Making an Impact

CIMB Group's Sustainability Journey

Case Study 2022

CIMB Group Holdings Berhad ("CIMB") is a leading ASEAN-focused bank, headquartered in Kuala Lumpur, Malaysia. It is the second largest banking group by assets in Malaysia and fifth in ASEAN. CDP sat down with CIMB's Luanne Sieh, Head of Group Sustainability, and Elaine Chan, Director, Group Sustainability to talk about the valuable role CDP is playing in CIMB's sustainability journey.

CIMB was one of the first banks to use CDP's Financial Services Climate Change and Forests Pilot Questionnaire to assess and manage its climate and forest-related impacts. The questionnaire was piloted in Southeast Asia because of the region's high exposure to forest-risk commodities.

Three factors motivated CIMB to start its environmental disclosure journey with CDP:

1 There are an ever-growing number of investors that use CDP data to inform investment decisions, including CIMB's shareholders.

2 Involvement in the Climate Change and Forests Pilot Questionnaire provided CIMB with capacity-building, guidance, and resources.

3 The final motivation stemmed from the growing recognition that financial institutions must play a role in protecting and restoring forests as they are crucial for limiting climate change to 1.5C degrees.

Integrating forest-related issues into policy frameworks

CDP helps financial institutions identify whether they have sufficiently robust policies and mechanisms in place to manage risks and opportunities associated with forest risk commodities. This allows them to track their impact and ensure forest-related issues are integrated into their existing policy framework and future strategies.

CIMB used CDP's pilot questionnaire to understand the best practice requirements, especially around borrowing/financing clients' compliance with forest risk commodity certifications. This allowed CIMB to better understand how much of its portfolio complied with its sector policies and assisted them to further engage non-compliant clients on climate- and forest-related issues.

A No Deforestation, No Peat, No Exploitation (NDPE) policy is one of the strongest instruments financial institutions and companies can adopt to manage impacts on forests. It was positive to see CIMB commit to NDPE in 2021 and strengthen its support for sustainable palm oil in anticipation of regulatory changes in the Malaysian Sustainable Palm Oil (MSPO) standard.

Since 2021, the bank has piloted the integration of NDPE commitments into its policies to strengthen its sustainability standards, including in palm oil and forestry.

Measuring financed emissions and setting targets

Financed emissions are on average

700x

larger than direct emissions for a financial institutions.

CDP's financial services questionnaire assesses financial institutions' portfolio impact by asking them to disclose their financed emissions. CDP data shows financed emissions are on average 700 times larger than direct emissions for a financial institution.

CDP recommended Partnership for Carbon Accounting Financials (PCAF) to CIMB to help it measure and disclose its greenhouse gas (GHG) emissions financed by loans/financing and investments. Measuring financed emissions is a foundational step for conducting climate-related scenario analysis and setting science-based targets to report on climate progress.

CIMB has committed to net-zero GHG emissions for all Scopes by 2050.

Since joining PCAF, CIMB has committed to

2030 ...... **2050**

net zero Scope 1 and Scope 2 GHG emissions by 2030

net-zero GHG emissions for all Scopes by 2050
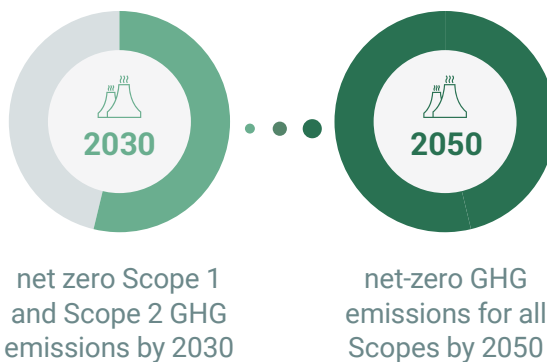
The bank has also published its first TCFD-aligned disclosure in its sustainability report, which includes scenario analysis with the Paris Agreement Capital Transition Assessment (PACTA) methodology on three high-impact sectors:

Oil & Gas

Power Generation

Automotive Manufacturing

How to get started with disclosure

For financial institutions new to disclosure and environmental assessment, CIMB suggests connecting with other regional financial institutions for advice, and to join platforms such as the CEO Action Network (CAN) in Malaysia, a closed-door peer-to-peer informal network of CEOs focused on sustainability advocacy and capacity building to inspire action and deliver positive impact. CIMB also holds the annual Cooler Earth Sustainability Summit, a capacity-building event which is open to all.

CIMB also suggests learning by referring to public responses available on CDP's website for examples of good practice from A list companies, when preparing to disclose through CDP.

In 2022, CDP's financial services questionnaire has expanded to include new modules on biodiversity and water, and new forests questions; and a much larger number of financial institutions have been invited to disclose. The addition of these questions reflects CDP's intention to track performance against a more holistic coverage of climate and nature-related risks. For more information on the latest financial services questionnaire, please refer to the 2022 Financial Services Reporting Guidance.

ABOUT CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over $130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 14,000 organizations around the world disclosed data through CDP in 2021, including more than 13,000 companies worth over 64% of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.

Visit cdp.net or follow us @CDP to find out more.

CONTACT

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