategic priorities

Collective Scorecards:
- Applied to the Group CEO, and top management of all divisions and countries
- Assesses team-based performance alongside individual contributions
- Includes sustainability KPIs which carries a 5% weightage, influencing the bonus pool for each division and directly linking compensation to sustainability achievements



Individual Scorecards

- Sustainability KPIs are embedded into individual scorecards for those with critical responsibilities in executing the sustainability agenda, aligning their roles with measurable contributions. Examples include:
  - Mobilising sustainable finance through CIMB's GSSIPS framework for retail and non-retail clients
  - Maintaining accurate classification of sustainable finance transactions as per our GSSIPS framework
  - Achieving economic inclusion and financial literacy targets for vulnerable groups
  - Completing sustainability due diligence within set timeframes while maintaining quality standards
  - Conducting a preliminary nature and biodiversity risk assessment for key nature related sectors, including risks linked to long-term climate change, and publishing of the Group's position
  - Driving initiatives to develop a sustainable supply chain
  - Reducing Scope 1 and 2 GHG emissions by division and country against the 2019 baseline
  - Providing sustainability training for #teamCIMB
  - Enhancing human capital development and promoting diversity and inclusion

By integrating ESG priorities into performance and pay, we reinforce their importance across the Group and create accountability at every level.

SUSTAINABILITY POLICIES

GROUP SUSTAINABILITY POLICY

- Guides all our sustainability initiatives
- Establishes overarching principles and approach to sustainability, including sustainability risk management
- Facilitates the identification, assessment, mitigation and management of sustainability risks within the Group
- Enhanced in 2024 to include governance on how we manage key focus areas such as GSSIPS, Net Zero Operations, Sustainable Procurement and Sustainability Communications, along with enhanced governance processes and internal requirements

GROUP SUSTAINABLE FINANCING POLICY

- Governs the identification and management of environmental and social (E&S) risks within non-retail financing transactions and capital-raising deals
- Integrates E&S considerations into financing decisions at both client and transaction levels to identify and manage E&S risks arising directly or indirectly from CIMB financed clients and activities
- Enhanced in 2024 to include smaller SME Banking clients in addition to larger Business Banking clients, as well as updates to governance processes, revised workflows and streamlined tools

GROUP HUMAN RIGHTS POLICY

- Outlines our commitments, principles and approach to human rights
- Governs the identification, assessment and management of salient human rights risks
- Enhanced in 2024 to include expanded grievance mechanisms and remediation processes, enabling communities and employees of clients and suppliers to report grievances related to CIMB's business relations

For our full suite of our internal policies, please refer to the Internal Policies, Procedures and Guidelines section on page 230 of the Integrated Annual Report

RISK MANAGEMENT AND BUSINESS RESILIENCE

Robust risk management keeps CIMB resilient, enabling us to continue serving our customers and creating value for stakeholders despite economic shifts, as well as environmental and social factors. We focus on identifying risks early and taking proactive steps to mitigate their impact, allowing us to respond and adapt to challenges in a timely and effective manner. Guided by a comprehensive risk management framework, we focus on four key activities: Risk Identification and Assessment, Risk Measurement, Risk Management and Control, and Risk Monitoring and Reporting. This structured approach enables us to support our stakeholders and create long-term value, even in the face of evolving challenges.

ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

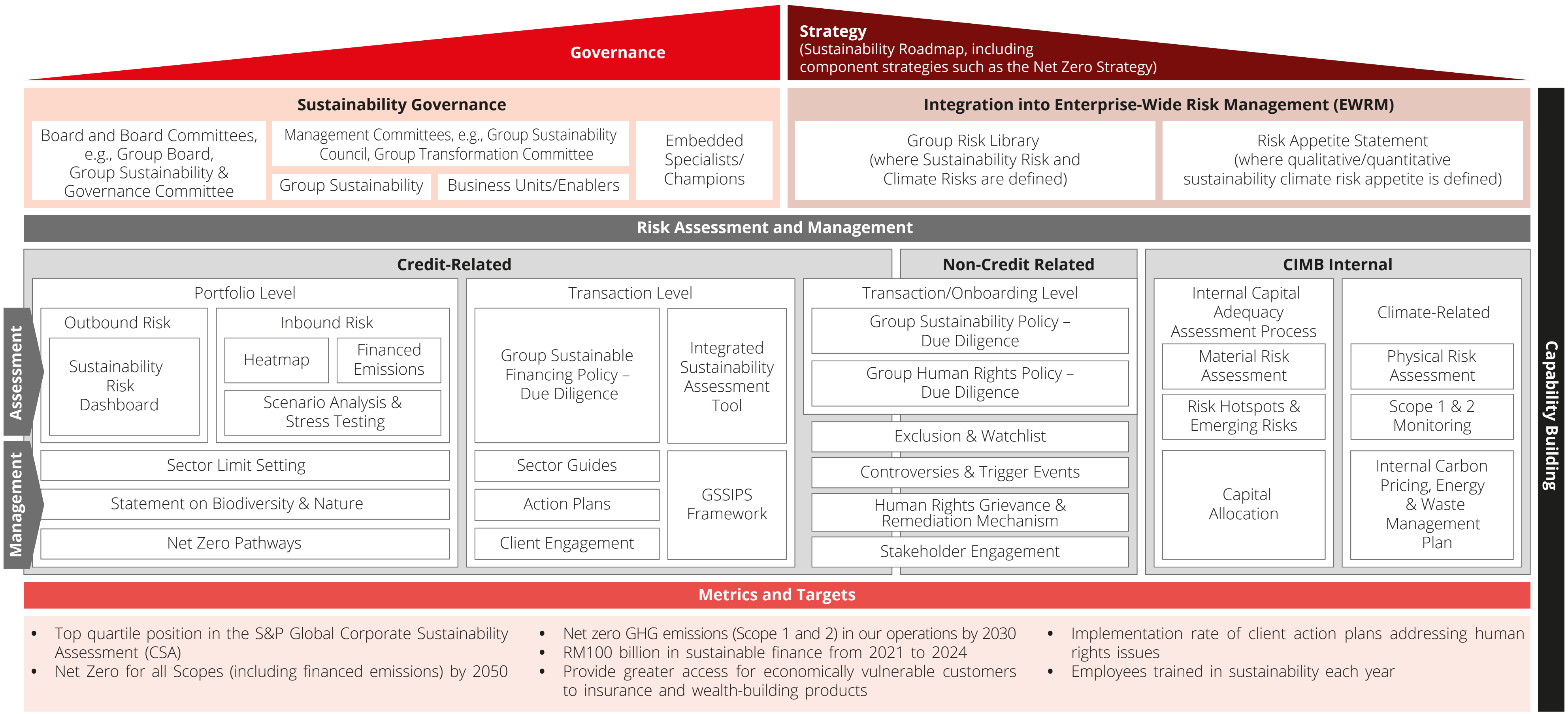
Our Enterprise-Wide Risk Management (EWRM) Framework provides a comprehensive architecture for managing risks across all entities and businesses within the Group. It addresses the critical components of effective risk management, including:

- **Risk Culture:** Building a strong culture where risk awareness and accountability are deeply ingrained
- **Governance and Organisation:** Establishing clear structures and roles to oversee and manage risks effectively
- **Risk Appetite:** Defining the acceptable level and types of risks the Group is prepared to take
- **Risk Management Processes:** Implementing systematic processes to identify, assess, manage and monitor risks
- **Risk Management Infrastructure:** Maintaining robust systems and tools to support risk management activities

Governance & Risk

CIMB GROUP SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

Our Group Sustainability Risk Management Framework is supported by the three lines-of-defence model, which promotes clear accountability and consistency in risk management across the Group. Sustainability risk is identified and managed as a key risk under our EWRM Framework. As defined in our Group Risk Library, it impacts other risk areas such as credit, market, liquidity, operational and reputational risk.



Learn more about our Group Sustainability Risk Management Framework on our website

We assess a wide range of factors in our business transactions and operations, including environmental issues such as climate change, nature impacts and resource use; social considerations, including community wellbeing and workplace practices; economic challenges, such as market shifts and resource costs; and ethical concerns, including transparency and responsible governance. By addressing these considerations, we aim to mitigate potential risks to CIMB and our stakeholders who depend on our products and services, reinforcing our commitment to long-term stability and shared success.

ENVIRONMENTAL RISKS CONSIDERED

Climate Change
Physical risks such as extreme weather events and transition risks, including regulatory changes that may lead to business disruption and negative financial impacts

Deforestation
Land-use changes, including forest clearing for logging, agriculture, livestock ranching, industrialisation and urbanisation

Energy Use
High or inefficient consumption of electricity from non-sustainable sources, leading to increased GHG emissions

Biodiversity Loss
Activities that damage natural habitats, introduce invasive non-native species or lead to the overexploitation and depletion of biodiversity stocks

Water Scarcity
Excessive water use, particularly in water-scarce regions or catchment areas, where development may impact water availability

Ecosystem Degradation
Permanent or significant impacts on sensitive ecosystems such as mangrove, peat swamp or limestone areas

Waste and Pollution
Poor waste and by-product management, contributing to terrestrial, freshwater, and marine pollution

Marine Environment
Pollution and destructive activities, such as bottom trawling, that negatively impact marine ecosystems

SOCIAL RISKS CONSIDERED

Health and Safety
Unsafe working conditions, including the lack of personal protective equipment, the absence of workplace safety policies and procedures and insufficient medical coverage

Communities
Activities that impact native customary rights and inhabited areas, including failure to obtain the Free, Prior and Informed Consent of communities impacted by business activities

Human Rights and Labour Issues
Factors affecting workers' rights and wellbeing, including discrimination, debt bondage, unfair benefits, remuneration and contractual agreements; and lack of rights to form unions, freedom of movement, access to remedy and provision of basic needs such as housing, water, healthcare and education

Diversity, Equity and Inclusion
Behaviours that do not contribute to a fair and equitable work environment or dishonour the dignity and respect of employees including any form of harassment, whether sexual or otherwise

ECONOMIC/ETHICAL RISKS CONSIDERED

Institutional Integrity
Poor management practices that may result in failure to meet commitments, environmental, social or reputational risks, as well as concerns related to governance, bribery, corruption, cybersecurity and data privacy

Governance & Risk

The environmental, social, economic and ethircal risks outlined can result in financial risks to our clients and other stakeholders, and ultimately to CIMB. In making financing and business decisions, we consider these risks in line with our sustainability commitments:

Credit Risk

The potential for financial losses arising from a client's inability to meet their obligations to the Bank due to reasons such as failure to anticipate and manage environmental and social risks in their business, inadequate control over environmental impacts or poor management oversight

Reputational Risk

The potential risk of reputational damage to the Bank, either directly or by association, due to material issues such as legal or regulatory non-compliance, failure to meet ESG commitments, or involvement in significant controversies that could impact stakeholder trust

Operational Risk

The risk of loss arising from inadequate or failed processes, people and systems, or from external events, as well as failure to meet sustainability requirements, such as non-compliance with ESG standards

Collateral Risk

The potential for financial losses arising from the loss or devaluation of collateral pledged to the Bank due to reasons such as a client's failure to adequately protect these assets through effective environmental and social risk management systems and controls

Market Risk

The potential for disruption and negative shifts in the value, supply or demand for products and services due to environmental and social risks linked to their production or consumption

Liquidity Risk

The risk of not being able to meet short-term financial demands due to insufficient cash, the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process. This includes challenges arising from sustainability factors, such as the inability to liquidate assets tied to sustainable investments or the financial impact of failing to adhere to ESG commitments

Legal Risk

The potential impacts of legal or regulatory non-compliance due to the failure to adequately address environmental and social risks leading to punitive measures such as regulatory fines, penalties or sanctions

Technology Risk

The potential risks related to technologies and machinery due to reasons such as the transition to more sustainable, low-carbon and energy-efficient production methods, resulting in loss of customers and market share

EMERGING RISKS

We know the world is constantly changing, and new risks can arise that affect not just businesses, but also people, communities and the planet. At CIMB, we proactively identify and assess these emerging risks early. We gather insights from trusted sources like industry reports, market trends, discussions with regulators, stakeholder feedback and collaborative conversations that guide our decision-making.

Emerging Risk	Description of Risk	Potential Business Impact	Mitigating Actions	Probability and Severity
Biodiversity Loss and Ecosystem Collapse	***Biodiversity Loss*** The decline in species diversity and abundance, along with the degradation of ecosystems and their services. This can result from habitat destruction, pollution, climate change, overexploitation of resources and the introduction of invasive species. ***Ecosystem Collapse*** The rapid and irreversible deterioration of an ecosystem's structure, function, and services. This can be triggered by major disturbances such as natural disasters, disease outbreaks, or human interventions that disrupt the delicate balance between species and their environment.	Biodiversity loss and ecosystem collapse present significant risks to human wellbeing and both the ASEAN and global economies. Key impacts include: • Reduced agricultural productivity, disrupting supply chains and impacting food security • Increased disease transmission due to the loss of natural pest control mechanisms • Disproportionate harm to vulnerable communities • Business disruptions for sectors dependent on ecosystem services For financial institutions, negative impacts can be both direct and indirect through lending, financing, investment and underwriting activities.	We recognise the importance of biodiversity protection and restoration in maintaining ecological balance. Our key actions include: • Contributing to government policy consultations and industry working groups to shape future policies • Engaging with industry players to understand challenges and explore ways forward • Participating in international discussion forums to implement best practices. In 2024, we published our Statement on Biodiversity and Nature and commenced development of a strategy and roadmap. Set for publication in 2025 alongside sectoral assessments, these initiatives build on our NDPE commitment requirement, which has been in place since 2022.	High Probability High Severity

KEY OUTCOMES

- Enhanced risk assessment of our financing through strengthened policies, frameworks and sector requirements as well as the Integrated Sustainability Assessment Tool

Governance & Risk

Emerging Risk	Description of Risk	Potential Business Impact	Mitigating Actions	Probability and Severity
Anti-ESG Sentiments	The growing political divide on climate change has led to rising anti-ESG sentiments, particularly in the US, where regulatory pushback has resulted in bans on ESG-based investments and corporate retreats from sustainability commitments. Major banks, asset managers and insurers have exited climate coalitions, while some companies have scaled back Diversity, Equity and Inclusion (DEI) initiatives due to shifting political and investor pressures. Despite these headwinds, global climate action continues. COP29 secured commitments to mobilise US$300 billion annually for developing nations by 2035, though this remains short of what experts say is needed. As the ESG landscape evolves, financial institutions must balance regulatory, political and stakeholder expectations while staying committed to long-term sustainability goals.	The rise of anti-ESG sentiments is reshaping the global sustainability landscape, introducing geopolitical and economic uncertainty. Key potential impacts include: • Governments influenced by anti-ESG sentiments may introduce policies that weaken or oppose sustainability initiatives, creating an unpredictable business environment and hindering CIMB's ability to meet its sustainability commitments • A shift towards non-ESG sectors could divert financing away from sustainable projects, impacting the growth of green industries and increasing investment volatility • Reduced policy support for ESG initiatives may delay advancements in green technologies, such as carbon capture and renewable energy, potentially slowing the transition to a low-carbon economy	We take a structured, science-based approach to climate commitments, upholding transparency, collaboration and measurable outcomes. We are therefore: • Engaging policymakers, regulators, investors, industry bodies and businesses to share knowledge and develop solutions that drive meaningful progress • Grounding our targets in scientific methodologies keeping them robust, data-driven and aligned with international frameworks • Adhering to local regulations and referencing local taxonomies while actively contributing to the development of climate policies • Monitoring evolving market trends and public sentiment to refine strategies • Engaging and supporting high emission industries in transitioning sustainably	Medium Probability High Severity
Greenwashing Risk	CIMB's commitments, such as achieving Net Zero by 2050, and No Deforestation, No Peat and No Exploitation are typically phased in across our operating markets. For example, in 2022, we rolled out our NDPE commitment requirement in larger markets, while smaller markets adopted the policy in 2023. At the same time, expectations and standards for responsible banking are rising rapidly. With multiple parties within CIMB communicating sustainability efforts across various channels, there is a risk of miscommunication or overstating sustainability claims.	Greenwashing – or even an allegation of it – can harm the Bank's reputation and erode trust, making it critical to maintain credibility in our commitments. Potential impacts include: • Increased regulatory scrutiny, leading to stricter oversight and compliance requirements • Reputational damage, affecting stakeholder trust and market competitiveness • Loss of investor confidence, potentially impacting funding and partnerships • Decline in employee morale and productivity • Challenges in attracting quality candidates	To mitigate greenwashing risks, we focus on: • Regularly reviewing policies and commitments to align with evolving expectations • Strengthening governance and monitoring mechanisms to uphold transparency and accountability • Minimising the time gap between announcing and implementing policies across our footprint • Implementing the Sustainability Communications Procedure to guide sustainability-related communications • Mitigating inaccurate disclosures by aligning with recognised reporting frameworks and obtaining third-party verification	Medium Probability High Severity

SUSTAINABLE AND RESPONSIBLE FINANCE: MANAGING ENVIRONMENTAL & SOCIAL RISKS IN FINANCING AND CAPITAL RAISING

CIMB recognises that our environmental and social (E&S) responsibilities extend beyond our own operations to the products and services we provide. Through robust E&S due diligence, we aim to prevent or mitigate harm to communities and the environment while supporting our clients in building more resilient and future-forward business models. By helping our clients manage these risks effectively, we not only strengthen their resilience but also build trust and reinforce CIMB's long-term performance, aligning our purpose with responsible economic growth.

Our sector guides and active client engagement approaches are designed to help raise the standard of responsible business practices across the region. These efforts not only support the global sustainable development agenda but also create opportunities for meaningful, long-term impact.

We adopt a holistic approach to sustainability by not only focusing on mitigating risks within our own portfolio but also supporting the broader financial sector to improve E&S practices. Through collaboration, knowledge-sharing, and fostering innovation, we aim to drive systemic change and elevate industry standards, for a more resilient financial ecosystem. For example, via CIMB Islamic, we have contributed to the Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide for Oil and Gas, reinforcing our commitment to strengthening E&S risk management across the financial sector.

SUSTAINABLE FINANCING FRAMEWORK AND POLICY

Our Group Sustainable Financing Policy (GSFP) governs E&S risk management for non-retail financing and capital-raising transactions, establishing a robust approach to addressing E&S impacts. Key GSFP risk management processes and sectoral position statements for industries with high E&S risks are laid out in our Sustainable Finance Framework (SFF), which is available on our website.

KEY UPDATES

Expansion of GSFP Scope
Expanded E&S due diligence to include SME clients, providing them with tailored guidance, capacity-building and assistance to help integrate sustainability into their operations. This has been rolled out to Malaysia and will gradually expand to other countries

Integrated Sustainability Assessment Tool (ISAT)
Rolled out an integrated tool for frontliners, consolidating sustainability due diligence, Bank Negara's CCPT requirements, sector-specific criteria and GSSIPS evaluation

Refined Escalation Routes
Strengthened governance with clearer escalation processes for exemptions, watchlist decisions and dispute resolution

To ensure accountability and effectiveness, Group Sustainability conducts biannual control tests on these policies, while the Group Corporate Assurance Division performs periodic audits to uphold compliance and drive continuous improvement.

