

ASEAN CATALYST



SUSTAINABILITY REPORT 2018



COMMITTED TO UNEP FI

The only ASEAN Banking Group to be a Founding Member to the UNEP FI's Principles for Responsible Banking.

PG 45



PROMOTED DIVERSITY

Listed on Thompson Reuters D&I Index among Top 100 most diverse and inclusive organisations globally.

PG 84




ADOPTED VBI PRINCIPLES

Integrated Bank Negara Malaysia's Value-based Intermediation (VBI) Principles into our key businesses and sustainability strategies.

PG 18





View our Annual Report, Accounts and other information about CIMB Group Holdings Berhad at

www.cimb.com



SUSTAINABILITY REPORT

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CIMB AT A GLANCE

(GRI: 102-16)

OUR PURPOSE STATEMENT

Advancing Customers and Society

We place our customers at the heart of everything we do.

The 4th Industrial Revolution is upon us and as we strive to be the disruptor and not the disrupted, we will not limit ourselves to the boundaries of banking as we know it today.

We advocate sustainable practices, both for ourselves as an organisation and our customers as we progress forward.

SUSTAINABILITY STATEMENT OF PURPOSE

As a leading universal bank and corporate citizen in ASEAN, we aim to integrate environmental, economic, and social (EES) considerations into our risk assessment and demonstrate sustainability leadership by investing resources and influencing our networks to ensure that our business activities have a net positive impact on our existing and future stakeholders over the long term.

'Banking for the Future' is our philosophy for taking a long-term view on business, to build a sustainable future for CIMB and our partners in growth, including our employees, customers and communities.

In 2018, we have integrated Sustainability as one of the strategic pivots of our FORWARD23 strategy. Our aspiration over the next 5 years is to become a visible 'shaper' of sustainability practices in the ASEAN community for strategic differentiation and future-proofing of the Group.

While Malaysia and Indonesia will lead the way, rest of our ASEAN champions will continue to contribute to the Group's overall financial and non-financial performance. By 2023, we will be targetting to emerge as one of the top 3 sustainable banking groups in ASEAN.

OUR VALUES



ENABLING PEOPLE

We empower and align our people to innovate and deliver value in their workplace as well as for the community they serve.



CUSTOMER-CENTRIC

We exist to serve our customers and we sell products and services that our customers understand and value.



INTEGRITY

We are honest, respectful and professional in everything we do because integrity is the founding value of CIMB Group.



STRENGTH IN DIVERSITY

We have respect for different cultures, we value varied perspectives and we recognise diversity as a source of strength.



HIGH PERFORMANCE

We work hard and we work strategically for customers, staff and other stakeholders.



THE CIMB GROUP PROFILE

(GRI: 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8)

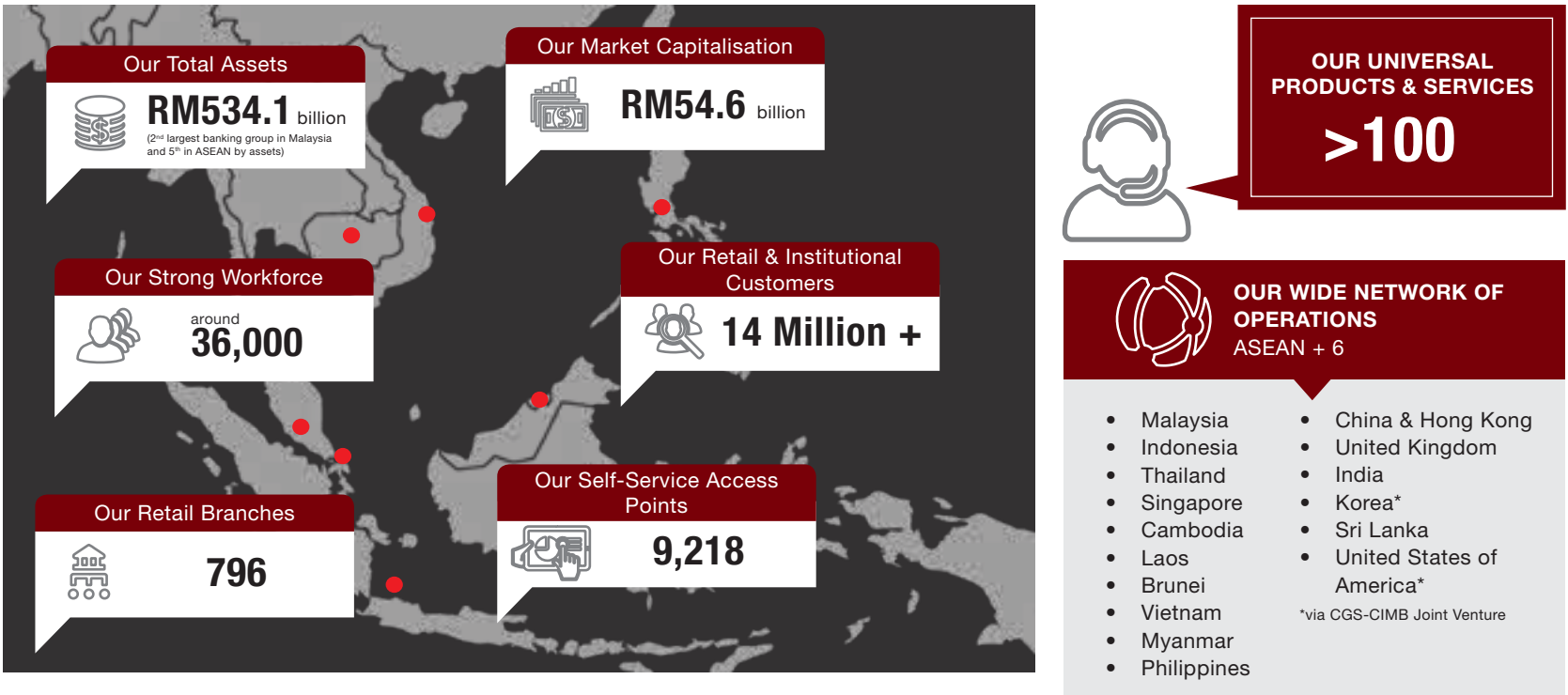
CIMB Group is a leading ASEAN universal bank and one of the region's foremost corporate advisors. It is also a world leader in Islamic finance.

The Group is headquartered in Kuala Lumpur, Malaysia, and offers consumer banking, commercial banking, investment banking, Islamic banking and asset management products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2018, had around 36,000 staff and around 14 million customers.

CIMB Group Holdings Berhad has been listed on the Main Market of Bursa Malaysia since 1987 and has market capitalisation of RM54.6 billion as at 31 December 2018. Total assets at the end of 2018 were RM534.1 billion, with total shareholders' funds of RM51.4 billion and total Islamic assets of RM121.1 billion. At the end of 2018, the substantial shareholders were Khazanah Nasional Berhad with 26.80%, Employees Provident Fund with 14.16% and Kumpulan Wang Persaraan (Diperbadankan) with 6.84%.

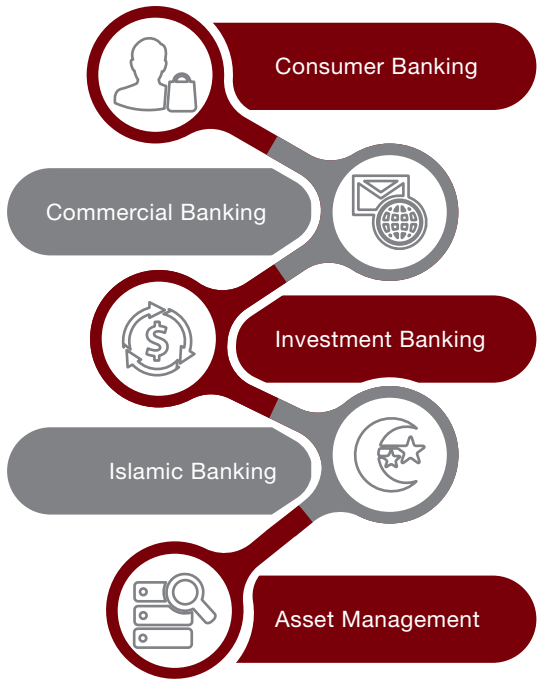
KEY BUSINESS UNITS AND ENTITIES

CIMB BANK	CIMB NIAGA	CIMB INVESTMENT BANK	CIMB THAI BANK	CIMB ISLAMIC	CIMB BANK PLC	CIMB VIETNAM
<p>CIMB Bank* is the Group's commercial bank in Malaysia with 259 branches across the country. It has subsidiaries in Thailand, Cambodia and Vietnam, as well as branches in Singapore, Philippines, London, Hong Kong, Shanghai and Laos and representative offices in Yangon and Mumbai.</p> <p>* The scope and boundary of this report mainly covers CIMB Bank Berhad. In 2018, there were no significant changes to the organisation's size, structure, ownership, or supply chain.</p>	<p>CIMB Niaga is the Group's banking franchise in Indonesia with 430 branches across the archipelago. It has been listed on the Indonesia Stock Exchange since 1989 and is the sixth largest bank in Indonesia by assets at the end of 2018.</p>	<p>CIMB is the Group's investment banking franchise which operates in 16 countries across Asia Pacific. CGS-CIMB Securities, a joint-venture with China Galaxy International, is the stockbroking arm for the Group providing institutional and retail equity broking services and equities research.</p>	<p>CIMB Thai is the Group's banking franchise in Thailand. It has been listed on the Stock Exchange of Thailand and is the 8th largest commercial bank in Thailand by assets, with 85 branches nationwide and 1 overseas branch in Vientiane, Laos.</p>	<p>CIMB Islamic is the Group's Islamic banking and financial services franchise, with an extensive suite of innovative Shariah-compliant products and services. It operates in parallel with the Group's universal banking platform.</p>	<p>CIMB Cambodia is the Group's banking franchise in Cambodia, with 13 branches across the country. It offers a wide range of banking products and services for individuals, businesses and corporates.</p>	<p>CIMB Bank (Vietnam) Limited is the Group's banking franchise in Vietnam. Headquartered in Hanoi and with a branch in Ho Chi Minh City, it offers a wide range of banking products and services for individuals, businesses and corporates.</p>



OUR CORE SOLUTIONS

Our key products and solutions are designed to meet specific needs and challenges of our retail and institutional customers. We continuously seek their feedback to innovate our products and services in keeping with the dynamic market environment and evolving customer needs.



OUR HEADQUARTERS

MENARA CIMB
Jalan Stesen Sentral 2
Kuala Lumpur Sentral, 50740
Kuala Lumpur, Malaysia

OUR FOOTPRINT

Our presence in ASEAN + 6 countries gives us an advantage in terms of access to wide-network of customers and strategic partners for consistent and sustainable growth year-on-year.

OPERATING INCOME (GROUP)	
Profit Before Taxation	Net Profit
RM7.2 billion	RM5.6 billion

Last 5-Year Dividend Per Share (Sen)				
15.0	14.0	22.0	25.0	25.0
2014	2015	2016	2017	2018

ABOUT CIMB SUSTAINABILITY REPORT 2018

(GRI: 102-10, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-49, 102-50, 102-51, 102-52, 102-54)

“At CIMB, we place high emphasis on value creation, which requires a delicate balancing of the long-term interests of our people, planet and profitability.”

The CIMB Sustainability Report (previously published as CIMB Citizenship Report) speaks of our commitment as a leading ASEAN bank to create long-term value for both the industry as well as our stakeholders. This year's Report is a key milestone in itself as it documents our first few achievements, to include development of key sustainability policies as well as the framing of CIMB Sustainability Roadmap 2023.

The Report presents our clear direction, key areas of focus, major considerations, the governance, our motivation and overall view on sustainable finance and sustainable development.

This Report reflects and reinforces our sincere and serious efforts towards managing our Economic, Environmental and Social (EES) risks and opportunities to create net positive impact. Our attempt has been to maintain a degree of transparency in sharing relevant information and useful data, especially in relation to our corporate citizenship. Therefore, the Report also serves as a key reference document for our multiple internal and external stakeholders, who may be interested to understand our near-term strategies and long-term approaches to sustainability.

In 2018, we received a commendation for best disclosures on CIMB Niaga at the 13th Sustainability Reporting Awards (SRA) 2017. We also received a gold rank at the Asia Sustainability Reporting Rating (ASR Rating) 2018, both conferred by the National Centre for Sustainability Reporting, Indonesia, which reinforces our commitment to reporting quality.

SCOPE OF REPORTING

The CIMB Sustainability Report 2018 is our sustainability narrative for CIMB Group of Companies across ASEAN. This year, we have expanded the scope of reporting to include various strategies, initiatives and programmes that were implemented in Malaysia and selected developments in Indonesia, Singapore and Thailand (MIST).

CIMB continues to use the Global Reporting Initiative (GRI) framework for reporting and in 2018, the report has been prepared “In Accordance” with GRI Standards: Core Option. For easy reference to GRI Standards that we have documented in this report, we have included a GRI Content Index on pages 131 to 138 of this report.

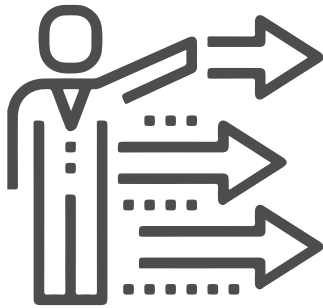
The scope for CIMB Sustainability Report 2018 and the GRI Index includes information for the period 1 January 2018 to 31 December 2018, mainly for CIMB Bank Berhad unless specified otherwise. All quantitative and qualitative data for indicators is disclosed where possible, with 2017 or 2018 as the baseline year for comparability of data, highlighting trends and showing progress. The last report was published in March 2018 for the period 1 January 2017 to 31 December 2017.

In documenting this report, we have applied the following principles:

SUSTAINABILITY CONTEXT

We have achieved some level of alignment between our sustainability aspirations and the global UN Sustainable Development Goals (SDGs) as well as the key national priorities. For instance, in Malaysia, we aligned our sustainability strategies with the inclusive development agenda set-out in the National Development Plans. These are further narrowed down for relevance and importance based on our business strategies, organisational focus and growth agenda.

OUR TRIPLE-FILTER ALIGNMENT APPROACH



Our Long-Term Objective

While our primary measure of business success is to deliver shareholder value, our equal responsibility is towards our other multiple stakeholders. We are committed to creating a better future for them, by ensuring a net positive economic, environmental and social impact.

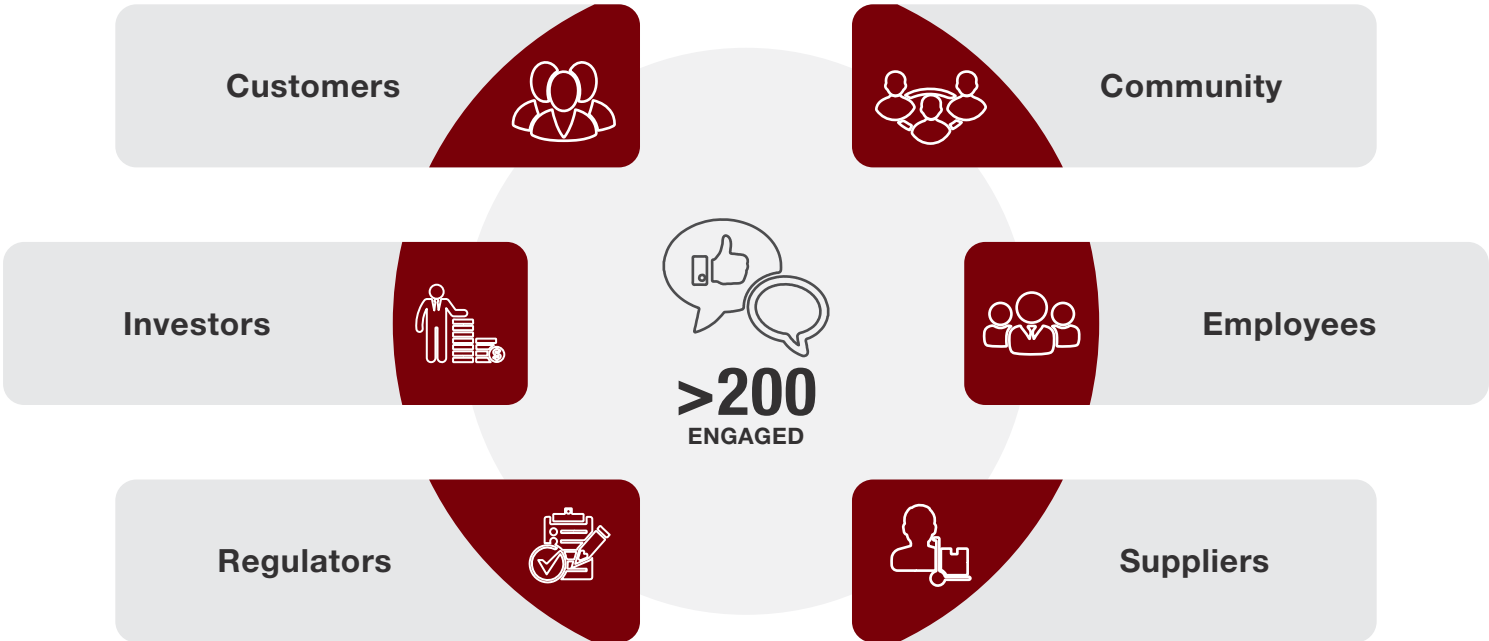
STAKEHOLDER INCLUSIVENESS

We have institutionalised a mechanism to proactively engage, consult, and partner with our priority stakeholders in planning and implementing our 5-Year Sustainability Roadmap.

We have committed to use our existing relationships to influence our ASEAN-wide network of stakeholders to adopt and integrate sustainable business practices. Our basis for selecting the most critical stakeholders is to consider three factors: stakeholders’ influence on our business, interactions, reputation; the degree or level of our dependency on various stakeholders to further their interests as well as our business; stakeholders who share common business and community interests and aspirations or their representativeness.

STAKEHOLDER ENGAGEMENT

We engaged various stakeholder groups to understand specific Sustainability issues relevant to them



- 1**













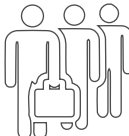














Source stakeholder data from multiple internal sources and stakeholder touchpoints, including bank branches, surveys, townhalls, review meetings, briefing sessions etc.
- 2**













Seek stakeholder feedback through proactive biennial engagement via focus groups, in-depth interviews, and surveys.
- 3**

Review our current portfolio and sectoral focus to better understand our ability to create direct and indirect impact, both by way of reducing negative impact and creating positive impact.

