

Sustainable Finance Framework

August 2023

Version 1.0

FORWARD  **Together**



Contents

| | |
|---|-----------|
| Introduction | 4 |
| CIMB Thai's Sustainability Commitment..... | 4 |
| Aligning to Global Commitments and Benchmarks..... | 6 |
| CIMB Thai's Sustainability Philosophy and Principles..... | 8 |
| Green, Social, Sustainable Impact Products & Services (GSSIPS) Framework..... | 10 |
| Maximising Positive Impact: Defining Sustainable Finance at CIMB Thai..... | 13 |
| GSSIPS Eligibility Guiding Principles..... | 14 |
| Thailand Taxonomy..... | 15 |
| Sustainability Bond Framework..... | 18 |
| GSSIPS Suite and Reporting Scope..... | 19 |
| Minimising Harm: Our Approach to Managing Sustainable Finance Risks | 21 |
| Sustainable Financing Policy..... | 21 |
| Sustainable Financing Due Diligence Process..... | 22 |
| Key Elements of the SFP | 28 |
| High Sustainability Risk Sector Position Statements | 31 |
| Basic Elements of CIMB Thai's Sustainability Sector Guides | 31 |
| Palm Oil..... | 32 |
| Prohibitions:..... | 33 |
| Requirements:..... | 33 |
| Encouragement:..... | 33 |
| Forestry..... | 34 |
| Prohibitions:..... | 34 |
| Requirements:..... | 34 |
| Encouragement:..... | 35 |
| Construction and Infrastructure | 35 |
| Prohibitions:..... | 36 |
| Requirements:..... | 36 |
| Encouragement:..... | 36 |
| Oil & Gas | 37 |
| Prohibitions:..... | 37 |

| | |
|---|-----------|
| Requirements:..... | 38 |
| Encouragement:..... | 38 |
| Coal | 39 |
| Prohibitions:..... | 40 |
| Requirements:..... | 40 |
| Encouragement:..... | 41 |
| Mining and Quarrying..... | 42 |
| Prohibitions:..... | 42 |
| Requirements:..... | 43 |
| Encouragement:..... | 43 |
| Manufacturing | 44 |
| Prohibitions:..... | 44 |
| Requirements:..... | 45 |
| Encouragement:..... | 45 |
| Additional Resources and Disclosures | 46 |

ABOUT THIS DOCUMENT

The **Sustainable Finance Framework** (“SFF” or “the Framework”) consists of a summary of CIMB Thai’s sustainability governance, policies, and implementation of sustainable finance for reference by stakeholders including customers, investors, regulators, civil society organisations and others.

| Version | Date Published |
|-----------------------------------|----------------|
| Sustainable Finance Framework 1.0 | Aug 2023 |

FEEDBACK

We welcome all feedback, ideas, and questions from stakeholders on this document. Please contact: **Jason Lee**, Head of Sustainability, CIMB Thai, sustainability@cimbthai.com.

DISCLAIMER

The information presented in this document is correct at time of publishing. All information is subject to change without notice.

Introduction

CIMB Thai (or “the Bank”) places sustainability as a key strategic pillar and value driver, this is reflected in our Forward23+ strategic plan which aligns our aspirations towards becoming a visible shaper of sustainability practices in the ASEAN community for strategic differentiation and future-proofing of the Bank.

CIMB Thai has developed internal governance structures, policies, and frameworks to manage environmental and social risks within the Bank as well as in our dealings with clients, partners, and other stakeholders. In order to put our sustainability commitments into practice, we have implemented various programmes to propel ourselves towards a more sustainable business model. These programmes include embarking on carbon footprint reduction projects within our operations, empowering employees to contribute towards sustainability within the organisation, managing longer-term climate risks in our business portfolio, conducting human rights due diligence across the Bank, and engaging and encouraging our clients and peers towards sustainable practices.

Key focus areas include enhancing our sustainability risk management processes through developing and implementing policies and procedures that help to ensure CIMB Thai manages indirect environmental and social impacts arising from our financing of clients. Through CIMB Thai’s core businesses, we work with a diverse set of clients and industries across ASEAN.

The Sustainable Finance Framework (“SFF” or “the Framework”) provides information to stakeholders including customers, investors, regulators, and others on how CIMB Thai implements sustainable financing within the Bank and provides insights into how we manage risk and maximise opportunities for sustainable finance in our business.

CIMB Thai’s Sustainability Commitment

Our CIMB Group-wide Sustainability roadmap is designed to operationalize and deliver on our sustainability philosophy and aspirations. The roadmap covers all identified material matters across the Economic, Environmental, Social and Governance (EES&G) spectrum, and aims to deliver net positive impacts to our stakeholders, including the economy, communities and environment.

Our impact in these areas occur in our operations, downstream with our customers, and upstream with our vendors and suppliers. While we can directly effect change in our own operations, we strive to positively influence our key stakeholders towards better sustainability performance. We focus especially on working with our customers to create positive change, for example, by providing access to financial services to the underbanked and unbanked, and providing innovative sustainable finance solutions to further our customers’ own sustainability efforts.

Here in CIMB Thai, we manage impacts and deliver our commitments through our Sustainability pillars:

1. Sustainable Action
2. Sustainable Business
3. Governance and Risk
4. Stakeholder Engagement and Advocacy (including Corporate Social Responsibility).

Sustainability efforts at CIMB Thai are driven by the Sustainability division and governed by the Management Committee (“MC”), comprising of senior members of management from across the Bank with well-defined responsibilities for driving progress on various sustainability KPIs. The MC has ultimate accountability for sustainability and sustainability risk, including overseeing the development and implementation of a sustainability framework for the Bank. The MC also assists the Board in advocating and fostering a culture/DNA of sustainability, ethical conduct, and integrity across the Bank.

Further, CIMB Thai’s Sustainability Governance Structure also extended to align with CIMB Group via Group Sustainability and Governance Committee, Group Sustainability Council, Group Sustainability.



Figure 1: Overview of CIMB Thai's Sustainability Governance Structure

Aligning to Global Commitments and Benchmarks

The CIMB Thai Sustainable Finance Framework defines how we work with clients and customers. It aims to provide details on how CIMB Thai encourages customers to improve sustainability while managing the risks arising from our client relationships.

CIMB Group is a founding signatory to the **United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking (PRB)** and has developed this Framework in line with these Principles.

| | | |
|---|---|--|
|  <p>PRINCIPLE 1: ALIGNMENT</p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p> |  <p>PRINCIPLE 2: IMPACT & TARGET SETTING</p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p> |  <p>PRINCIPLE 3: CLIENTS & CUSTOMERS</p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p> |
|  <p>PRINCIPLE 4: STAKEHOLDERS</p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p> |  <p>PRINCIPLE 5: GOVERNANCE & CULTURE</p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p> |  <p>PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY</p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p> |

Figure 1: Principles for Responsible Banking (PRB)

The key to the implementation of our sustainability commitments is benchmarking against international standards on ESG and sustainable finance. Key targets and progress are measured and reported internally and externally through our Sustainability Report which is published annually and made available on the CIMB Thai website.

CIMB Thai as part of CIMB Group which is a signatory to the **Collective Commitment to Climate Action (CCCA)** of the UNEP FI, as well as the **Net-Zero Banking Alliance (NZBA, a constituent of the Glasgow Financial Alliance for Net Zero)**, where we are committed to achieving net zero greenhouse gas (GHG) scopes 1 and 2 emissions in our operations by 2030, and overall Net Zero GHG by 2050 (including scope 3 financed emissions), in line with Nationally Determined Contributions (NDCs) and the 1.5 degrees scenario of the Paris Climate Agreement.

We are also an official supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and a signatory to Partnerships for Carbon Accounting Financials (PCAF).

“CIMB firmly believes that businesses and stakeholders need to come together to address the potentially devastating impacts of climate change and ensure actions are taken to mitigate the effects on people and ecosystems globally.”

Dato’ Abdul Rahman Ahmad
Group Chief Executive Officer, CIMB

While climate action is a key focus, CIMB Thai’s sustainability strategies are more broadly aligned to seven priority Sustainable Development Goals (SDG).

- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation & Infrastructure
- SDG 10: Reduced Inequalities
- SDG 12: Responsible Consumption & Production
- SDG 13: Climate Action
- SDG 15: Life on Land
- SDG 16: Peace, Justice & Strong Institutions



Figure 2: Sustainable Development Goals (SDG).

CIMB Thai's Sustainability Philosophy and Principles

All Sustainability endeavours at CIMB Thai are guided by the Sustainability Policy (SP), which applies to the Bank as a whole in our operations. The SP seeks to provide clarity and transparency around how sustainability risk and opportunities are managed across the Bank, in consideration of risks arising from our business relationships and diverse stakeholder expectations.

Internal Operations

The Bank will aim to ensure that the management of its internal operations and employees is consistent with applicable Sustainability policy requirements.

Business Activities and Relations

The Bank will not knowingly engage in business activities or with business relations that do not meet its Policy requirements.

Net Positive Impact

As a Bank, we will always strive to create a net positive impact on our business relations and the community. We will adopt an inclusive approach to positively influence our business relations in their sustainability performance, and taking a holistic approach in striving for a just transition to a greener economy.

Opportunities for Sustainable Growth

CIMB Thai will engage actively and openly with our stakeholders regarding proactive management of Sustainability Risk and identification of opportunities for sustainable growth.

Integrating Economic, Environmental and Social Risk Assessments

The Bank will take a proactive approach to integrate economic, environmental, and social risk assessments in central processes such as lending / financing, investments, procurement, and managing operational impacts.

In driving these Principles, we take the following approach:

- Our focus on environmental and social issues / risks must begin with addressing impacts from our own operations and how we manage our employees. The Bank will take appropriate measures to ensure that its internal operations and employees are managed in a manner that is in alignment with the spirit and intent of the Policy requirements.
- We will take appropriate measures to manage the Sustainability Risk of our business activities to the extent possible and will not knowingly engage in business activities or with business

relations that are on our Exclusion List of activities. The Bank will take reasonable steps to assess the Sustainability Risk of business relations. If the Bank concludes that the business relation is not committed to a level of sustainability performance that meets CIMB Thai's policy requirements, or that the business relation is engaged in any Exclusion List activities, the Bank will not engage with the business relation.

EXCLUSION LIST

CIMB Thai's Exclusion List includes activities that contravene laws and regulations, and where there is significant negative impact to the environment and/or the health and well-being of individuals and communities. Financing of activities on CIMB Thai's Exclusion List is prohibited. We will not engage with clients proven to be involved in illegal activities, bribery, illegal logging or, terrorism, or operating in breach of national labour laws. Any forms of asset-level or general corporate financing including project financing and capital raising that are specified as being for greenfield thermal coal mines and/or greenfield Coal-fired power plant (CFPP) projects, mountaintop removal, as well as expansions, in any location, will also be excluded from the Bank's financing.

Financing involving Casinos and Gaming, Arms and Munitions, and developments within World Heritage Sites are also on our Exclusion List, although there are very specific and limited Permitted Exemptions in place, subject to escalated approvals.