SUSTAINABILITY SENSITIVE SECTORS

CIMB has identified 150 sub-sectors across 10 industries as Sustainability Sensitive Sectors (SSS). To guide our approach to these sectors, we have developed sector guides for seven industries i.e., Palm Oil, Forestry (including rubber), Oil & Gas, Construction and Infrastructure, Coal, Mining and Quarrying, and Manufacturing. These sector guides outline our financing requirements and considerations (available in our Sustainable Finance Framework), including any financing prohibitions.

We regularly review and enhance our SSS requirements, to enable alignment with evolving standards and best practices. This includes expanding the scope to new sectors and prioritising those with significant environmental and social impacts, such as carbon intensive sectors. In 2024, we updated several sector guides, adding requirements for GHG management and monitoring for carbon intensive sectors in addition to revisions in the Coal, Palm Oil and Oil & Gas sector guides to align with our Net Zero commitments.

KEY SECTOR GUIDE ENHANCEMENTS

Coal

New revenue thresholds
- Cap of 25% direct revenue from thermal coal for new clients (effective 1 Jan 2025)
- Cap of 50% direct revenue from thermal coal mining, and 50% coal power generation, for existing clients (effective 1 Jan 2030)

Expanded prohibitions
- Existing thermal coal mines and coal-fired power plants
- Acquisitions of thermal coal mines and coal-fired power plants*
- Modification and retrofitting of coal-fired power plants*
- Greenfield infrastructure projects for thermal coal mining activities

Palm Oil

Expansion of NDPE coverage
- Inclusion of third-party suppliers

Supply chain traceability
- Requirement to establish a traceability mechanism to the plantation level

GHG requirements
- Requirement to report GHG emissions, including Scope 1, 2 and Scope 3 emissions from sourcing of fresh fruit bunches for integrated clients

Oil & Gas

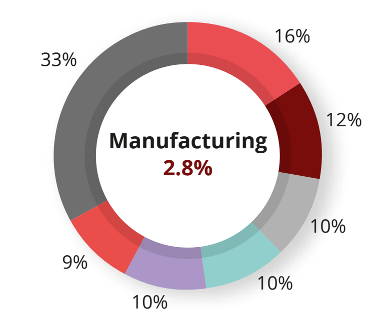
New prohibition
- No new dedicated financing for oil field projects approved for development after 31 December 2021

** Unless designated for green/transition purposes, provided they do not extend the lifespan or increase the capacity of coal-fired power plants (CFPPs).*

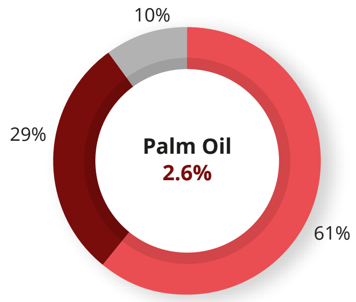
Country-level assessments enable us to align and adapt our approach with local conditions and realities. For details of our methodology and sector specific requirements, refer to the Sustainable Finance Framework on our website.

Governance & Risk

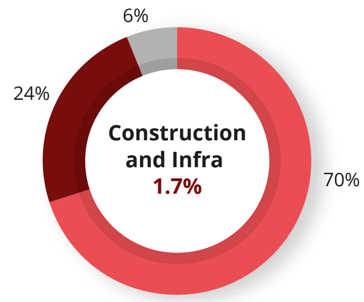
Portfolio Exposure to Sustainability Sensitive Sectors



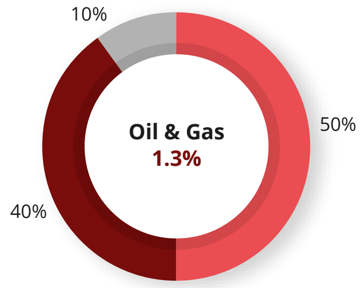
- Automotive
- Plastics
- Machinery and Equipment
- Chemicals
- Electrical and Electronic Equipments
- Textiles, Apparel and Leather Goods
- Other Manufactured Goods/Trading



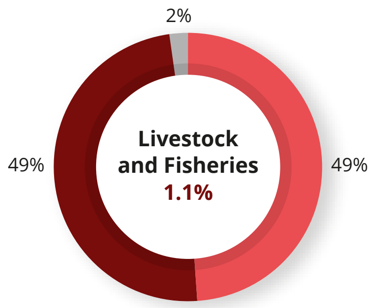
- Planting
- Manufacturing
- Trading



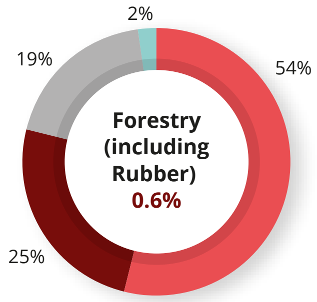
- Construction
- Infrastructure
- Manufacturing of Concrete, Cement and Building Materials



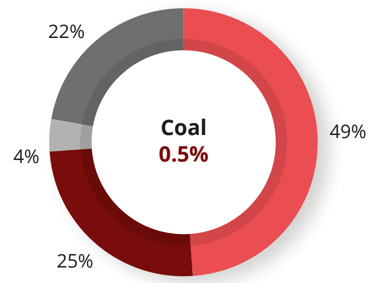
- Downstream
- Support Activities
- Extraction



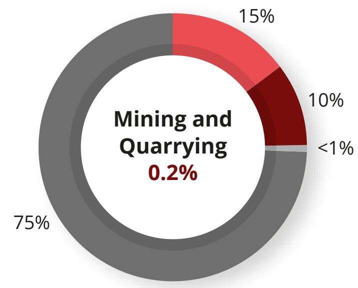
- Livestock
- Trading
- Fisheries



- Pulp and Paper
- Wood and Wood Products
- Trading
- Forestry and Rubber



- Extraction
- Coal-Fired Power Plants
- Trading
- Others



- Stone, Sand and Clay
- Iron Ores
- Tin
- Other Metals and Non-Metals

Exposure as a percentage of total Group gross loans/financing as at 31 December 2024 in Malaysia, Indonesia, Singapore, Thailand and International Offices. Sustainability-sensitive sectors are sectors identified as having high environmental and/or social risks, including nature and climate-related transition risks. The exposure percentages disclosed here may differ from other portfolio exposure figures disclosed throughout this report, or other public disclosures, due to variations in the scope of each disclosure.

SUSTAINABILITY DUE DILIGENCE

Financing and capital-raising transactions undergo a robust Sustainability Due Diligence process:

Basic Sustainability Due Diligence

Conducted by Frontliners (RMs) using the **Integrated Sustainability Assessment Tool**, which includes:
- Exclusion list/Sustainability Watchlist
- Controversy checks
- Human Rights risk
- Physical and transition risk
- Sector Guide requirements
- BNM's CCPT due diligence checklist

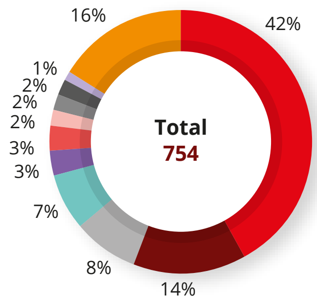
Enhanced Sustainability Due Diligence

Conducted by Sustainability team, which includes:
- E&S risk assessment
- Controversy and mitigation assessment (desktop research)
- Third-party data checking (e.g. S&P, Global Coal Exit List)
- Client engagement

Recommendation & Approvals

Potential Recommendations by Sustainability team:
- Rejected
- Not Recommended
- Recommended with Action Plan(s)
- Recommended with Notes
- Recommended for Approval

High sustainability risk cases and disputed cases escalated to GEXCO (and potentially, Board) for approval

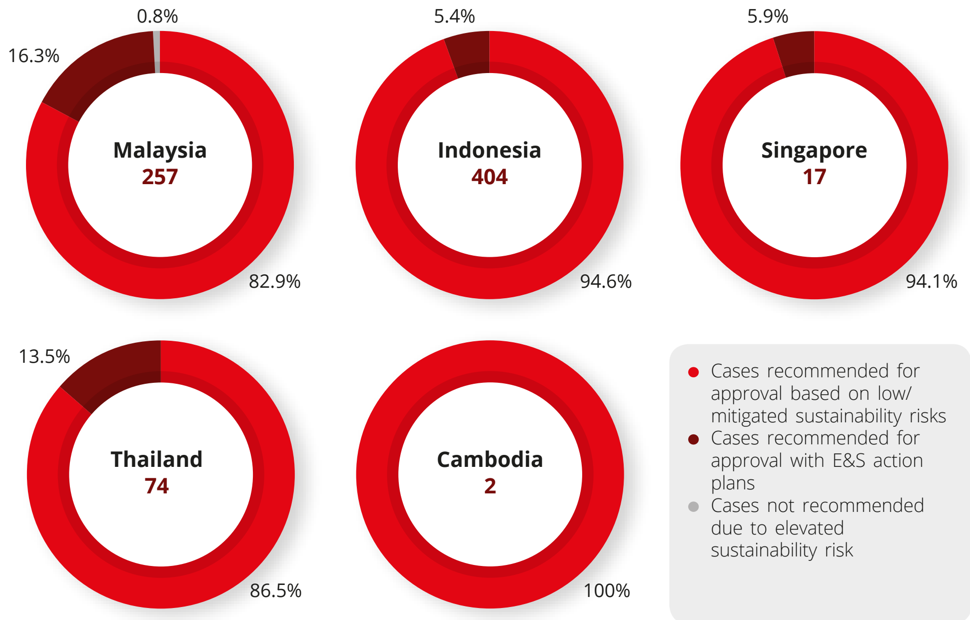


Enhanced Sustainability Due Diligence in 2024, by Sector

In 2024, CIMB conducted Basic Sustainability Due Diligence (BSDD) on 64,592 non-retail clients (97% of non-retail clients*). Of these, 754 cases (1.2%) were escalated for Enhanced Sustainability Due Diligence (ESDD). Action plans were agreed and issued for 75 cases, while two cases were not recommended to proceed for approval, due to high environmental and social risk. For more details, refer to section Clients with Action Plans Due in 2024 on page 114.

* *Covers non-individual Wholesale and Business Banking clients across Malaysia, Indonesia, Singapore, Thailand and Cambodia. Malaysia figures now include SME Banking clients following the July 2024 update to the Group Sustainable Financing Policy.*

Enhanced Sustainability Due Diligence in 2024, by Country



Project Financing

We review all project financing deals in line with our internal Group Sustainable Financing Policy and Sector Guides, which are outlined in our Sustainable Finance Framework. In 2024, we reviewed seven new project financing deals*. Three deals (43%) were escalated for Enhanced Sustainability Due Diligence due to high environmental and/or social risks associated with either the project or the client. Of the total project financing deals in 2024, five cases were approved and reached financial close. No deals were declined due to E&S reasons.

* *A financing method where the lender primarily relies on the project's generated revenues as both the source of repayment and security for the loan.*
* *Project Financing is reviewed in line with our internal ESG framework, that is outlined in the Sustainable Finance Framework*

The Sustainability team conducts Enhanced Environmental and Social Due Diligence on clients and transactions with high E&S risks, or when trigger events such as adverse media reports, legal actions or fines occur.

Governance & Risk

To help to ensure compliance with our sector guides and to mitigate significant environmental or social risks, we request our clients to provide us with necessary documents for verification. If a client does not meet our sector requirements, we collaborate with them to create time-bound action plans, with progress reviews at least annually. Should a client be unable to complete their action plans on schedule, an extension may be approved by CIMB, upon a formal request with satisfactory justification.

However, if a client consistently fails to fulfil the agreed action plans or is linked to egregious environmental or social impacts beyond our risk tolerance, they may be placed on our Sustainability Watchlist, preventing further financing or capital raising. In 2024, six entities were added to our Sustainability Watchlist due to issues related to deforestation, biodiversity and human rights.

KEY OUTCOMES

- Conducted basic sustainability due diligence on more than 64,000 non-retail clients
- Strengthened our sector guides for Coal, Oil & Gas and Palm Oil
- Supported clients in their sustainability risk management progress by issuing 75 action plans

754
Cases undergoing Enhanced Sustainability Due Diligence

9.9%
ESDD cases recommended for approval with E&S action plans

91%
Clients with action plans completed in 2024*

Performance Data Supplement: Sustainable Financing Policy and Sustainability Due Diligence (SDD)

* *Numbers exclude cancelled action plans, and cases where action plan extensions were granted with approved justifications, i.e., where the Bank, post engagement, identified valid reasons beyond the client's control that caused delays in completing the action plan.*

CLIENT ENGAGEMENTS ON ENVIRONMENTAL AND SOCIAL ISSUES

Client engagements on transaction-level E&S risks typically take place during the due diligence process, prior to the approval of a facility, during annual reviews, or during periodic assessments of a client's progress in meeting previously agreed-upon action plans. The Sustainability team and/or CIMB relationship managers will engage directly with the client to discuss challenges, opportunities and progress made.

The main goal of these engagements is to understand the E&S risks linked to clients' business activities, explore risk mitigation opportunities (including financing support), review progress on sustainability action plans, share updates on CIMB's requirements such as our No Deforestation, No Peat and No Exploitation commitment requirement, as well as issues such as human rights and climate risks, while encouraging clients to adopt more responsible practices.

In 2024, we held a number of one-on-one discussions with clients to address sustainability risks and mitigation measures.

Sector	Examples of Issues Discussed	Key Outcomes
Palm Oil	• MSPO/RSPO/ISPO certification status • NDPE commitments • GHG monitoring and disclosure	• Commitment to achieving 100% sustainable palm oil certification • Agreement to establish NDPE policy • Consideration to develop a GHG tracking and reporting framework
Forestry	• NDPE commitments	• Agreement to establish NDPE policy
Construction	• Public safety risks	• Implementation of rectification and safety measures
Oil & Gas	• GHG monitoring and disclosure	• Consideration to develop a GHG tracking and reporting framework
Manufacturing	• Human rights risks • Physical risks (flood)	• Agreement to develop a human rights policy, with due diligence and control measures • Agreement to develop and implement an occupational safety and health policy
Livestock and Aquaculture	• MyGAP certification status • Pollution control measures • Occupational safety and health risks	• Encouragement to obtain MyGAP certification • Encouragement to establish guidelines/ SOP on solid waste and wastewater management • Agreement to establish and implement an occupational safety and health policy

CASE STUDY 1: ADDRESSING DEFORESTATION, HUMAN RIGHTS AND POTENTIAL CREDIT RISKS

CIMB Group is committed to responsible financing and the promotion of sustainable practices in palm oil cultivation. Recognising the industry's significant economic contribution to ASEAN, we also acknowledge the E&S challenges faced, such as deforestation, biodiversity loss, labour rights issues and GHG emissions. Through our Palm Oil Sector Guide, CIMB requires that clients not only obtain national or international sustainable palm oil certifications but also demonstrate clear commitments to No Deforestation, No Peat and No Exploitation (NDPE) principles and uphold human rights.

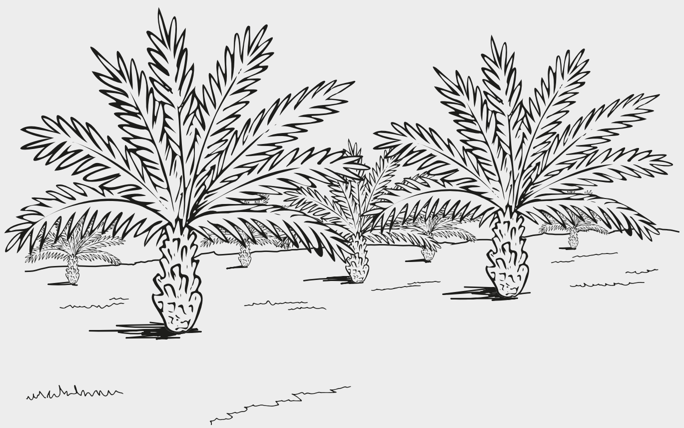
In mid 2024, CIMB conducted an ESDD assessment for a prospective client in the palm oil sector. During the evaluation and engagement process, it was disclosed that the company was in the process of resolving land tenure issues and obtaining the necessary licensing from the Malaysian Palm Oil Board (MPOB). Additionally, the client acknowledged a lack of awareness regarding the Malaysian Sustainable Palm Oil (MSPO) 2022 standard's requirement to perform a High Conservation Value (HCV) assessment for new plantations established after 2019.

As a result of these discussions and due diligence, it was determined that the proposed financing posed significant sustainability-related risks:

Deforestation Risk
- Drone images provided showed approximately 90% of the project area consisted of mature forests
- CIMB's deforestation and biodiversity risk assessments indicated that the project location is not within or near key biodiversity areas. However, development would result in extensive deforestation, with a high likelihood of violating CIMB's NDPE commitment
- Clearance of land without a prior HCV assessment after MSPO's cut off date of 31 December 2019 would likely mean that MSPO certification would not be obtained

Human Rights Risk
- Employment contracts contained a clause that terminated the contracts of female workers found to be pregnant, breaching fundamental human rights principles
- There was insufficient evidence of Free, Prior and Informed Consent (FPIC) from local communities for development, raising concerns over community rights and engagement

Operational Risk
- Only a small fraction of the client's planted area was certified under MSPO
- No prior HCV assessment was conducted in new planting activities post 31 December 2019, making it unlikely for the company to achieve the 100% MSPO certification, as required by CIMB for financing of oil palm plantations in Malaysia



It was discussed and concluded that this transaction posed high reputational and credit risk, due to significant sustainability concerns, including deforestation, human rights issues, and operational gaps.

Given these risks, CIMB declined the application for financing, reinforcing its commitment to stringent due diligence and sustainability in high-risk sectors.

Governance & Risk

CASE STUDY 2:

ADHERENCE TO ENVIRONMENTAL REGULATION

As part of CIMB's Construction and Infrastructure Sector Guide, we assess E&S risks from construction activities, including community impacts and physical climate risks. Compliance with local environmental regulations is supported through documented evidence, including Environmental and Social Impact Assessment (ESIA) approvals, management plans and occupational health and safety commitments, to protect the environment and local communities.

In late 2024, CIMB was approached by a prospective client to issue a Bank Guarantee for a large-scale infrastructure project with anticipated positive socio-economic impacts.

An ESDD was conducted as the client did not fully meet all of CIMB's sector requirements. During the course of the ESDD, we identified ambiguity in the approval status of the project's Environmental Impact Assessment (EIA). Following further engagement with the company and the state environmental department, it was confirmed that the EIA had yet to be fully approved, and only the initial environmental assessments had been approved.

Following the findings of the ESDD, we issued a time-bound action plan requiring the company to obtain full EIA approval prior to the commencement of any groundworks on the site, which the company subsequently agreed to. CIMB will continue to monitor the project's EIA approval status to ensure compliance with our sustainability requirements.

CASE STUDY 3:

ADDRESSING ALLEGATIONS OF ENVIRONMENTAL AND HUMAN RIGHTS VIOLATIONS

In late 2023, we received a whistleblowing report alleging that a client and its principal were involved in illegal and unsustainable logging, as well as various human rights abuses against indigenous peoples. A review of CIMB's historical assessments revealed that the client had previously undergone Enhanced Sustainability Due Diligence due to identified controversies. However, at the time, the client had provided satisfactory evidence and explanations that addressed the issues in question.