About CIMB Sustainability Report 2018

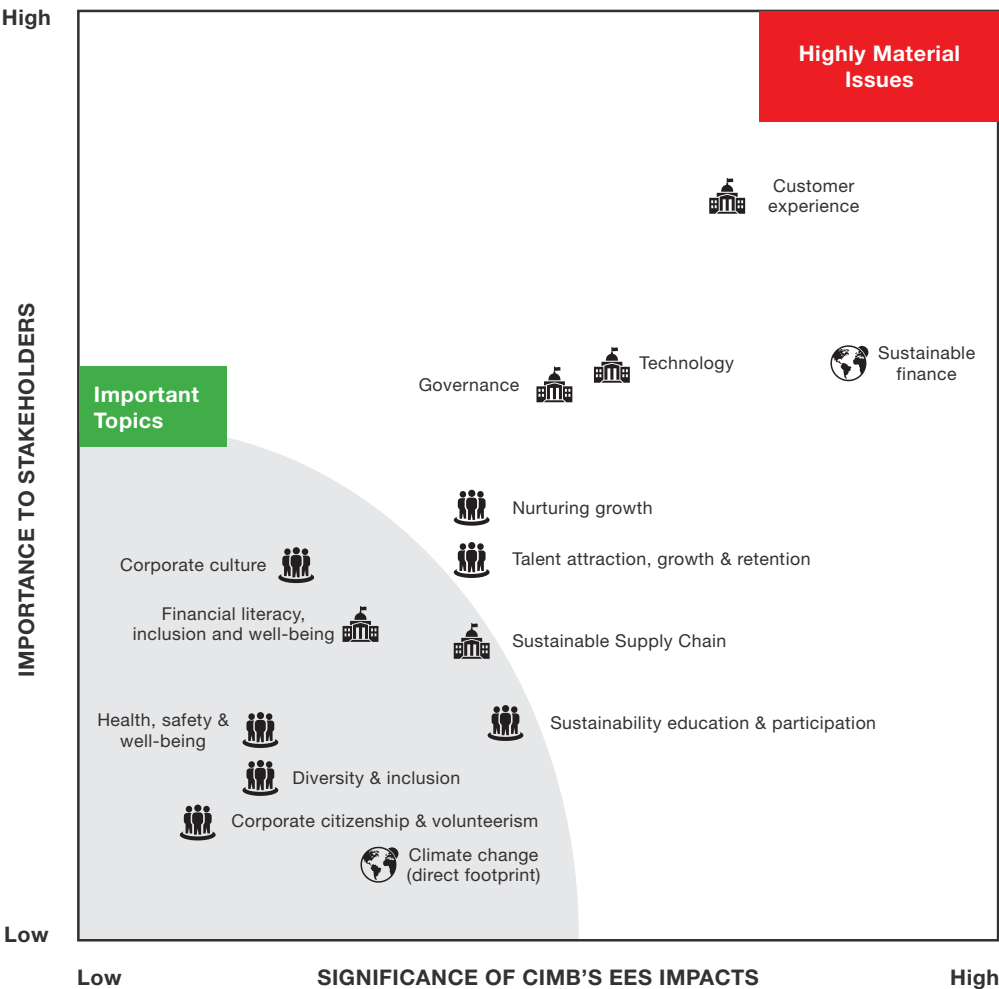
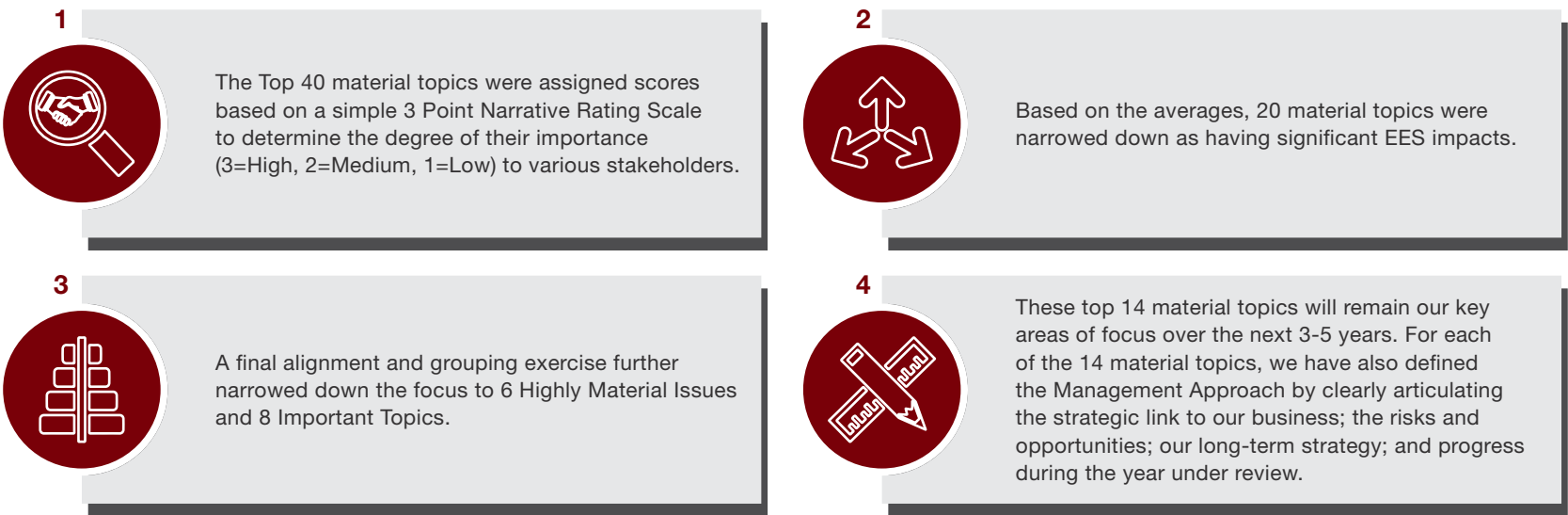
In the table below, we have listed our most critical stakeholders, the various platforms we use to bridge and strengthen our relationships, and some of the key topics that interest our stakeholders.

<div>Economic</div> <div>Environmental</div> <div>Social</div>			Topics of Interest	
<div></div> <div>Customers</div> <div><div>Basis for Selection</div><div><ul style="list-style-type: none">DependencyInfluence</div></div>	<div></div> <div>Banking distribution channels (Ongoing)</div>	<div></div> <div>Call centres (Ongoing)</div>	<div></div> <div>Feedback forms and surveys (Annual)</div>	<div><ul style="list-style-type: none">Consistent & Superior Customer ExperienceEnhanced Digital ServicesFinancial EducationFinancial InclusionGreen Education and Participation</div>
	<div></div> <div>Social media (Ongoing)</div>	<div></div> <div>Seminars & Conferences (Quarterly)</div>	<div></div> <div>Complaints and feedback mechanism at branches (Ongoing)</div>	
	Frequency of Engagement – Daily			
<div></div> <div>Clients</div> <div>Corporate/Commercial</div> <div><div>Basis for Selection</div><div><ul style="list-style-type: none">DependencyImpact</div></div>	<div></div> <div>Banking distribution channels (Ongoing)</div>	<div></div> <div>Call centres (Ongoing)</div>		<div><ul style="list-style-type: none">Access to financeFavourable lending termsCustomer experience</div>
	<div></div> <div>Seminars & Conferences (Quarterly)</div>	<div></div> <div>Meetings (Ongoing)</div>		
	Frequency of Engagement – Daily			
<div></div> <div>Employees</div> <div><div>Basis for Selection</div><div><ul style="list-style-type: none">DependencyInfluence</div></div>	<div></div> <div>Townhalls</div>	<div></div> <div>Tuesday Chats</div>	<div></div> <div>Beyond 2018 Conversations</div>	<div><ul style="list-style-type: none">Leadership by Example - Corporate Values and CultureFair Remuneration and BenefitsGrievance MechanismsFinancial LiteracyTalent Development and Talent MobilitySustainability</div>
	<div></div> <div>Department meetings</div>	<div></div> <div>Feedback surveys</div>	<div></div> <div>Community events</div>	
	<div></div> <div>Intranet/Newsletter/ Internal Communications</div>	<div></div> <div>Complaints and feedback mechanism in offices</div>	<div></div> <div>Focus Groups</div>	
	Frequency of Engagement – Daily			
<div></div> <div>Suppliers</div> <div><div>Basis for Selection</div><div><ul style="list-style-type: none">Dependency</div></div>	<div></div> <div>Procurement process</div>	<div></div> <div>Community events</div>		<div><ul style="list-style-type: none">Partnerships for GrowthFair Remuneration and Payment TermsGrievance MechanismsFinancial LiteracyCommunity Development</div>
	<div></div> <div>Performance evaluation</div>	<div></div> <div>Focus Groups</div>		
	Frequency of Engagement – Monthly			

			Topics of Interest
 Government and Regulators Basis for Selection <ul style="list-style-type: none"> • Dependency • Influence 	 Meetings	 Seminars	<ul style="list-style-type: none"> • Sustainable Supply Chain • Sustainability Education and Awareness • Sustainable Finance • Financial Inclusion • Quality EES Reporting/Communication • Value-based Intermediation • Customer Experience • Treating Customers Fairly • Talent Development • Climate Change
	 Other forms of communication	 Interviews	
	Frequency of Engagement – Quarterly		
 Community/NGOs/ Civil Society Basis for Selection <ul style="list-style-type: none"> • Dependency • Influence 	 Community partnerships and investments, including donations	 Social Media	<ul style="list-style-type: none"> • Partnerships for Growth • Financial Inclusion • Volunteerism • Financial Literacy • Community Development • Climate Change
		 Focus Groups	
	Frequency of Engagement – Daily		
 Investors Basis for Selection <ul style="list-style-type: none"> • Influence 	 Briefings	 Meetings	<ul style="list-style-type: none"> • Sustainable Finance • Sustainable Supply Chain Practices • Quality ESG Reporting/Communication
	Frequency of Engagement – Quarterly, Annual		

MATERIALITY & PRIORITISATION

- Materiality:** In 2018, we planned an in-depth stakeholder engagement and materiality assessment exercise through focus groups, one-on-one interviews and online survey. Based on our analysis of the output (in terms of quantitative and qualitative data), as well as re-ranking of the material topics determined in 2016 and 2017 by the stakeholders, we identified 40 material topics. We narrowed them by grouping material topics based on their expected impact, either through our operations, clients or other business relations.
- Prioritisation:** To address the material topics strategically, we have set priorities over a 3-5-year term, based on our current performance on leading market indices, material relevance to stakeholders, as well as our influence on stakeholders’ assessments and decisions.



List of 6 Highly Material Issues:

- 1 Customer experience
- 2 Sustainable finance
- 3 Technology
- 4 Governance
- 5 Nurturing growth
- 6 Talent attraction, growth & retention

List of 8 Important Topics:

- 1 Sustainable Supply Chain
- 2 Sustainability education & participation
- 3 Corporate culture
- 4 Financial literacy, inclusion and well-being
- 5 Health, safety & well-being
- 6 Diversity & inclusion
- 7 Corporate citizenship & volunteerism
- 8 Climate change (direct footprint)

TARGET-SETTING

In consultation with the Board and Group Management Committee, we have decided to embark on a five-year roadmap to implement our first round of sustainability embedment. We believe it is extremely important to take a multi-pronged approach to target-setting, to ensure it is scientific, measurable, and meaningful for both the organisation and its critical stakeholders, including investors.

We are currently in the process of evaluating various methodologies for target-setting, to include a systemic approach, where direct results or impact can be achieved from improvements in related areas of sustainability. While we are aiming to set specific KPIs and targets over the next two years, our aspiration is to progressively demonstrate sustainability leadership across our ASEAN footprint.



Completeness: We underwent many deliberations to improve the level of transparency and accountability across various functions of the Group, which in turn will enable us to improve the quality of our reporting, in terms of balance, integrity, and meaningful progress.

INDEPENDENT ASSURANCE

(GRI: 102-56)

This report has been studied by UN Global Compact Network Malaysia to review our approach to mapping sustainability commitments to UN Sustainable Development Goals. We are targeting to undertake independent assurance for our sustainability report in 2019.

POINT OF CONTACT

(GRI: 102-53)



Our Sustainability agenda rests on our corporate conscience, which allows us to reflect on the impact of our decisions and our business activities on the society and our multiple stakeholders. This in itself instills a sense of responsibility in all of us at CIMB, driving our actions and behaviour. Our stakeholders therefore are assured of their best interests in dealing and partnering with CIMB, as we continuously deliberate on their issues to improve our solutions.

However, we continuously seek to improve the quality of our reporting and hence, we welcome all feedback, ideas, and questions on CIMB Sustainability Report 2018. Please contact us at:

Contact Person Details:
Luanne Sieh
Head, Group Sustainability
sustainability@cimb.com

HQ ADDRESS:

CIMB Bank Berhad
Menara CIMB,
Jalan Stesen Sentral 2,
Kuala Lumpur Sentral,
Kuala Lumpur

Statement from Group CEO

(GRI: 102-14)



“CIMB has always emphasised value creation which requires a delicate balancing of the long-term interests of our people, planet and profitability. To that end, we are pleased to commit to the UNEP FI objectives to champion responsible banking and help transform global banking practices. We firmly believe that as an industry that plays an instrumental role in economic growth and global trade, banks can be a powerful force for change to create a huge positive impact not just economically, but also socially and environmentally.”

“10
IN REVIEW
10

Overall, the banking sector continued to be resilient, underpinned by stable net interest margins with better managed capital and credit-cost. In 2018, while we maintained our healthy growth numbers, we saw a shift in our shareholders' predisposition towards profitability. Their idea of determining the real cost of capital and tangible benefits of sustainability were also top of our Board's agenda this year. There were deliberations on what 'banking of the future' would look like, with financial solutions and investment decisions designed based on true cost and benefits to

A portrait of Tengku Dato' Sri Zafrul Tengku Abdul Aziz, a middle-aged man with short grey hair and glasses, smiling. He is wearing a light blue patterned blazer over a white shirt. His arms are crossed. The background is a dark, textured wall with a window showing a building exterior on the left.

Tengku Dato' Sri Zafrul Tengku Abdul Aziz
Group Chief Executive Officer

business and stakeholders. We believe that regional banking groups such as CIMB have a greater responsibility to lead the industry towards developing a more robust system to evaluate the ramifications of unsustainable activities that (over a period) will threaten financial stability of banks and markets. If banks could start purposeful discussions in this area, we are confident that over the next decade, there will be a new paradigm for banking, enabled by not just fiscal and regulatory factors, but also sustainability considerations.

While this remains our long-term aspiration, during the year under review, we focused our efforts to identify voluntary mechanisms such as the United Nations Environment Programme Finance Initiative (UNEP FI), and Bank Negara Malaysia's Value-based Intermediation (VBI) in addition to various market indices such as the Dow Jones Sustainability Index. We were also accepted on Thompson Reuters D&I Index Ranking and became the ONLY ASEAN Bank listed on 2018 Top 100 Most Diverse & Inclusive organisations globally. These will go a long way into embedding sustainability principles into our business model.



We are the first and only ASEAN banking group to support the UNEP FI in framing the Principles for Responsible Banking, in addition to our contributions to promote VBI principles as a global leader in Islamic Finance. These reinforce our commitment to embrace sustainability within the Group. What we would like to catalyse over the next 5 years is increased awareness of sustainability principles and sustainable development amongst CIMB's network of stakeholders and the industry as a whole. Our target will be to create value for each of these stakeholders in the form of positive environmental, economic and social impacts.

During the year under review, we rolled-out the CIMB Group Sustainability Roadmap 2023, which outlines our broad strategies to address the top material issues that are important to our stakeholders. This roadmap has been developed as an integral part of our Forward23 Business Strategy. The Board has also endorsed our sustainability governance framework, Group Sustainability Policy, Group Sustainable Financing Policy and Sustainable Procurement Guidelines amongst others. These tools will not only empower #teamCIMB to confidently embark on our 5-year sustainability journey, but will also help us meet our purpose with transparency and accountability through measurable outcomes.

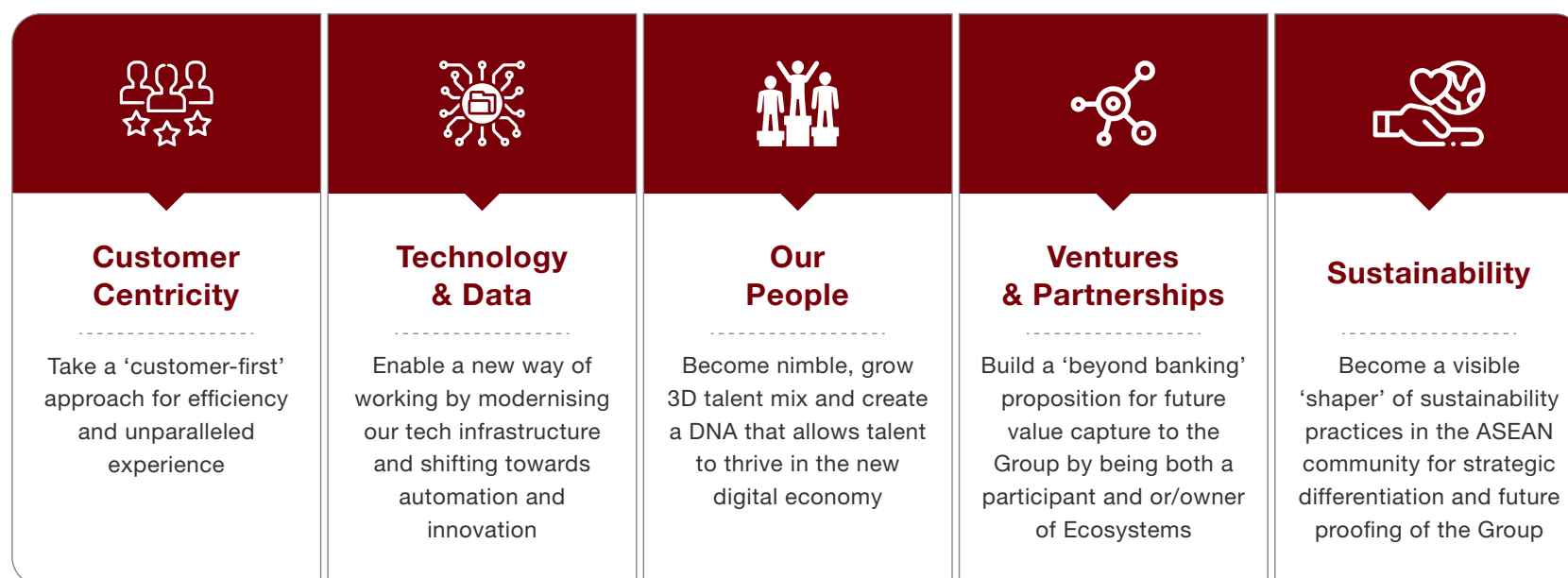
On this path of responsible banking, we strongly believe that our people will be instrumental in bringing about a change in mindset and behaviour, internally and externally. This will be extremely critical for us to raise awareness to our ASEAN-wide stakeholders, who could also be inspired to join our journey in furthering sustainable development.

In 2018, we identified close to 100 champions across the Group, which includes representation from Malaysia, Indonesia, Singapore and Thailand who will not only trigger meaningful discussions on sustainability issues concerning the workplace and marketplace, but also initiate projects for long-term solutions.