- Upholding a just transition along our transformation in greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind.
- Whilst we recognise that our business relations are fully responsible for their own actions and decisions, we will use our influence and relationships to steer them towards sustainable practices. We will strive to engage and equip them with knowledge and skills that may be required for championing and meeting sustainability commitments. Our ultimate objective is to continue providing seamless access to finance across geographies where we operate, and the business landscape that we cover, as well as enhancing financial knowledge and supporting people and businesses to fulfil their aspirations and achieve meaningful growth.
- CIMB Thai maintains a constructive and open exchange of ideas on sustainability with a broad range of its stakeholders. The Bank is committed to having a transparent process and will demonstrate its engagement on sustainability issues by actively discussing environmental and social matters with its stakeholders, in terms of both risks and opportunities.
- CIMB Thai will exercise a precautionary approach, taking due care and diligence, to evaluate, adopt and advocate measures that will minimise, and, in the long-run, prevent environmental harm as well as promote social equity. The Bank also applies "The precautionary principle" which means taking early action to prevent and mitigate potential negative impacts in situations where conclusive scientific understanding or evidence is lacking, but there is sufficient reason to expect serious or irreversible damage.

Sustainable Finance: An Overview

As a financial institution that provides financial services to enable and facilitate economic development, it is our duty, as a responsible corporate citizen, to manage the risks and potential negative impacts arising from the activities that we finance. This includes impacts on the environment, as well as to society and the economy in general. At the same time, we also aim to deliver positive impact to our stakeholders, from our customers to communities that we impact through our products and services.

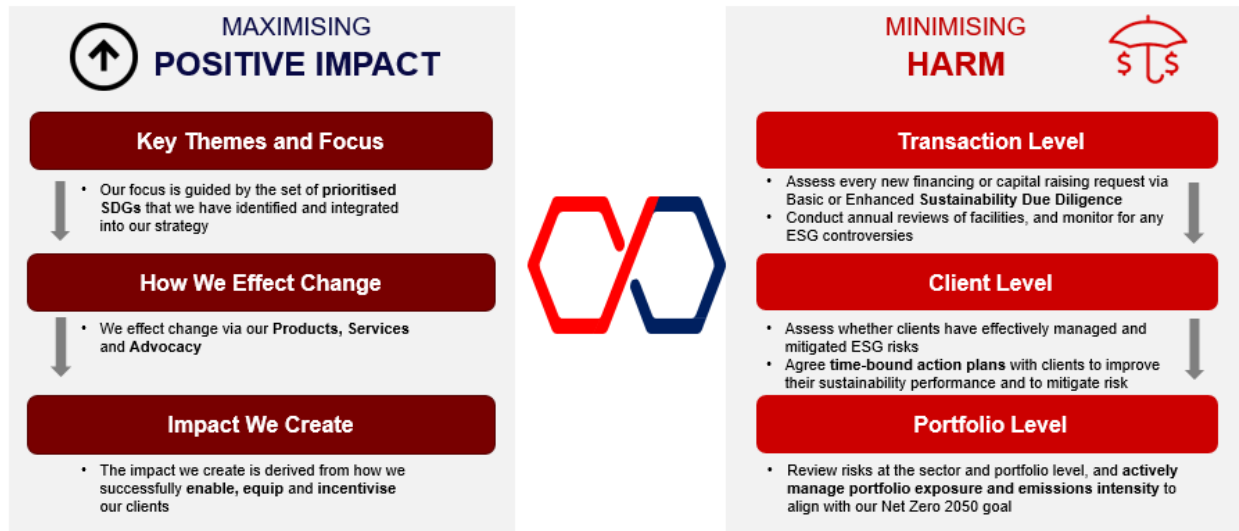


Figure 3: Overview of CIMB Thai's Approach to Sustainable Finance

The **Sustainable Finance Classification Guiding Principles and Green, Social, Sustainable Impact Products and Services (GSSIPS) Framework** guides the development of products and services that deliver positive impacts. On the other hand, our main governing policy is the **Sustainable Financing Policy (SFP)** to manage financing risks, and minimize harm that is caused by, contributed by, and indirectly linked-to the Bank.

We recognise that managing sustainability risks is a key priority for the financial sector. As such, we engage with clients and stakeholders to ensure that these risks are mitigated. In consideration of climate change and the need to meet climate targets, we engage in risk mitigation efforts and leverage on new and existing client relationships to encourage low-carbon development. These initiatives are key to our sustainability strategy.

In practice, the implementation of sustainability at CIMB Thai aims to ensure that economic development continues to thrive in balance with the long-term environmental and social needs of people and the planet. Through our policies and action plans for sustainability, we aim to enable opportunities for economic and social development, while ensuring harm is avoided in the course of business.

Green, Social, Sustainable Impact Products & Services (GSSIPS) Framework

The GSSIPS Framework provides a guide and an internal taxonomy for the Group to deliver impactful sustainable finance.

The Bank's GSSIPS related products and services are conforms to global standards and principles. Frameworks and principles established by the International Capital Markets Association (ICMA), the Loan Markets Association (LMA) and Loan Syndications & Trading Association (LSTA) forms the foundation of how we design, promote and provide sustainable finance to our customers. The principles, sourced from ICMA, LMA and LSTA are as below:

Green Bond Principles:

The Green Bond Principles (GBP) are used when issuing bonds to finance environmentally sound and sustainable projects that foster a net-zero emissions economy and protect the environment. GBP-aligned issuance provides transparent green credentials alongside an investment opportunity. Customers that issue Green Bonds report on the use of Green Bond proceeds based on the GBP. This promotes transparency that facilitates the tracking of funds to environmental projects, while simultaneously aiming to improve insight into their estimated impact.

Social Bond Principles:

The Social Bond Principles (SBP) are used when issuing bonds to finance socially sound and sustainable projects that achieve greater social benefits. SBP-aligned issuance provides transparent social credentials alongside an investment opportunity. Customers that issue Social Bonds report on the use of Social Bond proceeds based on the SBP. This promotes transparency that facilitates the tracking of funds to social projects, while simultaneously aiming to improve insight into their estimated impact.

Sustainability Bond Guidelines:

Sustainability bonds are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both green and social projects. The Sustainability Bond Guidelines (SBG) share the same principles as the GBP and SBP, where customers that issue Sustainability Bonds report on the use of Sustainability Bond proceeds that have both green and social objectives. Sustainability-Linked Bonds: Sustainability-Linked Bonds (SLBs) aim to further develop the role that debt markets can play in funding and encouraging companies that contribute to Sustainability (from an Environmental and/or Social and/or Governance perspective, "ESG"). Sustainability-Linked Bonds incentivize our customers' achievement of material, quantitative, pre-determined, ambitious, regularly monitored and externally verified Sustainability (ESG) objectives through Key Performance Indicators (KPIs) termed as Sustainability Performance Targets (SPT)

Green Loan Principles:

Green loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects. Green loans must align with the four core components of the GLP that builds on and refers to the Green Bond Principles (GBP).

Social Loan Principles:

Social loans are any type of loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing eligible Social Projects. Social loans must align with the four core components of the SLP that builds on and refers to the Social Bond Principles (SBP).

Sustainability-Linked Loan Principles:

Sustainability-Linked Loans (SLL) are any types of loan instruments and/or contingent facilities (guarantee lines or letters of credit) which incentivize the borrower's achievement of ambitious, predetermined Sustainability performance objectives. The borrower's Sustainability performance is measured using predefined Sustainability performance targets (SPTs), as measured by predefined key performance indicators (KPIs), which may comprise or include external ratings and/or equivalent metrics, and which measure improvements in the borrower's Sustainability profile. If the borrower achieves or exceeds its SPTs as stipulated in the SLL, it is typically rewarded with lower interest rates and fees.

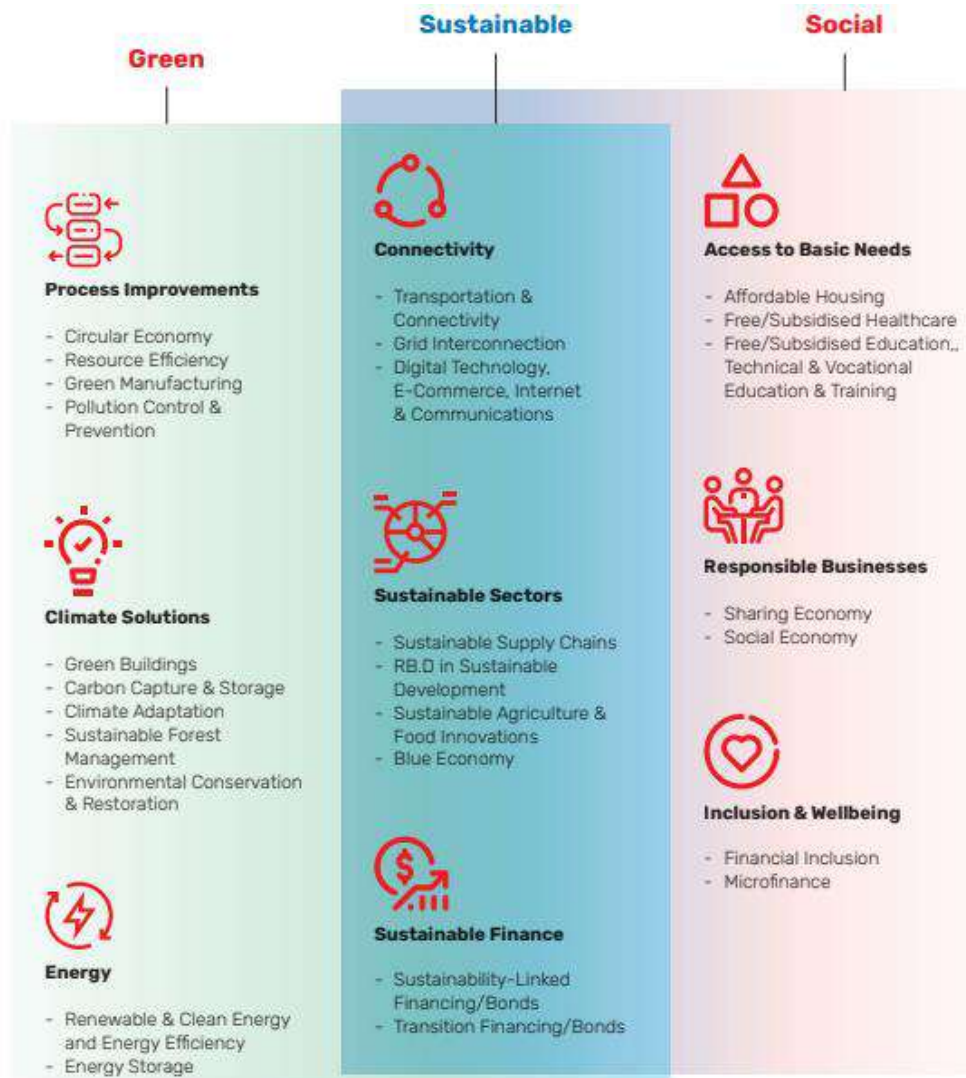
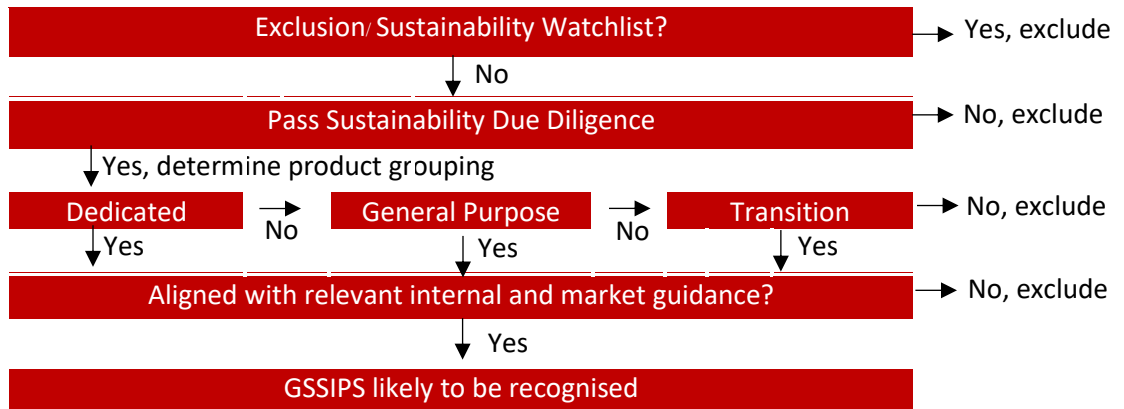