The latest report raised serious concerns about the client's operations. In response, we conducted a thorough investigation, cross-referencing the allegations with independent reports on ground conditions in the country where the violations were reported. As part of this process, the client provided documentation relating to their logging permits and evidence of conducting Free, Prior and Informed Consent (FPIC) with affected communities.

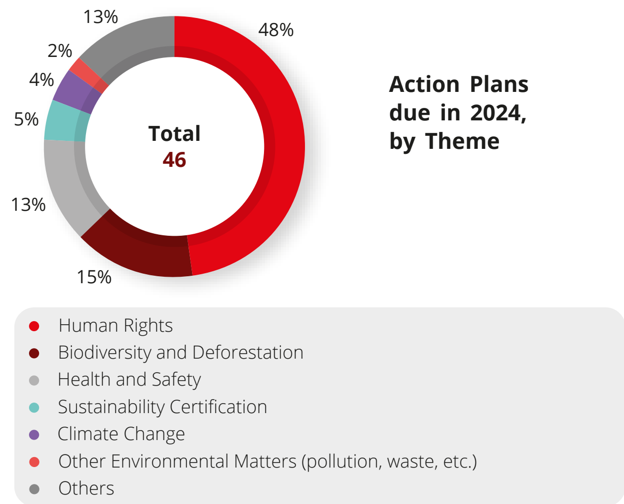
Despite this, our findings supported the basis of the allegations. However, due to an ongoing legal case on the matter, we were unable to take immediate action. Given the seriousness of the concerns, in 2024, we escalated the case to our Group Sustainability and Governance Committee and Group Sustainability Committee, who approved the decision to place the client on our Sustainability Watchlist.

Being on this Watchlist means that the client remains under monitoring, and CIMB will not proceed with any further financing until the legal case is resolved. Should the client be found not guilty, we will reassess their status and consider removing them from the Watchlist.

CLIENTS WITH ACTION PLANS DUE IN 2024

In 2024, we had a total of 46 action plans due from 39 clients, a decrease compared to 2023, where we had 54 action plans due from 46 clients. Notably, there was a significant increase in the percentage of human rights-related action plans in 2024, making up 48% of the total action plans, compared to 26% in 2023. This increase is a result of the introduction of our Human Rights Policy in 2022 which was further refined in 2023 for sustainability sensitive sectors, particularly for clients in segments more susceptible to human rights issues. In terms of the progress for action plans due in 2024:

- Seven clients had their action plans cancelled due to the maturity of their facilities, unsuccessful finalisation of transactions or termination of the client relationship for various reasons.
- Out of the remaining 35 action plans from 32 clients, 31 action plans from 29 clients were successfully completed, resulting in a completion rate of 91% among clients with outstanding action plans.
- Three clients from the Construction, Manufacturing, and Palm Oil sectors were unable to complete their action plans within the agreed timelines, leading to official reminders being issued.



Sector	Action Plan Themes	No. of Cases	Type of Financing	Completion Status: Completed	Completion Status: Not Completed	Completion Status: Cancelled	Key Action Items
Palm Oil	Biodiversity & Deforestation	4	General Financing	2	1	1	Develop NDPE policy/commitment
	Health & Safety	1		1	–	–	Develop Occupational Health & Safety policy/commitment
	Human Rights	2		2	–	–	Develop human rights policy/commitment
	Certification	2		2	–	–	MPSO/ISPO/RSPO certification
	Others	1		–	–	1	Obtain Blue Rating for PROPER
Construction and Infrastructure	Environment	1	General Financing	–	1	–	Develop Standard Operating Procedures (SOP) for waste management and emergency response plans for spillages/leakages
	Human Rights	3		2	–	1	Develop human rights policy/commitment, carry out human rights due diligence and put a grievance mechanism in place
	Climate Change	1		–	–	1	Develop emergency response plans for flood occurrences
	Health & Safety	1		–	–	1	Provide Health & Safety SOP supporting documents
	Others	1		1	–	–	Provide regular updates on progress of resolution of an issue
Oil & Gas	Human Rights	1	General Financing	1	–	–	Develop human rights policy/commitment, carry out human rights due diligence and put a grievance mechanism in place
Coal (Mining and Power Generation)	Human Rights	1	General & Project Financing	–	–	1	Develop NDPE policy/commitment
	Biodiversity & Deforestation	3		2		1	Carry out an HCV Assessment and develop an NDPE policy/commitment
	Health & Safety	1		–		1	Establish an HSE policy
Mining and Quarrying	Health & Safety	1	General Financing	1	–	–	Provide latest HSE Report and establish an HSE policy
Manufacturing	Human Rights	6	General Financing	5	1	–	Develop human rights policy/commitment
	Health & Safety	1		–	1	–	Develop an Occupational Health and Safety policy
	Climate Change	1		1	–	–	Develop a management plan/emergency response plan for flood risk
	Others	2		2	–	–	Obtain Blue Rating for PROPER
Livestock and Fishery	Human Rights	3	General Financing	2	–	1	Develop human rights policy/commitment, carry out due diligence and put in place a grievance mechanism
Others	Human Rights	6	General Financing	6	–	–	Develop human rights policy/commitment, carry out due diligence and put in place a grievance mechanism
	Health & Safety	1		1	–	–	Develop an Occupational Health and Safety policy
	Others	2		–	–	2	
	Total	**46**		**31**	**4**	**11**	

Numbers exclude cases where action plans were extended with approved justifications, i.e., where the Bank, post engagement, identified valid reasons beyond the client's control leading to delays in action plan completion.

Governance & Risk

CLIMATE CHANGE: RISKS AND OPPORTUNITIES

The impacts of climate change are far-reaching, affecting social and financial resilience at every level – global, national and individual. Its physical effects can damage assets, disrupt operations and harm human health. Companies that fail to adapt to new policies, market shifts and technologies aimed at combating climate change face growing regulatory, reputational and financial risks.

At CIMB, we recognise both the challenges and opportunities that come with climate change. We are committed to reducing risks and creating positive change by improving our ability to identify, assess and manage climate-related impacts. Throughout the year, we continued to strengthen our internal processes to better address climate-related risks that could directly or indirectly affect our operations, clients and portfolios. Our focus remains on driving meaningful action toward climate adaptation and mitigation while supporting long-term resilience both for our clients and our own business.

KEY PROGRESS UPDATES

- Achieved Net GHG Emissions (Scope 1 and 2 market-based) of 67,110 tonnes CO_2e, a reduction of 35.6% against 2019 baseline
- Achieved our first Net Zero Carbon Building in Malaysia for Wisma CIMB and became the first bank branch in Malaysia to receive GreenRE certification for our IOI City Mall branch
- Maintained operational net zero emissions (Scope 1 and 2) for CIMB Singapore for the second consecutive year
- Generated 457 MWh of electricity from on-site solar PV and sourced 11,284 MWh of RE via RECs in Indonesia, covering 30% of CIMB Niaga's electricity consumption
- At CIMB Thai, increased renewable energy consumption from 0% in 2019 to 26% in 2024, via on-site solar installations and RECs
- Published CIMB's first standalone financed emissions report in June 2024, covering 54% of financing and investment portfolios as of 31 December 2023
- Became first Malaysian bank to complete setting of 2030 net zero targets for high emitting sectors with the addition of two new targets in 2024 for the Oil & Gas and Real Estate sectors
- Strengthened climate risk management through the development of the Group's first Climate Risk Management Standard
- Introduced quantitative risk appetite metrics to align on acceptable levels of sustainability and climate risk in pursuit of our business objectives
- Completed a physical risk assessment proof-of-concept to evaluate the long- and short-term flood impacts on our property-backed portfolios in Malaysia
- Expanded regulatory climate risk stress testing exercises across Malaysia, Indonesia and Thailand
- Mobilised RM117 billion of sustainable finance between 2021 to 2024, surpassing our target of RM100 billion
- Contributed to thought leadership by sharing CIMB's climate journey and insights at local and international forums, including the Joint Committee on Climate Change and COP29

CLIMATE-RELATED DISCLOSURES

In 2024, we continued to align our climate-related disclosures with the principle of double materiality, addressing both how climate change affects us (outside-in risk) and the impact our operations and portfolio have on the climate (inside-out impact). This dual lens ensures that our reporting goes beyond compliance, offering clear, consistent and meaningful insights for all stakeholders.

Our disclosures are guided by trusted frameworks and standards, including the TCFD Application Guide for Malaysian Financial Institutions issued by the Joint Committee on Climate Change (JC3), Bursa Malaysia's Enhanced Sustainability Reporting Framework and the IFRS S2 Climate-related Disclosures. In 2024, we developed and obtained Board approval for our Climate Disclosure Framework and achieved full compliance with TCFD recommendations, further strengthening our commitment to transparent, high-quality and data-driven climate disclosures.

Following the announcement of the National Sustainability Reporting Framework (NSRF) in September 2024, we are actively aligning our reporting with its requirements, targeting full adoption by 2027 or earlier.

We understand that investors, clients and stakeholders rely on accurate and actionable insights on CIMB's climate-related risks and opportunities. That is why we focus on presenting comprehensive, data-driven disclosures that provide both an overarching picture, as well as region- or entity-specific details where possible. Despite uncertainties about the long-term impacts of climate change, we strive to deliver reliable and transparent reporting based on the most current information available.

GOVERNANCE

BOARD OVERSIGHT

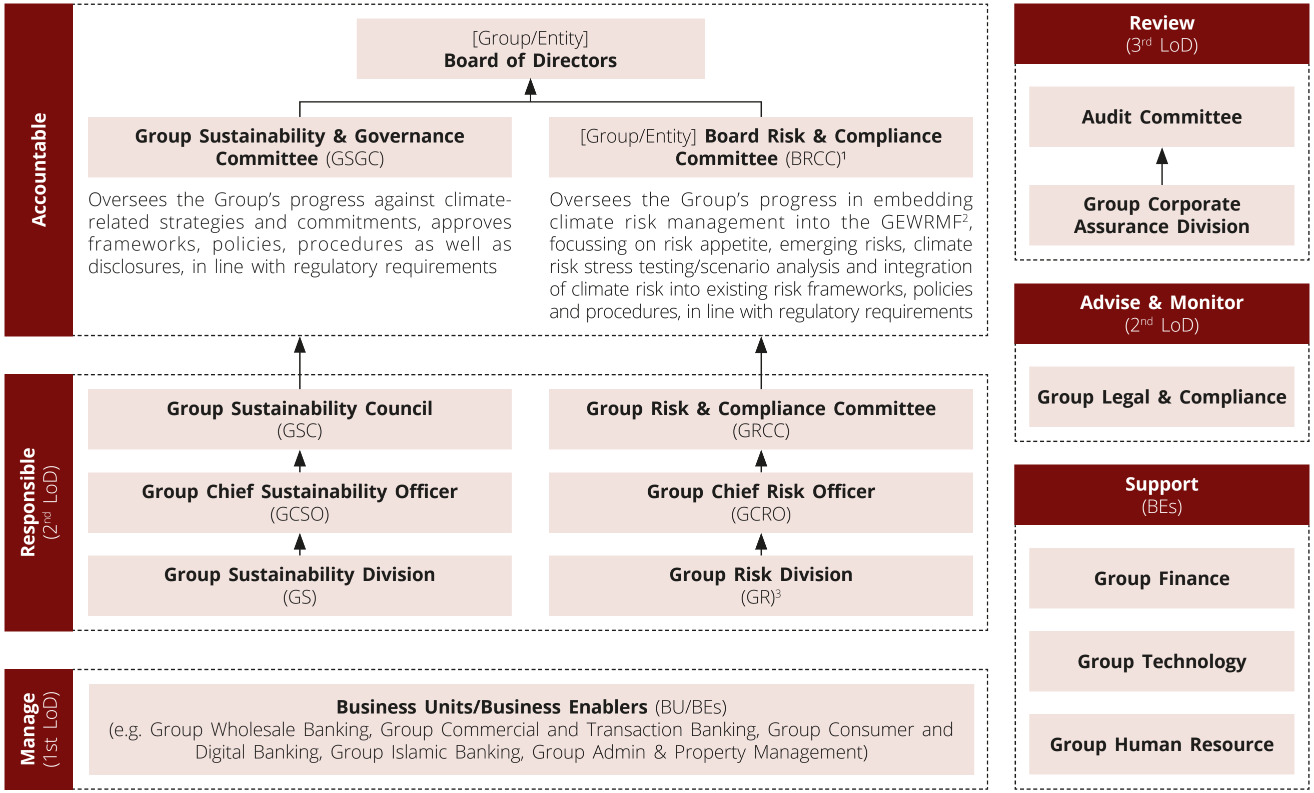
The CIMB Group Holdings Berhad Board of Directors (Group Board or the Board) holds ultimate responsibility for sustainability, including climate change. Supporting the Board, the Group Sustainability and Governance Committee (GSGC) provides focused guidance on strategic sustainability matters, particularly the Group's climate strategy. The Board Risk and Compliance Committee (BRCC) oversees climate risk management including risk appetite and stress testing, while the Audit Committee (AC) upholds the robustness of climate risk controls. The Group Nomination and Remuneration Committee (GNRC) assesses and strengthens Board-level climate competency and integrates climate-related goals into top management performance indicators and variable compensation.

In 2024, we further strengthened internal climate governance by embedding oversight of the Group's Net Zero strategy, targets, and climate risk management into the terms of reference for relevant Board committees. These updates reflect our commitment to robust and accountable climate governance.

MANAGEMENT RESPONSIBILITIES

At the management level, sustainability efforts, including climate change, are driven by the Group Sustainability Council (GSC) and the Group Transformation Committee (GTC). The GSC, chaired by the CEO of CIMB Bank Berhad, includes representatives from across regions and functions. It is responsible for developing and monitoring climate strategies, setting portfolio-specific and sector-specific targets and driving progress under the Group's Net Zero Banking Alliance commitments. Complementing this, the GTC, chaired by the Group CEO, oversees the effective execution of the Forward23+ Sustainability Programme, which includes key climate projects.

Climate-related responsibilities are also being progressively embedded into other management committees such as the Group Risk and Compliance Committee (GRCC).



[1] *Inputs and decisions of the Board Shariah Committee (BSC) are required for Shariah-related matters only.*
[2] *Group Enterprise-Wide Risk Management Framework.*
[3] *Involving Risk Centres of Excellence including Enterprise Risk and Infrastructure (ERI) which Climate Risk unit (CLIR) is under, and Credit Risk, Market Risk, Asset Liability Management, and Non-Financial Risk Management (NFRM)*

In 2024, climate-related topics remained a priority across Board and management discussions, focusing on implementing projects and initiatives to advance the Group's Net Zero goals by 2050 and further ingraining climate risk discipline into the Group Enterprise-Wide Risk Management Framework (GEWRMF).

Governance & Risk

Forum	Committee	Meeting Frequency	Sustainability/climate discussions[1]
Board Level	Group-, Entity- & Joint Board of Directors	Monthly – Quarterly	4
	Group Sustainability & Governance Committee (GSGC)	Quarterly	6
	Group-, Entity- & Joint Board Risk & Compliance Committee (BRCC)	Monthly – Quarterly	10
	Audit Committee (AC)	Monthly	4
	Group Nomination & Remuneration Committee (GNRC)	As required	1
Management Level	Group Executive Committee (GEXCO) / Group Transformation Committee (GTC)	Monthly	4
	Group Sustainability Council (GSC)	Once in two months	7
	Group Risk & Compliance Committee (GRCC)	Monthly	5

Key climate-related matters

- Development and approval of CIMB's sustainability and climate strategy for 2025-2030
- Update on the Group's climate scorecard and performance to-date
- Establishment of the Group's Net Zero strategy and targets, including:
  - 2030 climate targets for Oil & Gas, and Real Estate portfolios
  - Net Zero Whitepaper Version 2.0 publication
  - Net Zero Operationalisation Plan
  - Embedding of portfolio Net Zero goals into collective scorecards
  - Improvements to Sector Guides (e.g. no new dedicated financing for new oil field projects, enhanced NDPE requirements)
  - GSSIPS guiding principles and targets
- Incorporation of Sustainability Risk Appetite metrics into Group- and entity-level Risk Appetite Statement documents, and subsequent quarterly risk appetite dashboard reporting
- Formalisation of the Group's first Climate Risk Management Standard
- Update on climate risk stress testing, including physical risk assessment preliminary results
- Climate-related regulatory matters, including:
  - Implementation of response plan to BNM's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document
  - Undertaking of gap analysis and action plans in relation to BNM's Climate Change and Principle-based Taxonomy (CCPT)
  - BNM's Composite Risk Rating
  - Updating of climate-related policy, regulatory and industry trends
- Updating of sustainability and climate-related disclosure standards including IFRS S2
- Other projects and initiatives, including:
  - Updating of Board and management committees' terms of reference to incorporate climate-related oversight roles
  - The Group's Scope 1 & 2 GHG emissions reduction measures and performance
  - Revision of Sustainable Finance Framework (including high sustainability risk sector position statements)

[1] *Number of meetings in which sustainability and climate-related issues have been a substantive agenda item*

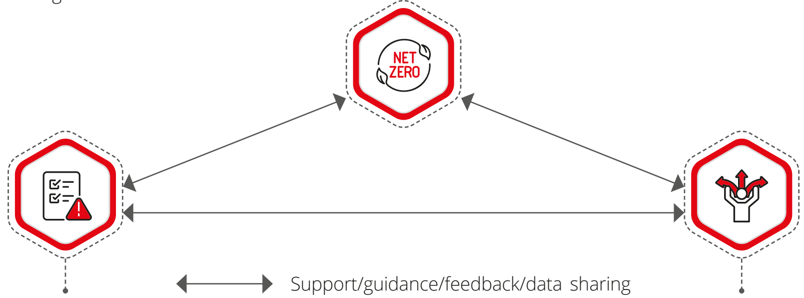
DRIVING CLIMATE ACTION GROUP-WIDE

CIMB integrates climate action into governance, risk management and business strategy, aligning with our Net Zero commitments. The diagram below illustrates our approach to key focus areas, including risk management, Net Zero strategy and opportunities for climate action.

Net Zero Strategy

Guided by the Group Sustainability Division and led by the Group Chief Sustainability Officer (GCSO), CIMB works closely with business units and key enablers to implement its Net Zero strategy. This includes:

- Setting sector-specific decarbonisation targets
- Developing action plans to mitigate climate risks and capitalise on opportunities
- Strengthening climate governance frameworks
- Enhancing transparency through climate-related disclosures



Risk Management: Strengthening Climate Action

To better manage climate-related risks, particularly those linked to Scope 3 financed emissions, CIMB's Climate Risk Unit operates under Group Risk as part of our second line of defence.