84% of our employees believe that **CIMB Group's sustainability mission will create significant economic, environmental, and social impact.**

Our internal efforts, led by our people, will also be translated into 'external' value for our customers and business partners. During the year, we introduced preferential rates for new hybrid car customers and special mortgage pricing for certified Green Buildings (residential projects). We financed the International School Kuala Lumpur's 'green' facility, which is the first Malaysian school designed to achieve platinum Green Building Index (GBI) status based on environmentally sustainable concepts. We have also issued Republic of Indonesia's (ROI) Trust Certificates ("Wakala Sukuk") from its recently upsized programme of USD25.0 billion. The Sukuk issuance, comprising a 5-year Green tranche and a 10-year tranche, is the ninth USD Sukuk issuance by the ROI. The 5-year tranche also represents the world's first sovereign Green Sukuk issuance. These initiatives send a strong signal that we will increasingly support and introduce innovative financing schemes to encourage practices and projects that foster sustainable development.

OUR STRATEGIC PIVOTS



In addition to facilitating our customers and communities to be responsible citizens, we also focused on enhancing the workplace environment to raise engagement with the staff. We continued enhancing our Workplace Wellness @ CIMB programme and in 2018, we launched a 3-month pilot initiative, whereby we provided physical training and health talks to #teamCIMB. In addition to our one-month paternity leave for first-time fathers announced in 2017, we recently enhanced our benefits by introducing six-month paid maternity leave for first-time mothers. CIMB also announced flexible work arrangements for all Malaysian staff and launched our 3D (Digital, Data, Disruption) Awareness Series to enable #teamCIMB to learn in-demand skillsets and future-proof themselves. During the year under review, we engaged #teamCIMB to hear their thoughts on the future and to assist in the formulation of our new five-year transformation strategy, Forward23.

Further to our commitment to pledge one percent of our Profit before Tax (PBT) towards CSR initiatives, we utilised RM42.2 million in the year under review. The first allocation was deployed to support flagship programmes such as CIMB Foundation's Be\$MART, the financial literacy programme, the CIMB Junior Squash Development programme and regionalising Community Link, amongst others. We also initiated discussions with the Board and Management of the Foundation to align the definition of CSR with relevant UN Sustainable Development Goals (SDGs), national priorities and organisation focus, to support the Group's policies and programmes towards managing environmental, economic, and social impacts. We will continue to map and measure the outcomes in order to meet the needs of our customers, suppliers, shareholders, employees, regulators and the government. 'CSR ReFramed' is an exercise that will contribute to creating greater value for the society and catalyse its transition towards a more sustainable future.

Overall, to measure our sustainability performance during the year, we have benchmarked against specific indicators of UN SDGs; the inclusive agenda of the 11th Malaysia Plan; and top material matters as well as CIMB Group's Forward23 sustainability measures. We also take pride in our early efforts to benchmark our performance with the draft UNEP FI's Principles for Responsible Banking, which are expected to be finalised in 2019.

Before I end, I would like to thank all our Board Members, trustees of CIMB Foundation, our CSR partners, management of CIMB and #teamCIMB for building resilient communities, protecting the environment and helping to improve the financial landscape. I would also like to express my gratitude to the Chairman and CEO of CIMB Foundation, for their continuous support of CIMB Group's sustainability efforts.

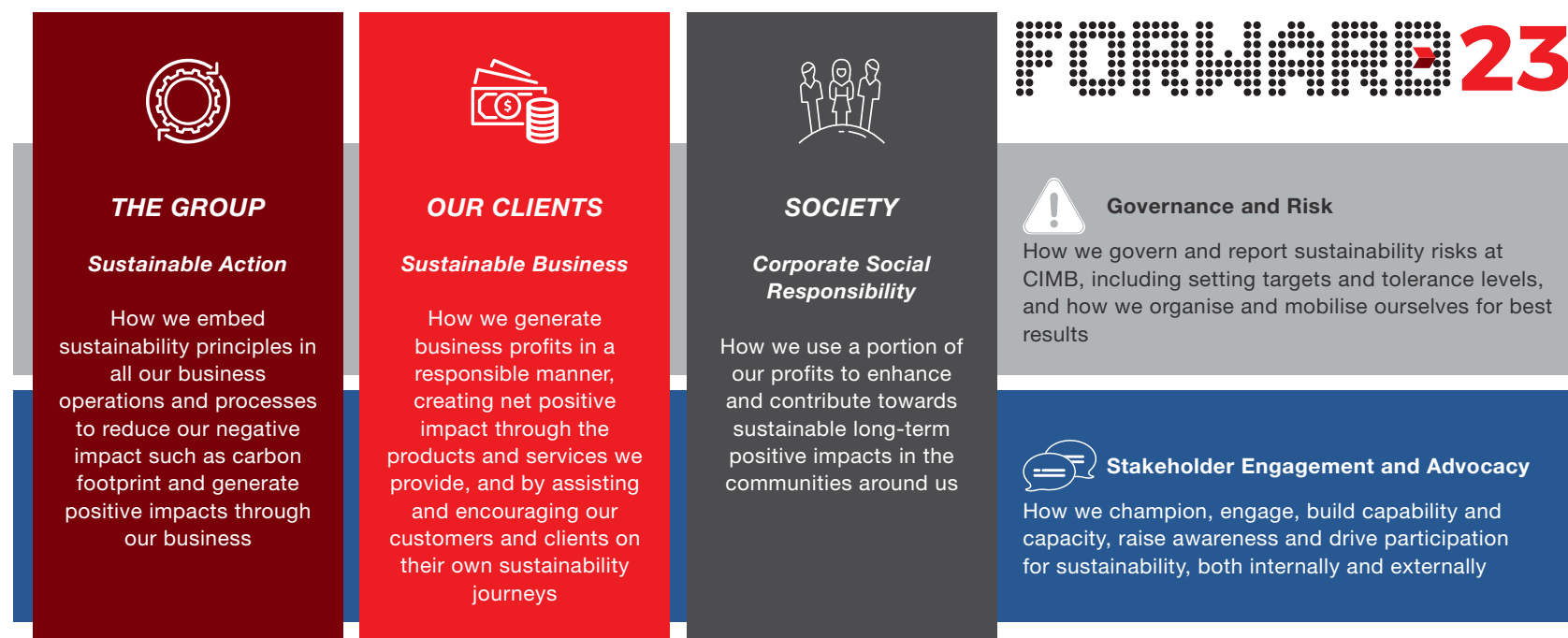


Tengku Zafrul Aziz
Group Chief Executive Officer
CIMB Group

SUSTAINABILITY @ CIMB GROUP

SUSTAINABILITY ROADMAP 2023

In alignment with the Group's business strategy, the **Sustainability Roadmap 2023** focuses on five areas as per the figure below:



OUR PHILOSOPHY: BANKING FOR THE FUTURE

The United Nations' Our Common Future, also known as the "Brundtland Report", defines Sustainability as "...meeting the needs of the present without compromising the ability of future generations to meet their own."

We strongly believe that Sustainability can help future-proof our people and business by mitigating the risk of 'short-term' strategies and approaches. Therefore, our philosophy for business goes beyond profits.

With a rich legacy of over 4 decades, CIMB Group continues to be a progressive financial institution, always looking forward to meet the present and future needs of the society, and the nation. Our core business of banking aspires to fulfil the promise of a better future – where financial inclusion empowers people and businesses; spurs economic growth; and reduces social inequalities. With sustainable banking practices, we operate to achieve growth that is meaningful for everyone who shares this vision.

Our promise of a better future inspires us to optimise our capabilities, resources, and influence for creating positive economic, environmental and social impact.

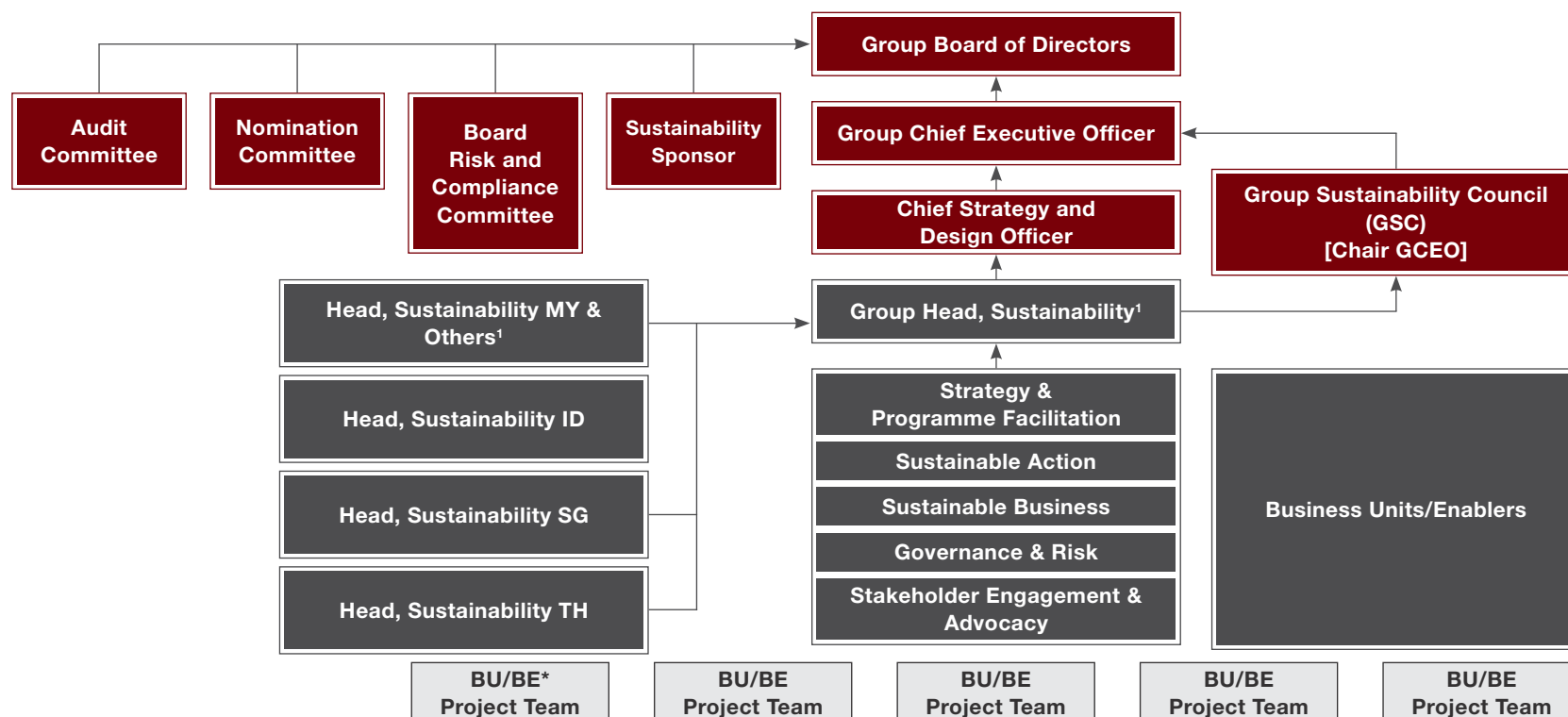
SUSTAINABILITY OPERATING MODEL

(GRI: 102-18)

Taking the lead from Islamic Banking, where sustainability was understood and implemented in the context of VBI and shariah principles, in 2018, we elevated the sustainability agenda to the Group-level, to cover not just Islamic, but all businesses in all our key operating markets.

We worked with the CEO's Office and with the support of the Group Management Committee as well as the Board to institutionalise a Target Operating Model for Sustainability at CIMB Group. This was one of the key outcomes from our accelerated efforts in 2018 to devise foundational policies and plans to execute our 2023 roadmap at scale.

SUSTAINABILITY OPERATING MODEL



¹ The Group Head of Sustainability also fulfils the role of Head of Sustainability for Malaysia and other countries.

* BU = Business Unit; BE = Business Enabler

THE NEW SUSTAINABILITY OPERATING MODEL NOW CONSISTS OF THREE KEY LAYERS:

1

Governance

Chaired by the Group Chief Executive Officer, the Group Sustainability Council or GSC is represented by 18 senior members and permanent invitees from all business and functional units within CIMB Group, across all key legal entities and geographies.

GSC's key responsibilities are to:

- 1 formulate and drive CIMB's Group Sustainability vision and strategies;
- 2 oversee the Sustainability risk profile of the Group's business activities and to ensure the implementation of appropriate policies, procedures, and controls;
- 3 champion the embedment of Sustainability principles into CIMB's DNA and culture; and
- 4 provide strategic guidance on the development and implementation of group-wide Sustainability key performance frameworks.

The GSC also provides strategic oversight of Sustainability and VBI reporting, both internally and externally. GSC reports to the Group Chief Executive Officer, with oversight from the Group Board of Directors.

2

Support

Group Sustainability takes the lead role, with responsibility for:

Strategy and Programme Facilitation

The strategy and programme facilitation team manages and drives the development and implementation of CIMB's Group's overall sustainability framework, strategy and roadmap across MIST. The team also provides the secretariat function for GSC, and is responsible for overall programme governance and reporting to the Transformation Council under Forward23.

Sustainable Action

The key focus of this pillar is to embed sustainability practices in our operations and processes group-wide. Our key priorities in the next 5 years, include managing our direct environmental footprint, identifying climate risks and opportunities, taking measures to improve diversity, inclusion and well-being as well as working towards implementing a sustainable supply chain.

Sustainable Business

Sustainable business includes our efforts centred around how the Group generates profits in a responsible manner, creating net positive impact through our products and services. As part of this, the team is tasked with the development and implementation of the Group's Sustainable Financing Policy and development of the Responsible Banking framework, which defines what the Group considers as Green and/or Responsible Banking practices (including products and services).

Governance and Risk

The development and implementation of the Group's Sustainability Policy is under the purview of the Governance and Risk pillar. Aside from the policy, initiatives under Governance and Risk includes the respective set-up of sustainability function outside of our home market; incorporation of sustainability within Board and Management Committees (where applicable); strengthening of Business Ethics; and embedding sustainability into CIMB's DNA through culture transformation and institutionalisation of targets and KPIs.

Stakeholder Engagement and Advocacy

This pillar relates to our engagement with key external and internal stakeholders to promote our sustainability agenda as well as the Principles for Responsible Banking. Our key priorities for the next 5 years include our efforts in raising awareness on sustainability within CIMB, encouraging employee volunteerism and participation in sustainability initiatives, as well as collaborating with our external stakeholders in sustainability.

The Group Sustainability department also collaborates closely with various functions across the group regionally to deliver sustainability objectives. Key partners include CIMB Foundation and Corporate Responsibility, Business Units, Learning and Development, Marketing and Communications, Human Resources, Risk Management, Administration and Procurement, and Investor Relations, amongst others.

3

Execution

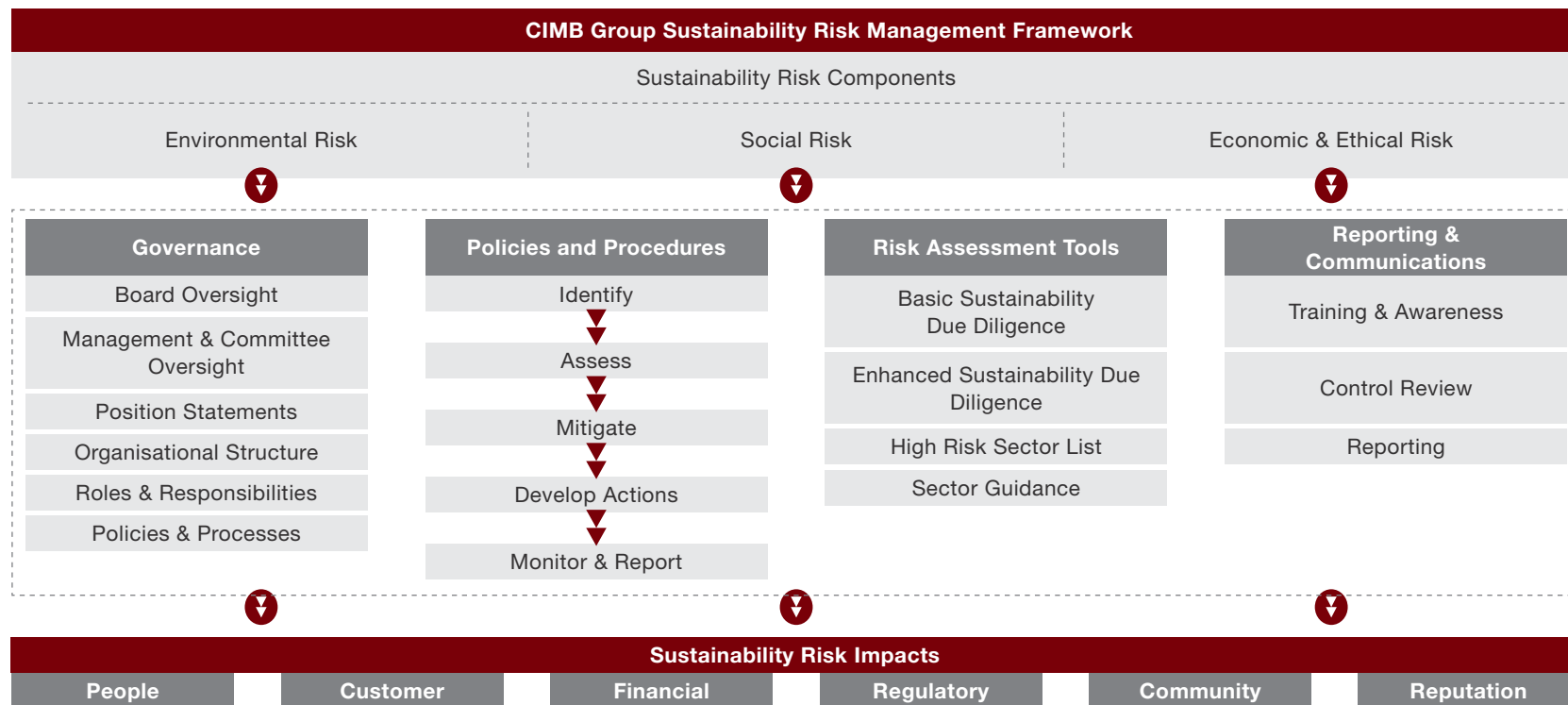
Multidisciplinary project teams from various Business Units and Business Enablers are pulled together to lead and execute sustainability projects with finite project life-spans. This is done with direction and support from the Group Sustainability Council and Group Sustainability.

The **Sustainability Champions Group** comprises of individuals who strongly believe that sustainability is the way forward and are invested in pursuing this cause for the organisation and its stakeholders. Represented by employees from each of divisions and key countries, the group will create a change agent network, where new developments in sustainability, key issues and ideas are shared and discussed.

The **Sustainable Finance Working Group** comprises of members from our Business Pillars – Wholesale and Commercial Banking as well as Business Enablers, Group Risk. In 2018, the Working Group provided inputs and were responsible for stakeholder engagements within their respective division during the development of the Group Sustainable Financing Policy. After the approval of the policy now, the Working Group also provides resources and subject matter expertise in the implementation and embedment of sustainability risk assessment and due diligence within respective processes and policies as identified in the Group Sustainable Financing Policy.