Figure 4. Green, Social & Sustainable Impact Focus Areas

Inclusion Logic



In our continued effort to remain transparent and enhance our classification and reporting practices, we developed a set of guiding principles to ensure our approach remains aligned with best market practices. As innovation accelerates and the market matures, we do expect the GSSIPS definition, scope and coverage to continue to evolve which we will review and update in future versions of this Framework accordingly. For avoidance of doubt, this Framework applies to all CIMB Thai businesses across the Bank.

Maximising Positive Impact: Defining Sustainable Finance at CIMB Thai

In line with our commitments to mobilise sustainable finance, CIMB Thai has moved forward with various Green, Social, Sustainable Impact Products and Services (GSSIPS) for businesses and individuals which will continue to evolve and expand over time. Our GSSIPS suites are broadly defined into four main groups as follow.

Table 1: CIMB Thai's GSSIPS Grouping

| | Dedicated Purpose | General Purpose | Transition (incl. Sustainability-Linked) | Liabilities and related Products |
|-------------|--|---|--|--|
| Description | Use of proceeds directed towards eligible activities aligned with taxonomies, and internal and market guidance | >90% of company revenue derived from eligible activities aligned with internal and market guidance | Products aligned with sustainability-linked market guidance or use of proceeds directed towards eligible transition activities described in internal and market guidance | Funding raised by CIMB Thai referenced against our sustainable finance assets base and related products |
| Examples | <ul style="list-style-type: none"> Green, Social, Sustainable Financing Green Bond | <ul style="list-style-type: none"> Term financing for a pure play renewable energy company | <ul style="list-style-type: none"> Transition financing, Sustainability-Linked Financing, Sustainability-Linked Bond or other Treasury Solutions | <ul style="list-style-type: none"> CIMB Thai Sustainability Bond CIMB Thai Sustainability-Linked Derivatives |

| | |
|--|--|
| Internal, Regulatory, and Market Guidances | CIMB Thai Sustainability Bond Framework CIMB Group GSSIPS Framework GSSIPS Eligibility Criteria for different Business Units |
| | Bank of Thailand Thailand Taxonomy Securities and Exchange Commission, Thailand Practical Guidelines on Disclosure of Information for Sustainable and Responsible Investing Funds Bank Negara Malaysia Climate Change and Principle-Based Taxonomy Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides Securities Commission Malaysia Sustainable and Responsible Investment (SRI) Sukuk Framework SRI-Linked Sukuk Framework Guidelines on SRI Funds |
| | Asia Pacific Loan Market Association (APLMA)/ Loan Market Association (LMA)/ Loan Syndications and Trading Association (LSTA) Green Loan Principles Social Loan Principles Sustainability-Linked Loan Principles International Capital Market Association (ICMA) Green Bond Principles Social Bond Principles Sustainability Bond Guidelines Sustainability-Linked Bond Principles Climate Transition Finance Handbook ASEAN Capital Markets Forum (ACMF) ASEAN Sustainability Bond Standards ASEAN Green Bond Standards ASEAN Social Bond Standards International Swaps and Derivatives Association (ISDA) Sustainability-Linked Derivatives: KPI Guidelines |

Note: The market guidance list is non-exhaustive. We closely review market developments to ensure we make reference and incorporate the most up-to-date principles and guidelines where appropriate.

GSSIPS Eligibility Guiding Principles

- 1. Recognition framework and classification logic benchmarked against market best practice.** Where available, the most up-to-date industry guidelines, principles and any accompanying guidance documents (as illustrated in Table 1) are to be taken as a first point of reference.
- 2. No double counting.** We only count a product's contribution to green, social, or sustainable impact once, even if it is included in multiple products. For example, where we accept funds such as Sustainable Term Investment Account-i, which are channeled towards SME financing given out by the Bank, we only count the achievement once, at the point of financing.

3. **Priority towards direct end impact.** We prioritise measuring our achievements based on the direct end positive impact whenever possible.

4. **Regular review of recognition framework, classification logic.** We regularly review our approach to classifying GSSIPS to ensure alignment with the latest market standards. This is necessary because there are currently no standardised regulations for Sustainable Finance reporting, and there is an increasing risk of greenwashing due to rapid market developments.

GSSIPS Target

In September 2023, CIMB Group announced a sustainable finance target to RM100 billion by 2024 under our GSSIPS Framework. This new target reflects CIMB Group's previous success in mobilising RM30 billions of sustainable finance, which achieved two years earlier than expected, prompting us to increase our efforts. CIMB Thai has also contributed to the cumulative sustainable finance achievement of RM30 billion and continues to contribute to the ongoing RM100 billion* target.

* This is an updated commitment for 2021-2024 superseding the earlier commitment of RM60 billion over the same period.

Table 2: CIMB's Sustainable Finance Commitment

| Commitment | Effective Date | Amount | Commitment Period |
|---|-------------------|-----------------------------------|-------------------|
| Sustainable Finance Mobilised (entire CIMB Group including Malaysia, Thailand, Indonesia, Cambodia and Singapore) | 22 September 2021 | THB 231 billion (MYR 30 billion) | 2021 – 2024 |
| | 20 September 2022 | THB 462 billion (MYR 60 billion) | |
| | 11 September 2023 | THB 770 billion (MYR 100 billion) | |

Thailand Taxonomy

A taxonomy aims to provide a common framework for classifying economic activities to enable stakeholders to gather investment information and mobilise green financing. Taxonomies help market participants, regulators, and policymakers understand risk management and promote investments that meet robust sustainability goals. This increases the level of transparency in financial market priorities and could give a government a tool to direct capital flows in the desired direction that delivers measurable environmental, social and governance (ESG) benefits and net zero emission target.

Bank of Thailand released the Thailand Taxonomy Phase I on 30 June 2023 which focuses on the economic activities relating to the energy and transportation sectors, which contribute to the highest proportion of carbon emissions.

Taxonomy Phase1 structure:

Objective: Objective of the financing project must be for Climate change mitigation

Sector: Energy and Transportation

Activities: Cover 23 activities under Energy and Transportation sector according to ISIC 4 code (refer to Thailand Taxonomy Phase 1 document.)

Screening Criteria: Using science-based, quantifiable, and technologically neutral criteria, to categorise the activities using traffic-light system; Green, Amber, and Red

| Green | Amber | Red |
|--|---|---|
| <ul style="list-style-type: none"> • Pathway to Net Zero activities (in line with 1.5-degree of the Paris Agreement Goal) • Near zero activities | <ul style="list-style-type: none"> • Significant emission-reduction activities that have not yet reached net zero emission but can still be improved with viable technologies. | <ul style="list-style-type: none"> • Activities that not compatible with net-zero trajectory and are not going to become compatible anytime soon. (should be phased out completely by 2050). |

Red list of activities: There are some activities that are clearly inconsistent with goals of the present taxonomy, they are outlined in the Red list (non-compliant to Taxonomy). Only activities that are outlined are considered non-compliant, not the whole code (if it's not stated explicitly).

1. ISIC 3510 - Electric power generation, transmission and distribution:

- Production of electricity or thermal energy using any fossil fuels (coal, oil, gas, and their derivatives, including fossil-based hydrogen, but excluding byproducts like waste heat) is considered non-compliant (except the activities that comply with thresholds and conditions in the amber category).
- Construction of any new facilities (including fossil gas powered) than produce electricity and thermal energy using fossil fuels is considered non-compliant.
- Construction and operation of any renewable power plants that are fully or partially intended to support any operations related to fossil fuels and their derivatives, including, but not limited to their extraction, processing, transportation, or storage is considered non-compliant.
- Generation of electricity from renewable gaseous and liquid fuels where GHG emissions from the generation of electricity are higher than 100 g CO₂e/kWh is considered non-compliant (except the activities that comply with thresholds and conditions in amber category in 4.1.8 of Thailand Taxonomy).

2. ISIC 3520 - Manufacture of gas; distribution of gaseous fuels through mains:

- Production of fossil fuel gas and its derivatives is considered non-compliant.

- Production of gas from biofuel where feedstock is not compliant with requirements from activity article 4.1.5 of Thailand Taxonomy is considered non-compliant.

3. ISIC 491 - Transport via railways (all sub-codes included)

- Railway vehicles or rolling stock designated as using biofuels, even partially, qualify as non-compliant.
- Infrastructure and rolling stock for railway lines that are built with the over-riding objective of transporting fossil fuels qualify as non-compliant. They are considered built with this objective if:
 - The primary purpose of the line is clearly described as fossil fuel freight by authoritative government sources; or, in the absence of this:
 - More than 25% of the freight in t-km transported by the line, on average, is comprised of fossil fuels; or alternatively:
 - More than 25% of the rolling stock is dedicated to the transport of fossil fuels.

4. ISIC 492 - Other land transport (including 4931, 4932, 4933)

- For road freight vehicle and component manufacturers, purchasers and operators, any proportion of a vehicle or fleets cargo being made up of fossil fuels makes that vehicle or fleet non-compliant (except for those complying with amber criteria for the activity article 4.2.4 of Thailand Taxonomy).
- Road vehicles or rolling stock designated as using biofuels, even partially, are considered non-compliant.

5. ISIC 4940 - Transport via pipeline

- Transmission and distribution of gases whose emission exceeds green category threshold in the Table 11 of Thailand Taxonomy.
- Retrofitting of gas networks for the transmission of gases whose emission when used to generate electricity is above the green category threshold from the Table 11 of Thailand Taxonomy.

6. No ISIC code – infrastructure for low-carbon transport

- Infrastructure dedicated solely to the support of internal combustion engines vehicles as well as transport or storage of fossil fuels, including parking facilities and fossil fuel filling stations, is considered non-compliant.