This unit:

- Assesses and monitors climate-driven risks across credit, market, liquidity and operational risk
- Supports our Net Zero Strategy by identifying exposures to climate-related credit and non-credit risks
- Develops management actions to mitigate these risks
- Leverages the Enterprise-wide Risk Management Framework and the Group's risk appetite statement
- Conducts climate scenario analysis and stress testing to enhance preparedness

Our Group Administration and Property Management (GAPM) team plays a key role in reducing CIMB's operational emissions (Scope 1 and 2) by:

- Optimising office space for energy efficiency
- Transitioning to renewable energy
- Conserving water and minimising waste across all operating locations

Opportunities: Advancing Climate Action

We expand our green and climate-aligned financing efforts by:

- Strengthening pipelines for sustainable financing
- Engaging clients on emissions performance and decarbonisation strategies
- Facilitating discussions on low-carbon transition opportunities

Taking a collaborative approach, we haves established working groups for key carbon-intensive sectors. These groups, comprising representatives from Wholesale Banking, Commercial Banking, Islamic Banking, Group Risk, and Group Sustainability at both Group and country levels, have developed Net Zero pathways and transition plans. Their insights are detailed in our whitepaper, Our Path to Net Zero – Charting a Course to Decarbonisation.

CIMB further supports climate awareness and action among consumers and stakeholders through:

- Green financing products that encourage sustainable choices
- Campaigns and initiatives that promote responsible consumption
- Educational efforts to raise awareness of climate risks and opportunities

CAPACITY BUILDING FOR BOARD AND SENIOR MANAGEMENT

Through our Sustainability Academy, which recognises climate change as a key competency, we have developed structured learning paths for senior management to build expertise in sustainability.

To learn more about our Sustainability Academy, refer to the Cultivating Industry Experts section on page 88.

At the Board level, we have also embedded continuous learning into our governance structure:

- At every GSGC meeting, we introduce a bite-sized sustainability topic to enhance awareness. For example, we have recently covered the circular economy and its relevance to CIMB
- During regional Joint Board meetings on sustainability, which take place twice a year, we conduct in-depth learning sessions on key sustainability themes
- In addition, we hold training sessions for all Board members and senior management regionally, twice a year

Beyond these structured sessions, we also engage external experts when needed. In 2024, for instance, we hosted a virtual session on ESG trends and investor expectations, featuring Norges Bank Investment Management, Legal & General Investment Management, and Permodalan Nasional Berhad. Titled "ESG Trends and Expectations of Institutional Investors," the session provided insights into investor perspectives on sustainability, ESG integration in investment decisions, and evolving strategies towards 2030. With more than 70 participants, this session played an important role in shaping CIMB's 2030 strategy planning.

INCORPORATING CLIMATE ACCOUNTABILITY

Climate-related KPIs are embedded within CIMB's balanced scorecards, blending financial and non-financial metrics to provide a comprehensive view of performance. These scorecards, used at organisational, division and individual levels, measure diverse indicators such as profitability, risk management, customer experience and sustainability performance.

Governance & Risk

Variable remuneration is linked to performance via these scorecards, aligning accountability across the Group. Employees' bonuses are determined not only by individual contributions but also by the collective performance of their teams or business units. This approach encourages collaboration while supporting CIMB's broader sustainability goals.

In 2024, CIMB continued leveraging collective and individual scorecards to align efforts across the Group to key sustainability and climate goals. These scorecards mobilised action at all levels of the organisation, with notable examples including:

- Reduction in Scope 1 and 2 GHG emissions (carried by Country CEOs, members of the top management such as the GCSO, among others)
- Completion of energy efficiency and renewable energy projects (carried by Group Administration and Group Technology, among others)
- Mobilisation of GSSIPS for retail and non-retail clients (carried by Country CEOs, business unit heads, among others)
- Establishment of financed emissions and climate targets for selected sectors (carried by employees in the Group Sustainability division, among others)
- Implementation of a physical risk assessment on our property-backed portfolios (carried by employees in the Group Risk division, among others)
- Completion and delivery of the Group's Net Zero Strategy and Climate Risk Management project (carried by the GCSO, employees in the Group Sustainability and Group Risk divisions, among others)

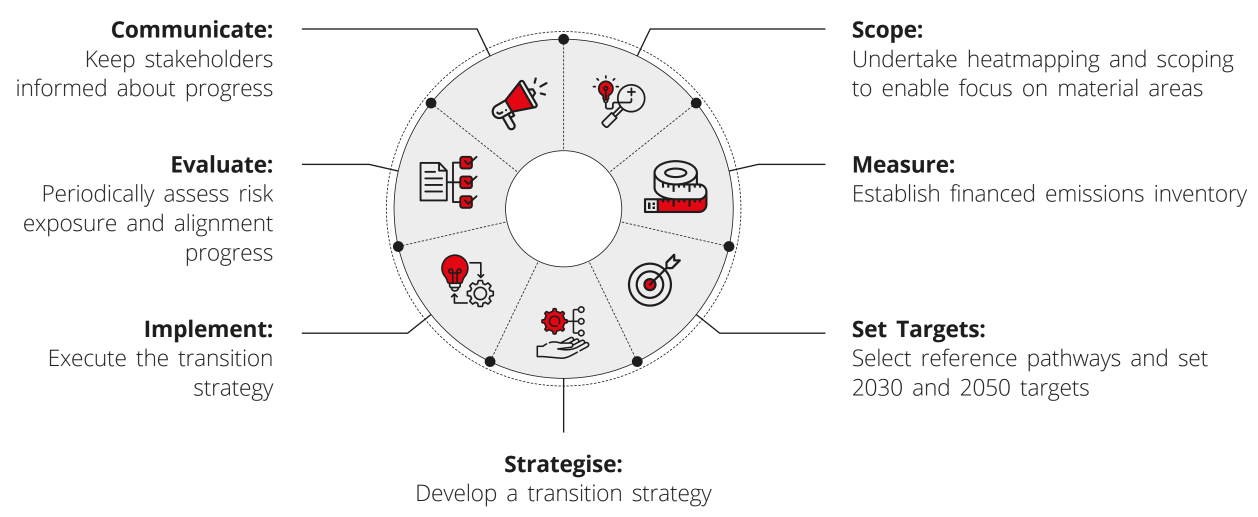
STRATEGY

OUR APPROACH TO CLIMATE CHANGE

As a member of the Net-Zero Banking Alliance, CIMB is committed to aligning our financing and investment portfolios with pathways that aim to achieve Net Zero by 2050, striving to limit global temperature rise to no more than 1.5°C above pre-industrial levels.

CIMB is guided by, and we are committed to ensure compliance with, Bank Negara Malaysia's Climate Risk Management and Scenario Analysis (CRMSA) Policy Document, as well as other relevant climate-related regulations and frameworks. As part of our commitment to sustainability and responsible banking, we continually enhance our risk management practices to address climate-related financial risks. By proactively aligning with regulatory expectations and industry best practices, we aim to strengthen our resilience against climate change and support a just transition to a low-carbon and equitable economy.

We recognise that this journey is complex and full of challenges, but we approach it with diligence and responsibility. This requires continuous effort, both within our organisation and in partnership with our stakeholders. The support and collaboration we have received from employees, clients, investors and civil society have been vital, propelling us forward on this critical path.



SCOPE

IDENTIFYING KEY CLIMATE-RELATED RISKS

We embrace a structured yet dynamic approach to understanding our exposures to climate-related risks and their implications for our business. Our perspective on climate risk is continuously refreshed and enriched through the use of risk assessment tools, supplemented by quantitative data whenever available. Furthermore, we consider external factors and trends that may significantly influence our exposure to climate-related transition and physical risks, potentially elevating the financial risk to the Group. These critical inputs are integral to informing our comprehensive climate risk assessment on an ongoing basis.

Market Volatility & Uncertainty
Continued volatility, uncertainty, complexity and ambiguity (VUCA) in macroeconomic and sector outlooks (e.g. the rising supply and demand for electric vehicles)

Evolving Regulatory Landscape
Increasing complexity of climate risk management and disclosure requirements (e.g. IFRS S2), leading to higher spending by companies in manpower, data and infrastructure to maintain compliance

ESG Policy Shifts
Polarisation on ESG topics, particularly in the United States, which has the potential to stall and reverse more progressive ambitions for climate action

Geopolitical & Trade Tensions
Geopolitical and trade tensions among major economies of the world (e.g. the imposition of tariffs and carbon levies by the US and EU on China's exports) and potential spillover effects to ASEAN

Extreme Weather Patterns
The ongoing La Nina phenomenon, which has led to higher flood occurrences and economic losses in the ASEAN region

Climate change is recognised both as a standalone and cross-cutting risk that could significantly impact the Group's prospects and our ability to create value for our stakeholders. We consider transition risk and physical risk as two main types of climate risk (standalone risk) that could transmit through macroeconomic and microeconomic channels. These could impact the Group's resilience directly or indirectly via existing risk channels such as Credit Risk, Market Risk, Liquidity Risk, Reputational Risk and Operational Risk (cross-cutting risk). Credit Risk arising from downstream financing and investment activities, which constitutes 82.7% of the Group's risk-weighted assets as of 31 December 2024, continues to be the most significant risk type where climate risk could manifest and have the greatest impact on the Group, underscoring the need for targeted management.

In 2024, we further aligned the definitions of "short term", "medium term" and "long term" time frames used in climate risk assessment, with our internal planning horizons as well as external regulations and market practices, as follows:

- Short-term horizon: one to three years, to capture climate-related financial risks (especially low-probability high-impact events) that could crystallise over the Group's budget and capital planning time horizon
- Medium-term horizon: four to ten years, to gauge mid-term effects of climate change over the Group's strategic planning time horizon
- Long-term horizon: over a duration of more than ten years, to at least 30 years to capture uncertainties and structural impacts of climate change on the economy and financial system

Additionally, in 2024, we included climate risk assessment methodology as a new type of model risk.

Governance & Risk

Climate Risk Type & Driver

Transition Risk
- Policy and Regulatory Changes
- Technology Shifts
- Investor Expectations
- Consumer Preferences

Physical Risk
- Acute
- Chronic

Risk Type	Impact to CIMB	Time Horizon[2]
Credit Risk	• Impacts repayment capacity of clients and default rates • Impacts collateral value due to stranding of climate-misaligned assets	Short-term Medium-term Long-term
Market Risk	• Impacts the value of climate-incompatible securities underwritten or held by the Group, due to market volatility of these securities	Medium-term Long-term
Liquidity and Funding Risk	• Impacts the Group's liquidity due to clients' inability to repay their facilities or significant and sudden cash withdrawals or credit drawdowns due to extreme climate events	Medium-term Long-term
Reputational Risk	• Impacts the Group's reputation and image due to its financing of carbon-intensive sectors such as Coal • Impacts stakeholder confidence in the Group's sustainability efforts and ability to manage climate-related risk exposure	Short-term Medium-term Long-term
Operational Risk	• Impacts the Group's operations due to disruption or damage to the Group's physical assets as a result of rising frequency and impact of extreme weather events such as floods • Impacts due to new regulations around climate change, resulting in the need to change internal policies, procedures, and systems to comply with new requirements	Short-term Medium-term Long-term
Strategic Risk[1]	• Impacts the Group's competitiveness, market share and attractiveness to investors due to the inability to shift from "brown" to "green" financing	Medium-term Long-term
Enterprise-wide Risk (Capital Risk)[1]	• Impacts the Group's ability to absorb losses, cater for business investments and maintain public confidence due to inadequate capital for climate-related risks	Medium-term Long-term
Model Risk[1]	• Impacts the Group's ability to accurately quantify the impact of climate risk due to inherent uncertainties and limitations associated with climate risk models, assumptions and scenarios applied, as well as improper implementation and usage of those models	Short-term Medium-term Long-term

[1] *We recognise that climate risk may impact and aggravate this specific risk type. However, its impact is qualitatively assessed to be less material compared to other risk types, such as credit risk, and is therefore not currently reflected in the Group Risk Library. We may update the Group Risk Library in the future as more empirical evidence on the material impact of climate risk on a bank's strategic, enterprise and model risks becomes available, as market practices evolve or as required by regulation.*

[2] *In determining the appropriate time horizons for each risk type, CIMB considers both the timing of when climate risks may materialise and the need to take a more prudent approach by incorporating different time horizons to reflect the degree of uncertainty around climate change, even if these may fall outside the typical timeframes of conventional risk assessment and management.*

IDENTIFYING KEY CLIMATE-RELATED OPPORTUNITIES

Sector	Opportunities
Power	• Facilitate and accelerate clients' transition through managed phase out programmes and early retirement of unabated fossil fuel power plants • Increase our portfolio exposure to new renewables financing
Palm Oil	• Facilitate clients to pursue sustainable palm oil certifications such as MSPO, ISPO, RSPO and ISCC • Finance improvement of agricultural practices, such as precision technology to optimise farming inputs • Installation of biogas capture facilities in mills
Oil & Gas	• Adopt measures to reduce operational emissions through proven and cost-effective measures • Finance the diversification of Oil & Gas clients' businesses, including research and development, decarbonisation and growth of renewable and low-carbon fuel and infrastructure • Accelerate transformation of energy users, in particular transportation, heavy industry and power generation, towards renewables and low-carbon alternatives
Thermal Coal Mining	• Support clients to diversify and transition towards green and sustainable businesses • Support the development of scalable, cost-effective technologies to accelerate energy transition on a larger scale • Support measures to mitigate socio-economic impacts on workers and surrounding communities arising from our clients' diversification and transition plans
Real Estate	• Target new development, retrofit, operations and maintenance of lower emission buildings in our commercial real estate, mixed-use and industrial portfolios • Increase energy efficiency of existing building portfolios and enable access to cleaner energy • Facilitate adoption of green technologies and solutions to reduce energy demand and waste
Cement	• Finance energy-efficient technologies such as electric kilns • Stimulate demand for low-carbon cement through collaboration in the value chain, e.g., Real Estate players

ASEAN requires significant capital to fund both climate change mitigation and adaptation efforts. Governments across the region have developed transition roadmaps, such as Malaysia's National Energy Transition Roadmap (NETR), to guide the shift towards a low-carbon economy. These developments present a strategic opportunity for CIMB to accelerate the mobilisation of sustainable finance in support of this transition.

From 2021 to 2024, CIMB has achieved RM117 billion in GSSIPS, reinforcing our commitment to enabling a green, socially responsible and sustainable economy. Our ambition extends beyond businesses – we also aim to empower individuals to adopt sustainable lifestyles through targeted financial solutions.

To uncover emerging opportunities, we continue to engage with clients across key sectors to understand how transition and physical climate risks impact their operations. Through these conversations, we identify ways to support their net zero transition, co-developing financing solutions that help them meet decarbonisation targets while navigating challenges.

Our approach is aligned with the CIMB Net Zero Whitepaper, which outlines specific sectoral pathways and client transition strategies to meet our Net Zero commitments. For further details on our work in priority sectors, refer to Our Path to Net Zero – Charting a Course to Decarbonisation Whitepaper v2.0 on our website.

We remain committed to scaling up sustainable financing provided to businesses and individuals, with financial solutions that contribute to a more resilient, low-carbon and inclusive economy.

For more on our broader initiatives in driving sustainable finance, visit the Sustainable and Responsible Finance section on pages 38 to 46.

Governance & Risk

MEASURE

UNDERSTANDING OUR FINANCED EMISSIONS

As a financial institution, the primary source of our GHG emissions is attributed to Scope 3 Category 15 Investments, notably in the form of "financed emissions". Understanding our financed emissions is a crucial step towards enabling a just climate transition, especially from the perspective of identifying carbon-intensive sectors, asset classes and clients, as well as developing climate targets and effective decarbonisation plans.

Since 2022, we have been reporting our financed emissions and have continuously enhanced our calculation methodology and scope to provide increased accuracy and coverage to better reflect the impact of our business activities on climate change. We published a standalone supplementary report in May 2024, covering our financed emissions for FY2023, reducing our reporting year gap compared to previous disclosures.

CIMB's overall financed emissions in 2023 (Scope 1 and 2) increased by 2.6% to 18,816,782 metric tonnes of carbon dioxide equivalent (tCO_2e), from 16,259,968 tCO_2e in 2022 while emission intensity increased to 55.17 tCO_2e/RM mil compared to 53.78 tCO_2e/RM mil in 2022. For further details and country/sectorial breakdown of our 2023 financed emissions, refer to our 2023 Financed Emissions: Supplementary Report.

SET TARGETS AND STRATEGISE

EXPANDING INTERIM TARGETS AND OPERATIONALISING COMMITMENTS

In 2024, we achieved key milestones in advancing our interim climate targets, solidifying our commitment to a Net Zero future by 2050.

Building on our achievements in 2023 – where CIMB became the first bank globally to set a 2030 Net Zero reduction target for the Palm Oil portfolio, and the first Malaysian bank to set a target for the Power sector – CIMB became the first Malaysian bank to complete our 2030 decarbonisation target setting for high-emitting sectors, which now includes Thermal Coal Mining, Cement, Palm Oil, Power, Oil & Gas and Real Estate.

This marks a crucial foundational step in our broader strategy to manage emissions and drive meaningful progress toward Net Zero. High-level summaries of our sector targets are provided in the table on the following page.

Further details, including sector transition plans, can be found in Path to Net Zero – Charting a Course to Decarbonisation Whitepaper v2.0 (Whitepaper v2.0) on our website.

CIMB's targets are aligned to science-based pathways, in line with a 1.5°C scenario, for sectors representing 47% of our total financing and investment portfolios and 60% of our financed emissions. These sectors not only represent material areas for the Bank but are also critical contributors to global GHG emissions and key pillars of the ASEAN economy. As 2030 approaches, we will set further interim targets towards achieving Net Zero by 2050.

SECTOR TRANSITION PLAN HIGHLIGHTS: KEY ACTIONS TOWARD NET ZERO

Our transition to Net Zero is supported by sector-specific plans that outline key actions to drive decarbonisation, recognising that each sector has its own unique challenges and opportunities. These plans, detailed in our Whitepaper v2.0, focus on:

- Supporting a fair and equitable transition for our clients, particularly for vulnerable groups such as smallholders, by addressing unique sector-specific challenges
- Collaborating with broader economic ecosystems to align stakeholders with decarbonisation goals, recognising the interdependencies in these efforts
- Regularly reviewing and refining our targets to stay ambitious and aligned with best practices, upholding relevance and practicality for regional implementation
- Building capabilities and governance mechanisms across our organisation to embed climate-focused practices into decision-making
- Driving adoption of renewable technologies and supporting national schemes to accelerate transition efforts

As we implement these plans, we remain flexible and progressively refine our approach based on feedback from clients and partners who are directly involved in these sectors. Our approach is further guided by established frameworks, such as the Engagement Strategy recommendations in the Glasgow Financial Alliance for Net Zero (GFANZ) Financial Institution Net-zero Transition Plans report.