CIMB GROUP SUSTAINABILITY RISK MANAGEMENT FRAMEWORK

During the year under review, to further strengthen our robust Enterprise-wide Risk Management Framework, we have also devised the CIMB Group Sustainability Risk Management Framework.



The above framework:

- identifies and assesses various sustainability risk components, to include environmental, social, economic and ethical risks;
- defines appropriate governance, supported by appropriate policies and procedures;
- puts in place risk assessment tools to improve understanding of and preparedness against existing and emerging sustainability risks;
- conducts due diligence for a comprehensive assessment of sustainability risk impacts; and
- cultivates a risk management culture through the three-lines of defense, as well through relevant controls and measurement for efficient/credible reporting.

IN FOCUS: MANAGEMENT APPROACHES

(GRI:102-47, 103-1, 103-2, 103-3)

ECONOMIC



Customer Experience

GRI Boundary:
External Impact through our products and services, outside of CIMB Operations

GRI Standards Topics:
Marketing and Labelling

Business Context	Risks	Opportunities	Long-Term Approach
Customers are at the heart of everything that we do. It is therefore critical to understand their ever-evolving needs and expectations in the context of a dynamic and disruptive market environment. Without knowing the pain points of our customers at every single touchpoint, we will be unable to differentiate and innovate our products and services, or even stay relevant as a competent business in Malaysia and ASEAN.	<p>Disproportionate focus on high-net-worth and preferred customer segments.</p> <p>Narrow approach to banking that is not designed to meet the needs of special groups of customers, including unbanked, disadvantaged, differently-abled, and aged customers.</p> <p>Short-lived customer loyalty.</p>	<p>Revolutionise the market standards by creating new benchmarks of service.</p> <p>Tap new market segments, with products designed to meet specific socio-economic issues.</p> <p>Establish brand affinity and brand loyalty by increasing exposure and engagement.</p>	<p>GO BEYOND:</p> <ul style="list-style-type: none"> services-as-usual to achieve consistent delivery across all branches. current technologies to achieve greater value, convenience and ease of banking. our policies to build and enhance 'customer trust'.



Technology

GRI Boundary:
External Impact through our products and services, outside of CIMB Operations

GRI Standards Topics:
Product Responsibility and Customer Privacy

Business Context	Risks	Opportunities	Long-Term Approach
With sophisticated technologies and digital solutions, banking is expected to be more simple, safe, and convenient. Customers also expect the same level of personalised service that 'physical banking' offers. Technology is also increasing the choices of customers, for them to explore the infinity of the webspace and shift to banks that offer simple, yet superior technological experience. Without technology focus, banks will lose their edge.	<p>Excessive focus on technology solutions may make transactions more tedious, cumbersome and complex in the eyes of customers.</p> <p>Losing traction from significant customer base (especially senior citizens) who may not be digitally-savvy.</p> <p>Data security, breaches, technology's impact on the environment may have negative impact.</p>	<p>Enhance digital 'customer identification' features by upgrading technology.</p> <p>Tap the potential of analytics and FinTech to educate customers on financial solutions to meet their specific financial needs and milestones.</p> <p>Introduce digital education modules for senior citizens and customers who are not digital savvy.</p>	<p>SIMPLIFY:</p> <ul style="list-style-type: none"> the front-end of all technology platforms for ease of navigation. technology for improved access to information and CIMB's high-value products. technology deployments to make it more inclusive as well as to manage its environmental impact.



Corporate Culture

GRI Boundary:
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:
Employment, Training and Education

Business Context	Risks	Opportunities	Long-Term Approach
The culture of the organisation plays a significant role in determining levels of motivation, aspiration, and performance. For instance, an organisation with a culture of accountability, transparency and integrity can enhance overall outcomes of business. Similarly, a nurturing and learning culture delivers positive value to employees as well as their contributions to business.	<p>Unproductive behaviour and demotivated employees/partners.</p> <p>Inefficiencies and lack of trust in the management and leadership.</p> <p>Poor performance and high employee turnover/failed partnerships and as a result poor customer experience.</p>	<p>Strengthen management-employee relationships.</p> <p>Raise performance and levels of motivation.</p> <p>Build a positive climate of opinion, enhance trust and loyalty.</p>	<p>BRIDGE:</p> <ul style="list-style-type: none"> employee-management relationships through open and productive dialogues and platforms. gaps in understanding and applying the corporate values at work in unison. policy and process gaps that are adverse to corporate values.

ECONOMIC



Sustainable Supply Chain

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact through our business partners

GRI Standards Topics:

Procurement Practices, Supplier Environmental Assessment, Employment, Supplier Social Assessment

Business Context	Risks	Opportunities	Long-Term Approach
Within our own network of suppliers and business partners, we can exercise our influence towards sustainable and ethical business practices. What our partners do and how they conduct their own business while delivering our mandated projects and services can have a direct impact on our projects, our business continuity, as well as our reputation. It is therefore critical to monitor the environment and social impact along our value chain and take necessary measures towards positive impact.	<p>Financial and non-financial losses due to unethical practices in the supply chain.</p> <p>Non-aligned to our sustainable practices.</p> <p>Implications of unmonitored business practices, with far reaching and significant negative impact, affecting our position with regulators, government and other stakeholders.</p>	<p>Mitigate environmental and social risks (ESR) along the value chain, contributing to EES impacts.</p> <p>Inspire and encourage sustainable practices and behaviour.</p> <p>Contribute to the growth and well-being of supply chain partners by creating socio-economic opportunities.</p>	<p>MANDATE:</p> <ul style="list-style-type: none"> sustainable supply chain practices through a multi-phase plan to include education, adoption, ownership, monitoring and reporting.

ENVIRONMENTAL



Sustainable Finance

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact of our commercial customers through our lending and investment portfolio

Business Context	Risks	Opportunities	Long-Term Approach
There is an increasing expectation from investors and policy makers, locally and globally, for organisations to shift their focus from short-term gains to long-term value creation. Sustainable Finance allows us to design our lending and investment portfolio, with ESR considerations, helping the brand operate with resilience and deliver positive impact. (e.g. supporting Malaysia's climate action plan and targets).	Dependence solely on bare minimum regulatory and policy thresholds and existing sustainability certifications, which may be limiting in their approach to environmental and social risk assessments.	<p>Take a more focused approach and tap the potential of emerging, green sectors.</p> <p>Limit the exposure and costs associated with ESR.</p>	<p>PRIORITISE:</p> <ul style="list-style-type: none"> environmental considerations through a Sustainable Financing Policy that guides lending decisions in light of ESR including climate change. internal capacity and skills to champion sustainable financing strategies and implementation.

ENVIRONMENTAL



Climate Change

GRI Boundary:

External Impact from our commercial customers as well as Impact from CIMB Operations

GRI Standards Topics:

Energy, Emissions

Business Context	Risks	Opportunities	Long-Term Approach
As an ASEAN bank, our exposure to various climate-related risks is high, especially with our focus on multiple sectors across the region, to include agriculture, forestry, plantations etc. With world-wide efforts to reduce global temperatures well below 2°C in keeping with the Paris Agreement, in near future, the high-carbon assets may cease to make business sense. Both in the mid and long-term, banks must identify and manage climate-related risks and opportunities for sustainable banking and a better future.	<p>Inconsistent and poor climate risk assessments due to lack of credible risk data.</p> <p>Near-term impact on product portfolio and profitability due to poorly communicated policies.</p> <p>Inefficiencies due to inadequate regulatory measures to aid low-carbon transition in nascent ASEAN markets.</p>	<p>Develop innovative low-carbon products and services.</p> <p>Meaningfully contribute to the National Climate Action Plan and targets as well as the sectors in the national key economic areas.</p> <p>Contribute to national and global climate targets.</p>	<p>ACTION:</p> <ul style="list-style-type: none"> on climate risk assessment criteria in all key priority/focus sectors in ASEAN. on national agenda and commitments in relation to the Paris Agreement by aligning sustainable financing strategies with high-potential and national targets.



Sustainability Education and Participation

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact

Business Context	Risks	Opportunities	Long-Term Approach
With our commitment to positively manage and deliver environmental, social and economic impact, it is extremely critical for our network of stakeholders, including employees, partners, suppliers, media amongst others to understand and appreciate the importance of 'Sustainable Banking' practices for creating a better future. As markets mature, stakeholders will be under pressure to not just 'know' but to also 'do' in terms of concrete action, enabling organisations to contribute to a sustainable planet. We need to continuously inspire and motivate them to partner us in delivering our sustainability roadmap.	<p>Lack of buy-in and participation to implement various sustainability programmes and policies.</p> <p>Scepticism and lack of motivation to contribute to sustainability targets.</p> <p>Inconsistent results and negative impact and credibility issues.</p>	<p>Mobilise support from all critical stakeholders for implementation of our sustainability plans.</p> <p>Enable partnerships to launch innovative and multi-sector initiatives.</p> <p>Institutionalise and reward a multi-stakeholder group of sustainability champions.</p>	<p>INSPIRE:</p> <ul style="list-style-type: none"> greater buy-in and participation amongst various stakeholders to influence sustainable behaviour and practices.

SOCIAL



Talent Attraction, Growth and Retention

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:

Training and Education, Diversity and Non-Discrimination

Business Context	Risks	Opportunities	Long-Term Approach
The ever-growing competition and dynamic market environment are only increasing the pressure on companies to not just attract the right talent, but to also build and nurture the talent to future-proof the organisation and its business. Effective and efficient mechanisms to manage talent acquisition, growth and retention needs to be put in place for business continuity, productivity, performance and competitiveness.	Lack of adequate and quality talent pool to meet the current and future needs of the organisation. Poor productivity and performance. Operational disruptions and underdelivered services.	Create a pipeline of talent across sectors for succession planning at various levels of the organisation (especially for key and executive positions). Emerge as the 'employer of choice' in the region. Enhance market competitiveness through people and service excellence.	LAUNCH: <ul style="list-style-type: none">initiatives for talent recruitment, growth and retention.fair and transparent performance review mechanisms, human rights policies and feedback loops.diversity programmes to promote inclusive growth and innovation.



Nurturing Growth

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:

Training and Education

Business Context	Risks	Opportunities	Long-Term Approach
In nurturing growth of our key stakeholders such as employees, suppliers, and customers, we seek to strengthen our partnerships in improving performance and growing our business. Our efforts to foster growth of those associated with us improves the quality and outcomes of our collaboration towards common business objectives. The more we take interest in the growth of our stakeholders, the more we create shared value.	Poor and often average performance over time due to incompetency and lack of appropriate skills. Absence of a sense of belonging and the spirit of partnership, affecting productivity and performance in the long-run. Crisis of trust and loyalty, with high turnover.	Instill pride in association and improved performance. Enhance productivity and quality through continuously upskilling and reskilling stakeholders. Build trust and loyalty and reduce turnover rate.	INVEST: <ul style="list-style-type: none">in win-win relationships/partnerships with relevant stakeholders to business.in nurturing and prioritising growth for all the parties we work with, in addition to driving profitability.



Financial Literacy, Inclusion and Well-being

GRI Boundary:

Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:

Indirect Economic Impact, Local Communities

Business Context	Risks	Opportunities	Long-Term Approach
Financial knowledge will empower individuals and businesses to manage their finances better, improving their well-being and quality of life. Similarly, financial inclusion will mean an opportunity to bank the underserved or the 'unbanked' communities and demographics towards building a more resilient and financially secure population, also contributing to socio-economic development.	Mis-selling or misunderstanding of products. Underutilised/underperforming products. Underserved consumers and markets.	Integrate underserved and disadvantaged groups into the mainstream banking system. Improve financial planning and management skills, contributing to quality of life. Strengthen stakeholder-brand association with financial inclusion, literacy and well-being.	ENABLE: <ul style="list-style-type: none">financially smart communities.financially smart customers and employees by educating them on financial planning for better allocation of their investments to meet their healthcare, education and retirement needs.

SOCIAL



Health, Safety and Well-being

GRI Boundary:
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:
Occupational Health and Safety

Business Context	Risks	Opportunities	Long-Term Approach
The health, safety and well-being of not just our employees, but also our customers and suppliers is essential for us to deliver our high-quality services seamlessly, without any disruptions to operations, which could lead to negative impact on productivity as well as our overall business. With a proactive approach, we can enhance our preparedness to manage various issues and concerns in relation of health, safety and well-being, towards creating an environment that is conducive to high productivity and performance.	<p>Demotivated employees/suppliers</p> <p>Poor productivity and performance</p> <p>Regulatory sanctions, fines and penalties</p>	Introduce health, safety and well-being programmes to enhance productivity and performance.	<p>INSTITUTIONALISE</p> <ul style="list-style-type: none"> health, safety and well-being guidelines, assessments, and programmes. managerial responsibilities to champion health and safety awareness and promote well-being. emergency procedures, monitoring and measurement as well as audits.



Diversity and Inclusion

GRI Boundary:
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:
Diversity and Equal Opportunity

Business Context	Risks	Opportunities	Long-Term Approach
The business case for diversity of management teams and innovation as well as the overall business resilience has been long-established. Diversity across multiple disciplines of the organisation can foster innovation, inclusive growth and participative leadership, with opportunities to remove barriers in communication, productivity and performance.	<p>Demotivated employees/suppliers</p> <p>Poor productivity and performance</p> <p>Absence of diverse ideas, skills and motivation for innovation.</p>	<p>Create equitable opportunities and balanced growth.</p> <p>Encourage diverse ideas for innovative solutions across customer segments and markets.</p> <p>Promote local employment by supporting underserved, but high-potential talent.</p>	<p>PROMOTE</p> <ul style="list-style-type: none"> diversity policy and programmes to include all six dimensions of gender, age, nation of origin, career path, industry background, and education. board and senior management involvement in diversity solutions diversity and inclusion policy and criteria for talent acquisition, growth and retention.



Corporate Citizenship and Volunteerism

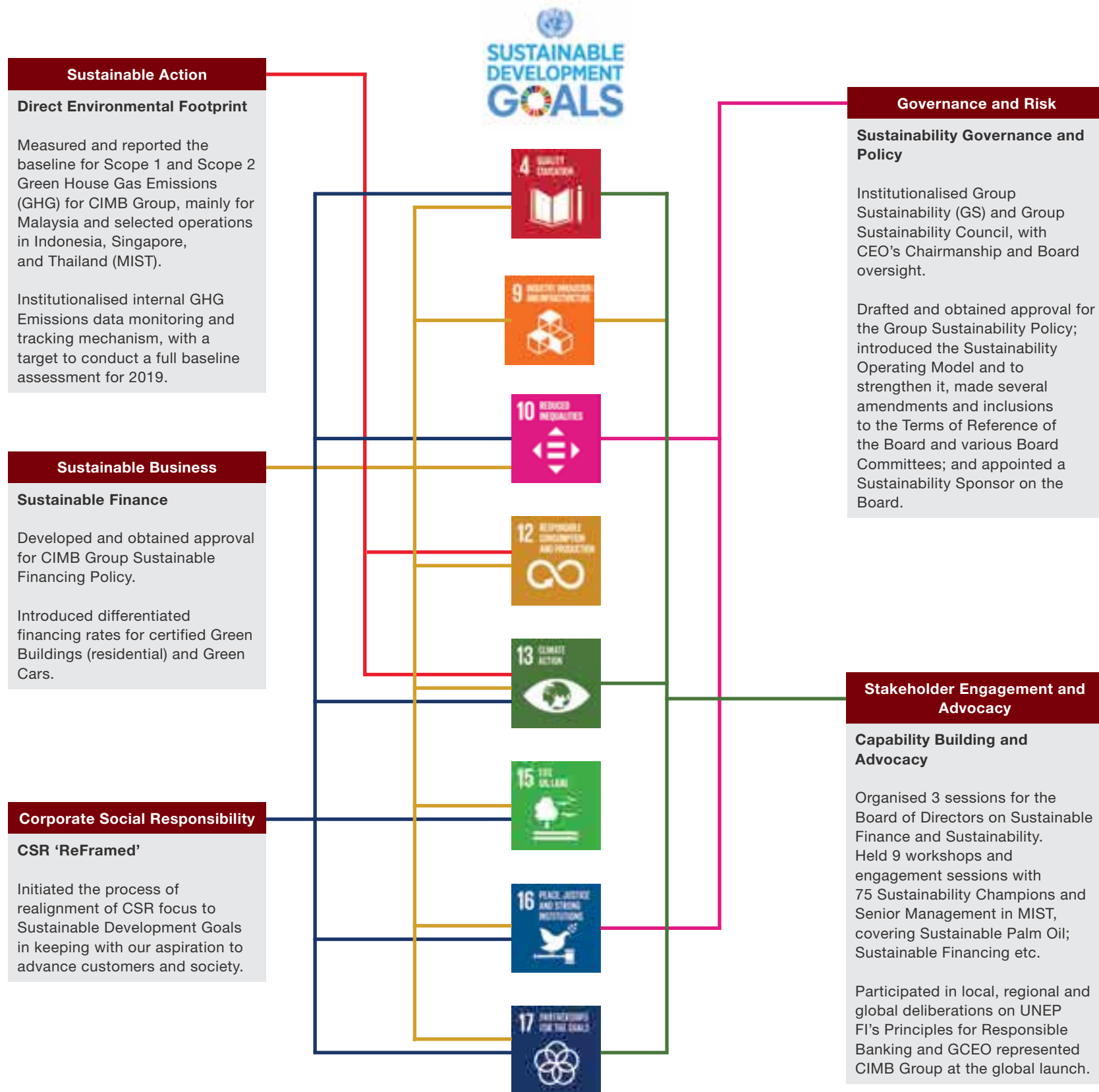
GRI Boundary:
Internal Impact on CIMB Operations as well as External Impact

GRI Standards Topics:
Local Communities

Business Context	Risks	Opportunities	Long-Term Approach
Corporate citizenship is one of the many ways we provide an opportunity for our internal and external stakeholders to demonstrate 'responsible behaviour', with positive impact on society and the environment. It promotes a sense of belonging, accountability, and purposeful communications, which in turn motivates meaningful action and improves individual productivity and organisational performance.	<p>Perceptions of being a purely commercial, profit oriented company that pursues profit at all costs.</p> <p>Reputation of being insensitive to the local environment and communities.</p>	<p>Engage employees and inspire responsibility to deploy skills for greater good.</p> <p>Motivate performance of employees by instilling a sense of purpose, while conducting business.</p> <p>Contribute to positive environmental and social impact.</p>	<p>ENCOURAGE</p> <ul style="list-style-type: none"> volunteerism with not just employees, but also partners, customers, and suppliers (and other stakeholders). CSR practices and policies that contribute to EES well-being as well as addresses the needs of stakeholders.