7. ISIC 501 Sea and coastal water transport (all subcodes included) and 502 Inland water transport (all subcodes included)

- Ships that are solely dedicated to the transport of fossil fuel and/or otherwise support the fossil fuel sector (by shipping staff to the oil rigs, transporting fossil fuel extraction equipment etc.) are considered non-compliant. However, ships that technically may carry non-fossil fuels goods alongside with fossil fuel goods are NOT excluded and may be compliant if comply with the relevant criteria. For this reason, product and chemical tankers are not excluded.

Essential Criteria (mandatory):**1. Do No Significant Harm**

The “Do No Significant Harm” (DNSH) principle is applied to the taxonomies with multiple objectives in order to make sure that one objective does not cause damage to other objectives. As the initial version of the Thailand Taxonomy has only one objective (climate change mitigation), a set of generic DNSH criteria was created to ensure compliance with internationally recognized principles and conventions, and relevant Thailand laws. On later stages of development of the Taxonomy activity-specific DNSH may also be added.

Any activity owner who may want to utilize the present taxonomy must abide by the following set of international norms, rules, and regulations (including, but not limited to):

- Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal
- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- Convention on Biological Diversity

2. Minimum Social Safeguards

The eligible asset or activity must ensure that it does not generate a negative social impact and observe minimum social safeguards (MSS). For this, the owner of the activity must adhere to the relevant local regulatory framework and policies, relevant internationally recognized principles and conventions, and have a social management system in place.

Sustainability Bond Framework

CIMB Thai intends to use the proceeds from the Bonds issued under the Framework to finance and/or refinance, in whole or in part, new and existing assets, investments, projects and/or products that comply as eligible green and social project categories as identified by the Principles. The eligible assets of the Framework are aligned primarily with the Thailand Taxonomy and ensures that investments made through the Framework are clearly identifiable and adhere to specific sustainability standards and guidelines set by the regulatory authority.

The Framework defines the following eligible project categories.

Eligible Green Project Categories:

- Renewable and clean energy
- Clean transportation
- Green buildings
- Sustainable water and wastewater management

Eligible Social Project Categories:

- Healthcare

- Affordable housing
- Education
- Socioeconomic advancement and empowerment

GSSIPS Suite and Reporting Scope










CIMB Thai's GSSIPS suite is detailed in the table below. All GSSIPS are identified and nominated by the Business Units through Relationship Managers or Business Teams, which are then reviewed and endorsed by the Sustainability Division.

Endorsed deals are then submitted to Sustainability TH for final validation and approval. For more complex transactions, approval from the Group Sustainability Council (GSC) will also be sought.

Products that are recognised towards the Group's commitment are tracked as part of CIMB's Sustainable Finance mobilised towards RM60 billion between 2021 – 2024.

Table 3: CIMB's GSSIPS Suite and Reporting Scope

| Grouping | Product | Amount Recognisable | Frameworks/Principles Alignment ¹ | Recognised towards Group commitment? |
|-----------------------------|--|--|--|--------------------------------------|
| For Businesses | | | | |
| Dedicated / General Purpose | Green, Social and Sustainable Financing | Financing committed | <ul style="list-style-type: none"> • GSSIPS Framework • APLMA/LMA/LSTA Green/Social Loan Principles • Thailand Taxonomy | ✔ |
| | Green, Social and Sustainable Bond | Apportioned issuance amount ² | <ul style="list-style-type: none"> • ICMA Green/Social/Sustainability Bond Principles/Guidelines | ✔ |
| Transition | Sustainability-Linked Financing | Financing committed | <ul style="list-style-type: none"> • GSSIPS Framework • APLMA/LMA/LSTA Sustainability-Linked Loan Principles | ✔ |
| | Transition Financing | Financing committed | <ul style="list-style-type: none"> • GSSIPS Framework • ICMA Climate Transition Finance Handbook | ✔ |
| | Sustainability-Linked Bond | Apportioned issuance amount ¹ | <ul style="list-style-type: none"> • ICMA Sustainability-Linked Bond Principles | ✔ |
| | Sustainability-Linked Treasury Solutions | Notional Amount | <ul style="list-style-type: none"> • ISDA Sustainability-linked Derivatives: KPI Guidelines | ✔ |
| For Individuals | | | | |

| | | | | |
|--|---|--------------------------|--|---|
| Dedicated/ General Purpose | Green and Social Financing | Financing committed | <ul style="list-style-type: none"> GSSIPS Framework, and/or CIMB Thai Sustainability Bond Framework |  |
| | Financial Inclusion Financing | Financing committed | |  |
| | ESG Funds i.e. ESG thematic funds or direct investments into ESG focused business | New fund sales | <ul style="list-style-type: none"> GSSIPS Framework |  |
| Internal Funding and Related Products | | | | |
| Liabilities and related products | CIMB Thai Sustainable Repo | Notional Amount | <ul style="list-style-type: none"> CIMB Thai Sustainability Bond Framework |  |
| | CIMB Thai Sustainable Bond | Total issuance amount | <ul style="list-style-type: none"> CIMB Thai Sustainability Bond Framework ICMA Green/Social/Sustainability Bond Principles/Guidelines SRI (- Linked) Sukuk Framework |  |
| | CIMB Thai Sustainability-Linked Derivate | Notional Amount | <ul style="list-style-type: none"> ISDA Sustainability-linked Derivative Guidance |  |
| Others | | | | |
| Sustainable and Sustainability-Linked Deposits and Investment Accounts | Sustainable Term Investment Account-i | Placement Amount | <ul style="list-style-type: none"> GSSIPS Framework |  |
| | Environment-focused Deposits Account | Growth in balances | |  |
| | Sustainability Waqf | Total portfolio balances | |  |

Note: (1) Non-exhaustive, (2) As accredited by Bloomberg's League Table

Minimising Harm: Our Approach to Managing Sustainable Finance Risks

Sustainable Financing Policy

The **Sustainable Financing Policy (SFP)** provides guidance on relevant environmental and social risks and their related impacts to our clients, stakeholders, environment and ourselves. The SFP enables CIMB Thai to make informed decisions according to our values and aspiration to provide responsible and sustainable financial services.

The SFP is a key component of CIMB Thai's Sustainability Risk Framework, and is implemented to integrate environmental and social considerations into CIMB Thai's financing decisions at the client and transaction level, in order to manage environmental and social risks arising directly or indirectly from CIMB Thai-financed clients and activities. Aggregate risks at the overall sector and portfolio level are controlled via other components of CIMB Thai's Sustainability Risk Framework, such as via sector limits and scenario analysis for sensitive sectors.

The SFP has been developed considering the commitments, principles, and standards to which CIMB Thai will be accountable to. Through the SFP, the Bank seeks to identify, assess, and manage risks arising from financing clients and sectors that have the most impact on, and are most vulnerable to, environmental and social risks.

The SFP was first rolled out in 2021 and has been implemented across the Bank. All new financing and existing uncommitted facilities are covered within the scope of the SFP. This includes annual renewal and reviews of existing uncommitted facilities, such as working capital loans/ financing and bank guarantees.

The SFP applies to non-individual financing customers, as follows:

- 1. Wholesale Banking**
- 2. Customers who engage with CIMB Thai for capital raising through IPOs and bond issuances**

Individuals are excluded from SFP coverage. An exception to coverage applies to committed term loans that were committed prior to the rollout date of the SFP. Non-financing and non-capital raising transactions are covered by the Sustainability Policy.

The SFP covers loans, financing, and capital raising activities such as, but not limited to, term loans and financing, project financing, working capital financing, syndicated loans and financing, mergers and acquisition financing, leveraged financing, IPOs and bond issuances (primary and secondary), including where CIMB Thai serves as principal adviser/lead arranger/lead manager/book-runner/primary subscriber or underwriter.

In managing our sustainability risks, we have set out minimum requirements that customers are expected to fulfil when seeking financing from CIMB Thai. We also restrict financing to customers who are found to be engaging in activities which we have set out as prohibitions as per our Exclusion List.

The SFP has been operationalised through the training of client relationship managers and personnel from relevant departments including risk, compliance, and other support functions. The SFP is approved by the Board, and along with its related reference documents including exclusions lists, high-risk sector lists and guides, undergo a review process at least once every two years.

Sustainable Financing Due Diligence Process

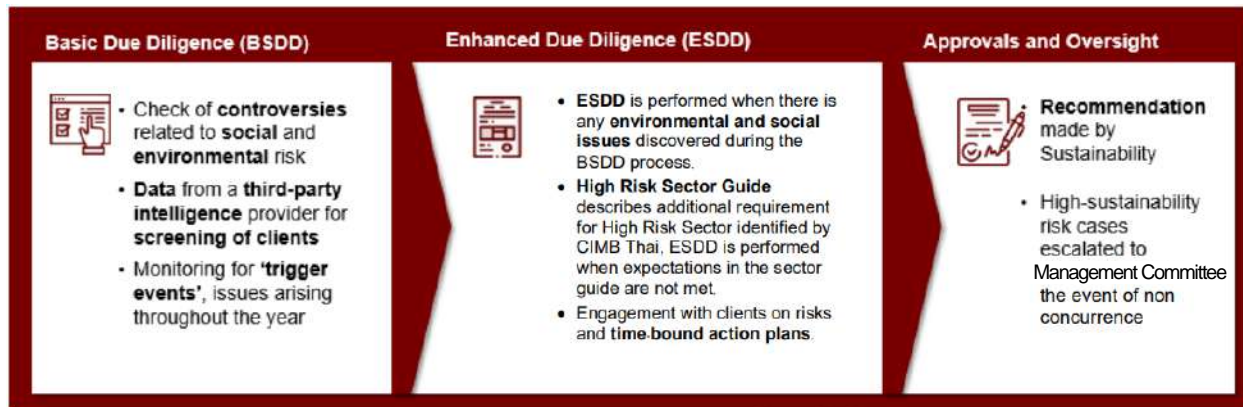


Figure 5: An overview of CIMB's approach to financing risk management

Under the SFP, sustainability risk in specific financing decisions is assessed and managed through a structured, risk-based due diligence process. In considering the risks arising from our financing exposure, both client- and transaction-level risks are accounted for:

- In terms of business lending/financing, clients are assessed based on the entity's sustainability credentials, including policies, commitments, and track record.
- At the transaction level, we take into consideration the intended use of proceeds, and potential environmental and social impacts that could arise as a result.

Basic Sustainability Due Diligence

All companies that CIMB Thai does business with are subjected to basic sustainability due diligence. The purpose of this first step is to ensure that we are aware of any potential adverse environmental and social risks that a client is engaged in. This step is undertaken by CIMB Thai's relationship managers.

The Basic Sustainability Due Diligence (BSDD) encompasses basic checks on key environmental and social risks that a client may be exposed to, and whether a client has been linked to negative social and environmental impacts in the past three years. This includes checking if a client has been cited in news reports, or linked through credible sources to negative social and environmental impacts.