Summary of Key Design Decisions for CIMB Group's 2030 Decarbonisation Targets

	Sector					
	Thermal Coal Mining	**Cement**	**Palm Oil**	**Power**	**Oil & Gas**	**Real Estate**
Target Metric	% of portfolio exposure	Physical emissions intensity i.e., tonnes of CO_2 equivalent per tonne of cement (tCO_2e/t cement)	Physical emissions intensity i.e., tonnes of CO_2 equivalent per tonne of crude palm oil ($tCO_2e/tCPO$)	Physical emissions intensity, i.e., kg of CO_2 equivalent per megawatt hour ($kgCO_2e/MWh$)	Financed Emissions Lending Intensity (FELI), i.e. tonne of CO_2 equivalent per million MYR of financing (tCO_2e/MYR MM)	Physical emissions intensity, i.e. kg of CO_2 equivalent per m^2 of gross floor area ($kgCO_2e/m^2$)
Parts of the Value Chain Included	Thermal coal mining	Cement manufacturing	Planting and milling	Power generation	Upstream exploration and production (E&P) companies and all parts of the value chain for integrated companies	Developers, owner-operators and REITs across office, retail, hotel, industrial and mixed building types
Client Emission Scopes Included	N/A	Scope 1 and 2 emissions of cement manufacturing clients	Scope 1 (including land use change related emissions and sequestration) and 2 of plantation, mill and integrated clients. Scope 3 upstream (i.e., external sourcing of fresh fruit bunches) of integrated clients	Scope 1 emissions of power generation clients (including electric utilities, power plants, independent power producers, renewable energy producers)	Scope 1, 2 and 3	Scope 1 and 2 operational emissions from buildings
Asset Classes Included	• Business loans/financing • Investments held for sale or to maturity including corporate bonds/sukuk and equities • Facilitation of capital raising activities for clients including bonds/sukuk issuances and initial public offerings					
Reference Scenario	IEA NZE 2050 (regional)	SBTi Carbon Intensity Pathway for Cement (global)	Adjusted SBTi FLAG Commodity Pathway for Palm Oil (regional)	IEA NZE 2050 (regional)	IEA NZE 2050 (regional)	IEA APS & CRREM v2 (regional)
Baseline	100% (as of 2021)	0.72 (as of 2021)	1.81 (as of 2022)	439 (as of 2022)	694 (as of 2022)	117 (as of 2022)
2030 Target	50%	0.46	1.52	272	583	77
Targeted Change	50% reduction	36% reduction	16% reduction	38% reduction	16% reduction	34% reduction

Our progress towards our Net Zero targets is discussed in the Metrics and Targets section of this Sustainability Report on pages 136 to 141.

Governance & Risk

OPERATIONALISING CLIMATE TARGETS THROUGH THE NET ZERO OPERATIONALISATION PROGRAMME (NZOP)

With our interim targets set, we have launched NZOP – a structured, multi-year Group-wide initiative – designed to turn our Net Zero ambitions into actionable outcomes.

Led by Group Sustainability, with oversight by GSC, GEXCO and GSGC, the programme is built around five key workstreams, involving stakeholders from business units and enablers across our key operating regions i.e. Malaysia, Indonesia, Singapore and Thailand.

Workstream 1 Portfolio Guardrails	Workstream 2 Commercialisation	Workstream 3 Credit Underwriting	Workstream 4 Target Operating Model	Workstream 5 Data Infrastructure
Setting clear portfolio-level guardrails to guide direction, establish boundaries and enable effective monitoring	Engaging with clients to understand their progress and uncover opportunities to support the transition	Embedding climate considerations into our credit underwriting processes	Strengthening internal capabilities through targeted upskilling, fostering collaboration and promoting accountability with clear incentives	Improving data and systems to support accurate and timely data collection, analysis and monitoring

NZOP focuses on building the infrastructure needed to embed climate risk and opportunity management into our everyday practices to drive three key levers:

1. Growing low-carbon segments by capturing climate and transition financing opportunities
2. Support clients to progressively adopt low-carbon practices, technologies and business models, through structured engagement and financial solutions
3. Managing carbon intensive segments to reduce emissions and manage climate risk

ENGAGEMENT IN INDUSTRY-LED CLIMATE INITIATIVES

In 2024, CIMB was elected into the Net-Zero Banking Alliance (NZBA) Steering Group. The NZBA, led by industry and convened by the UN, is a coalition of global banks committed to financing the transition to Net Zero GHG emissions by 2050. As part of this Steering Group, CIMB plays a crucial role in decision-making and strategy as well as providing a vital emerging market perspective in global discussions.

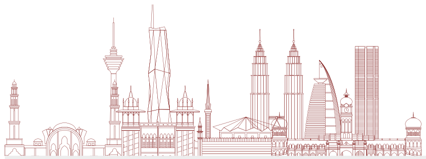
We also remain deeply committed to national climate action through active participation in the Joint Committee on Climate Change (JC3), a regulator-industry platform that collaborates to build climate resilience within Malaysia's financial sector. The main JC3 committee is supported by five Sub-Committees (SC). CIMB co-chairs the Sub Committee 1 Transition Risk Working Group, as well as Sub Committee 2 on Governance and Disclosures. Additionally, CIMB is a member of the Climate Change Advisory Panel for the Ministry of Natural Resources and Environmental Sustainability and the Business Advisory Group for the National Policy on Biological Diversity. We are also part of the Consultative Group for the Advisory Committee on Sustainability Reporting.

For more details on our involvement in these and other forums, please visit our website.

IMPLEMENT AND EVALUATE

CLIMATE RISK STRESS TESTING PRIORITISED BY ASEAN REGULATORS

In recent years, regulators across the ASEAN region have increasingly prioritised climate scenario analysis (CSA) and/or climate risk stress testing (CRST) as critical tool to understand and maintain financial stability and resilience. Central banks and financial supervisory authorities in countries such as Malaysia, Indonesia and Thailand have been proactive in integrating climate risk considerations into their regulatory frameworks.



Malaysia

Bank Negara Malaysia (BNM) has been at the forefront of climate risk management. In 2024, BNM issued its first CRST Methodology Paper, which expects financial institutions in Malaysia to undertake a CRST exercise to assess their potential vulnerabilities to various climate scenarios. The aim of the 2024 BNM CRST Exercise is to:

- Improve understanding and appreciation amongst financial institution (FI) stakeholders on how the business and operations could be impacted by climate-related risks
- Explore novel approaches that could lead to better identification and measurement of an FI's exposures to climate change
- Identify current gaps, specifically those related to data, measurement, methodologies, technology and capabilities as well as potential solutions to these challenges

CIMB is in the first cohort (alongside other larger FIs) and will be required to report its CRST results to BNM by 30 June 2025.

Building Our In-House Capabilities on CSA/CRST

To meet upcoming regulatory expectations and bolster the Group's resilience against an evolving and intensifying climate risk landscape, we have been proactively and progressively strengthening our CSA/CRST capabilities since 2021.

2021-2022

Pilot of Paris Agreement Capital Transition Assessment for Banks (PACTA) tool

- Utilised PACTA tool to evaluate alignment of non-retail financing portfolios in Malaysia and Singapore with various transition scenarios and temperature goals outlined in the Paris Agreement

Retail Flood Risk Assessment Pilot

- Investigated the effects of the 2021 flood events in Malaysia on our mortgage portfolio including impact on collateral valuation and customers' repayment abilities

2023

Development and Roadtest of In-House CSA/CRST Models

- Developed a suite of sector-specific and emissions-based climate risk models for eight climate-sensitive sectors such as Agriculture, Power Generation and Oil & Gas
- Deployed the models and completed a Proof-of-Concept (PoC) exercise on non-retail financing and investment portfolios across Malaysia, Indonesia, Singapore and Thailand

2024

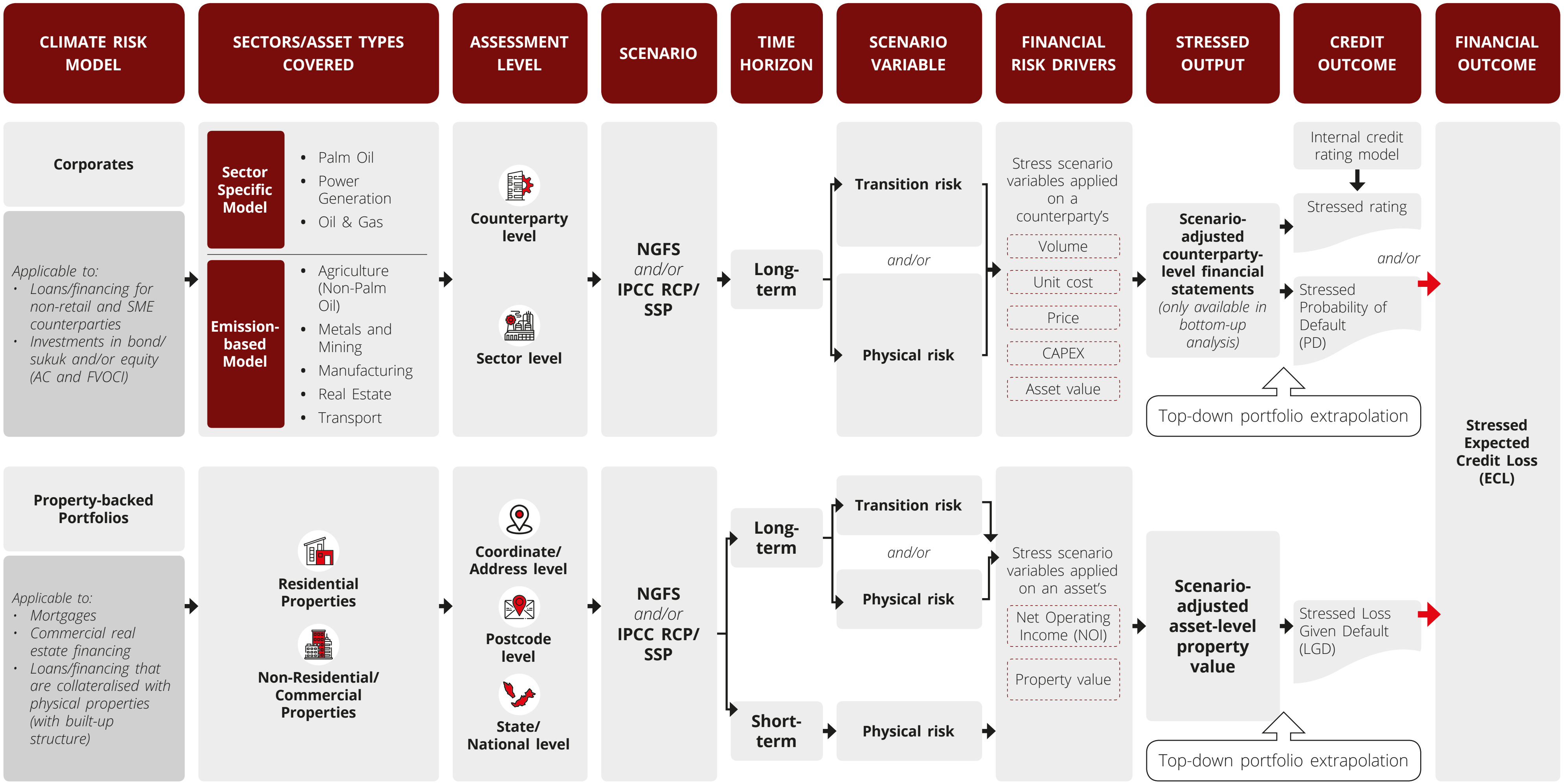
Preparation for Regulatory CRST Exercises

- Delivered another PoC exercise focussing on simulating physical risk impact on property-backed portfolios in Malaysia
- Enhanced internal climate risk models and underlying process including model updates based on NGFS Phase IV scenarios and Expected Credit Loss (ECL) simulations
- Produced first round of results per BNM's CRST specifications
- Submitted preliminary CRST results to the Indonesia Financial Services Authority (OJK) and Bank of Thailand (BoT)

Governance & Risk

OVERVIEW OF CIMB GROUP'S CLIMATE RISK MODELLING APPROACH

Two types of models that take into account both transition and/or physical risk have been developed to help us understand the financial and credit impacts of climate change more comprehensively.



Climate Risk Models for Corporates

As climate risk can manifest and impact real economy sectors in varying degrees and forms, we deploy a suite of sector-specific and emissions-based models for eight climate-sensitive sectors to understand their sensitivity to transition risk impacts. The selection of climate-sensitive sectors and model type were guided by a preliminary climate materiality assessment, which considered a sector's impact on climate (an "inside-out" perspective) as well as the Group's exposure to the sector (a proxy for "outside-in" impact to CIMB). For each sector, we used one of two different CSA modelling approaches, depending on the characteristics of the sector.

Sector-specific approach

Scenario value driver impacts are modelled based on product-level behaviours and how the market for each product is expected to change within each scenario. Product-level information is required for this model, along with granular scenario variables.

Sectors modelled using this approach were:

- Oil & Gas
- Power
- Palm Oil

Emissions-based approach

For each sector, financial driver impacts are modelled based on company-level emissions, which are a function of reported Scope 1 and 2 and upstream Scope 3 emissions (driven by carbon price). This approach is used for less carbon-intensive sectors or where insufficient data prevents use of a sector-specific method. However, it is not suitable for sectors where downstream Scope 3 emissions are a major factor.

Sectors modelled using this approach were:

- Agriculture, excluding Palm Oil
- Real Estate
- Transportation
- Metals & Mining
- Manufacturing
- Other sectors (through extrapolation)

Briefly, the process begins with the selection of representative companies with differing risk and business profiles for each sector. Subsequently, all companies in each sector (including the representative companies) are categorised based on their business and risk attributes, and assigned with an appropriate archetype, allowing for extrapolation at a later stage.

Representative companies' financials are individually stressed under each NGFS climate scenario across a set of key financial risk drivers (i.e., volume, price, unit cost, etc.) to observe the impacts of transition and/or physical risk to their respective Probability of Default (PD) and/or credit rating. Finally, representative company results (in the form of average PD shifts by each archetype) are extrapolated to the rest of the companies according to their assigned archetype in order to derive their own PD and credit rating as well as movements under each climate-stressed scenario.

Climate Risk Model for Property-backed Portfolios

In 2024, we enhanced our climate risk modelling suite by introducing a new model specifically designed to investigate the impact of climate risk on the future valuation of financed properties (both residential and commercial) and collaterals with built-up properties, which may ultimately impact the Loss Given Default (LGD).

This model allows either long-term or short-term climate scenarios to be selected. It also allows for assessments at the geocode level, considering various perils such as flooding and droughts, provided the address/geocode is available. If the address or geocode is unavailable, the assessment can be adjusted to postcode, state or national levels, at the expense of sensitivity and accuracy.

For transition risks, the model takes into account factors like rising electricity costs and the pressure on property owners to retrofit or improve energy efficiency to mitigate negative impacts on their Net Operating Income (NOI), which may in turn influence the future values of their properties.

Governance & Risk

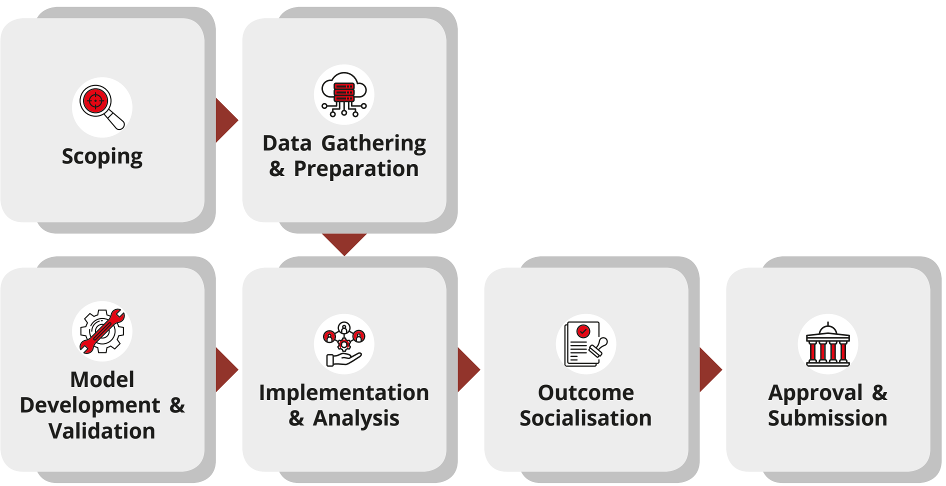
INSTITUTIONALISING CSA/CRST GOVERNANCE WITHIN CIMB

Considering that CSA/CRST is an institution-wide engagement which requires close collaboration of various stakeholders within CIMB, in 2024, we further strengthened our internal governance by clarifying the roles and responsibilities of key business units/enablers with respect to CSA/CRST in the Climate Risk Management Standard.

CSA/CRST Governance

Oversight Committees	Group Risk & Compliance Committee (GRCC) & Board Risk & Compliance Committee (BRCC)
Process Owner	Climate Risk
Model Owner	Regional Advanced Risk Modelling
Key Stakeholders Involved	Group Risk, Group Finance, Group Sustainability, Business Units

CSA/CRST Implementation



HOW CIMB NAVIGATES THE EVOLVING FIELDS OF CSA/CRST

Malaysia

Building on the models and insights from the CSA Proof-of-Concept (PoC) exercise conducted in 2023, we launched a Climate Risk Stress Testing (CRST) exercise in 2024. Our goal is to provide the results to BNM by June 2025, in accordance with the expectations outlined in the regulator's 2024 CRST Methodology Paper.