SUSTAINABILITY MILESTONES 2018

As a leading financial services provider, we understand our greater responsibility to create positive economic, environmental and social impact, delivering the promise of better banking and a better future for all our stakeholders. Our key sustainability milestones during the year under review include the following:



SUSTAINABILITY SCORECARD 2018

ECONOMIC



RM2.9 million invested in **128** financial literacy programmes (since inception in end 2016)

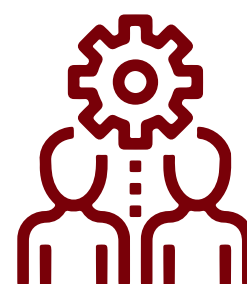


8 Customer Experience (CX) Awards

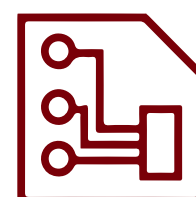
RM7 billion in loans approved for SMEs*



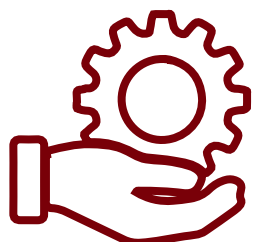
* (BNM categorisation of SME)



1,372 stores from **149** merchants mandated for the Dynamic QR Merchant acquisition under our partnership with Touch n' Go



209 million digital transactions



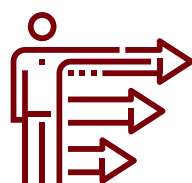
81% improvement in **16** key vital indicators including customer fulfilment levels across core channels, products and systems

35 Customer Journey Mapping Workshops;

42 Lean Six Sigma Projects;

32 Customer Studies conducted;

551 Project submissions from employees to improve customer experience



58.5% increase in **CIMB Clicks** mobile active customers



nearly **10,000** touchpoints across ASEAN, with seamless access to **CIMB** financial services

over **230,000** downloads, with over **1.4 million** transactions since the launch of **CIMB EVA 2.0** (Enhanced Virtual Assistant) in December 2016



100% of new suppliers signed 'Integrity', 'Anti-Bribery and Anti-Corruption Pledge'

RM1.2 billion committed spend through our supply chain partners



SUSTAINABILITY SCORECARD 2018

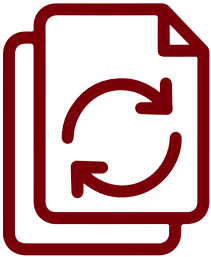
ENVIRONMENTAL



USD1.25 billion

5-year Sukuk represents the world's debut sovereign Green Sukuk issuance

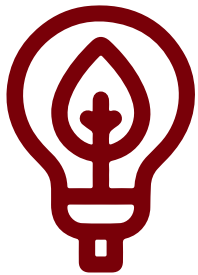
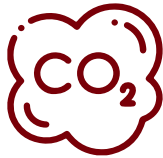
34,428 kgs
paper waste sent for recycling



RM13.8 million

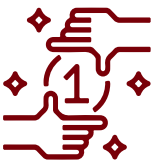
Term Financing-I facilities for construction and commissioning of two 1-megawatt biogas-to-power facilities

60,694 tCO₂ from our operations in Malaysia and select buildings/branches in Indonesia, Singapore and Thailand



>100

sustainability-focused organisations and leaders attended premiere screening of the world's first feature length documentary on Circular Economy "Closing the Loop" at CIMB



1st and only ASEAN banking group to commit to United Nations Environment Programme Finance Initiative Principles for Responsible Banking

35%
reduction in fuel consumption and

2.18%
reduction in electricity from mitigation efforts in

5

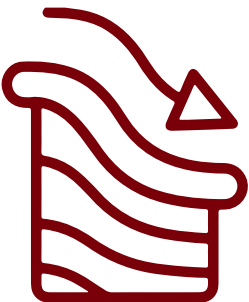
corporate buildings in Malaysia



2 key policies launched – **CIMB Group Sustainability Policy & CIMB Group Sustainable Financing Policy**

192 cases submitted in the amount of

RM23 million for financing fixed rate for hybrid vehicles



RM199 million of acceptance in financing residential properties certified under the Green Building Index (GBI)



100% reduction in printing of standard tender documentation with Group Electronic Procurement System

SOCIAL



99.24% average participation rate for our mandatory e-Learning Programme, covering governance, risk, AML, and IFSA training

144 Business Sponsors and **2,337** Informal Leaders in the ABC Informal Leaders' Network to drive culture transformation initiatives



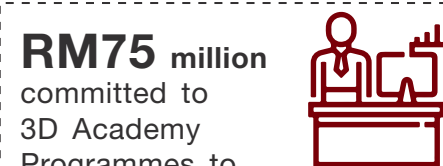
RM119 million and **2.4** million hours invested in training and development across ASEAN



14,700 participants attended 3D Academy's Future-Ready Programmes



3 category wins at the HR Excellence Awards 2018 including Work-Life Balance; Employee Engagement; and Workplace Culture & CSR Strategy



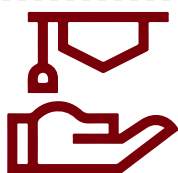
RM75 million committed to 3D Academy Programmes to deliver **2 million** training hours across the Group over three years



22% board positions are held by women, closer to our target of **30%** by **2020**



RM42.2 million invested towards Education, Sports, and Community programmes including the Group-wide CSR initiatives



RM33.8 million earmarked to be disbursed under ASEAN Scholarship Programme for the period **2016-2022**



20,000 staff trained on Lean Six Sigma

22 workplaces across the Group completed Health and Safety Audit



770 'Tuesday Chats' – popular staff-management engagement platform extended to Group Management Committee's one-downs (GMC-1)



56.4% female workforce and **44.1%** women representation at senior management level

1st and only ASEAN banking group listed in the **Top 100** of the Thomson Reuters' Diversity and Inclusion (D & I) Index 2018 amongst leading global companies



CIMB FOUNDATION

CIMB Foundation was launched in 2007 as the Corporate Responsibility and philanthropic platform for CIMB Group. The Foundation is focused on developing sustainable communities across three pillars: Community Development, Sports and Education. This year's initiatives under the Foundation's key programme, Community Link, focused on socio-economic development, unity, culture and heritage, homes and shelters, environment, health, sports and education. With an initial seed fund of RM100 million, CIMB Foundation continues to drive change and today has become one of Asia's most credible corporate citizens.

THE ROLE OF CIMB FOUNDATION

In its 11th year of operations, the CIMB Foundation is established as a non-profit organisation limited by guarantee. Financial contributions to the Foundation are disbursed by CIMB Group for the sole purpose of implementing their corporate social responsibility initiatives and philanthropic activities.

The CEO of CIMB Foundation leads a multifunctional team to provide the organisational support for the daily management of CSR-related matters. We have an established framework for implementing our CSR programmes across the Group. Our regional markets align their strategy to the Group, but have the flexibility to focus on issues that are of local importance.

The Foundation is committed to the highest standards of governance, transparency and accountability. It has sound financial management systems and controls to ensure that all expenditure is fully accounted for and audited on an annual basis. The Foundation is given overall guidance by the Board of Trustees. Community and/or partner agencies are engaged by the Foundation in the identification and implementation of projects.

Working Committee

Projects submitted to the Foundation are first evaluated against a pre-determined set of criteria. The evaluation is done by a 'Working Committee', who will then recommend projects that satisfy the criteria to the Foundation's Chief Executive Officer or the Board for approval.

Reporting

While the CIMB Group Board is responsible for our sustainability performance across the Group and releases an annual Sustainability Report for stakeholders' consumption, a separate CSR report is also made available on a quarterly basis to the Board of Trustees of CIMB Foundation.

Board of Trustees

The Board ensures that funds are properly administered and disbursed according to the Foundation's vision, objectives and areas of focus. Board meetings are held at least once quarterly and more frequently, if needed.

THE CHARTER

- SUPPORT the development and empowerment of communities.
- BUILD meaningful relationships and strategic partnerships with communities and key stakeholders in achieving the Foundation's vision.
- IDENTIFY and implement quality projects within our key areas of focus, give priority to those that are sustainable, build local capacity and have measurable and realistic outcomes.
- REALISE CIMB Group's commitment to be a responsible corporate citizen, with active participation of its employees.

The Group continuously anticipates and delivers on its stakeholders' needs and aims at always create value by looking beyond present circumstances and requirements to actively anticipate the future; and as such, the Foundation's commitment to value-creation extends to a wider community.

The Foundation supports the Group Sustainability Agenda, by delivering various community development programmes and initiatives that address one or more of our material topics.

BOARD OF TRUSTEES



■ ■ ■ Tan Sri Dato' Md Nor
■ ■ ■ Md Yusof

■ ■ ■ Puan Rosnah
■ ■ ■ Dato' Kamarul Zaman

■ ■ ■ Tan Sri G K Rama Iyer

■ ■ ■ Dato' Mohd Shukri Hussin

■ ■ ■ Datuk Dr. Richard Leete

Board Composition & Age Group

Length of Tenure as Director & Gender

Nationality



5

Independent Directors

61 years - 70 years **60%**

71 years & above **40%**

5 years & above **80%**

20%
2 years - 5 years



4

Male



1

Female



4

Malaysians

1

Non-Malaysian

Tan Sri Dato' Md Nor Md Yusof



Chairperson



Malaysian



Age 71



Male

Date Of Appointment

4 January 2016

Length Of Tenure

3 Years

Qualification

- Bachelor of Commerce, University of Otago
- Associate Chartered Accountant, New Zealand Society of Accountants

Area Of Expertise

- Chartered Accountant

Membership Of Board Committees

- NIL

Directorship In Other Companies

Listed

- NIL

Non-Listed

- Chairman of Lembaga Tabung Haji
- Chairman of Pelaburan Hartanah Berhad

Relevant Experience

Tan Sri Dato' Md Nor had spent a significant amount of his working career with CIMB Group as a Director and more notably as President and Chief Executive Officer of Bank of Commerce (M) Berhad (now known as CIMB Bank Berhad).

Tan Sri Dato' Md Nor completed his term as Executive Chairman of the Securities Commission on 31 March 2006. Prior to that appointment, he was the Managing Director of Malaysian Airline System Berhad after serving a period as Adviser in the Ministry of Finance.

Puan Rosnah Dato' Kamarul Zaman



Trustee



Malaysian



Age 62



Female

Date Of Appointment

15 November 2007

Length Of Tenure

11 Years

Qualification

- Bachelor of Arts in Economics (Hons), University of Manchester

Area Of Expertise

- Management, Banking & Finance, Strategy, and Investment

Membership Of Board Committees

- Chairperson of Board Risk Committee of CIMB Bank Berhad
- Chairperson of Board Investment Committee of CIMB Banking Group
- Member of Audit Committee of CIMB Banking Group

Directorship In Other Companies

Listed

- NIL

Non-Listed

- Independent Director of CIMB Bank Berhad and CIMB Islamic Bank Berhad

Relevant Experience

Puan Rosnah began her career in banking as a Management Trainee with Bank of Commerce Bhd (now known as CIMB Bank Berhad) in 1979. Early in her career, she was seconded to J P Morgan in New York and attended their Commercial Bank Management Programme. Puan Rosnah has presented at various local and international seminars on banking and is well respected in banking circles.

She completed the Global Leadership Development Programme, initiated by the Government to develop leaders in the financial industry. Her last appointment at CIMB was as Senior Executive Vice President heading the Banking Unit, responsible for the strategic businesses of Retail Banking, Business Banking, Corporate Banking, Treasury and International Banking.

Tan Sri G K Rama Iyer



Trustee



Malaysian



Age 86



Male

Date Of Appointment

7 September 2012

Length Of Tenure

6 Years

Qualification

- Bachelor of Arts & Economics (Hons), University Malaya (Singapore)
- Masters in Public Administration, Harvard University
- Advanced Management Programme, Harvard Business School

Area Of Expertise

- Economics, Audit and Management

Membership Of Board Committees

- NIL

Directorship In Other Companies

Listed

- NIL

Non-Listed

- NIL

Relevant Experience

In his 30 years career in the civil service, Tan Sri Rama was the Secretary General of the Ministry of General Planning and Socio Economic Research, the Ministry of Works and Utilities and the Ministry of Primary Industries.

He was the first Chairman of Malaysia Airlines System Berhad and a founder Director of Malaysian International Shipping Corporation Berhad. He is currently on the Board of YTR Harta Sdn Bhd and a Trustee of Gandhi Memorial Trust. Tan Sri Rama was a Director of CIMB Bank Berhad and its antecedents from 1987 to 2012.

Dato' Mohd Shukri Hussin



Trustee



Malaysian



Age 64



Male

Date Of Appointment

15 November 2007

Length Of Tenure

11 Years

Qualification

- Bachelor of Economics (Hons), University of Malaya
- Chartered Accountant, Institute of Chartered Accountants of England and Wales (ICAEW)

Area Of Expertise

- Economics, Management, Banking & Finance, Strategy and Investment

Membership Of Board Committees

- NIL

Directorship In Other Companies

Listed

- NIL

Non-Listed

- SME Bank Berhad

Relevant Experience

Dato' Mohd Shukri has a long and respected history at CIMB Group, he was its Chief Operating Officer from February 2003 to January 2006, after which he was appointed Executive Director until his retirement in December 2011.

He also served as Commissioner of PT Bank CIMB Niaga Tbk from May 2006 to December 2011 and as President Commissioner from May 2006 to December 2011.

Datuk Dr. Richard Leete



Trustee



British



Age 70



Male

Date Of Appointment

15 November 2007

Length Of Tenure

11 Years

Qualification

- Ph.D in Economics (Population Studies) from London School of Economics and Political Sciences, University of London
- Distinguished Fellow of Malaysia's Institute of Strategic and International Studies (ISIS)

Area Of Expertise

- Social Development and Strategic Planning

Membership Of Board Committees

- NIL

Directorship In Other Companies

Listed

- NIL

Non-Listed

- NIL

Relevant Experience

Datuk Dr. Richard currently serves as Manager of HRH Sultan Nazrin Shah's Economic History of Malaya Project. He is also an Adviser to the Minister of Development Planning and Statistics at the Ministry of Development Planning and Statistics, Doha, Qatar.

He formerly served as the Resident Representative of the United Nations Development Programme (UNDP) for Malaysia, Brunei Darussalam and Singapore between October 2003 and March 2007, and concurrently served as the Resident Coordinator for the United Nations' Operational Activities for Development in Malaysia.

Prior to his assignment in Malaysia, Datuk Dr. Richard was the Chief of the Population and Development Branch at United Nations Population Fund (UNFPA) Headquarters in New York, responsible for global policy on population and development inter-relations.

He was awarded the Darjah Kebesaran Panglima Jasa Negara (PJN) (Honorary) that carries the title Datuk.

Board of Trustees Attendance at Meetings in 2018 are as follows:

	TOTAL
Tan Sri Dato' Md Nor Md Yusof	6/6
Dato' Mohd Shukri Hussin	4/6
Tan Sri G K Rama Iyer	6/6
Datuk Dr. Richard Leete	5/6
Puan Rosnah Dato' Kamarul Zaman	4/6

CIMB FOUNDATION: IMPACT REPORT



“The Foundation aims to empower communities and change lives for the better. From education to healthcare; from sports to environment; our efforts are focussed on supporting the disadvantaged, underserved, and under privileged communities across ASEAN. We believe our long-term investments in community coupled with the formidable force to do good by our people will help improve economic well-being and reduce social inequalities”

Dato' Hamidah Naziadin
CEO, CIMB Foundation

11-YEAR AGGREGATE

INPUTS:

Cash Contributions : RM140 million
Time Inputs : 29,704 hours (2016 - 2018)

OUTPUTS:

Beneficiaries : 757,413 people
CIMB Volunteers : 7,254
Projects : 1,157
Partners : 338

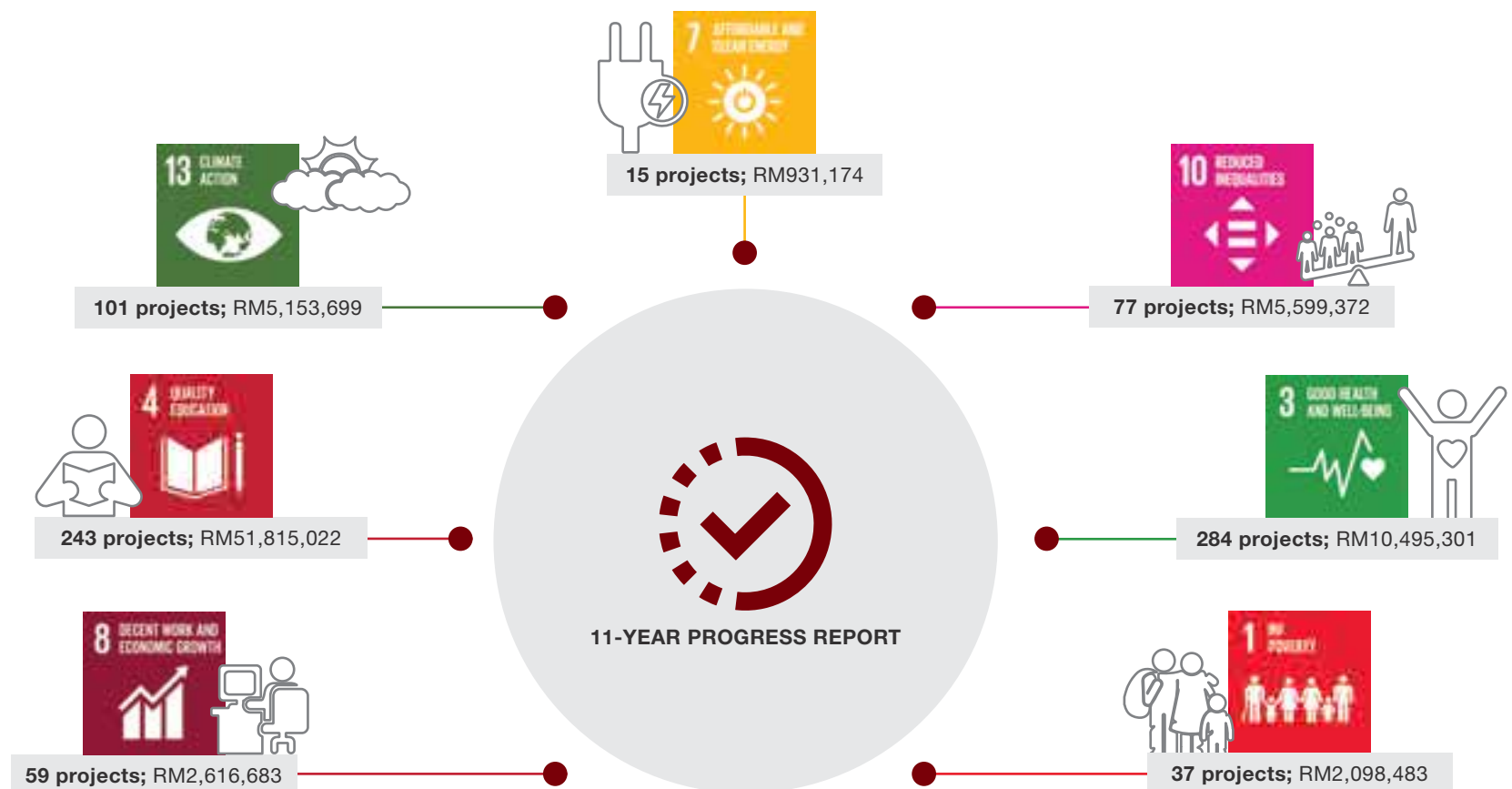
2018 PROGRESS

INPUTS:

Cash Contributions : RM21.6 million
Time Inputs : 8,192 hours

OUTPUTS:

Beneficiaries : 57,413 people
CIMB Volunteers : 2,734
Projects : 195
Partners : 79



GOVERNANCE AS THE UNDERLYING FORCE

(GRI: 102-9, 102-18)

OUR APPROACH AND 2018 DEVELOPMENTS

At CIMB Group, corporate governance is not just about regulations and compliance. It is the underlying force for sustained competitive advantage. It forms the very foundation that strengthens our business as well as management of sustainability-related risks. As a robust organisation, we take an uncompromising approach to tackling risks associated with governance. Some of the mitigating measures include appropriate monitoring mechanisms to track business and related controversies, sustainability-related policies and standards; Board structure,

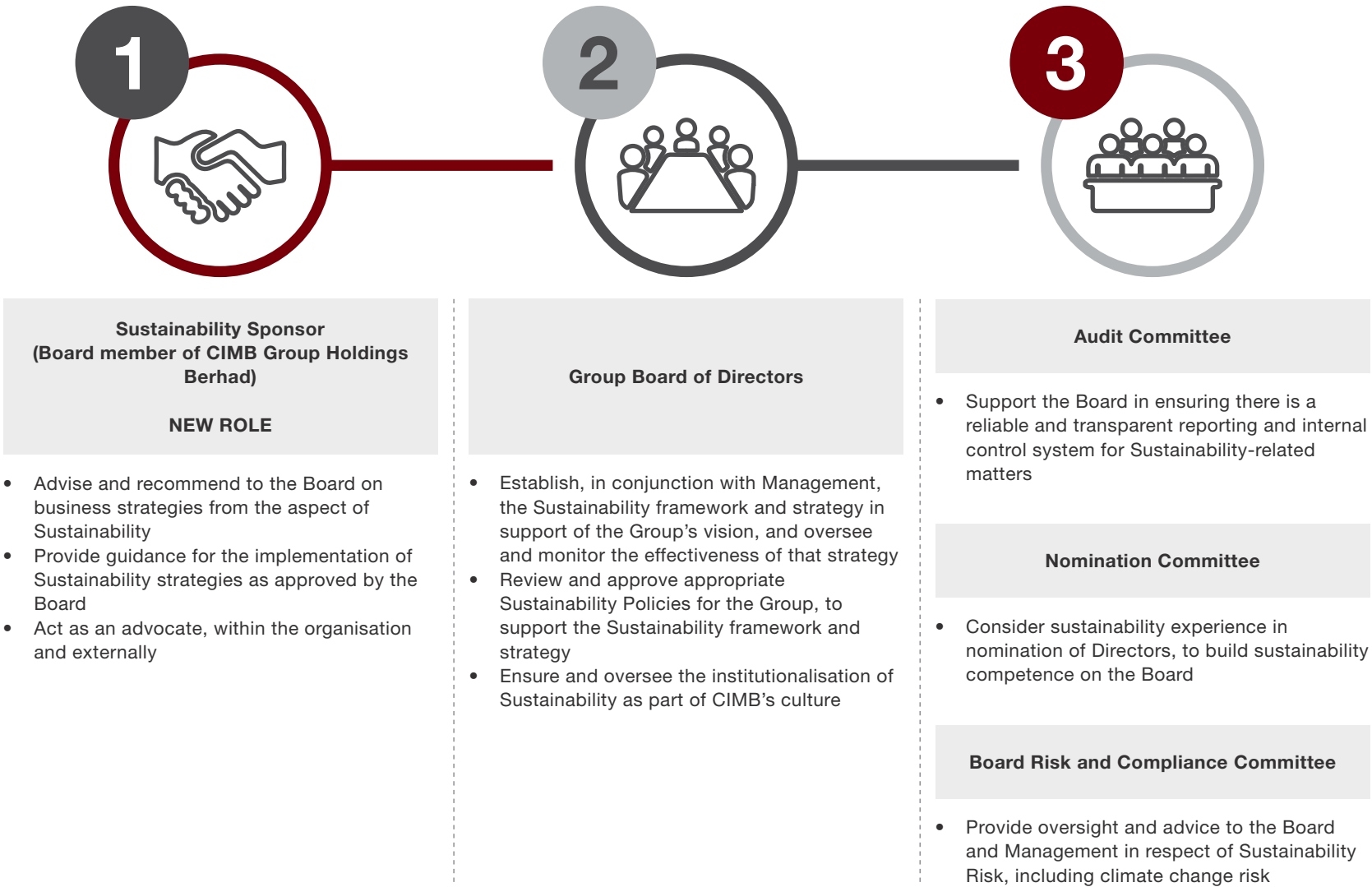
diversity, leadership, and oversight; performance-linked remuneration; and a strong commitment to quality and integrity.

Through its Regional Operating Model (ROM), in 2018, the Group continued to engage with its ASEAN-wide offices to cascade policies, programmes and initiatives. This approach of institutionalisation of regionalised processes strengthens governance and ensures adherence to the ROM guidelines and rules of engagement, especially in the areas of senior level recruitment and performance management.

As a financial institution that operates in many jurisdictions across various entities, the Group is committed to ensure that all entities are appropriately governed, both in terms of the relevant aspects of governance, as well as the level of governance and monitoring required. A holistic Entity Governance Framework has been developed and adopted, to further refine and align the relationships between the various entities across the Group, including elements such as Senior Management Accountability, Policies and Procedures, Management Committees, Financial Booking

Governance, Delegation of Authority, and Inter-Entity Service Level Agreements. This exercise demonstrates CIMB's commitment towards stakeholders and further enforces protection of shareholder value for stakeholders of CIMB and its entities.

During the year, we have made several amendments and inclusions to the Terms of Reference of the Board and Board Committees, mainly for strengthening the Sustainability Operating Model.



SUSTAINABILITY SPONSOR

In 2018, we have appointed Rob Coombe, who comes with his formidable track record in financial and social sectors, as the Sustainability Sponsor on the Group Board of Directors. His role is to provide guidance to the Board as well as the Management to continuously evolve and strengthen our sustainability strategies and implementation. The Sponsor is also responsible to provide oversight and advice to the Board and Management on integration of various aspects of sustainability into the Group's business strategies and operations, as well as to act as an advocate for sustainability, both within the organisation and externally.



“As a leading universal bank in ASEAN, CIMB has both the ‘will and wisdom’ to give customers ‘access to finance’ to fulfil their business and personal aspirations. In doing so, CIMB is committed to taking a sustainable approach to financing and addressing some of the most pressing economic, environmental and social issues in the region.”

















Rob has over 35 years of corporate experience in Australia and Asia. He has had a commendable track record running Westpac's Retail, Business and Agricultural banking operations throughout Australia. He was previously the CEO of BT Financial Group for 6 years. Rob is also a founding Director and Deputy Chair of the Australian Indigenous Education Foundation (AIEF) and a member of the Advisory Board to the UTS Faculty of Law. In 2011, he was awarded the prestigious UTS Alumni of the Year for Excellence in recognition of his achievements in the business community and social sector.

For sound governance of sustainability implementation, the Group Board is responsible for reviewing and approving our sustainability policies and frameworks, ensuring consistent, transparent and credible performance on various economic, environmental, and social indicators. In 2018, under a Group-wide exercise, we reviewed our overall policy framework to identify and close the gaps. The introduction of the Group Sustainability Policy was one of the key outcomes from this exercise, in addition to the revised/updated versions of all group-wide policies.

Some of the relevant policies have been outlined on the next page. For more information, kindly refer to CIMB Annual Report 2018, page numbers 187-190.

Governance As The Underlying Force

KEY POLICIES THAT ADDRESS MATERIAL TOPICS

		Material Topics	Policy Support
 ECONOMIC		Customer Experience	- Customer Experience (CX) Policy • Treating Customers Fairly
		Technology	- IT Security Policy - Group Personal Data Protection Policy
		Corporate Culture	- Group Human Resource Policies and Procedures • Code of Conduct • Code of Ethics
		Sustainable Supply Chain	- Group Procurement Policy • Sustainable Procurement Guidelines • Vendor Code of Conduct
 ENVIRONMENTAL		Sustainable Finance	- Group Sustainable Financing Policy - Group Sustainable Finance Sector Guidance
		Climate change	- Group Sustainability Risk Management Framework (Risk Library) - Group Administration and Property Management Policy
		Sustainability Education & Participation	- Group Corporate Responsibility Policy
 SOCIAL		Talent Attraction, Growth & Retention	- Group Human Resources Policies and Procedures • Recruitment Policy • Remuneration Policy • Employee Engagement and Inclusiveness • Human Rights Guidelines: Freedom of Association; Collective Bargaining
		Nurturing Growth	- Performance Management Policy - People Development Policy
		Financial Literacy, Inclusion & Well-being	- CSR Guidelines/Focus on Education, Sports, and Community Development
		Health, Safety & Well-being	- Group Occupational Safety and Health Policy & Procedure
		Diversity and Inclusion	- CIMB Group Diversity Statement (Board Diversity/Diversity and Inclusion/Non-Discrimination Policy)
		Corporate Citizenship & Volunteerism	- Group Corporate Responsibility Policy - Flex4CSR Policy

O GROUP SUSTAINABILITY POLICY & PRECAUTIONARY PRINCIPLE*Taking a Long-term Approach to Managing EES impacts*

The Group Sustainability Policy was approved in 2018 for roll-out in Malaysia and Indonesia in phases in 2019 and outlines the Group's approach to Sustainability (including its risk management), which is guided by five key principles.

- Ensure that the management of our internal operations and employees is consistent with our policies and position on various sustainability risks.
- Take appropriate measures to manage sustainability risks of our business activities and not engage in business activities that do not meet our policy requirements.
- Adopt an inclusive approach to our business relations and strive to positively influence their own sustainability performance and commitment.
- Engage actively and openly with our stakeholders, including suppliers on proactive management of sustainability risks and identification of opportunities for sustainable growth.
- Exercise due care and diligence to evaluate, adopt and advocate proactive measures to minimise and in the long-run prevent environmental harm, as well as promote social equity.

In addition to the five sustainability principles, the Group is guided by internationally-recognised principles to promote responsible performance in a manner consistent with the size, scale, and complexity of our business and risk profile. Our key references include:

- United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking, scheduled for global launch in 2019
- Sustainable Banking Assessment (SUSBA), an interactive tool to track our performance and progress on ESG integration. SUSBA is part of the Asia Sustainable Finance Initiative launch by WWF;
- Bank Negara Malaysia (BNM) Value-Based Intermediation (VBI) Assessment Framework, earmarked for Islamic banking industry adoption in Malaysia in 2019 after the public consultation period; and
- UN Global Compact Principles

In 2018, we have conducted 3 sessions with our ASEAN teams for regionalisation, uniform understanding and effective orientation of the policy. We have also actively participated in local, regional and international deliberations on UNEP FI's Principles for Responsible Banking.

O GROUP SUSTAINABLE FINANCING POLICY*Facilitating Responsible Banking
(GRI:102-16)*

As a financial institution that provides financing to enable and facilitate economic activities, it is our duty as a responsible corporate citizen to manage the risks and potential negative impacts arising from the activities that we finance, on the environment, to society and to the economy in general. We also place emphasis on providing financing solutions that are designed to facilitate sustainable development, and to aid sustainable business in contributing to positive EES impacts.

The Group Sustainable Financing Policy, which was approved in 2018 for roll-out in Malaysia and Indonesia in phases in 2019, provides guidance on the environmental and social risks and their related impacts in financing decisions, to enable CIMB to make informed decisions according to our values and aspiration to provide responsible and sustainable financial services.



In 2018, CIMB Thai established the boundaries towards fair treatment of customers, in compliance with the guidelines of Bank of Thailand (BOT). In addition, CIMB Thai's complaint handling policy and procedure helped us manage customer grievances with transparency, accountability and credibility, instilling customer confidence, creating long-term equity and goodwill, and strengthening customer loyalty.

O CUSTOMER EXPERIENCE (CX) POLICY*Designing and Delivering a Differentiated Customer Experience
(GRI:102-16)*

The overarching principle of our CX Policy is to provide a clear set of standards that help to design and deliver a differentiated experience with emphasis on providing the right solutions and information with a high-commitment to customer satisfaction. This policy stipulates actions to mitigate potential risks and impacts arising from mishandling, to safeguarding the interests of customers as well as to meet regulatory requirements.

Currently, there are three main sections of the Group CX Policy, namely the Group Treating Customer Fairly (TCF) Policy, the Group Complaints Handling Framework and the Group Customer Exit Handling Policy. This is being expanded to cover other facets of customer engagement including interactions and customer communications.

The Group TCF Policy sets out clear guidelines to be applied in embedding TCF outcomes as part of our corporate culture and core values to sustain a customer centric DNA. By adopting and applying the 6 fairness outcomes defined, CIMB Group employees will be able to give customers confidence that they are dealing with an organisation where fair treatment of customers is central to their corporate culture. For consistency, a TCF Taskforce is in place to provide oversight and strategic direction, while building momentum for the successful adoption of TCF.

The 3 CX policies are implemented and applied by the various regional offices, and adapted where necessary to align to local regulatory requirements.

O PRIVACY AND DATA SECURITY

Protecting Data Protection, Security and Privacy of our Customers

Our approach to data protection, privacy and security centres on the respect of our stakeholders, and the data they have disclosed and entrusted to us. Our collection, use, storage and any communication of such data considers the appropriate categorisation, risk assessment, and protection throughout the data management life cycle. Privacy and data protection laws set out requirements for handling personal information. There are two main aspects that guide data privacy and data management:

- Use of personal information must be lawful and fair; and
- Monitoring of systems and processes to ensure that personal information held is secure and accurate.

CIMB Group's Data Management Policy sets out a structured approach to managing data and disseminating information within CIMB Group, both effectively and efficiently. The Policy is developed in line with the principles and standards of:

- Bank Negara Malaysia's (BNM's) Data Management and MIS Framework Policy
- BNM's Managing Customer Information and Permit Disclosures Policy
- Personal Data Protection Act of Malaysia, and the corresponding Industry code of Conduct

The Group's policy and governance framework cover the broad principles and controls that can be internalised and localised to allow for local regulatory variations and is managed via:

- Group and Country Data Governance Committees in each country, to ensure proper implementation and support of the strategic direction established
- Dedicated Data Domain Owners and Data Stewards at country level with clear roles and responsibilities, as well as KPIs, to oversee and resolve domain specific matters
- Data Quality (DQ) Index and benchmark, which is approved by the Group and Country Data Governance Committee, as a mechanism to measure and ensure that every country has a consistent approach in managing data issues/errors
- Training and awareness, including on-line learning, training and workshops to control functions and units handling customer data

Information Security and Business Continuity require an integrated strategy governing discipline over people, process and technology. In 2018, CIMB Group enhanced its Information Security strategies, including planning and adequate overall risk mitigation.

In order to strengthen and enhance the level of information security management, and in addition to adhering to Bank Negara Malaysia's Guidelines on Management of IT Environment, CIMB Group had developed a security architecture that integrates the technology processes by referencing and following renowned and recognised international technology, process and management standards, as well as the broader governance and prudential principles,

In line with banking business growth and IT Infrastructure expansion, our technology design was constantly reviewed and improved in 2018 to effectively mitigate both internal and external risks and threats. The improvement is evidenced by completion of projects to strengthen security control according to our IT Security Blueprint roadmap. We have also enhanced our privileged access management system with multi-factor authentication control to prevent unauthorised access. In addition, we have expanded our security intelligence sources for early warning of threats, which allows us to strengthen our control before the attacks occur.

Recognising that cyber security is a concern shared by most organisations globally, controls are put in place to protect both our customers' and our business data from cyber threats. As we continue to enhance these defenses, we educate our customers and our employees to increase awareness of ways to protect themselves against the latest cyber threats.

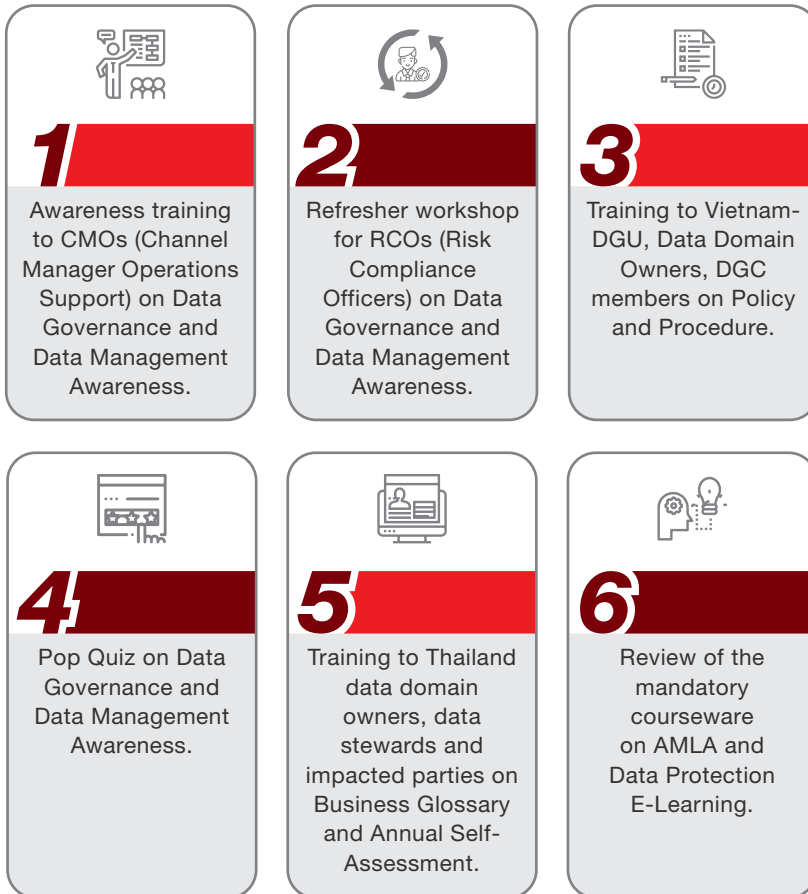
As a responsible member of the financial community, we actively participate in industry and government forums to find collective ways to tackle the threat, including the Financial Services Information Sharing and Analysis Centre (FSISAC) forum, as well as participation in law enforcement and regulatory task forces, and action groups to actively respond to incidents and facilitate intelligence sharing.

During the year under review, CIMB Foundation, in partnership with PDRM (Royal Malaysia Police) organised an Anti-Scam Campaign, to raise public awareness on various types of online scams, such as the notorious Macau scam, lover scam, loan/credit card scam etc. The main objective has been to educate the general public on cyber-crimes as well as to instill confidence to manage and monitor their online activities. The campaign included exhibitions by authorities, videos, panel sessions and expert talks on cyber scams and related crimes. The campaign was designed to run through social media, various CIMB bank branches and PDRM's exhibition collaterals nationwide.