We believe that three years is a reasonable time frame to ensure material risks are considered as part of the assessment of a client's environmental and social impact, and sustainability risk. However, if there are severe impacts and risks beyond the three-year time frame that remain unresolved, these would also affect the decision of CIMB Thai to proceed with the client. A regular assurance process is in place, with cases checked periodically to confirm the accuracy and completeness of the BSDDs.

Enhanced Sustainability Due Diligence

Clients that are in high-risk sectors or are facing escalated risks as indicated via the BSDD are subjected to an enhanced sustainability due diligence (ESDD) process. The enhanced due diligence involves an internal analysis conducted by CIMB Thai's Sustainability Division, supplemented by external subject matter expertise where necessary.

There are several circumstances that require a client to undergo the ESDD:

- Clients where the BSDD process reveals significant negative environmental/social impacts, or environmental/social risk.
- Clients who are engaged in High Sustainability Risk Sectors as defined by CIMB Thai, and have not fulfilled the additional minimum requirements laid out in CIMB Thai's Sustainability High Risk Sector Guide.
- Clients (renewal) who have not complied with Action Plan to resolve outstanding environmental or social issues, that were mutually agreed upon approval of a financing facility
- Clients that have been highlighted as being linked to significant environmental and social risks by credible sources including, but not limited to, CIMB Thai employees and stakeholders, regulators, media, non-governmental organisations, and recognised sustainability information providers.

Through the ESDD process, we are able to identify if the client has room for improvement in terms of managing sustainability risks or has already sufficiently managed these risks. The ESDD process is driven by a number of factors, including understanding clients' businesses and operations, as well as industry and sector-specific risk factors. We recognise that different companies operating within the same industry may have significantly different levels of progress in sustainability commitments and progress.

In arriving at recommendations from an environmental and social perspective, we assess clients' sustainability performance and risks, as well as their commitment, capacity and track record in managing environmental and social issues. CIMB Thai also considers operational procedures, reputational risk, and regulatory compliance.

These aspects are assessed from two perspectives:

- The environmental and social risks that the **client and its operations are exposed to**, due to considerations such as the nature of its activities, geographical location, supply chain and raw material production impacts, among others. A key aspect of consideration includes climate-related physical and transition risks, as well as mitigation actions that are being pursued.
- The environmental and social risks **arising from the financed activity**. This includes specific project-related risks and related direct and indirect impacts to the environment and communities, and includes an assessment of the client's sustainability commitments, policies, performance, track record, and reputation.

The outcome of the ESDD guides our financing decisions, and may result in either a recommendation for approval, or a recommendation with mutually agreed action plans on managing sustainability risks, or a recommendation to reject a client for financing.

Key Environmental and Social Considerations for Assessing Risk

We take into account a broad scope of environmental and social considerations in assessing risk in potential clients and transactions. A non-exhaustive list of issues we consider is in the table below.

| | |
|-----------------------------------|--|
| <p>Environmental Risks</p> | <ul style="list-style-type: none"> ▪ Climate Change: Business activities that may be impacted by climate change leading to business disruption and/or negative financial impacts in the future. These could include: <ul style="list-style-type: none"> ➤ Physical risks such as floods, droughts and other extreme weather events, either impacting the business activity itself or via the supply chain; and ➤ Transition risks in moving towards a low-carbon economy, such as regulatory changes, carbon pricing and shifting away from fossil fuels. ▪ Biodiversity Loss: The risk arising from activities that occur within or near areas of high biodiversity that may impact endemic or endangered species of flora and fauna. ▪ Deforestation: The risk arising from developments and other industrial activities on forested areas, including those designated as national or state reserves and High Conservation Value/ High Carbon Stock areas as assessed by a credible technical assessor. ▪ Ecosystem Degradation: The risk arising from permanent changes or significant impacts to sensitive physical environments such as mangrove, peat swamp or limestone areas. ▪ Marine Environment: The risk arising from activities that impact marine ecosystems, that may cause loss of marine biodiversity. ▪ Waste and Pollution: The risk arising from production and management of waste and by-products that may arise from activities within or surrounding a landscape, including air, land, and water pollution. ▪ Material and Energy Use: The risk arising from high or inefficient use of natural resources, electricity, and other energy sources. ▪ Water Scarcity: The risk arising from activities conducted in areas of water scarcity, and where developments could impact water availability, for example, through changes in the natural landscape. |
| <p>Social Risks</p> | <ul style="list-style-type: none"> ➤ Institutional Integrity¹: The risk arising from poor management practices that may result in non-fulfillment of sustainability policies and commitments and negative environmental and social impacts. ➤ Human Rights and Labour: The risk arising from activities impacting communities and workers, including working conditions and benefits, equal remuneration, gender equality and no discrimination, contractual agreements, |

¹ Note that risk factors related to a client's governance issues are considered as part of the scope of the CIMB Group Anti-Money Laundering / Counter-Financing of Terrorism and Group Anti-Bribery and Corruption Policies, which deal with offences or unlawful activities such as financial crime, money laundering, terrorism, proliferation financing, bribery and corruption, and regulatory breaches.

right to form associations, and provision of basic needs including housing, access to water, healthcare and education, among others.

- **Negative Impacts on Communities:** The risk arising from activities that impact inhabited areas, including the Free, Prior and Informed Consent (FPIC) of communities impacted by business activities.
- **Health and Safety:** The risk arising from unsafe working conditions, including lack of provision of personal protective equipment, lack of policies and procedures on workplace safety and access to compensation and medical coverage.

¹ Note that risk factors related to a client's governance issues are considered as part of the scope of the CIMB Group Anti-Money Laundering / Counter-Financing of Terrorism and Group Anti-Bribery and Corruption Policies, which deal with offences or unlawful activities such as financial crime, money laundering, terrorism, proliferation financing, bribery and corruption, and regulatory breaches.

The environmental and social risks outlined above could result in financial risks to CIMB Thai. In arriving at a financing decision, the following risks are considered in line with CIMB Thai's sustainability commitments:

Credit Risk

The potential for financial losses arising from a client's failure to meet their obligations to the bank due to reasons such as failure to anticipate and manage environmental and social risks on the business, inadequate control over sustainability impacts, or failure to adequately address a critical sustainability-related incident due to poor management oversight.

Collateral Risk

The potential for financial losses arising from the loss of collateral pledged to the bank, for example due to a client's failure to adequately protect these assets through effective environmental and social risk management systems and controls.

Legal Risk

The potential impacts of legal or regulatory non-compliances arising from failure to adequately address environmental and social risks leading to regulatory fines, penalties, sanctions, etc.

Reputational Risk

The potential risk of sustainability issues highlighted in national and/or international media, with regard to potential or alleged material issues such as legality of operations, imminent risk to life, and other major controversies that would negatively impact any association with the bank.

Others

Market Risk: The potential for disruption and shifts in value, supply and demand for products and services due to environmental and social risks linked to their production or consumption.

Technology Risk: The potential for displacement and disruption of business models due to the transition to sustainable, low-carbon, energy-efficient production methods resulting in loss of customers and market share.

Key Data Sources for Due Diligence

Some of our primary sources of data are listed below.

➤ Client disclosures and reporting

Information on sustainability is obtained from a company's disclosures including their annual report, sustainability report, if available, and relevant press releases and company announcements.

The initial step in the ESDD process is understanding the client's operations. This includes information on the company's core and non-core businesses, revenue contributions from each business, existing disclosures on sustainability, and any relevant environmental and social risk controls.

Companies that fall within a high-risk sector as identified by CIMB Thai are subjected to additional minimum requirements that apply to mitigate the material risks and potential negative impacts in the particular sector. If companies fail to meet the sectorial requirements, the ESDD process will be performed.

Refer below for more details on high-risk sectors and minimum requirements.

➤ Reference to Third-Party ESG Data Providers

CIMB Thai utilises specialist providers of ESG-related information on clients' environmental and social impacts and risks. Each company in the provider's database is linked to a score derived from its disclosures on sustainability governance, environmental and social risk controls as well as controversies that the client has been linked to. We also leverage satellite monitoring technology to detect land-use change and deforestation risk, and use other publicly available tools that support projection of climate physical risk (i.e. flood risk) based on global temperature scenarios.

➤ Media reports and other sources

Information on a client's sustainability position is obtained from credible news sources, in particular, pertaining to controversies related to a company's operations that may have resulted in negative environmental or social impacts. The analysis also includes positive impacts that may arise from a company's operations, and this is considered in the recommendation decision.

Approval and Escalation

Based on the above steps, the ESDD report is reviewed internally and a recommendation for approval is provided by Sustainability TH.

The ESDD report can result in four potential outcomes based on the following:

Recommended to Approve

- The client has adequate systems and controls over its sustainability risks.
- The environmental and social risks arising from the client's activities and governance are deemed acceptably low, or have been sufficiently managed and controlled.

| | |
|--------------------------------------|---|
| | <ul style="list-style-type: none"> ▪ The client is fully in compliance with requirements set out by the relevant CIMB Thai Sector Guide. |
| Recommended with Action Plans | <ul style="list-style-type: none"> ▪ The client has certain gaps in their systems and controls on sustainability and needs to address these within a specified time frame. ▪ The client has not fully complied with requirements set out by the relevant Sector Guide. ▪ The client has an ongoing sustainability controversy that needs to be addressed through a time-bound action plan. |
| Not Recommended | <ul style="list-style-type: none"> ▪ The client has inadequate systems and controls to manage their sustainability risks and has not shown commitment or progress in improving these. ▪ The client has an ongoing sustainability controversy that is assessed to be critical and may result in immediate and permanent damage to the environment or society. |
| Rejected | <ul style="list-style-type: none"> ▪ The client is engaging in a prohibited activity as defined in CIMB Thai's Exclusion List. ▪ The client is listed in CIMB Thai's Sustainability Watchlist (rejected additional financing). |

All high sustainability risk cases require approval by the relevant approving authority within the Business Unit (Wholesale or Commercial Banking). In cases where there is non-concurrence in the recommendation between the approving authority and Sustainability Division, the decision is escalated ultimately to the Management Committee (MC), chaired by the CEO. MC has the discretion to further escalate the decision to the Board or the Sustainability TH and Governance Committee (GSGC) for final approval.

Action Plans

In some cases, a client may be linked to negative environmental and social impacts or are not currently meeting our minimum requirements. If the impacts are not severe in nature and may be rectified or improved through the implementation of controls and remedial measures, CIMB Thai may request that a client implements a time-bound action plan. The time-bound action plan is reviewed on an annual basis to check for adherence and progress on resolution. Extension request of time-bound action plan is permitted with sufficient justification.

Sustainability Watchlist

If a client does not fulfill the requirements of their action plan, CIMB Thai issues a follow-up letter to the client. If the client does not respond or does not satisfactorily provide reasons for a delay in implementation of an action plan, the client may be placed on the Sustainability Watchlist. Any client on the Sustainability Watchlist is prevented from obtaining any additional financing from CIMB Thai.