To this end, several enhancements and changes have been implemented in 2024, including:

- **Adjusting Scenario Choices:** Utilising the NGFS Phase III's Net Zero 2050 (NZ2050), Divergent Net Zero (DNZ) and Nationally Determined Contributions (NDC) scenarios to represent a diverse range of Orderly, Disorderly and Hot House World views
- **Expanding Scope:** Including economic sectors such as waste management and SMEs in the assessment, in addition to current non-retail counterparties
- **Extending Risk and Time Horizons:** Incorporating both transition and physical risk drivers in long-term scenarios (up to 2050) and a short-term acute flood event, modelled as a one-off 1-in-200 years flood event, consistent with climate conditions outlined in the Intergovernmental Panel on Climate Change (IPCC)'s Representative Concentration Pathway (RCP) 8.5
- **Increasing Representative Companies:** Enhancing the robustness of the bottom-up assessment by increasing the number of representative companies
- **Validating Archetypes:** Obtaining validation from business units on the archetypes assigned to each counterparty, ensuring proper segmentation of business and risk attributes to facilitate subsequent portfolio extrapolation and output analysis
- **Leveraging IFRS Engine:** Using the IFRS engine to derive stressed 12-month and lifetime point-in-time Probability of Default (PD), including staging, Loss Given Default (LGD) and Expected Credit Loss (ECL) for rated exposures
- **Developing a Climate Risk Model for Property-Backed Portfolios:** Creating a model to assess the impact of long- to short-term acute physical risk and/or transition risk drivers on property-backed portfolios, which has been road-tested in Malaysia

Key Assumptions of NGFS Phase III's Long-Term Climate Scenarios

	Orderly **Net Zero 2050 (NZ2050)**	*Disorderly* **Divergent Net Zero (DNZ)**	*Hot House World* **Nationally Determined Contributions (NDCs)**
Scenario Narrative	• Early and decisive action from governments, companies and consumers reduces global emissions in a gradual way • Some jurisdictions such as the US, EU, UK, etc reach Net Zero for all GHGs	• Governmental action to address climate change is delayed to 2030 • 10-year delay uses up global carbon budget – more significant action needed to catch up, resulting in higher carbon prices across sectors and a quicker phase down of oil use	• Governments fail to introduce policies to address climate change other than those already announced until COP26 held in the UK in 2021
Policy Ambition	1.4°C	1.4°C	2.6°C
Transition Risk	**Moderate to higher**	**Higher**	**Lower**
Policy reaction	Immediate and smooth	Immediate but divergent across sectors	NDCs
Technological change	Fast change	Fast change	Slow change
Carbon dioxide removal	Medium-high use	Low-medium use	Low-medium use
Regional policy variation	Medium variation	Medium variation	Medium variation
Physical Risk[1]	Lower [RCP2.6]	Lower [RCP2.6]	Higher [RCP8.5]

Colour coding reflects severity of a scenario from a macro-financial risk perspective based on expert judgements and references from publicly available sources:

Lower Risk	Moderate Risk	Higher Risk

[1] *Mapping to IPCC RCP emissions trajectory by CIMB, using a conservative approach*

Selected Key Variables of NGFS Phase III Scenarios	*Orderly* **Net Zero 2050 (NZ2050)**	*Disorderly* **Divergent Net Zero (DNZ)**	*Hot House World* **Nationally Determined Contributions (NDCs)**
Carbon price (US$ 2010/tCO_2)	2030: 114.64; 2050: 451.24	2030: 260.98; 2050: 700.76	2030: 35.61; 2050: 50.67
Oil demand (EJ/yr vs 2020)	2030: ↓ 9%; 2050: ↓ 55%	2030: ↓ 15%; 2050: ↓ 68%	2030: ↓ 1%; 2050: ↓ 26%
Coal demand (EJ/yr vs 2020)	2030: ↓ 75%; 2050: ↓ 98%	2030: ↓ 78%; 2050: ↓ 98%	2030: ↓ 22%; 2050: ↓ 58%
Market total electricity generation (EJ/yr vs 2020)	2030: ↑ 39%; 2050: ↑ 141%	2030: ↑ 40%; 2050: ↑ 168%	2030: ↑ 37%; 2050: ↑ 115%
GDP including high physical risk damage (billion US$/yr vs 2020)	2030: ↑ 32%; 2050: ↑ 104%	2030: ↑ 31%; 2050: ↑ 103%	2030: ↑ 34%; 2050: ↑ 104%
Total Kyoto GHG emissions (Mt CO_2e/yr vs 2020)	2030: ↓ 41%; 2050: ↓ 82%	2030: ↓ 45%; 2050: ↓ 81%	2030: ↓ 8%; 2050: ↓ 27%

References: NGFS Climate Scenarios Database Technical Documentation v3.1 (September 2022), BNM 2024 CRST Methodology Paper (February 2025), and internal documentation

Governance & Risk

Indonesia

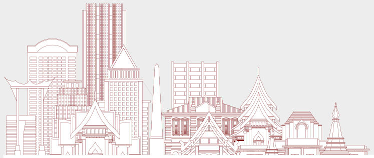
Following the announcement of POJK 17/2023 by the Indonesia Financial Services Authority (OJK), which mandates financial institutions to incorporate climate risk into their risk management frameworks. OJK introduced a comprehensive set of technical guidance on Climate Risk Management and Scenario Analysis (CRMSA) in 2024. This guidance will be implemented in three phases from 2024 to 2027, beginning with a pilot CSA in 2024 involving 18 banks in the KBMI 3 and 4 categories (i.e., with Tier 1 Capital of more than Rp14 trillion). These banks collectively contribute to at least 50% of the industry's total credit portfolios.

As a participant in the pilot CSA, CIMB Niaga leveraged the Group's climate risk modelling approaches to complete the following assessments:

- **Quantitative Assessment of Credit Risk and Market Risk:** This assessment focused on the impact of climate-related transition risks, covering 60% of CIMB Niaga's credit exposures to OJK priority sectors. These sectors include Mining and Extraction, Construction, Agriculture, Forestry and Fishery, among others
- **Quantitative Physical Risk Impact Assessment:** This assessment evaluated the impact of physical risks (including flood and wildfire risks) on selected sectors and retail mortgages
- **Qualitative Assessment of Operational Risk and Liquidity Risk:** This assessment examined the potential effects of climate change on the Bank's operational risk and liquidity risk

CIMB Niaga submitted its results to OJK in July 2024. The bank is now taking further steps to enhance its methodology and capabilities in preparation for the second OJK CSA exercise, due in July 2025. These enhancements include increasing the assessment coverage to encompass 100% of CIMB Niaga's credit portfolios, extending beyond priority sectors.

This ongoing effort underscores CIMB Niaga's commitment to robust climate risk management and regulatory compliance.



Thailand

The Bank of Thailand (BOT) actively encourages financial institutions to undertake climate risk stress testing (CRST) as a means to evaluate their resilience under various scenarios and integrate these insights into their risk management frameworks. This initiative aims to enhance the stability and preparedness of the financial sector against climate-related risks.

In 2024, CIMB Thai voluntarily participated in BOT's pilot CRST, which focused on assessing the impact of physical risk on loan portfolios under two crisis simulation scenarios:

- **Baseline:** This scenario reflects the economic and financial conditions forecasted for 2030-2032, providing a standard outlook for comparison
- **Adverse:** This scenario assumes a severe and sudden flood occurring in 2030, significantly impacting the economy and financial sector in 2030-2032

The pilot CRST yielded several high-level findings:

- **Credit Risk:** The assessment revealed impacts on Non-Performing Loans (NPL) and Expected Credit Losses (ECL) in target sectors (e.g. Electronic Engineering & Instruments, Electronics, Retail and Wholesale Trade, Real Estate) and the mortgage book over the period from 2030 to 2032. These impacts highlight the potential financial strain on the Bank's loan portfolios under adverse conditions
- **Operational Risk:** The analysis identified potential disruptions to the Bank's operations and assets, emphasising the need for robust contingency planning and risk mitigation strategies
- **Gaps:** The pilot also highlighted limitations in the Bank's existing tools and methodologies for conducting such comprehensive analyses, indicating areas for improvement

The findings from this pilot CRST were acknowledged by the Board of Directors of CIMB Thai and subsequently submitted to BOT in December 2024. Looking ahead, CIMB Thai plans to participate in the next pilot CRST in 2025, which will focus on transition risk. This participation aims to prepare the Bank for the mandatory regulatory stress test by BOT expected in 2026.

Uncertainties and Limitations of Current CSA/CRST Approaches

CSA/CRST, while essential for understanding potential impacts, come with several uncertainties. Recognising these limitations is crucial for refining risk management strategies and enhancing decision-making processes to address complex real-world uncertainties and systemic challenges.

Climate Scenarios

- The non-linear relationship between climate events and their economic impacts, as well as tipping points (i.e. irreversible ecological and financial damages), are not fully accounted for, potentially underestimating risk
- Standardised scenarios across financial institutions may not reflect institution-specific portfolios, geographies or risk appetites
- Recent and country-specific policies may not be explicitly incorporated into the scenarios, depending on the review period. Instead, they are approximated using shadow carbon prices, which may not accurately reflect the intended conditions, potentially leading to under- or overestimations of their effects on the economy and financial system
- The extended time horizons of long-term climate scenarios (around 30 years) currently used in CSA/CRST exceed typical business and financial planning periods, reducing the practical application of CSA/CRST insights in a business context

Modelling Approach

- Our Climate Risk models for Corporates adopt static assumptions for pass-through rates and price elasticity of demand and supply throughout the projection timeframe. Market structures are expected to evolve as transition policies drive consolidation and impact sector profitability and viability
- Given that climate scenarios are continuously reviewed and improved, CIMB's risk modelling teams need to understand the implications of new or revised scenarios and adjust internal models accordingly

Data Quality

- The precision of CSA/CRST outputs and outcomes is significantly dependent on the completeness and accuracy of CIMB's internal data, including collateral addresses and sector code classifications. The use of proxies and alternative modeling approaches (e.g. scaling approach), necessitated by the limited availability of usable data points, may diminish the sensitivity of the climate risk assessment
- Additionally, there is a reliance on external data providers for both financial and non-financial information related to our counterparties and assets. The effectiveness of our assessment hinges on the quality of this external data and the robustness of their models to provide proxies and estimations (e.g. estimated Scope 1 – 3 emissions of a company)

Moving Forward

As we progress on our CSA/CRST journey, we are dedicated to addressing gaps in modelling approaches, validation, scenario development, and data quality, while expanding the use cases of CSA/CRST. Additionally, we aim to enhance our ability to quantify the impact of climate risk on non-credit risk types. By taking these steps, we strive to continuously refining our models, methodologies and tools to better manage climate-related risks.

Governance & Risk

RISK MANAGEMENT

As a leading focused ASEAN bank and one of the region's foremost corporate advisors, CIMB Group integrates EES&G considerations (including climate change) into our risk assessments and strategies, aligning our business activities with our goal of creating net positive impact for our shareholders, the environment and society over the long term. Our Sustainability Risk Management Framework, which includes climate risk management components, aligns our assessment and management of environmental and social risks (including climate risk) with the Group's Enterprise-wide Risk Management Framework.

KEY OUTCOMES

Bringing it all together via the Group's Climate Risk Management Standard

In 2024, the Group developed its first Climate Risk Management Standard (the Standard), which serves as a reference document to connect various frameworks, policies and procedures of Group Sustainability and Group Risk. The Standard, owned by the Climate Risk unit under Group Risk, lays out a holistic, systematic and consistent approach in identifying, assessing, measuring, managing, controlling, monitoring and reporting climate risk and its cross-cutting impacts through other risk types to the Group, from an "outside-in" perspective.

The Standard, which will be rolled out to various countries in stages starting in 2025, contains prevailing requirements, rules, criteria and operational instructions specific to climate risk management, such as:

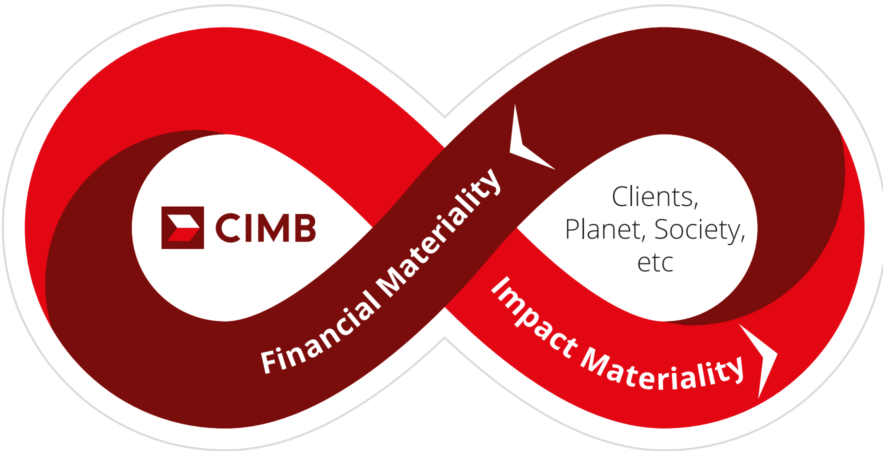
- The concept, definition and cross-cutting nature of climate risk
- The Group's governance approach for managing climate risk
- The Group's appetite for climate risk
- Key tools adopted by the Group to identify, assess, measure, manage, control, monitor and report climate risk

"Inside-out" impact

Refers to CIMB's climate impact on our clients, the planet/climate, and society (e.g. CIMB's Scope 1, 2 and 3 financed emissions)

"Outside-in" risk

Focusses on climate-driven risk to CIMB resulting from our interactions with clients, the planet/climate, society, etc. (e.g. expected credit losses, reputational damage)



MANAGING SUSTAINABILITY AND CLIMATE RISK VIA THE GROUP RISK APPETITE STATEMENT AND DASHBOARD

Following our 2023 review of the Group Risk Appetite Statement (Group RAS) to include a qualitative risk appetite statement on Sustainability Risk (Sustainability RAS), we successfully formalised and integrated our first generation of quantitative risk appetite metrics into the Group Risk Appetite Dashboard (Group RAD). This initiative aims facilitate better monitoring and management of the Group's exposure to sustainability and climate risks.

Starting 1 July 2024, the performance of these metrics has been measured using internal data and reported to the Group Risk and Compliance Committee (GRCC) and the Board Risk and Compliance Committee (BRCC) at regular intervals for notation and guidance.

Simultaneously, market research and peer analysis are regularly conducted to align the Group's risk appetite metrics and underlying data infrastructure with best-in-class practices. This includes enhancing the robustness and sensitivity of our metrics to identify undesirable risk exposures as well as ensuring the timeliness and accuracy of our reported data.

CLIMATE RISK MANAGEMENT APPROACH

To streamline operations and facilitate the integrated management of climate risk alongside other risk types, from the frontlines to the boardroom, we build upon and enhance existing risk processes and controls to cover climate risk. Several tools and methodologies have been established and incorporated into different stages of the Group's risk management processes, to identify, assess, measure, manage, control, monitor and report climate risk, as summarised in the table below:

Stage	Tool/Methodology	Time Horizon Considered
Risk Identification and Assessment	**Climate Risk Heatmapping** to identify and visualise "pockets of risk" through quantitative and/or qualitative methods	Short to long-term
	Annual Material Risk Assessment to estimate potential losses associated with climate risk and set aside capital for that purpose as part of the Internal Capital Adequacy Assessment Process (ICAAP)	Short-term
	Risk Hotspots and Emerging Risks Assessment to enable early detection of developing or evolving climate risk drivers which are difficult to quantify but may have a major impact on the Group	Short-term
	Financed Emissions Inventory to calculate the carbon footprint of the Group's financing and investment assets, which can be used as a proxy of transition risk	Short to medium-term
	Alignment to 2030 Net Zero Targets to measure the progressive alignment of the Group's performance to its announced 2030 Net Zero targets, which can be used as an approximation to size transition risk and reputational risk	Short to long-term
Risk Measurement	**Climate Scenario Analysis/Climate Risk Stress Testing** to evaluate climate-driven impacts to credit and non-credit parameters using quantitative or qualitative methods	Short to long-term
Risk Management	**Integrated Sustainability Assessment Tool** to evaluate, among others, climate risk level of the Group's business relations and transactions, and introduce action plans for business relations to mitigate and/or adapt to climate change if required	Short to long-term
	Green, Social, Sustainable Impact Products and Services to mobilise climate finance (e.g. climate supporting financing, transition finance) to enable obligors/counterparties to decarbonise	Short to medium-term
	Country Sector Limit Methodology to manage the Group's exposure to climate risk through the Sustainability Overlay	Short to medium-term
	Operational Risk Management to manage the Group's operational risk impacts caused by physical and/transition risk driven events	Short to medium-term
Risk Monitoring and Reporting	**Risk Appetite Dashboard** to monitor the Group's performance against established climate risk appetite metrics, and facilitate mitigating actions	Short to long-term
	Regulatory Reports/Disclosures to communicate the Group's climate risk management approach in line with regulatory requirements and standards (e.g. CCPT, IFRS S2)	Short to long-term

METRICS AND TARGETS

FINANCIAL EMISSIONS INVENTORY

Please refer to the standalone report on Financed Emissions Supplementary Report on our website.

Governance & Risk

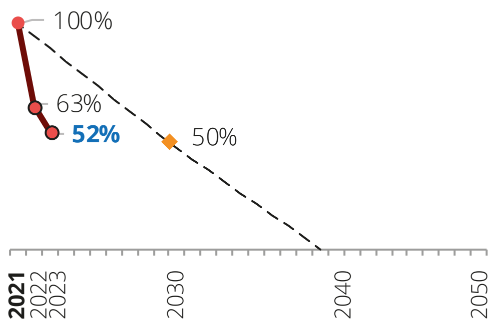
PROGRESS TOWARDS 2030 SECTOR-SPECIFIC CLIMATE TARGETS

This section provides an update on the Group's progress towards meeting our interim climate targets. As of 2023, five out of six sectoral climate targets are progressing in alignment with the reference scenario set. Further insights into the key factors driving our progress are detailed below.

Our progress reporting currently reflects a one-year lag due to the time required for data collection, verification and alignment with reporting cycles. We are striving to reduce this gap and improve the timeliness of our reporting. For a better understanding of the rationale behind key design decisions (including sector value chain and emissions scope, choice of metric and reference scenario) of our sector targets, we recommend reviewing our Whitepaper V2.0 before diving into the annual progress update for FY2023 presented in this section.

Thermal Coal Mining

in Portfolio Exposure (%)



2023 vs CIMB Baseline	2023 vs Target Pathway
-48%	**-42%**

- CIMB Baseline
- CIMB 2030 Target
- CIMB Target Pathway per IEA NZE 2050 (Regional)
- CIMB Annual Progress

In-scope sector value chain
Thermal Coal Mining

Emissions scope
Not applicable

Target reduction from baseline to 2030
50%

Decarbonisation Levers

- Strict adherence with prohibitions within our Coal Sector Guide
- Periodically strengthening our Coal Sector Guide such as through scope expansion and introducing revenue and/or fuel mix thresholds for new and existing clients
- Proactive client engagement to support clients' diversification plans
- Ensure relevant controls are in place to best manage the socio-economic impacts from wind downs

Sector Dynamics
In 2023, thermal coal demand remained robust driven by heightened energy needs in major economies like China and India.

Across Southeast Asia, coal maintained its dominance in power generation, accounting for about 50% of electricity output and contributing to 80% of the region's power sector emissions. Indonesia retained its position as the world's largest coal exporter, while nations like the Philippines increasingly relied on coal for energy security.

2023 Progress
Our portfolio exposure to Thermal Coal Mining clients has seen a steady year-on-year (YoY) reduction, reaching a 48% decrease relative to baseline in 2023, keeping it well below the target pathway. This consistent reduction is primarily driven by the natural amortisation of existing facilities and continued adherence to our Coal Sector Guide (first introduced in 2019, with enhancements over the years). High profitability and liquidity in the sector following favourable market conditions, may have further decreased clients' reliance on credit facilities.

While progress remains on track, the risk of reversal persists if market conditions weaken, potentially leading to higher credit drawdowns on existing approved limits. This may result in interim spikes in our exposure over the coming years leading up to 2030.

To manage this, we are progressively strengthening our controls, including enhancements to our internal country-sector limit methodology. These measures help keep us on course toward our target, although progress may not follow a linear trend.

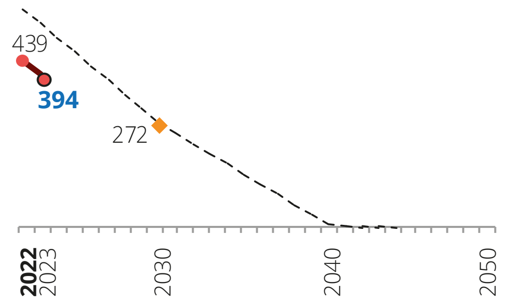
2024 Coal Sector Guide Updates[1]

- **Stricter Prohibitions:** Financing, refinancing, investment and advisory services for existing thermal coal mines, coal-fired power plants (CFPPs), and related infrastructure are now prohibited, except for Permitted Exemptions such as for managed phase-out purposes. This includes the acquisition, retrofitting or modification of CFPPs.
- **Revenue Thresholds:**
  - Effective 1 January 2025: No financing for new clients deriving over 25% of combined direct revenue from thermal coal mining or CFPPs, or power clients with over 50% of coal power.
  - Effective 1 January 2030: No financing for existing clients deriving over 50% of combined direct revenue from thermal coal mining or CFPPs.
- **Expanded Scope:** Now covers coal shipping and thermal coal infrastructure, following stricter requirements across all thermal coal value chain sub-sectors.