The Group also communicates and publishes the Group's data protection policy (<https://www.cimb.com/en/policy.html>) whereas the online security and privacy policies that govern CIMB's on-line banking are formulated and communicated on the respective banking portals in each country's equivalent such as:

- <https://www.cimbbank.com.my/en/personal/support/security-and-fraud/security-policy.html>
- <https://www.cimbbank.com.my/en/personal/support/privacy.html>

Data Governance Awareness Programmes Completed in 2018



O CODE OF ETHICS & CONDUCT

Promoting Professional and Responsible Behaviour (GRI:102-16)

At CIMB, we recognise the consequences of any actual or potential conflict of interest that affects trust and integrity, which are the values that we live by to build mutually rewarding and productive relationships at the workplace. We have documented comprehensive policies and standards to guide the conduct of CIMB employees. For instance, we follow a structured on-boarding approach to familiarise our new employees with tools, processes, systems, security practices, policies and procedures. All our employees are equipped with the Bank's Code of Ethics and Conduct. We conduct regular audits to ensure that our employees understand and follow the established policies.

In 2018, all our employees not only committed to our Code of Ethics and Conduct, but also signed the Corruption-Free Pledge, introduced by the Malaysian Anti-Corruption Commission (MACC) in its mission to promote integrity and responsibility.

O ANTI-BRIBERY AND ANTI-CORRUPTION

Promoting Ethical Conduct (GRI:102-16)

We are committed to conducting our business free from any form of bribery or corruption. We adopt a zero-tolerance approach to any acts of bribery or corruption perpetrated by employees, suppliers and others with whom we do business with or who act on our behalf. All local anti-bribery and anti-corruption legislations are adhered to by CIMBians.

We expect our employees to be vigilant about wrongdoing, malpractice or irregularities in the workplace. All employees must report any such instances to the management immediately. As a Group, we always deal with such matters confidentially and protect the identity of the complainant.

We have identified different types of bribery and corrupt practices that could potentially impact our business across the value chain of banking. These include related party transactions; favourable and discriminatory procurement practices; money laundering; cash or in-kind favours; nepotism; non-compliance related issues such as non-dishonouring of invalid cheques, bribes for loan approvals; unsolicited funds and misappropriation; and government tendering and projects amongst others.



CIMB's No Gift Policy

The 'No Gift Policy' applies to all employees, who are restrained from exchanging gifts with current or potential customers, vendors, agents or business partners. This is to prevent any conflicts of interest, or appearance of such in our business dealings. Gifts provided by customers will either be returned or donated to beneficiaries of CIMB Foundation.

In 2018, 100% of our new suppliers signed our 'Integrity' and 'Anti-Bribery and Anti-Corruption Pledges. Zero cases or breaches were reported during the year.

O ANTI-MONEY LAUNDERING/COUNTER FINANCING OF TERRORISM (AML/CFT)

Safeguarding the Interests of our Stakeholders

CIMB Group is committed to enforcing an effective internal control system for AML/CFT in compliance with all related laws, regulations, guidelines and industry-leading practices.

Proceeds from financial crime and unlawful activities pose a continuous threat to the financial system. The Group's global policy is to comply with and apply relevant AML/CFT practice in all markets and jurisdictions in which it operates and to comply with both the specific provisions and the spirit of all relevant laws and regulations, including but not limited to:

- Governance and supervision, with oversight from the Board and Senior Management.
- Culture, awareness and continued development.
- Policy, procedures and systems (including regulatory data sources) to:
 - Assess, measure, communicate and facilitate the mitigation risk of AML/CFT;
 - Conduct customer due diligence, screening and subsequent management of relationships via on-going due diligence;
 - Monitor transaction behaviour/trends and apply counter-measures; and
 - Facilitate disclosures, reporting and cooperation with law enforcement authorities.
- Compliance to international sanctions and enforcement orders by the United Nations, the Government of Malaysia, as the home government regulators' of CIMB Group's foreign institutions, as well as sanctions and restrictions applicable to international transactions.

CIMB Group's AML/CFT, financial transparency and related sanctions policy and related information are summarised and published on <https://www.cimb.com/en/who-we-are/overview/regulatory-information.html>, as well as, within CIMB Group's Annual Report's Statement on Risk Management and Internal Control.

Our employees undergo continuous mandatory training, with customer-related and control personnel completing annual training via e-learning, targeted training, and external professional and regulatory seminars. The training enables our employees to interact and communicate with our customers, counterparties and relevant stakeholders on the Group's policy and considerations in relation to their transactions.

The Group's internal controls, various systems and information sources are subject to annual internal audits, as well as periodic thematic, risk or specific assessments as the need or threat arises. The enhancements arising from such assessments range from changes to detection scenarios and thresholds, as well as revisions to customer due diligence criteria.

O GROUP REPUTATION RISK MANAGEMENT POLICY

Integrating financial and non-financial risk assessments

The CIMB Group Reputation Risk Management Policy was adopted in 2015. The policy provides clear accountabilities for reputation risk management and a consistent approach to the current risk management process. Oversight of ongoing management of reputational risks lies with the Group Operational Risk Committee. By adapting more robust policies and procedures, we approach risk with a more holistic view, and move deeper into integrating financial and non-financial risk assessments. Our focus encompasses wide-ranging issues including managing mis-selling and negative press releases, ATM network slow down, customer experience, and social media. We strive to simplify any complexity in processes as well as continue to measure how these issues impact us.

In 2018, we have analysed the credentials of our Board members as well as the Senior Management to map their competencies in critical areas such as Compliance and Enterprise Risk Management; Banking and Finance; Accounting and Audit; and Leadership. The Board has complete oversight on our Risk Management Processes, with annual reviews conducted to address any gaps and improve process efficiencies. We also adhere to risk management standards such as COSO and BASEL, in addition to Global Reporting Initiative (GRI) guidelines for sustainability.

O PEOPLE DEVELOPMENT

Nurturing talent and growth

CIMB Group acknowledges that people development is critical to ensure that there is a constant pool of talents to fuel the business' growth needs. Therefore, employees need to have the right competencies to perform in their roles and exercise sound judgement when fulfilling those responsibilities. To ensure that we leverage on the right talents to fit the various needs of the organisation, a Talent and Succession Management Governance Structure has been introduced to standardise the identification and segmentation of our talent pools across CIMB Group. This enables leadership teams across businesses in the region to deploy necessary interventions to best develop and maximise talent potential.

This practice also enables the identification of a pool of high potential employees and suitable successors who could take on critical leadership roles in the organisation and mitigate vacancy risk. Our Talent and Succession Management Governance Structure consists of Talent Review Committees at country, division, group and board levels, involving key members of the leadership team. Individual development plans are co-created between the individuals and their managers through career conversations. Focused predominantly on building breadth and/or depth in one's career experiences, a blended development approach of building experiences, learning from others and formal learning is adopted as a best practice within the organisation. Through CIMB's Global Employee Mobility programme, we cultivate a collaborative work culture within CIMB Group and enrich our talents' regional work exposure.

As a responsible and caring employer, CIMB also realises and appreciates the immense contribution of its employees who form the core driving force of the organisation. With this in mind, CIMB gives due regard to the importance of employee engagement and talent development and at the same time provides opportunities to create inclusiveness in the workplace. CIMB believes that creating an engaged workforce and inclusive culture will not only add value by boosting the overall productivity, but will also reduce risks that may damage CIMB's reputation.

CIMB's formal learning programmes span across leadership, universal banking and role-based certifications and development programmes. An example of a senior leadership programme is the CIMB-INSEAD Leadership Programme, which focuses predominantly on 'Leading through Digital Disruption' in alignment to the 4th Industrial Revolutions. In addition, the participants complete an action learning project on Digital Technology and Innovation, gain exposure to Ventures Capital style pitching as well as get immersed deeper into the digital space through site visits and dialogues with start-ups from the Paris ecosystem. Similarly, the Accelerated Universal Bankers Programme for middle management employees emphasises the development of their competency in universal banking.



Global Employee Mobility (GEM) Programme

The CIMB GEM programme provides seamless opportunities for employees to work and gain new skills in regional markets where we operate. The internal hiring policy supports and encourages staff to consider various job vacancies within the region. This benefits both the Group in terms of creating diverse teams to meet dynamic needs of each market, as well as the employees to accelerate their career with CIMB Group. In 2018, a total of 12 employees from Indonesia, 43 employees from Malaysia, 6 employees from Singapore, and 1 each from Thailand and Cambodia participated in CIMB's mobility programme, with opportunities to work in Malaysia, Singapore, Thailand, Indonesia, Vietnam, Cambodia, Philippines, China, Hong Kong and the United Kingdom.

O OCCUPATIONAL SAFETY AND HEALTH (OSH)

Assuring well-being of employees
(GRI: 403-2)

At CIMB Group, OSH efforts go beyond compliance to the national laws and regulations. We instill a sense of responsibility and a culture of health and safety across various functions, promoting a conducive and productive workplace. Our commitment is also to mobilise CIMBians and our network of stakeholders to seek active participation in OSH programmes and initiatives towards positive performance.

The Group OSH Policies and Procedures, led by the OSH Unit, set out roles and responsibilities as well as targets for various stakeholders, including the Group Chief Executive and Board of Directors; Head, Group Corporate Security & Investigations; OSH Committee Members; Building and Branch Managers; Heads of Departments; Employees; Suppliers and Contractors etc. The evaluation of OSH progress is conducted through several approaches to include Planned Preventive Maintenance; Workplace Inspections by OSH Committee; OSH Internal Audit; Yearly Inspections by Department of Occupational Safety and Health, Malaysia (DOSH) amongst others.

In 2018, we conducted 15 training programmes, with 9 government agencies and non-government bodies participating in the OSH awareness programme, organised on 18 October 2018. As part of the awareness campaign, we disseminated 16 OSH employee e-newsletters in addition to posting all relevant OSH Act information in our employee Portal.

We also successfully completed a number of Safety and Health Audits for the financial year 2018, covering for 22 workplaces across the Group. We also conducted Fire/Evacuation drills for all Head Office Buildings and several Branches.

O CIMB GROUP DIVERSITY STATEMENT

Promoting Diversity and Inclusion for Sustainable Growth

“At CIMB, we celebrate diversity. We recognise that employees are our greatest assets and it is the uniqueness of each and every one of these individuals that drives the company forward.

We believe this diversity contributes to bringing creative solutions and positive results to serve well our customers, business associates, stakeholders and the community at large which constitutes people of multi-ethnicity, religion, gender, nationality and age.

We take deliberate efforts to foster inclusiveness through our corporate values. We instill in our employees the culture of respect, open engagement and teamwork, and we reinforce these behaviours in our daily work life.

We are committed to strive towards providing equal opportunities for employment, development and career progression based on merits of our multicultural talents without having regard to their ethnicity, religion, gender, nationality or age. We promote work-life flexibility to enhance workplace wellness and help individuals to achieve quality of life and personal effectiveness.

As a company with a firm foothold in ASEAN, our strength lies in our diversity and we will continue to uphold and champion our core values.”

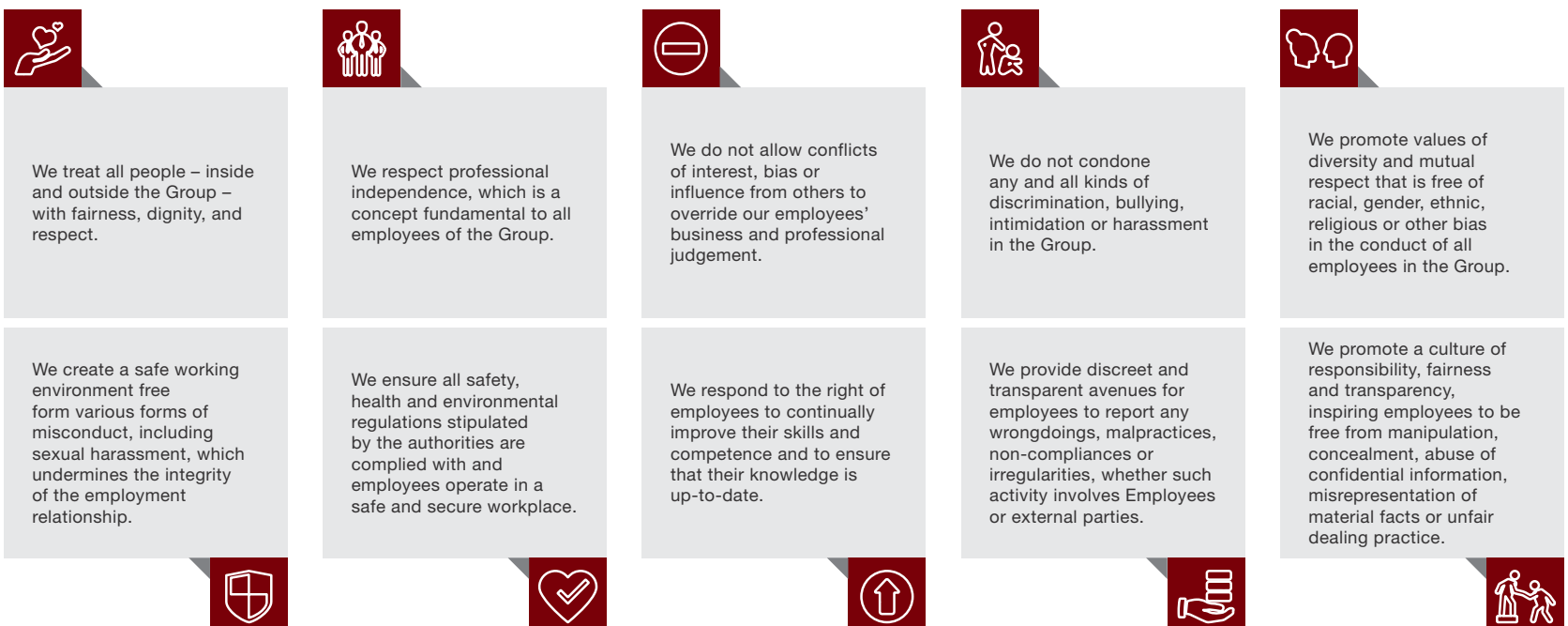
O CIMB GROUP HUMAN RIGHTS STATEMENT

Protecting the Rights and Privileges of People
(GRI:102-41)

As the signatory to the UN Global Compact Network Malaysia, we embrace its Ten Principles, including those related to Human Rights and Labour, which have been derived from the Universal Declaration of Human Rights, and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

Through our progressive staff policies and procedures, our continuous efforts to create a culture of responsibility and integrity, we support and respect our employees’ and partners’ rights to freedom of association, collective bargaining, and equitable opportunities for learning and growth.

The principles of Human Rights are embedded into various provisions made in our Employee Code of Conduct, including the following:





With regard to labour rights in Malaysia, we recognise 8 unions and have in place Collective Agreements (CA) with National Union of Bank Employees, Association of Bank Officers, CIMB Bank Berhad Executive Staff Union, Sarawak Bank Employee's Union, Sabah Banking Employees' Union, Kesatuan Pegawai-Pegawai Bank Sabah, Kesatuan Pegawai-Pegawai Bank Sarawak and National Union of Commercial Workers. Unionised staff make up 51.2% of 16,699 employees in Malaysia and we maintain a very cordial and harmonious relationship with all the unions.

O CIMB GROUP SUSTAINABLE PROCUREMENT GUIDELINES

Encouraging Sustainable Supply-Chain Practices

Considering that our procurement mission stands for more than short-term gains, we work with our suppliers to go beyond legal compliance, to exceed minimum requirements, and to strive for continuous improvement. Effective September 2018, we have adopted specific guidelines to include supplier declarations on prohibited activities, whereby all new suppliers need to disclose their non-involvement in:

- child labour, forced labour and human trafficking;
- environmental harm - illegal logging, uncontrolled use of fire for clearing forest lands, natural resource development within UNESCO World Heritage sites (unless there is prior consensus with both the government authorities and UNESCO, etc); and
- transactions linked to the financing of and/or parts of arms and ammunition.

In addition to these, we will be including the CIMB Guidelines on Sustainable Procurement in all new tenders to encourage suppliers to subscribe to the national and/or the international principles of sustainable development, covering areas of human rights, labour and the environment and anti-corruption.

We also have extended our Whistle-Blowing Policy to our supply chain partners. It is a confidential avenue to report suspected unethical, illegal or improper conduct and behaviour. We are currently in the process of defining the governance of the whistle-blowing platform for suppliers, while also making appropriate technological changes to make the channel accessible through CIMB Group Electronic Procurement System's (GEPS) homepage.

REGIONAL INITIATIVES AND MEMBERSHIPS

For active engagement with various stakeholder groups and enhanced visibility amid communities and stakeholders alike, we actively participate in several membership groups and associations. Our contributions go beyond the applicable annual fee commitments, to include sharing industry insights; participating in roundtable discussions and sectoral studies; and demonstrating our leadership by sharing best practices.

Our long-term objective is to forge meaningful partnerships to not only build our knowledge-base and capacity, but to also champion sustainability principles that are aligned with global best practices and goals, with local impact.

In 2018, in addition to our signatory status with the UN Global Compact (UNGC) Local Network (LN) Malaysia, we have joined United Nations Environment Programme – Finance Initiative (UNEP FI), which is a partnership between United Nations Environment and the global financial

(GRI: 102-12, 102-13)

sector. During the year, we actively participated in several deliberations on the draft Principles for Responsible Banking, which provide the first global framework that guides the integration of sustainability across all business areas of a bank, from strategic to portfolio to transaction level. By committing to the new framework, banks will be aligning their business with the objectives of the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

We have also joined the core group of banks to launch a six-month consultation on the draft Principles for Responsible Banking at the UNEP FI's Global Roundtable, held from 26-28 November 2018, in Paris, France. The Principles have already been recognised as the 'New Global Standard' by RobecoSAM, an international investment company that evaluates companies' sustainability practices and determines their eligibility/maturity to be listed on the Dow Jones Sustainability Indices (DJSI).



(Extreme Left) Tengku Zafrul Tengku Aziz, Group CEO, CIMB Group at UNEP FI's Global Roundtable, CEO Panel Discussion on Transforming Banking, 26-28 November, Paris, France.







CIMB is one of the 28 banks and the first ASEAN bank to join this global effort. During the year, we have participated in many deliberations and also contributed to developing the Principles for Responsible Banking.

As one of the founding members, CIMB Group has committed to engage with the industry in ASEAN to promote the value of these Principles. In collaboration with WWF and UNEP FI, we have already initiated efforts to reach out to various banking institutions and associations in the region, with an objective to orientate senior leaders on the value of embarking on a responsible banking journey.

Being a signatory bank ourselves, in 2018, we have also strategised to align our Sustainability efforts with the Principles for Responsible Banking. The table below articulates the Principles, what they mean to CIMB Group and our preliminary response based on our maturity on implementation as at end 2018.