Key Elements of the SFP

High Sustainability Risk Sector List

CIMB Thai maintain a list of sectors and subsectors which are deemed to be faced with high current or potential environmental and social risks. This list of high-risk sectors is reviewed periodically to ensure continued relevance.

| | |
|--|---|
| Palm Oil | Clients involved in the planting of oil palm, and manufacturing palm oil and its products |
| Forestry | Clients involved in silviculture (forest plantations) and logging activities in natural forests |
| Construction & Infrastructure | Clients involved in the following activities: <ul style="list-style-type: none"> • Construction of roads, railways, utility projects, airports, harbours and other civil engineering projects • Infrastructure including for airports, harbours, highways and bridges • Construction of real estate developments • Demolition • Site preparation |
| Oil & Gas | Clients involved in upstream activities of the oil & gas industry, including support activities for those businesses and/or projects and in the construction of oil & gas pipelines |
| Mining & Quarrying | Clients involved in the mining and quarrying of raw materials, including but not limited to extraction of gold and tin, mining of iron ores, non-ferrous metals, radioactive materials, chemical and fertiliser minerals, quarrying of stone, sand and clay, extraction of peat |
| Coal & Power Generation | Clients involved in mining of coal, coal-fired electric power generation, transmission and distribution, shipping of coal, infrastructure built for coal, manufacturing of coal and its products, and coal contractors |
| Manufacturing | Clients involved in manufacturing, including processing of mined materials i.e. coal, iron ore, oil and gas; automotive and transport, materials used in construction including cement and steel; agricultural products including pulp and paper and rubber products; semi-conductor & computer equipment, electrical & electronic equipment, machinery, chemicals, plastics, textiles, apparel and leather goods |
| Permitted Exemption Activities | Arms & Munitions, Casino and Gaming, World Heritage Sites <i>(as described in the section on Permitted Exemptions to Exclusion List)</i> . |

Exclusion List of Activities

CIMB Thai has instituted stringent controls against financing activities that are in contravention of laws and regulations, and where there is imminent risk to life and wellbeing. CIMB Thai will not engage with clients involved in the following activities:

- **Illegal activities** – Transactions with individuals or entities that are known to be involved in illegal activities, including arrangements / engagements structured solely to assist obligors / counterparties

to contravene regulatory, accounting and tax rules and guidelines, or aimed at tax evasion and/or manipulating financial statements. For the avoidance of doubt, the legality of an activity is determined based on the national laws of the country where the activity takes place.

- **Arms and Munitions** – Military Equipment / Proliferation Financing including transactions linked to the financing of production, sale / purchase, storage or movement of arms and munitions, financing of proliferation of weapons of mass destruction (e.g. nuclear, biological, or chemical weapons), financing of parts mainly or solely used for arms and munitions, as well as financing of related technologies or services for arms and munitions.
- **Casino and Gaming** - Transactions or clients involved in pure casino / gaming enterprises or internet-based casino / gaming activities.
- **Bribery** – Including giving, offering, receiving or requesting of bribes.
- **Breaches of national labour laws and human trafficking laws** – Including engaging with companies directly involved in child labour, human trafficking, or breaches of labour and related regulations.
- **Illegal logging or uncontrolled fire** – Including business relations that engage in illegal logging or uncontrolled use of fire for clearing forest lands.
- **Activities impacting World Heritage Sites** – Business relations or transactions that involve undertaking activities for natural resource development within UNESCO World Heritage sites, or industrial activities that have a negative impact on World Heritage Sites.
- **Terrorism** – Business relations or transactions involved in the unlawful use of violence and intimidation, especially against civilians in the pursuit of political aims.
- **Smuggling** – Business relations or transactions involved in the illegal movement of goods in or out of a country.
- **Coal** - Project financing and any forms of asset-level or general corporate financing as well as capital raising that are specified as being for greenfield thermal coal mines and/or greenfield coal-fired power plant (CFPP) projects, including expansions, in any location.

In addition to the above, the Bank will not engage in transactions that directly support political campaigns, either via government officials, politicians, political candidates or political organisations.

Permitted Exemptions to Exclusion List

In relation to the above, under certain conditions, permitted exemptions are described for the following activities:

Arms and Munitions:

Specific exemptions may be granted by the Board Risk and Compliance Committee (BRCC) on a case-to-case basis.

- (a) Escalated approval shall be obtained for Corporate and Commercial Banking clients involved in the provision of Arms & Munitions involving sale to the Government of Thailand and/or Thai law enforcement agencies (subject to clients not having arms and munitions sales to other parties).
- (b) Approval for all other Arms and Munitions Permitted Exemptions aside from (a) needs to be obtained through the BRCC.

Casinos and Gaming:

Permitted Exemptions may be approved by the relevant credit approving authority with notification to the Management Committee (MC) for:

- (a) Regulated gaming enterprises with stringent licensing requirements and a high level of regular ongoing government supervision; *and*
- (b) Meets at least one of the following criteria:
 - i. Major hotel, entertainment, leisure and cruise companies that are part of a pre-approved target market and involved in managing casinos as part of their overall business activities;
 - ii. Large well-capitalised corporations with a good degree of financial flexibility and with rigorous control measures in place which the Bank may rely on and from which confirmation of these measures can be obtained / established with minimum amount of due diligence.

Permitted Exemptions for casino / gaming also apply to the promoters of the above-mentioned types of entities.

World Heritage Sites:

Permitted Exemptions may be approved by the Management Committee (MC) for activities where there is prior consensus with both the government authorities and UNESCO that such operations will not adversely affect the Outstanding Universal Value of the site.

High Sustainability Risk Sector Position Statements

CIMB Thai has committed to certain minimum expectations for clients operating in sectors identified as carrying elevated levels of sustainability risk. The purpose of these guidelines is to ensure clients are aligned with the Bank's aspirations in progressing on sustainability and as a safeguard against the unmitigated environmental and social risk that could lead to negative reputational impact and financial impact in the long run if left unmanaged. This includes consideration of entity-level risks and transaction level risks as highlighted in the Enhanced Sustainability Due Diligence (ESDD) report.

Through the implementation of sector guides, CIMB Thai intends to increase the capacity of client relationship managers in identifying risk factors linked to clients, while encouraging clients to adopt better environmental and social management practices to address these risks.

Basic Elements of CIMB Thai's Sustainability Sector Guides

Each sector guide is based on three categories:

- **Prohibitions:** Describes activities that clients are not to engage in, and for which CIMB Thai would not extend financing.
- **Requirements:** Sets out minimum standards for clients to comply to, failing which an action plan may be imposed.
- **Encouragement:** Industry best practices and international stakeholder expectations that clients are strongly encouraged to fulfil.

CIMB Thai's philosophy with regard to clients with less robust environmental and social risk management practices is to continually engage and encourage improvements. This is done through discussions and by agreeing to time-bound action plans. As seen in cases of market exclusion, the total disengagement from high-risk clients results in further damage to the environment and people working in and impacted by these industries, as clients would seek out other sources of financing. However, in cases where there are critical and immediate risks arising, CIMB Thai may choose to terminate a client relationship where possible.

CIMB Thai recognises the economic importance of various industry sectors, especially in the context of development needs across our core regional presence in ASEAN. Accordingly, we are guided by Board-level oversight and commitments to sustainability, our commitment to the Principles for Responsible Banking (PRB), Net Zero Banking Alliance (NZBA), CIMB Thai's Human Rights Policy aligning to international standards including the UN Guiding Principles of Businesses and Human Rights (UNGPR). We have also accounted for stakeholder requirements from institutional investors, regulators, central banks, governments, our customers, civil society and environmental groups on the application of our sustainability policies.

Key to implementing our sector guides is by striking a balance between achievability in consideration of local context and progress on sustainability within the regions we operate in. We strive to implement the highest standards for managing environmental and social risks while acknowledging that certain sectors have progressed further than others.

Each High Risk Sector Guide has been developed in accordance with industry best practices and guidance from relevant industry bodies. These references include the International Finance Corporation (IFC) Standards, Programme for Endorsement of Forest Certification (PEFC), Forest Stewardship Council (FSC), Roundtable for Sustainable Palm Oil (RSPO), and No Deforestation, No Peat, No Exploitation (NDPE) commitments. CIMB Thai's High Risk Sector Guides are aligned with CIMB Group's Sector Guides which are developed with reference to Bank Negara Malaysia's Values Based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides.

Palm Oil

CIMB Thai recognises the importance of the palm oil industry in the ASEAN region, as well as its importance as a globally-consumed edible oil. The sector guidance for palm oil identifies the planting of palm as a high sustainability risk business activity, largely due to potential linkages to deforestation, loss of biodiversity and potential human rights infringements, among others.

The palm oil industry employs millions of people across ASEAN especially in Malaysia and Indonesia and is among the top three sectors in both countries based on economic contribution. We are cognisant that growth in the sector has resulted in cases of negative environmental and social impacts and seek to minimise these impacts through positive engagement with clients in the industry. Through these engagements, we seek to encourage clients to adopt best practices and commit to stronger sustainability standards.

Key to ensuring sustainability in the palm oil sector is the adoption of No Deforestation, No Peat and No Exploitation (NDPE) commitments across the palm oil supply chain. We recognise deforestation risks may be linked to the development of new plantations that replace tropical forest landscapes. We also recognise that there are challenges in upholding labour rights across the palm oil supply chain from large companies to smallholder farmers.

Through the implementation of our sector guide for palm oil, we aim to align with recognised and credible certification schemes that set clear requirements and guidelines for companies in the sector to adhere to. The Roundtable on Sustainable Palm Oil (RSPO) and International Sustainability & Carbon Certification (ISCC) schemes are accepted in line with our sector guide as they ensure best practices for new and existing developments.

We seek to ensure that our clients are not involved in egregious exploitative practices related to labour and local communities. As such, we require compliance to all legal requirements on labour including child labour, minimum wage, anti-trafficking laws, and related requirements. Local and indigenous people's rights are expected to be adhered to through the implementation of credible certification schemes and adherence to legal requirements in countries of operations.

Smallholders are an essential part of the palm oil value chain, and as such are expected to participate in the economic benefits of the industry. We seek to ensure that smallholders are dealt with fairly and transparently through the implementation of the sector guide.

CIMB Thai's Palm Oil Sector Guide applies to clients involved in palm plantations, as well as the manufacture of palm oil and its products.

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Illegal land conversion/ land use
- Use of fire for land clearing
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List

Requirements:

CIMB Thai requires clients to have in place the following:

- A No Deforestation, No Peat, and No Exploitation (NDPE) policy
- Planted areas certified under the RSPO or ISCC certification schemes
- Ability to demonstrate respect for human rights, including:
 - Establishing a human rights policy and publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
 - Establish traceability for external crop suppliers
 - Develop an assurance mechanisms to ensure that the crop is sourced legally
 - Publicly available policy aligned to NDPE commitments
 - Implement responsible palm oil sourcing policies and engage suppliers on NDPE
 - Sustainability implementation and action plans to be time-bound
- **On environmental risk:**
 - Monitor and report direct Greenhouse Gas (GHG) emissions and land use change emissions, and to have time-bound targets to reduce emissions
 - Adopt Best Management Practices (BMPs) for existing plantations on peat
 - Install methane capture or avoidance facilities for palm oil mills
- **On social risk:**
 - Address gender equality issues in relation to smallholders
 - Encourage smallholder participation in palm oil supply chains

Forestry

CIMB Thai supports sustainable forestry and encourages clients to adopt international best practices in forestry to conserve High Conservation Value forest landscapes and protect biodiversity.