[1] *Refer to the Sustainable Finance Framework v2.1 on our website for full details of our current Coal Sector Guide, issued in July 2024.*

Power

in $kgCO_2e/MWh$



2023 vs CIMB Baseline	2023 vs Target Pathway
-10%	**-26%**

- CIMB Baseline
- CIMB 2030 Target
- Reference Scenario – IEA NZE 2050 (Regional)
- CIMB Annual Progress

In-scope sector value chain
Power Generation (including electric utilities, power plants, independent power producers and renewable energy producers)

Emissions scope
Scope 1

Target reduction from baseline to 2030
38%

Decarbonisation Levers

- Adhering to our commitments in the Coal Sector Guide
- Enhancing our Coal Sector Guide requirements progressively towards a thermal coal phase-out by 2040
- Increasing the share of renewables financing in our portfolio
- Financing of CCUS technologies as a longer-term post-2030 lever
- Facilitating the early retirement of unabated fossil fuel power plants through official managed phase-out programmes

Sector Dynamics

ASEAN's electricity demand continued to rise steadily in 2023, driven by urbanisation, industrialisation and increased cooling needs. Despite ambitious renewable energy targets, fossil fuels – especially coal and gas – remained dominant in the energy mix, meeting the bulk of the region's growing demand.

Renewable energy deployment saw incremental progress, with policies like Malaysia's National Energy Transition Roadmap (NETR), which aims for 70% renewable energy in the electricity mix by 2050, Thailand's target of 51% renewable energy by 2037 and Indonesia's aim for a 23% renewable share by 2025. However, challenges such as financing constraints, policy implementation delays and insufficient grid infrastructure persist. For example, Indonesia attracted only US$1.5 billion in renewable energy investment in 2023, far below the US$146 billion required to meet its 2030 climate goals. These challenges have limited the pace of the transition.

2023 Progress

The Group's emissions intensity in the Power sector has decreased YoY, showing a 10% reduction from baseline, and standing favourably at 26% below the IEA reference scenario pathway.

This improvement is primarily driven by the inclusion of new low-emission facilities, particularly through large bonds facilitated by the Group's Debt Capital Market (DCM) team, structured for renewable energy clients and projects. Additionally, the implementation of the Group's Coal Sector Guide (first introduced in 2019) has played a key role in halting the Bank's financing for Coal-Fired Power Plants (CFPPs), further limiting the introduction of high-emission facilities in this sector.

Supporting Managed Phase-Out of Coal

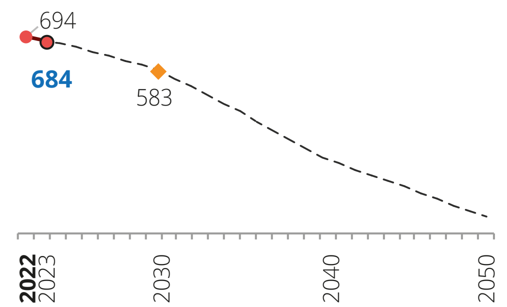
In conjunction with the tightening of our Coal Sector Guide to limit coal financing, we have established several Permitted Exemptions to support initiatives such as managed phase-outs of CFPPs. We are actively exploring opportunities to assist companies in such initiatives. These efforts may cause temporary increases in our emissions intensity, appearing to slow our progress toward our 2030 interim decarbonisation target. However, they are essential for a just transition and helping clients shift to sustainable alternatives, ultimately supporting our goal of decarbonising our Power sector portfolio.

In regions like ASEAN, implementing managed phase-outs comes with unique challenges. Coal remains a critical source of affordable energy and economic stability, particularly in countries with relatively young coal plants still decades from retirement. Phasing out these plants prematurely could undermine energy security, economic growth and employment. While renewable energy technologies are increasingly mature in the region, the transition is hindered by factors such as limited access to concessional capital and gaps in grid infrastructure, including the need for enhanced energy storage systems and enhanced transmission lines. These infrastructure challenges hinder the integration of renewables and delay progress toward a cleaner energy future.

Governance & Risk

Oil & Gas

in tCO_2e/MYR MM



2023 vs CIMB Baseline
-1%

2023 vs Target Pathway
0%

- CIMB Baseline
- CIMB 2030 Target
- Reference Scenario – IEA NZE 2050 (Regional)
- CIMB Annual Progress

In-scope sector value chain

Upstream Exploration and Production (E&P) companies (excl. companies focused solely on ancillary services) and integrated Oil & Gas companies

Emissions scope

- Scope 1 and 2 from exploration, extraction, transportation and refining activities
- Scope 3 downstream emissions from end-use of O&G products, incl. energy-related combustion

Target reduction from baseline to 2030

16%

Decarbonisation Levers

- Adhering to our sectoral commitment to no longer provide new dedicated financing for new oil field projects approved for development after 31 December 2021
- Supporting and financing the diversification of our Oil & Gas clients' businesses into renewables, low-carbon fuels and related infrastructure
- Actively supporting our Oil & Gas clients to reduce operational emissions intensity and produce more efficiently
- Facilitating our clients in developing, fulfilling and accelerating robust Net Zero strategies

Sector Dynamics

The Oil & Gas sector accounts for nearly half of global CO_2 emissions, making it a critical focus area in the transition to a Net Zero future. In 2023, the sector faced challenges from geopolitical tensions, changing energy demand and increased pressure to reduce emissions.

Global oil prices were volatile, influenced by OPEC+ supply adjustments and disruptions from the Russia-Ukraine conflict, among other factors. Despite rising calls for a transition away from fossil fuels, demand for oil and gas remained robust, including in Southeast Asia, where many countries depend on fossil fuel revenues to support their economies, making the shift to low-carbon energy more challenging.

Natural gas in particular is seen as a critical bridging fuel in this transition. Malaysia's NETR, for example, highlights the role of natural gas in reducing emissions by facilitating a smoother transition from coal to renewables. Similarly, Indonesia has prioritised natural gas as a key element of its energy mix to meet rising demand. While investments in renewable energy and carbon capture technologies are gaining momentum, rapid scaling of these solutions is hindered by financial constraints, policy gaps and the ongoing dependence on fossil fuel revenues.

Baseline established and 2023 Progress

Guided by the IEA Net Zero Emissions (NZE) scenario, the Group has committed to reducing the Financed Emissions Lending Intensity (FELI) of our Oil & Gas portfolio by 16% by 2030.

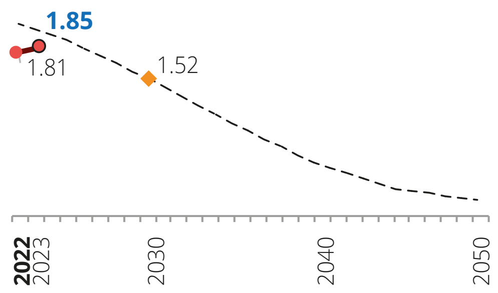
In 2023, the Group achieved a modest 1% YoY reduction from the baseline, effectively aligning with our reference pathway. This was primarily driven by changes in exposure, influenced by clients' utilisation of available credit lines and the extent of funding we provide, including new exposures and repayments. Notably, higher outstanding balances were observed among clients with lower emissions, while high-emission clients had lower drawdowns. Clients who reported their emissions generally demonstrated YoY reductions. We note that Scope 3 emissions disclosure remains a key gap in the sector, largely due to data availability and consistency challenges across the value chain. To address this, we currently rely on third-party data sources, such as S&P Global Capital IQ, which apply proprietary methodologies to estimate these emissions.

Financing prohibitions on upstream oil extraction and production activities

The IEA's NZE pathway states that no new Oil & Gas development projects are needed globally beyond those already committed as of 2021, as existing assets can meet demand. However, in its 2023 update, the IEA noted that while no new 'long lead time' exploration projects are needed – typically requiring 20 years from exploration to production – shorter lead-time projects, such as extending production from existing fields may still be necessary for energy security, particularly in response to short-term disruptions like the Ukraine war. Given our ASEAN footprint, and the region's reliance on natural gas as a transition fuel to reduce coal dependency in the Power sector, our current policy applies restrictions only on new oil field projects. We will continuously review climate science, technological advancements, regulations and developments in ASEAN's Power sector to adjust our position as needed.

Palm Oil

in $tCO_2e/tCPO$



2023 vs CIMB Baseline	2023 vs Target Pathway
+2%	**-10%**

- CIMB Baseline
- CIMB 2030 Target
- Reference Scenario – Adjusted SBTi FLAG Commodity Pathway for Palm Oil (Regional)
- CIMB Annual Progress

In-scope sector value chain

Planting and milling

Emissions scope

- Scope 1 (incl. land use change-related emissions and sequestration) and Scope 2 of plantation, mill and integrated clients
- Scope 3 upstream (i.e., external sourcing of fresh fruit bunches) of integrated clients

Target reduction from baseline to 2030

16%

Decarbonisation Levers

- Adhering strictly to CIMB's No Deforestation, No Peat, No Exploitation (NDPE) commitment requirement
- Supporting clients to obtain certification under international and local certification schemes i.e., Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), Indonesian Sustainable Palm Oil (ISPO) and International Sustainability and Carbon Certification (ISCC) and in conjunction, improving emissions data reporting
- Onboarding new certified sustainable Palm Oil clients, and support our existing clients to implement and accelerate emissions intensity reduction efforts
- Financing biogas plant installation at palm oil mills
- Increasing financing and other forms of support to clients and their suppliers with a focus on economic inclusion and improving livelihoods of vulnerable groups e.g.; upskilling, increasing yields for upstream smallholders, etc.

Sector Dynamics

In 2023, Indonesia and Malaysia, together responsible for about 85% of global palm oil production, saw notable shifts. Indonesia's production reached 47 million tonnes, a slight increase from the previous year, driven by rising domestic consumption under the B35 biodiesel mandate. Meanwhile, Malaysia's production growth was more modest, at around 1%, impacted by weather disruptions and labour shortages.

Both countries continue to lead in sustainable palm oil adoption. In Malaysia, over 97% of oil palm planted areas (5.5 million hectares) are MSPO certified, with the standard now mandatory. In Indonesia, around 90% of GAPKI member companies have ISPO certification; ISPO is also expanding mandatory certification to smallholders, expected to boost national adoption from ~30-40%. Additionally, 20% of global palm oil production is RSPO certified. These sustainability efforts are increasingly crucial as regulations like the EU's Deforestation Regulation impose stricter standards on deforestation-free products.

2023 Progress

Our 2023 emissions intensity for the Palm Oil sector saw a slight YoY increase of 2% from baseline. However, it remains well below the SBTi FLAG reference scenario pathway.

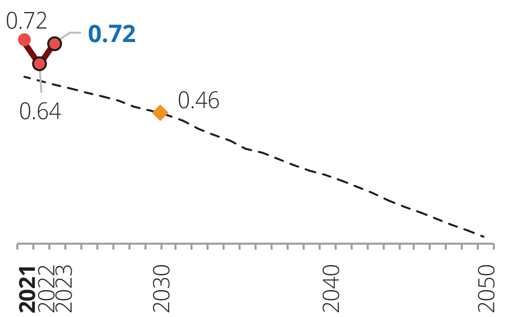
This slight increase can be attributed to the addition of new clients who currently do not disclose their emissions data. In such cases, we apply regional proxies which we have observed to be generally higher than actual disclosed figures. Additionally, some clients adopting the updated GHG Protocol Land Sector and Removals Guidance reported slightly higher emissions, though still below regional proxy levels. Encouragingly, after accounting for restatements, many of these clients continue to show YoY reductions. This mitigated some of the increase in our portfolio emissions intensity and suggests that, as more clients improve their emissions reporting, we may see their performance surpass our current proxies.

When setting our targets, we had anticipated some impacts from evolving reporting methodologies, including the updated GHG Protocol guidance for the Land Sector and Removals. While the impact has been limited so far, we will continue to monitor trends and remain transparent as adoption increases. Concurrently, to further improve data availability issues, we are actively seeking collaboration with industry players to explore opportunities for improvement, especially to support smallholders. We have also enhanced our Palm Oil Sector Guide to request emissions data from our clients, where available. Where disclosure is not yet possible, we will explore the option of recommending action plans with mutually agreed timeframes to encourage the progressive adoption of emissions disclosure within the sector.

Governance & Risk

Cement

in $tCO_2e/tCement$



2023 vs CIMB Baseline **0%**

2023 vs Target Pathway **+27%**

- CIMB Baseline
- CIMB 2030 Target
- Reference Scenario – SBTi Carbon Intensity Pathway for Cement (Global)
- CIMB Annual Progress

In-scope sector value chain
Cement manufacturers

Emissions scope
Scope 1 and 2

Target reduction from baseline to 2030
36%

Decarbonisation Levers

- Encourage and support the adoption of technologies that reduce emissions
- Provide financing options that incentivise sector decarbonisation
- Influence our Real Estate clients to decarbonise, which will create price signals and demand for more sustainably produced cement
- Collaborate and engage with industry organisations and regulators to contribute ideas on Construction sector decarbonisation efforts
- Onboard new Cement clients selectively with a clear transition plan aligned with Net Zero 2050

Sector Dynamics

In 2023, the ASEAN Cement industry faced rising energy and raw material costs, compounded by inflation. While governments across the region have been actively encouraging greener cement production, the industry continues to face significant challenges due to higher operational costs. Despite these pressures, demand for cement remained robust, primarily driven by large-scale infrastructure projects and rapid urbanisation, particularly in Indonesia, Vietnam and the Philippines.

The sector's significant CO_2 emissions underscored the need for low-carbon alternatives, with efforts underway to reduce clinker content, adopt alternative materials and integrate more renewable energy. These actions, alongside improved energy efficiency, are helping to lower emissions, though progress remains uneven across the region.

2023 Progress

The Group's emissions intensity for the Cement sector saw a 12% YoY increase to 0.72 $tCO_2e/tCement$ in 2023, compared to 0.64 $tCO_2e/tCement$ in 2022, reverting to the 2021 baseline figure.

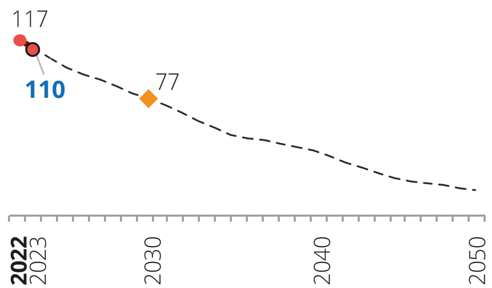
This increase was primarily driven by a large bond facilitated for a client operating at the higher end of the emissions intensity range compared to other regional peers that disclose emissions. However, we noted that the client in question has a decarbonisation strategy in place, with clear mid- and long-term targets, supported by consistent YoY reductions in its emissions. As such, we believe its best to continue to support such clients, even though doing so can have short term impacts to our sector emissions intensity.

The impact of these facilitated emissions is temporary, as they are recorded for one year, as per the Partnerships for Carbon Accounting Financials (PCAF) methodology. Excluding the emissions from this facility, the Group's Cement sector portfolio would have continued to show a reduction in emissions intensity, aligning more closely with the Science Based Targets initiative (SBTi) pathway at 0.60 $tCO_2e/tcement$ for 2023.

Furthermore, the majority of clients in our portfolio that disclose their emissions data have shown a consistent YoY reduction in emissions intensity. This trend is often attributed to an improved clinker mix and a higher proportion of renewable energy in their overall energy mix.

Real Estate

in $kgCO_2e/m^2$



2023 vs CIMB Baseline	2023 vs Target Pathway
-6%	**-1%**

- CIMB Baseline
- CIMB 2030 Target
- Reference Scenario – IEA APS & CRREM v2 (Regional)
- CIMB Annual Progress

In-scope sector value chain
Commercial real estate portfolio, excl. developers that exclusively develop residential properties, and residential mortgages

Emissions scope
Scope 1 and 2 operational emissions from buildings, which may also include Scope 3 tenant emissions for real estate developers

Target reduction from baseline to 2030
34%

Decarbonisation Levers

- Financing the development, retrofit and maintenance of more energy efficient buildings, including actively directing funding towards buildings with higher energy efficiency ratings and green building certification
- Support energy transition in buildings including electrification, installation of onsite renewable energy capacity, and procurement of renewable energy via PPAs
- Enabling and supporting our clients to develop and achieve Net Zero plans

Sector Dynamics

The real estate sector in Southeast Asia is at a critical crossroads, with the convergence of rapid urbanisation, rising energy demand and climate goals. As of 2023, buildings account for around 30% of the region's energy use and 27% of CO_2 emissions, with these figures projected to rise without substantial action.

Decarbonisation of the Real Estate sector is highly dependent on the decarbonisation of the power sector. As buildings increasingly rely on electricity for heating, cooling and other functions, transitioning to clean, renewable energy is crucial to lowering emissions. To meet climate targets, the Real Estate sector must focus on energy-efficient designs, electrification and the use of low-carbon energy sources.

Governments in Southeast Asia are making progress, but challenges persist. Malaysia's NETR sets ambitious energy efficiency goals for 2040 and 2050. Thailand's Green Building Code is strengthening standards, while Singapore aims to green 80% of buildings by 2030. Indonesia has also introduced regulations promoting energy-efficient building designs and renewable energy adoption. However, high upfront costs, inconsistent policies and limited financial incentives continue to slow progress.

Baseline Established and 2023 Progress

Recognising the sector's critical role in climate action, CIMB has set a target to reduce the operational emissions intensity of our Commercial Real Estate portfolio by 34% by 2030, focusing on Scope 1 and 2 operational emissions from buildings, and Scope 3 from tenant emissions. This target aligns with the Carbon Risk Real Estate Monitor (CRREM) and the IEA Announced Pledges Scenario (APS) for grid decarbonisation. While the decarbonisation of the power grid is essential to meeting our Real Estate portfolio goal, we recognise that our sector clients can only influence the energy transition to a limited extent.

To reflect these realities, we have developed a reference pathway based on the CRREM Net Zero emissions scenario, while assuming that the grid decarbonises in line with the IEA Announced Pledges Scenario (APS). This pathway incorporates a Net Zero view on required energy efficiency improvements which are within the control of our Real Estate clients, with a more realistic view of the energy transition, based on national commitments.

In 2023, we achieved a 6% YoY reduction in emissions intensity relative to baseline, tracking slightly ahead of the reference scenario pathway by 1%. This reduction was driven by increased exposure to clients with lower emissions, alongside improvements in emissions performance from existing clients that disclose emissions data.

Meeting our 2030 target depends heavily on the decarbonisation of the Power sector, which is expected to account for 76% of the required emissions intensity reduction. CIMB will continue supporting grid decarbonisation through our Net Zero strategy for the Power portfolio and promote low-carbon technologies, renewable energy and sustainable designs among Real Estate clients, while encouraging emissions disclosure to enable monitoring of progress.

Governance & Risk

HEAR FROM CIVIL SOCIETY: ENERGY SHIFT INSTITUTE

REVIEWING CIMB'S NET ZERO TARGET FOR OIL & GAS

By Energy Shift Institute

CIMB has taken significant steps in aligning its Oil & Gas financing policy with global net-zero ambitions. Notably, its commitments to enhanced due diligence, financing restrictions on new coal and oil field projects, and engagement with clients on transition strategies signal meaningful progress. These initiatives place CIMB ahead of several regional peers and reflect an evolving approach to responsible banking.