CIMB Thai recognises that the forestry sector may create unintended sustainability impacts, including clearing of primary forests, loss of natural habitats for endangered species, mismanagement of forestry resources, impacts on water catchment areas, violations of local and indigenous community rights, and loss of forest resources. On the other hand, the contribution of the sector to economies across ASEAN is significant and CIMB Thai seeks to ensure that local and indigenous communities are not disadvantaged by the extraction of forest resources.

CIMB Thai's Forestry Sector Guide applies to clients involved in logging in natural forests and silviculture (forest plantations), including acacia plantations for pulp and paper industry, and rubber plantations.

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Exploration and production without licences from relevant authorities
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List.

Requirements:

CIMB Thai requires the following of clients in this sector:

- For logging in natural forests
 - Forest Managers to have a Forest Management Plan (FMP) or equivalent (as required by national law) within Royal Forest Department where the logging takes place
 - Forestry companies to operate by the FMP or equivalent
 - Forestry companies to conduct High Conservation Value (HCV) assessment and ensure that HCV are maintained or enhanced
- For operations in forest plantations
 - Implementation of a No Deforestation, No Peat, and No Exploitation (NDPE) policy
- All companies must be able to demonstrate respect for human rights, including:
 - Establishing a human rights policy and publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- Implementation of Forest Management Certifications through either the Forest Stewardship Council (FSC) or equivalent
- Participation in national FSC or Programme for the Endorsement of Forest Certification (PEFC) multi-stakeholder governance systems (or equivalent forest management initiatives)
- **On governance:**
 - Publish evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. Forest Management Plan, EIA/SIA report)
 - Develop and implement an internal anti-corruption compliance programme
- **On environmental risk:**
 - Forest manager/ forest plantation managers should respect relevant international treaties, including the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and International Tropical Timber Agreement (ITTA)
 - For natural forests and forest plantations, forest managers/ forest plantation managers should maintain and/or enhance HCV areas
 - **CIMB Thai strongly discourages** forest plantation conversion from High Carbon Stock (HCS) areas
- **On social risk:**
 - Companies to ensure their business operations meet key labour standards (i.e. International Labour Organization (ILO) Conventions)
 - Develop a strategy for community engagement, clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
 - Continuously engage with impacted communities such as to contribute to their social and economic development, provide opportunities for employment, training, and other services to local communities

Construction and Infrastructure

Construction, real estate and infrastructure development are important for the economic and social development of the ASEAN region where CIMB Thai operates. However, we recognise that the sector is exposed to a number of environmental and social risks, both as impacts arising directly or indirectly from industrial activities, as well as impacts that this sector is exposed to, such as physical climate risks.

CIMB Thai seeks to actively manage risks from construction, real estate and infrastructure development activities, especially those that are large-scale and may involve land use change. In addition, due to the large number of lower wage and migrant workers involved in this sector, human rights and labour issues

are a key area of focus, in addition to safety and health. We seek to ensure that our clients are not involved in egregious exploitative practices related to labour and local communities. Local and indigenous people's rights, as well as those of communities impacted by development projects, are expected to be respected. The risk management approach for construction and infrastructure seeks to ensure strong controls over environmental and social risks by our clients.

CIMB Thai's construction and infrastructure sector guide applies to clients involved in the following activities:

- Construction of infrastructure including roads, highways, bridges, railways, utility projects, airports, harbours and other civil engineering projects
- Construction of real estate developments
- Demolition
- Site preparation

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Illegal construction or development operations without licence/permit to operate
- Illegal logging
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List

Requirements:

CIMB Thai requires clients to have in place the following for all new and ongoing developments:

- Environmental Impact Assessment (EIA) (as required by national law) and Social Impact Assessment (SIA) (as required by national law)
- Environmental Management Plan covering key risks, mitigation, and monitoring process
- Occupational Health and Safety (OHS) Management Plan covering key risks, mitigation and monitoring process
- Ability to demonstrate respect for human rights, including:
 - Establishing a human rights policy and publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- Achievement of at least the minimum sustainability ratings (i.e. Bronze, Certified) of applicable national standards/ guidelines for the construction of property/ infrastructure industry (such as Green Building Index, Green Mark, LEED, BREEAM)
- Public commitment in the form of policies on material environmental and social issues (such as health and safety, energy consumption and biodiversity loss)

Oil & Gas

CIMB Thai recognises that the extraction, production and subsequent use of fossil fuels is a main cause of anthropogenic (man-made) carbon emissions globally, through the release of massive amounts of stored carbon into the atmosphere. However, the global economy is still heavily reliant on fossil fuels including for electricity generation, heating, transportation, and consumer products including plastics.

The oil and gas industry is exposed to environmental and social risks via potential direct and indirect impacts arising as a result of its industrial activities. At the same time, the sector is also exposed to risks and impacts from climate change, such as physical risks on operations and assets, as well as transition risks from developments such as carbon pricing, energy policies, and buyer preferences.

CIMB Thai seeks to ensure effective management of environmental and social risks in this sector, with particular focus on the upstream segment of oil and gas activities, and encourages clients to adopt internationally-recognised industry standards. We seek to minimise the impacts of oil and gas extraction through the implementation of environmental and social risk controls, such as health and safety controls.

CIMB Thai's oil and gas sector guide applies to clients involved in the following activities:

- Businesses and/or projects in the upstream² segment of the industry, and support activities for those businesses and/or projects
- Support activities in the upstream value chain of petroleum and natural gas production
- Pipelines for transportation of oil and gas

Note that CIMB Thai's requirements for manufacturing of refined petroleum and gas products, and distribution of gaseous fuels through mains, are covered in the Manufacturing Sector Guide.

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

²The International Energy Agency (IEA) defines "upstream" as exploration, appraisal (i.e. the process where wells are drilled so as to understand the potential of a hydrocarbon reservoir before commercial production), development and production activities pertaining to reserves of crude oil, natural gas liquids and condensates.

- Exploration and production without licenses from relevant authorities
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List

Requirements:

CIMB Thai requires clients to have in place the following:

- Environmental Impact Assessment (EIA) or equivalent (as required by national law)
- Social Impact Assessment (SIA) or equivalent (as required by national law)
- Occupational Health and Safety (OHS) Management Plan covering key risks, mitigation and monitoring process
- Ability to demonstrate respect for human rights, including:
 - Establishing a human rights policy or publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adhere to international industry standards such as:

- International Finance Corporation (IFC) guidelines for Liquefied Natural Gas (LNG) Facilities, Offshore Oil and Gas Development, and Onshore Oil and Gas Development
- International Petroleum Industry Environmental Conservation Association (IPIECA) environmental and social performance guidelines

In addition, CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
 - Development and implementation of an internal anti-corruption compliance programme
 - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan)
- **On environmental risk:**
 - Public commitment in the form of policies surrounding issues regarding climate change
 - Disclosure of chemical by-products that may arise from operations (e.g. fracking)
 - Reduction and eventual elimination of venting and routine flaring in accordance with the World Bank Zero Routine Flaring 2030 initiative

- **CIMB Thai strongly discourages** unconventional oil & gas³ projects including projects located in the Arctic region, ultra-deep water oil and gas with water depth greater than 5,000 feet, shale oil and gas, and extraction of tar sand
 - For Floating Production, Storage and Offloading (FPSO) and Floating Liquefied Natural Gas (FLNG) operations, management of marine risks in accordance with the International Association of Oil and Gas Producers' (IOGP) guidelines
- **On social risk:**
- Companies to ensure their business operations meet key labour standards i.e. International Labour Organization (ILO) Conventions
 - Development of a strategy for community engagement, clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
 - Achieve Free, Prior and Informed Consent (FPIC) for activities that may affect settlements of indigenous people

Coal

The coal power and mining sectors contribute to development in the ASEAN region. With sizeable coal reserves in various parts of the region, coal serves as an accessible energy option for increasing access to electricity for millions of underserved communities. Additionally, metallurgical coal is a critical input for industrial processes such as steelmaking.

However, coal mining and the combustion of coal for power generation (i.e. thermal coal) are recognised as exceptionally large sources of global carbon emissions. Therefore, we are currently encouraging existing power sector clients to diversify their sources of energy towards cleaner ones.

As per Intergovernmental Panel on Climate Change (IPCC) recommendations, coal must be phased out in developed countries by 2030 and globally by 2040⁴, in order to limit climate change to 1.5 degrees Celsius by 2100.

Since 2021, CIMB Thai in alignment with CIMB Group has ceased to provide new financing or capital raising for greenfield coal-fired power plants and thermal coal mining (as well as expansion) regardless

³ An umbrella term for oil and gas that is typically heavier and contains more carbon and sulphur. They may also contain more impurities that make them more difficult to reach and refine. Note that 'conventional' and 'unconventional' categories do not remain fixed, and overtime may evolve (source: S&P Global Corporate Sustainability Index for Dow Jones Sustainability Indices)

⁴ Global and regional coal phase-out requirements of the Paris Agreement: Insights from the IPCC Special Report on 1.5°C, IPCC, Sept 2019

of country of operation. We are committed to phase out coal exposure from our portfolio by 2040 in line with 1.5°C-consistent climate scenarios.

CIMB Thai's Coal Sector Guide applies to clients involved in the following activities:

- Mining of coal, including hard coal and lignite
- Coal-fired electric power generation, transmission and distribution
- Coal contractors

Note that CIMB Thai's requirements for manufacturing of coal and its products is covered in the Manufacturing Sector Guide. Shipping of coal, infrastructure built for coal including railway lines and trains, ships and barges used to transport coal, coal terminals, coal haulage companies and coal processing plants are subject to Enhanced Sustainability Due Diligence.

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Illegal coal mining operations without the necessary permits/ licenses to operate
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List

In addition, CIMB Thai prohibits any form of asset-level or general corporate financing, including project financing and capital raising, that is specified as being for:

- greenfield⁵ thermal coal mines and/or greenfield coal-fired power plant (CFPP) projects, as well as expansions⁶ in any location
- coal mining via Mountain Top Removal (MTR)

Requirements:

CIMB Thai requires the following of its clients:

- Clients that operate existing thermal coal mines and/or CFPPs are to have established an Environmental Impact Assessment (EIA) (as required by national law), Environmental Management

⁵ For the avoidance of doubt, greenfield refers to any thermal coal mines or CFPP projects that have yet to achieve their commercial operation date (COD)

⁶ Expansions are defined as follows:

- **Thermal coal mines**
 - Increase in the size of mining area; or
 - Lifetime extension of an existing mining permit; or
 - Acquisition of an existing thermal coal mine without any specified plan to close the mine by 2040
- **CFPPs**
 - Increase in total installed capacity of an existing CFPP; or
 - Increase in number of generating unit(s) at an existing CFPP site; or
 - Lifetime extension of an existing CFPP; or
 - Acquisition of an existing CFPP without any specified plan to close the purchased CFPP by 2040

Plan (EMP) and/or Environmental Monitoring Plan (EMoP) covering key risks, mitigation, and monitoring process

- Coal-fired power generation (CFPG) clients are to have established a time-bound diversification strategy to reduce the share of coal in their energy generation mix
- All clients are to demonstrate respect for human rights, including:
 - Establishing a human rights policy or publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **Coal Mining:**
 - Conduct an assessment to define whether the mining site is located in a Conflict Affected and/or High-Risk Area in accordance with the definition provided in the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
 - Where topsoil is pre-stripped, to store the topsoil for future site rehabilitation activities
 - Apply dust suppression techniques (e.g. wetting down) for roads and work areas, optimise traffic patterns and reduce travel speeds
 - Prepare emergency response plans for exploration and production activities
 - Assess the hazards of the products of mining according to the UN Globally Harmonised System of Hazard Classification and Labelling or equivalent relevant regulatory systems, and communicate through safety data sheets and labelling as appropriate
 - Strive to avoid resettlement. Where resettlement is unavoidable, it should be minimised, and appropriate measures taken to mitigate adverse impacts on displaced persons and host communities should be carefully planned, implemented, and compensated, with community participation
- **Coal-Fired Power Plants**
 - Prioritise the use of high-heat-content, low-ash, and low-sulfur coal
 - Install flue gas desulfurisation (FGD) for large boilers to prevent, minimise, and control SO₂ emissions
 - Adopt low NO_x burners and Selective Catalytic Reduction (SCR) to reduce NO_x emissions
 - Keep CO₂ emission intensity between 676-795 gCO₂/kWh-gross (based on ultra-supercritical plants that have 37.6 – 42.7% Net Plant Efficiency, Higher Heating Value)
 - Upgrade or retrofit low-efficiency plants with high-efficiency, low-emissions (HELE) technologies (e.g. ultra-supercritical technology, integrated gasification combined cycle)
- **Coal-Fired Power Generation**
 - Regularly monitor and disclose environmental and social data such as greenhouse gas emissions, water consumption, and occupational health and safety performance, in annual

reports or sustainability reports. Where possible, data collection and disclosure should be made in accordance with internationally-recognised methodologies such as the GHG Protocol, and Task Force on Climate-related Financial Disclosures (TCFD) recommendations

- Set clear targets for improving environmental and social performance, and in particular, greenhouse gas emissions

Mining and Quarrying

Mining and quarrying activities provide much of the raw materials that people and communities rely on in their daily lives, from copper for electric and electronic equipment and aluminium for cars, to rock phosphate for fertilisers and limestone for cement production.

However, mining and quarrying activities have the potential to cause significant irreversible negative environmental impacts including permanent change to landscapes, deforestation and subsequent loss of biodiversity, water and air pollution, and soil erosion amongst others. Mining also involves highly hazardous chemicals, and waste generated from mining activities could cause health concerns for workers and surrounding communities if not carefully managed.

CIMB Thai also recognises the social risks involved in mining and quarrying activities, such as health and safety risks and displacement of impacted communities when the Free, Prior, and Informed Consent principles (FPIC) are not respected by companies. CIMB Thai seeks to minimise the potential negative impacts of the mining and quarrying through encouraging the implementation of stringent environmental and social risk controls.

CIMB Thai's Mining and Quarrying Sector Guide applies to clients involved in the following activities:

- Mining and extraction of gold, tin, iron ores, uranium and thorium ores, and other non-ferrous metal ores
- Quarrying of stone, sand and clay
- Mining of chemical and fertiliser materials
- Extraction of peat and salt
- Other mining and quarrying activities not elsewhere classified
- Support activities for mining and quarrying (excluding oil and gas)

Mining of coal is excluded from this sector guide, and is instead covered under the Coal Sector Guide.

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Mining or quarrying activities including raw materials processing without licenses from relevant authorities

- Mining or quarrying activities that adversely affect UNESCO World Heritage Sites or national and/or international protected areas.
- Any activities as described in the CIMB Thai Exclusion List

Requirements:

CIMB Thai requires clients to have in place the following:

- Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) or equivalent (as required by national law)
- Environmental Management Plan (EMP) covering key risks, mitigation, and monitoring process
- Waste Management Plan covering safe handling, storage, and disposal of hazardous or radioactive waste materials. Where applicable, tailings management/storage facility, mine closure and decommissioning procedures are required
- Occupational Health and Safety (OHS) Management Plan covering key risks, mitigation and monitoring process
- Ability to demonstrate respect for human rights, including:
 - Establishing a human rights policy or publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adhere to international industry standards such as:

- Ensure conformity to the International Finance Corporation's (IFC's) Environmental, Health and Safety Guidelines for Mining.
- Adoption of International Council on Mining and Metals (ICMM) Mining Principles.

In addition, CIMB Thai seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
 - Public commitment in the form of policies surrounding issues regarding climate change including GHG emission reduction targets
 - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan)
 - A strategy for proactive community engagement (i.e. communication, education, participation & awareness (CEPA)), clarifying which stakeholders will be heard, how their views will be taken into account, and how competing interests will be balanced
- **On environmental risk:**
 - Progressive post-mining rehabilitation plans
 - Management plan on increasing the recovery, recycling and reuse of minerals, metals and mineral-based by-products

- Disclosure of hazardous and/or radioactive waste and by-products that may arise from operations
 - **CIMB Thai strongly discourages** mining and quarrying activities in areas of high biodiversity and/or High Conservation Value (HCV) and/or High Carbon Stock (HCS)
- **On social risk:**
- Companies to ensure their business operations meet key labour standards (i.e. International Labour Organization (ILO) Conventions)

Manufacturing

The manufacturing sector relies on a broad spectrum of inputs of raw materials and natural resources such as water, energy, agricultural and mining products. In ASEAN, the manufacturing sector is a key economic contributor that provides a large number of employment opportunities to the population.

However, unsustainable sourcing of raw material and inefficient use of natural resources have the potential to damage our natural ecosystems, and irresponsible management of waste including releasing of toxic gas or untreated effluent can cause serious contamination and public health concerns. Social risks also arise when workers' rights are not respected, with some segments of the manufacturing sector facing allegations of using child labour and forced labour, and practicing debt bondage.

CIMB Thai strives to mitigate the environmental and social risks in the manufacturing sector by defining minimum requirements while enabling transformation of our clients towards more sustainable practices such as adoption of circular economy practices, cleaner energy, and human rights policies.

CIMB Thai's Manufacturing Sector Guide applies to clients involved in manufacturing of the following:

- Products of gold, tin, coal, and iron ore
- Automotive and transport related goods
- Construction materials, including cement and steel
- Products of agriculture, including pulp and paper and rubber products
- Semi-conductor and computer-related goods, electrical and electronic equipment
- Machinery and equipment
- Chemicals
- Plastics
- Textiles, apparel and leather goods

Prohibitions:

CIMB Thai prohibits the financing of clients with proof of involvement in the following activities:

- Illegal manufacturing operations without the necessary permits/licenses to operate
- Manufacturing of products in breach of national consumer protection laws

- Manufacturing and distributing items that breach national laws
- Breaches of national labour laws and human trafficking laws, including companies directly involved in child labour, human trafficking, or breaches of labour laws and related regulations
- Any activities as described in the CIMB Thai Exclusion List

Requirements:

CIMB Thai requires the following of its clients:

- Commitment towards abiding by national Environmental Quality Management and Protection laws and regulations (as required by national laws)
- Waste Management Plan covering the safe handling, storage and disposal of solid waste, as well as liquid and gaseous discharge, abiding by relevant regulations
- Occupational Health and Safety (OHS) Management Plan covering key risks, mitigation and monitoring processes.
- Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) on activities (as required by national laws)
- Ability to demonstrate respect for human rights, including:
 - Establishing a human rights policy or publicly committing to respect human rights
 - Conducting human rights due diligence to identify and mitigate human rights risks
 - Developing a grievance mechanism which respects anonymity and prohibits reprisals

Encouragement:

CIMB Thai seeks to encourage clients to adhere to international industry standards such as:

- The International Finance Corporation's (IFC's) Environmental, Health, and Safety Guidelines for General Manufacturing and Chemicals

CIMB Thai also seeks to encourage clients to adopt better sustainability practices. These are highlighted below:

- **On governance:**
 - Development and implementation of a Sustainable Sourcing Policy
 - Adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
 - Publication of evidence that operations and business practices comply with all applicable local and international laws and regulations (e.g. EIA/SIA report, OHS Management Plan, Waste Management Plan, labour standards)
- **On environmental risk:**
 - Certification of products made for commercial distribution with credible eco-labels that comply with international standards, wherever possible (e.g. Forest Stewardship Council certification for paper products)
 - Implementation of an Environmental Management System which complies to global industry standards (e.g. ISO14001:2005)

- For clients in carbon-intensive sectors, to commit to a carbon emission reduction plan in line with the National Determined Commitments and the Paris Agreement, with credible time-bound targets set (e.g. reduction in GHG for scope 1, 2 and 3, Net Zero commitment by a target year, etc.)
 - For clients in the manufacturing of chemicals, to phase out the manufacturing of chemicals listed in Annex A of the Stockholm Convention and Annex III of the Rotterdam Convention
 - For clients in the manufacturing of plastics, to implement an Extended Producer Responsibility (EPR) scheme covering all plastics manufactured
 - **CIMB Thai strongly discourages** sourcing of raw materials, including pulp and paper, as well as metals and minerals, from areas of High Conservation Value (HCV) and/or High Carbon Stock (HCS)
- **On social risk:**
- Established mechanisms to manage stakeholders and resolution of complaints, according to the UN's Guiding Principles on Business and Human Rights
 - Adherence to standards of the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work

Additional Resources and Disclosures

CIMB Thai views its responsibility towards creating a more sustainable economy and future as a core priority, and has taken deliberate steps towards the implementation of its sustainability strategy and framework. As we mature in our sustainability thinking, we continue to deepen and broaden our implementation of sustainable finance safeguards and business strategies across the various countries we operate in.

In the near term, CIMB Thai is working towards further disclosures of portfolio-level risks in line with the Collective Commitment to Climate Action (CCCA) and Net Zero Banking Alliance (NZMA) commitments. Currently, we are evaluating methodologies for assessing portfolio risk whilst committing to specific targets. For example, phasing out coal from our financing exposure by 2040 in line with the 1.5-degree Celsius global climate goal.

CIMB Thai is also aligned with Task Force for Financial-related Disclosures (TCFD) recommendations to disclose climate-related financial information. We are currently exploring the potential impacts of climate change on our businesses and the sectors we are exposed to.

We continue to engage with sector experts and technical service providers in enhancing our risk identification and management processes. In parallel, we continue to evaluate opportunities to enable low-carbon growth through engagement with clients and with research bodies globally.

We aim to continually increase the level of transparency, disclosing more details on our targets for sustainability performance. We have identified key indicators to track our progress and strive to continue

improving on various aspects, including reducing carbon emissions, water and waste, engagement with clients, among others.

For more information on this and related topics, please refer to CIMB Thai's Annual Sustainability [Report](#) and the Sustainability section on our CIMB Thai [website](#).