However, further refinements could strengthen CIMB's policy alignment with international best practices. While restrictions on new oil fields are in place, the continued support for certain gas projects presents challenges in fully aligning with the Paris Agreement's 1.5°C pathway. Enhancing transparency on project-level assessments and defining clearer exit strategies for high-emission assets would strengthen CIMB's credibility as a Net Zero leader.

TARGET SETTING AND ALIGNMENT WITH GLOBAL AND REGIONAL NET ZERO PATHWAYS

CIMB's target-setting approach aligns with global Net Zero trajectories while incorporating regional considerations. By anchoring its policy on the IEA's Net Zero Emissions 2050 scenario, CIMB maintains credibility while adapting to ASEAN-specific transition realities. The Bank's commitment to reducing Financed Emissions Lending Intensity (FELI) by 16% by 2030 acknowledges both the region's energy transition challenges and the necessity of long-term decarbonisation.

While FELI is a strong and relevant metric, integrating absolute emissions or emissions intensity targets, or further detailing the trajectory of FELI declines would enhance transparency and accountability. Providing clearer interim targets and milestones would also reinforce CIMB's progress monitoring and ensure greater alignment with international best practices.

GAS FINANCING POSITIONING

The Bank's policy acknowledges the IEA's position that no new Oil & Gas exploration and production is required from 2021, while also recognising that Southeast Asia is expected to phase out coal power amid rising energy demand. It is encouraging that CIMB supports the phase-out of coal power and aims to facilitate a responsible and smooth transition. This has led to the recognition that gas power may serve as a transition fuel where stable renewable energy supply remains unviable. Ongoing assessment of the high costs of gas power amid the declining costs of renewables and storage in many markets will be necessary to determine whether gas power remains a viable investment even during the transition period.

Additionally, while CIMB's differentiation between Oil & Gas financing is well articulated, a clearer long-term strategy on new upstream gas financing would provide further market certainty and reinforce CIMB's credibility as a Net Zero leader. Some peer banks have indicated phased approaches to winding down gas financing, signalling an eventual shift.

METHANE REDUCTION COMMITMENTS

CIMB recognises methane as a critical climate risk, particularly given methane's significantly higher short-term global warming potential compared to carbon dioxide. Addressing methane emissions is one of the most immediate and cost-effective opportunities to reduce climate impact. However, a key question remains regarding how CIMB engages with clients on methane reduction. Some financial institutions have introduced conditional financing or incentives tied to methane abatement commitments. Greater specificity on client expectations – such as requiring methane reduction strategies or linking financing terms to methane performance – could further enhance the Bank's position as a climate-conscious financier.

SENDING STRONG MARKET SIGNAL

CIMB's Oil & Gas Net Zero policy signals to the market, by placing its sector-focused clients on notice, that they must begin diversifying to remain competitive, while also recognising the importance of a just transition. It is encouraging that the Bank stands ready to support this transition, reinforcing an important message that proactive adaptation is essential for long-term sustainability.

Global financial markets are increasingly integrating climate risk into investment and lending decisions. As international capital flows shift toward sustainable finance, banks that proactively adapt their portfolios will be better positioned to maintain access to global funding and mitigate stranded asset risks. Building on this strong foundation with additional measures – such as emissions intensity targets, enhanced methane reduction expectations and clearer gas financing timelines – will not only solidify their Net Zero trajectory but also enhance their ability to navigate evolving markets and regulatory expectations.

Fear of criticism or the pursuit of perfection should not stall progress. CIMB has taken a bold step forward by establishing a progressive Oil & Gas financing framework, setting an important precedent in Southeast Asia.

Christina Ng
Co-founder & Managing Director
Energy Shift Institute

NATURE AND BIODIVERSITY

CIMB operates in one of the world's ecologically rich regions, where biodiversity is essential for both environmental and economic stability. Asia's diverse natural ecosystems, including coral reefs, mangroves, rainforests and peatlands, play a pivotal role in supporting socio-economic development and environmental resilience.

However, these ecosystems face increasing threats from human activity, such as deforestation, land use changes and resource overexploitation, particularly in agriculture and infrastructure, with impacts further intensified by climate change. Over a million species are at risk of extinction due to mounting pressures that threaten the balance of ecosystems.

The impact extends beyond nature. According to the World Economic Forum[1], over US$44 trillion in global economic value – more than half of the world's GDP – depends on nature and its services.

Recognising our role as a responsible financial institution, CIMB is committed to addressing nature and biodiversity loss through responsible financing, sustainable operational practices and strategic partnerships that help preserve ecosystems essential for long-term economic and environmental resilience.

In 2024, we published our Statement on Biodiversity and Nature with the goal of encouraging, engaging and enabling our clients and other stakeholders, while steering our operations towards preventing, mitigating and reversing nature loss. The statement includes:

1. **Integration of Nature Considerations**
   Embed nature and biodiversity considerations into CIMB's sectoral policies, risk management frameworks and decision-making processes to help ensure that environmental impacts are minimised and positive contributions are maximised
2. **Portfolio Alignment with Nature-Positive Goals**
   Steer CIMB's portfolio towards activities that contribute to the prevention, mitigation and reversal of nature loss, while promoting biodiversity and ecosystem balance and overall health
3. **Client and Stakeholder Engagement**
   Collaborate with clients and other stakeholders to promote nature-positive practices, support impact-driven initiatives and foster a shared commitment to nature protection and conservation
4. **Mitigation of Nature-Related Risks**
   Identify, assess, and manage nature-related dependencies, impacts and risks across CIMB's operations and our financing and investment portfolios including physical, transition and systemic risks
5. **Just Transition Advocacy**
   Uphold equity and inclusivity in CIMB's efforts to protect nature and address climate change with actions that benefit all stakeholders in ASEAN, including indigenous and other vulnerable populations

For further details, refer to our Statement on Biodiversity and Nature on our website

NO DEFORESTATION, NO PEAT, AND NO EXPLOITATION (NDPE)

CIMB's commitment to NDPE remains central to our efforts to protect nature and biodiversity and promote ecosystem integrity. Since rolling out our NDPE principles in 2022 for the Palm Oil, Forestry (including Rubber), and Timber Plantation sectors, we have continuously strengthened our environmental safeguards and integration of biodiversity considerations.

In 2024, we further enhanced our NDPE requirements for the Palm Oil sector by expanding the commitment scope to include third-party suppliers and introducing supply chain traceability requirements. Strengthening traceability within the Palm oil supply chain is crucial in fostering transparency, accountability, and the effective implementation of NDPE commitments.

KEY OUTCOMES

- Strengthened our NDPE commitment requirement through peer benchmarking and global frameworks, aligning with evolving standards
- Enhanced assessment and response measures
- Published our Statement on Biodiversity and Nature
- Established clear guidelines to mitigate deforestation, safeguard peatlands and prevent exploitation in high-risk regions

[1] *New Nature Economy Report II: The Future of Nature and Business, World Economic Forum (2020)*

Governance & Risk

BIODIVERSITY RISK ASSESSMENT

In 2024, we continued to enhance our Deforestation and Biodiversity Risk Assessment process, strengthening our ability to evaluate biodiversity risks in the projects and clients we finance. Leveraging three advanced web applications, the process integrates nearly real-time data on peatlands, conservation-managed areas such as UNESCO-MAB Biosphere Reserves and Ramsar Sites, and IUCN-designated protected zones, including national parks and wildlife reserves. These insights enable us to determine whether additional detailed risk assessments are required to evaluate physical and reputational biodiversity risks.

This evolved approach enhances the validation of critical information, including top risk indicators, facilitates more informed decision-making, equips stakeholders with evidence-based strategies to address biodiversity challenges effectively and guides data collection and analysis, enabling targeted efforts within their operations.

This year, the assessment continues to be rolled out and implemented by trained teams across Malaysia, Singapore, Thailand and Cambodia, specifically for land intensive sectors such as agriculture, forestry, and mining and quarrying. As a core component of our Enhanced Sustainability Due Diligence (ESDD) toolkit, the assessment played a pivotal role in evaluating two high-profile Malaysian cases, further solidifying the robustness and integrity of our ESDD process.

STAKEHOLDER ENGAGEMENT

Protecting biodiversity demands collective action, and at CIMB, we believe in creating meaningful partnerships to drive impactful change.

KEY ENGAGEMENTS

- Strengthened partnerships with clients and stakeholders to address nature and biodiversity risks and opportunities across sectors
- Supported client alignment with NDPE principles, promoting stricter deforestation-free supply chain practices and improved monitoring systems
- Worked closely with selected clients to implement NDPE commitments, including conducting High Conservation Value (HCV) assessments before land clearing
- Encouraged adherence to global certification schemes such as MSPO, ISPO and RSPO, embedding NDPE principles across operations

This year, we proudly contributed to the UNEP FI PRB Nature Capacity-Building Programme for APAC, where we shared our evolving understanding of nature-related risks and opportunities. As a founding signatory to the Principles for Responsible Banking (PRB), we discussed our journey in navigating the sustainable finance regulatory landscape, integrating the Locate, Evaluate, Assess, Prepare (LEAP) approach and leveraging frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD). These insights reinforce our ability to align with global best practices while supporting regional biodiversity efforts.

CIMB also continued our active involvement in the Malaysian National Biodiversity Policy Implementation – Business Advisory Group. Here, we collaborated on strategies and roadmaps to align the private sector with Malaysia's commitments under the Kunming-Montreal Global Biodiversity Framework, further embedding biodiversity protection into business practices.

Our work reflects a shared vision to support biodiversity for CIMB and for the ecosystems and communities we serve.

CIMB also supports nature and biodiversity initiatives through our business and corporate citizenship efforts. *Read more about these on pages 46 and 71 to 72 respectively.*

KEY OUTCOMES

- Strengthened commitments on Nature and Biodiversity through our enhanced NDPE commitment requirement
- Led knowledge sharing through the UNEP FI PRB Nature Capacity-Building Programme for APAC, contributing to the protection of nature and biodiversity in the industry

HUMAN RIGHTS

Human rights form the foundation for peace, stability and ongoing progress. They are essential to creating equitable and inclusive societies where individuals can thrive and contribute meaningfully to their communities.

Human rights are a cross-cutting issue, and deeply intertwined with economic and environmental challenges. Environmental crises such as floods and droughts disproportionately impact vulnerable groups, including indigenous communities and women, amplifying inequalities and threatening livelihoods. A growing movement recognises that a safe and stable climate is fundamental to the protection of human rights.

Businesses play a pivotal role in shaping human rights outcomes. While they drive economic growth, they can also contribute to adverse impacts on people, the environment and society. CIMB acknowledges our critical role in advancing respect for human rights. Operating in jurisdictions with diverse and complex human rights challenges, we are committed to embedding human rights considerations into our financing practices, operations and partnerships. By doing so, we aim to contribute to equitable socio-economic progress and support efforts to enable a fairer and more resilient world.

HUMAN RIGHTS GOVERNANCE

We have a robust governance framework for human rights, with oversight anchored at the highest levels of the Bank. Ultimate responsibility rests with the Board of Directors and its delegated authority, the Group Sustainability and Governance Committee. At the managerial level, the Group Chief Sustainability Officer oversees human rights as a key aspect of sustainability risk management at CIMB.

Our Group Human Rights Policy outlines our commitments and approach to addressing critical human rights risks. Aligned with international frameworks such as the UN Guiding Principles on Business and Human Rights (UNGP), the UNEP FI Principles for Responsible Banking, and Bank Negara Malaysia's VBI Financing and Investment Impact Assessment Framework, the Policy is applied across all our regional operations and adapted for local contexts in Indonesia, Thailand, Cambodia, and Vietnam.

In 2024, we updated our Group Human Rights Policy and processes, expanding our grievance mechanism to cover our value chain, including vendors and clients. Recognising the link between human rights and environmental issues, we now address environmental grievances as well. Our remediation framework, aligned with the UNGP, ensures proportionate action based on our responsibility. Learn more on our website.

CIMB's Enhanced Human Rights Grievance Mechanism

01 Receive

- Complaints received through various channels. For full list of channels, visit our website
- The complainant will be informed accordingly on the status of acceptance of the complaint
- If the case involves a business relation[1] (BR), request will be sent for their consent to participate in the grievance mechanism process

02 Investigate

- The investigative team is assigned. An external party may be consulted
- We engage in dialogue with the complainant or their representatives as well as our BR (where applicable) throughout the process whenever possible
- Periodic updates will be given to the complainant, where possible

03 Approve

- If CIMB is found to have caused, contributed to, or been linked to human rights violations, a remediation plan is proposed
- Remediation plan is developed alongside the complainant and where applicable, our BR
- The plan is then approved by the Group Chief Sustainability Officer, Group Sustainability Council, and, if required, the Group Sustainability and Governance Committee

04 Implement

- Progress is tracked and publicly reported through our Sustainability Report or website

[1] *Business relations refer to CIMB's clients and suppliers.*

Governance & Risk

NAVIGATING THE COMPLEXITIES OF GRIEVANCE MECHANISMS IN BANKING

Developing and implementing an effective grievance mechanism within a bank is a challenging endeavour, shaped by systemic factors inherent to banking operations and the complexities of large-scale global projects. At CIMB, we recognise these difficulties and approach the process as a continuous journey of learning and improvement. Along the way, we have encountered various challenges. This section explores the steps we are taking to address them.

Challenges in Banking Secrecy Provisions

Stakeholder engagement is fundamental to effective grievance mechanisms. Under the United Nations Guiding Principles on Business and Human Rights (UNGP), Principle 31 emphasises that grievance mechanisms should be based on dialogue and engagement. Through this process, companies can learn to design systems that build credibility and foster trust with affected stakeholders. This also facilitates fair investigations and outcomes that are centred on the needs of right-holders.

However, banks face unique challenges in this space. In Malaysia, for instance, the Banking and Financial Institutions Act 1989 (BAFIA) prohibits banks from disclosing any business relationship with clients. Acknowledging or even hinting at a relationship, or confirming that a grievance involves a client, violates this provision. Similarly, conducting on-ground investigations could inadvertently signal the client's presence in the area, further breaching confidentiality rules.

Given these constraints, our grievance mechanism prioritises securing client consent before engaging with right-holders. Collaboration with clients is vital to enabling effective remediation, as meaningful solutions on the ground require their active cooperation. In situations where collaboration is not feasible, CIMB will conduct internal investigations, and if necessary and appropriate, taking actions against business relations, which may include refraining from extending future financing. Another approach involves partnering with civil society organisations (CSOs) and NGOs. However, this requires careful coordination that supports broad-based collaboration while avoiding affiliations with specific regions or cases that can inadvertently disclose client identities.

Investigation Challenges in a Global Context

Large-scale projects with significant human rights impacts are often financed by multiple banks, presenting opportunities for collaboration. By working together, banks can pool resources, increase collective pressure on companies to act and deliver more robust remediation for right-holders. Collaborative investigations also help distribute costs and foster shared accountability, making this an approach that CIMB is keen to pursue.

A further complication is the difficulty in validating the authenticity of documents provided during investigations. For instance, in cases involving Free, Prior and Informed Consent (FPIC), a client may provide signed agreements with local communities. However, it is difficult for banks to independently verify whether the signatures obtained were genuine or signed under duress. This verification would require in-depth investigations.

Given these challenges, CIMB relies on credible third-party evidence to identify potential issues, including sources such as established investigative journalism, reports from human rights organisations, NGOs, CSOs and national assessments of local landscapes. In regions with a high risk of coercion and violence, we go beyond simply accepting documents from clients at face value. Instead, we take a more critical approach to thoroughly assess and address any risk.

A Commitment to Continuous Improvement

Despite these challenges, CIMB remains committed to continuously improving our grievance mechanism through ongoing stakeholder engagements and collective problem-solving. Each case is an opportunity to refine our processes, to better uphold trust, transparency, and effective resolution while navigating the complexities of the banking industry.

OUR HUMAN RIGHTS DUE DILIGENCE PROCESSES

	Employees	Suppliers	Clients[2]
Assess	• Engaged through various channels, including direct consultations, focus groups, surveys and union engagement sessions	• Basic Sustainability Due Diligence[1] (BSDD) which includes assessments on human rights risks	• Basic Sustainability Due Diligence (BSDD)[3], which includes assessments of human rights risks, particularly in companies and sectors linked to reliance on low-wage and/or migrant workers and includes checks for adverse media coverage and controversies • Clients in high-risk sectors are required to comply with human rights requirements outlined in our Sector Guides • Enhanced Sustainability Due Diligence (ESDD) for high risk cases
Prevent	• Policies and processes to support the fair and equitable treatment of all our employees • Frequent training sessions	• Suppliers are required to commit to CIMB's Vendor Code of Conduct which outlines respect for human rights	• Through our Group Sustainable Financing Policy, we have established robust systems to identify and mitigate high risks of adverse human rights impacts in the projects and clients we finance
Mitigate	• Outcomes of engagements are reviewed and integrated into internal policies, procedures and strategies, to facilitate continuous improvement	• Engagements and capacity building sessions	• Pre-agreed time-bound action plans such as establishing a human rights policy and due diligence process

[1] *Suppliers are assessed during the online vendor registration as well as during the procurement activities including Request for Proposals and Request for Bid.*
[2] *Limited to non-individual clients. Clients here refer to potential clients and current clients.*
[3] *Assessment is conducted during onboarding and periodic reviews.*

Governance & Risk

CAPACITY BUILDING

Strengthening internal capabilities is essential for effectively implementing human rights initiatives at all levels of the organisation. At the Board and senior management level, we partnered with The Remedy Project to conduct regional training on embedding business and human rights in financial institutions. This session, attended by 280 Board members and senior leaders included global and regional human rights trends, emerging regulations, evolving international expectations of financial institutions to respect human rights and best practices from leading financial institutions.

In line with our revised Policy and Procedure this year, we organised regional training sessions for sustainability and related teams across the region. Our aim is to support our regional counterparts in fully understanding the new processes and adopting them locally.

Bank-wide, we conducted training on business and human rights, our updated Policy and Procedure, and how #teamCIMB can contribute to respecting human rights in their daily roles. The sessions were attended by over 1,000 employees. Additionally, we have made human rights training a compulsory part of the Sustainability Academy and plan to expand this as part of the Bank's e-learning modules.

We also recognise the value of sharing best practices to continuously enhance our internal processes. As a member of the UNEP FI Human Rights Community of Practice, we actively participate in quarterly sessions with banks globally. These sessions provide an invaluable platform for exchanging insights, fostering collaborative ideation and addressing shared challenges.

OUR HUMAN RIGHTS PROGRESS AND PERFORMANCE

To measure our organisation-wide progress and effectiveness in implementing our human rights commitments, we established targets and identified key metrics in 2023. These metrics will be monitored and reported annually to uphold transparency in our efforts and achievements. For relevance and impact, the indicators will undergo periodic reviews, so that we disclose the most meaningful and effective metrics.

Indicator	2023	2024
Number of employees trained in human rights regionally	542	1,346
Suppliers acknowledging our Vendor Code of Conduct annually, including human rights commitments (Malaysia only)	81%	75%
Percentage of clients completing agreed human rights action plans due	83%	95%

KEY OUTCOMES

- Strengthened our Human Rights Policy through key enhancements on grievance mechanism and remediation
- Supported our clients to improve their human rights risk management with 95% of action plans due in 2024 met, over-achieving our target of 75%