PRINCIPLES FOR
RESPONSIBLE
BANKING

Principles	What it Means	At CIMB
 Alignment	Align business strategy with society's goals as expressed in the SDGs, Paris Climate Agreement and other related frameworks.	Our Triple Filter Alignment Approach allows us to continuously monitor relevance and balance across the Global UN SDGs, National Priorities, and Organisational Focus or Business Strategies.
 Impact	Continuously increase our positive impacts while reducing our negative impacts.	The CIMB Group Sustainability Policy and CIMB Group Sustainable Financing Policy clearly articulate our objective to achieve net positive impact by not just managing our carbon footprint and evaluating ESG-related risks for lending, but by also promoting sustainable practices and behaviour.
 Clients and Customers	Work with clients and customers to create shared prosperity for current and future generations.	The CIMB Group Sustainability Roadmap 2023 has been premised on the Principles of Responsible Banking and value-based intermediation (VBI), with customers, as well as communities at the heart of all our efforts.
 Stakeholders	Proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	Stakeholder Engagement and Advocacy is one of the five key focus areas when implementing our 5-year roadmap. This means, we will proactively engage with our multiple stakeholders, to identify and address matters that are most material to them and to encourage them to embrace sustainability practice.
 Governance and Target Setting	Implement commitments through effective governance processes and set targets for the most significant impacts.	As a leading ASEAN bank, governance is the underlying force for our continuing success. We have already initiated efforts to put in place key sustainability and related policies to strategically drive education and embedment, projects and programmes, with appropriate controls and monitoring, board oversight and stakeholder participation.
 Transparency and Accountability	Commit to transparency and accountability for positive and negative impacts, and contribution to society's goals.	We take an inclusive approach to engaging with transparency, communicating with integrity, and serving the sustainability agenda with responsibility as well as accountability towards the CIMB network of people and communities.

CIMB ISLAMIC - A CHAMPION OF SUSTAINABILITY

In strategising our sustainability roadmap and our alignment with the Principles for Responsible Banking, we have taken into consideration our positive disposition towards value-based intermediation (VBI) for CIMB Islamic. In November 2017, CIMB Islamic became one of the key founding members of Bank Negara Malaysia (BNM)'s Community of Practitioners (CoP) for VBI. We worked to develop VBI together with the central bank to contextualise and drive sustainability within Islamic financial institutions in Malaysia.

As the organising Chairman of Global Islamic Finance Forum 2018 – an internationally recognised industry platform – CIMB Islamic's CEO played a role in introducing and developing the theme on the role of the Islamic banking and finance industry in embracing sustainability as the core driver of future growth. In addition to the top-line strategic direction on sustainability, it was at the Forum where BNM also released the Guidance Documents on VBI for public consultation. These guidance documents equip Islamic financial institutions with suggested approaches to embark on their VBI journey. The Forum successfully attracted over 1200 participants from a wide range of banks, financial institutions and financial services providers in ASEAN, the Middle East and Europe.

In 2017, the sustainability-focused function was spearheaded by the CEO of Group Islamic Banking, with oversight from the Group CEO's Office. Over 2018, the CEO of Group Islamic Banking presented to the Joint Board of Directors and secured the commitment of senior management and the Group Board. Group Islamic Banking worked closely with Group Strategy and Design by providing guidance and resources towards institutionalisation of sustainability and sustainable finance governance. This resulted in the adoption of sustainability as one of the 5 key pivots of CIMB Group's Forward23 business strategy.

CIMB Islamic offered an Islamic banking perspective which was included into the implementation guidance of the UNEP-FI Principles for Responsible Banking. CIMB Islamic advocates compliance with such international principles and standards on environmental and social risks, provided banks undertake an impact-based risk management approach, with a voluntary, phased and staged implementation over several years in pursuing the adoption of VBI.

CIMB Islamic supports VBI's emphasis on the minimisation and prevention of negative impact arising from the banking industry's practices, conduct and offerings.

At CIMB Group, while we believe in providing financing solutions that are designed to catalyse sustainable development, and to aid sustainable businesses by contributing to positive EES impacts, we also place emphasis on managing the risks and potential negative impacts (arising from the activities that we finance) on the environment, to society and to the economy in general.

BNM defines VBI as an intermediation function that aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with the shareholders' sustainable returns and long-term interests.

Its underpinning thrusts include good self-governance, best conduct, entrepreneurial mind-set and community environment. Driven with the support of multiple stakeholders, the greater objective of VBI is an envisioned future financial landscape:



Driven by long-term and wider objectives (profits, people, planet);



Performance measurement considers both financial and non-financial aspects;



Innovation to create value for all;



Impact-based approach that fosters good conduct; and



Meaningful and active roles of key stakeholders.

Source: BNM Strategy Paper on VBI (Value-based Intermediation: Strengthening the Roles and Impact of Islamic Finance)

From time to time, the senior management leaders from various business units contribute their technical know-how via participation and appointment to industry review panels. For instance, in 2018, CIMB Group's internal experts helped to review syllabus and provide input for professional qualification/certification programmes associated with the Chartered Banker qualification, Compliance certification etc., which are championed by credible bodies such as the Asian Institute of Chartered Bankers (AICB) etc. Similarly, in Indonesia, experts and leaders from CIMB Niaga deliver lectures on Banking Management in every semester at the Faculty of Economics and Business (FEB), University of Indonesia (UI). It has been a partnership over 15 years. FEB-UI, in appreciation of CIMB Niaga's contributions by way of sharing industry insights and knowledge, offers 100% scholarships to 10 of our high-potential employees for their Masters and Postgraduate Programmes. To date, 20 CIMB Niaga employees have availed scholarships.

Below is a list of our memberships with key apex institutions that we have maintained in 2018. (The list is not exhaustive)



Membership Organisations (Malaysia)

1.	Institute of Certified Management Accountants (CIMA)
2.	Islamic Financial Services Board (IFSB)
3.	Association of Banks in Malaysia (ABM)
4.	The Association of Islamic Banking Institutions Malaysia (AIBIM)
5.	Association of Stockbroking Companies Malaysia (ASCM)
6.	Malaysian Investment Banking Association (MIBA)
7.	Perbadanan Insurans Deposit Malaysia (PIDM)
8.	Asian Institute of Chartered Bankers (AICB)



Membership Organisations (Indonesia)

1.	Perbanas (Perhimpunan Bank Nasional/Indonesian Banks Association)
2.	FKDKP (Forum Komunikasi Direktur Kepatuhan Perbankan/Banking Compliance Director Forum)
3.	AEI (Asosiasi Emiten Indonesia/Indonesian Public Listed Companies Association)
4.	ASPI (Asosiasi Sistem Pembayaran Indonesia/Indonesian Payment System Association)
5.	ASBISINDO (Perkumpulan Bank Syariah Indonesia/Indonesian Islamic Bank Association)
6.	ICSA (Indonesia Corporate Secretary Association)



Membership Organisations (Singapore)

1.	The Association of Banks in Singapore
2.	Singapore Business Federation
3.	Singapore Manufacturing Federation
4.	Malaysian Association in Singapore (MASIS)



Membership Organisations (Thailand)

1.	The Thai Bankers' Association (TBA)
2.	The Stock Exchange of Thailand (SET)





ECONOMIC IMPACT

- 50 Product Responsibility
 - 50 Access to Quality, Innovative and Affordable Financial Services
 - 53 Knowledge of Financial Management
- 54 Customer Experience Commitment
 - 54 Customer Experience and Excellence
 - 57 Fair and Transparent Grievance Mechanism
- 58 Supplier Partnerships of Trust

ECONOMIC IMPACT

Our economic impact is delivered by going beyond business-as-usual processes, to create value for our shareholders and stakeholders to include customers, employees, suppliers, regulators and the government. The following section presents our value-added approaches to designing and promoting our quality financial products; enhancing access to finance; and providing a safe and secure environment.

Our customers are at the centre of our immediate influence and impact. At CIMB, customers come first. We advocate the 3Es Principle : be Easy to bank with; be Efficient in our dealings; go the Extra mile for customers. We believe that the 3Es will help build trust, loyalty, and enhance our reputation as a credible and responsible bank – all towards providing customers with convenient access to our quality financial products and solutions to help meet their socio-economic needs and financial goals as well as to help grow their businesses.

Our promise to customers is to fulfil our product responsibility and customer experience commitment.



PRODUCT RESPONSIBILITY

Our philosophy of 'Banking for the Future' guides us to take a progressive approach to designing and delivering product solutions for our customers. In this sense, our responsibility extends beyond compliance and local market regulations. We go that extra mile to gather insights on the current and future expectations of customers, their evolving financial needs, as well as their need to create wealth towards improving quality of life. We take pride in our inclusive and non-discriminatory lending practices, ethical customer outreach, and financial literacy efforts, with close to 10,000 touchpoints in ASEAN.

>14 million customers



Close to 10,000 touchpoints



>100

financial products



ACCESS TO QUALITY, INNOVATIVE AND AFFORDABLE FINANCIAL SERVICES

Enhancing Digital & Rural Access



CIMB Pay is our first mobile app to combine secure cashless payments with deals and offers by parking their CIMB Mastercard, Visa credit cards, as well as debit cards in their mobile phones. Payments can be made by tapping mobile phones on any contact-less terminal with Near Field Communication (NFC) technology. The app has an in-built notification system that alerts customers of nearby contact-less terminals as well as flash deals. All card details are tokenised and no information is stored on the devices to enhance security.

Rekening Ponsel

In Indonesia, we continued to offer an innovative and practical application '**RekeningPonsel**', which enables cash transfer to anyone in the country, using a valid mobile number as the account number. Besides transfer of money, RekeningPonsel allows purchases at registered merchants as well as withdrawals and cash-in at all CIMB Niaga channels and approximately 40,000 Indomart and Alfamart chains (minimarkets). With such unconventional product mechanisms, our objective is to improve access to finance through simple solutions, with no administrative costs involved in opening a traditional bank account.



1Platform eliminates the need for customers and employees to trawl multiple channels for an overview of investments and borrowings. 1Platform replaces five core banking applications with an integrated, streamlined solution. Functioning as a unified system that allows faster time to market, it enables flexible products across markets. Having been rolled out in MIST, 1Platform has enhanced CIMB's cross-selling abilities and has substantially reduced costs for CIMB.



Further to our partnership with **Touch 'n Go**, 'The #1 Micro-payment Wallet in Malaysia' in 2017, we have had an encouraging response in the Malaysian micro-payment services market. In 2018, we became the first and only acquiring bank to enable TNG e-wallet. The Touch n Go app is an all-in-one e-wallet service that covers all existing and future Touch n Go products and services, including public transport, toll, retail and parking. During the year, we also mandated 1,372 stores from 149 merchants for the Dynamic QR merchant acquisition.



During the year under review, we also introduced **CIMB EVA 2.0** (Enhanced Virtual Assistant) - the first AI-based virtual assistant launch in ASEAN. Designed with simplicity, CIMB EVA introduced easy navigation to banking details, transactions (Transfer Money, Pay Bills/Jom PAY and Top Up) as well as usage behaviours just by chatting or quick access with keywords. The always-improving EVA has been built with a spend analysing capability where it intelligently categorises customer's spend behaviours, allowing customers to easily view and compare monthly spending patterns for their CIMB debit, credit and prepaid card, helping them to better manage their spending and saving.

Most recently, CIMB EVA also enhanced its Natural Language Processing (NLP) and is now better trained to interact in conversational English to cater to customer's needs and commands. With the enablement of NLP, EVA's chatting and understanding capabilities are able to learn and adapt to be smarter over time. Building on its predictive analysis, CIMB EVA is now able to anticipate customers' upcoming bill and card payments and assist customer in their upcoming payment to improve their overall financial management. CIMB EVA provides end-users with a more relevant digital banking experience and personalised guidance based on the customer financial patterns and behaviour.



To-date, CIMB EVA has recorded over **230,000** downloads with over **1.4 million** transactions since its launch in December 2016.

Technology Aided Solutions

With the launch of CIMB 1-Minute Auto and Home Financing InstaApproval™ on 31 May 2018, CIMB became the first and only bank to introduce an instant decisioning proposition in Malaysia. The automated preliminary credit decisioning process helps salaried professionals to confirm their auto-finance and / or home-finance approval status within 1-minute of the application and IC submission. The auto-finance service has been made available at select partner showrooms to include Cycle & Carriage Bintang (Mercedes), Tan Chong Motor (Nissan), Honda Malaysia, Ingress Auto Malaysia (BMW), Perodua Sales, Perusahaan Otomobil Nasional (Proton). With CIMB InstaApproval™, we have seen an increase in the mortgage applications volume, mainly due to the reduction of time from customer application to the Letter of Offer from average of 11 working days to 1 hour. Such customer-centric solutions will go a long way into positioning CIMB as the preferred banker.

In Vietnam, CIMB FinTech delivered a Digital Attacker Model, with the newly launched digital banking platform on 17 October 2018. Customers can now open 'Fast Account Savings Account' and fixed deposits through various digital channels. As at December 2018, we have secured more than 1,300 new customers. With such a positive market response, we plan to introduce similar digital interventions to improve customer offerings and proposition.

INTEGRATING ISLAMIC PRINCIPLES INTO PRODUCT DESIGN

Takaful Suria is Malaysia’s first universal takaful hajj product that was developed by our banca takaful partner, Sun Life Malaysia Takaful Berhad. Takaful Suria provides protection, savings and financial flexibility to assist Muslims in fulfilling their religious aspirations and obligations. In 2018, we issued 4,832 certificates, with total first year annualised contribution of RM6,276,181.


Takaful Suria is one of the CIMB Islamic products which goes through the Shariah screening process. This is to ensure all our Shariah-compliant financial activities are free of any speculative elements. With due diligence, we also ensure that our engagement excludes elements of gambling, gaming, alcohol, tobacco and firearms. Once the due diligence on governance and financial strength is completed, the social impact of financing is also examined.

In June 2018, we have also launched Takaful Mulia – another universal takaful plan that is underwritten by Sunlife Malaysia, designed to meet the obligations under the 5 Pillars of Islam. Under this plan, the lump sum of fidyah/sadaqah is payable to the zakat authority on behalf of customers and a lump sum of hajj payout goes to customers when they embark on their Hajj/umrah trip. This is the first of its kind product in the market offering coverage and peace of mind for fulfilling religious obligations. As at 31 December 2018, we issued 1,271 certificates, with total first year annualised contribution of RM3,287,280.

ENHANCING DIGITAL EXPERIENCE

Our digitalisation efforts have gone a long way in simplifying our products and services, whilst ensuring transparency. Analytics and data have enhanced our accessibility and made us reach out to customers in a more interactive and meaningful way.

In 2018, we registered 67.1% of our total retail banking customers, a 14% increase, on CIMB Clicks online banking portal. Similarly, the percentage of active mobile customers, using CIMB Clicks mobile application, as part of our active clicks base, also increased from 46.2% in 2017 to 58.5% in 2018.

 In Thailand, Beat Banking continues to create a new experience by transforming mobile phones into ‘digital banks’. A collaboration between Advanced Info Service (AIS) Public Company Limited and CIMB Thai Bank, Beat Banking offers solutions that have revolutionised the way customers access, make payments and transfer money 24 hours a day, every day. As at December 2018, we have secured a total of 53,551 Beat Savings accounts.

Beat Banking	Total No. of Beat Savings Accounts (opened since launch of the product)	No. of AIS outlets equipped with basic CIMB banking service
2015	31,775	22
2016	43,281	64
2017	48,792	63
2018	53,551	62



More than
98.5% of business establishments in Malaysia are SMEs.

FUNDING SME GROWTH

According to the Economic Census 2016, Department of Statistics Malaysia, 98.5% of business establishments in Malaysia are SMEs, which are catalysing new growth for the economy. More than 90% of the financing needs of SMEs are served by banking institutions, besides other sources such as development financial institutions, Bank Negara Malaysia (BNM) and the government. However, the SMEs are always challenged by their growing operations and costs, which in turn affect their affordability to pay back their loans. Considering that SMEs form the backbone of most ASEAN economies where we operate, we are committed to help address the issue of SME financing and support their growth. For instance, we processed and disbursed a total of RM7 billion in loans for SMEs* in 2018. (* SME definition as per Bank Negara Malaysia)

In Indonesia, CIMB Niaga supports the distribution of MSME financing, which includes both SMEs and Micro Enterprises, through digital-based product development. As at 31 December 2018, the ratio of MSME loans was 13.92% of total loan portfolio. Total MSME loan book was IDR37.3 trillion, increased by 6.51% from the previous year. The SME loans totalled to IDR29.6 trillion or 79.36% of MSME loan.

KNOWLEDGE OF FINANCIAL MANAGEMENT

End 2016 – 2018

128financial literacy
programmes**11,009**participants from
2 countries**RM2.9 million**

investments

**Be\$MART Programme:**

This flagship initiative aims to improve financial literacy amongst college- and university-aged youth across Malaysia, mainly to mitigate the growing youth bankruptcy in the country. The programme is delivered in the format of a two-day workshop, targeting 50 students each. The sessions use a mix of interactive lectures, simulation games, and personal question and answer sessions with CIMB representatives, providing a practical understanding of sound financial management. The best performing students are provided with a Private Retirement Scheme account jointly by CIMB-Principal Asset Management (CPAM) and CIMB Foundation, mainly to jump start their savings for the future.

Impact: In 2018, 5,557 college and university students participated in 88 sessions, with our monetary contribution of RM2.52 million. The students demonstrated an increase in financial knowledge by 143.40%.

Investment	Workshops	CIMB Volunteers	Students/ Participants	Financial Knowledge	Long-term Impact
To date: RM4.08 million	To date: 158	To date: 754	To date: 10,214 (from 100 institutions)	143.40% increase (based on pre- and post- assessments for relevance and effectiveness)	Financial Prudence & Improved Quality of Life
2018: RM2.52 million	2018: 88	2018: 230	2018: 5,557 students (from 43 institutions)		

“Prior to this course, I had minimal knowledge of finance and I thought finance only meant savings. I used to confuse accounting and finance even though I am an accounting student. Through this course, I learnt new concepts such as delayed gratification, unit trust funds and financial planning. The young generation tend to spend money on things we desire. Delayed gratification helps to realise that my current way of managing money is flawed. Overall, I found this course outstanding as it helped me and my friends to not only save money, but also manage personal finance, learn about investing, and ways to multiply income”

Nur Iman bt. Ahmad Faris
18 years old,
Kolej Mara Seremban,
Negeri Sembilan

**LET'S SAVE AND SHARE CAMPAIGN (AYO MENABUNG DAN BERBAGI - AMDB)**

AMDB and TDB are financial literacy initiatives that were implemented in partnership with CIMB Niaga and lead institutions such as Indonesia Heritage Foundation; Sokola Foundation; KoperasiKasih Indonesia; and Kick Andy Foundation. Our efforts through this initiative have been to inculcate a 'savings habit' amongst school children and teenagers. The format we have used in the past is to impart financial knowledge through various educational video games, role-plays, and a symbolic tree-planting activity. The programme also provides a platform to raise funds for the disadvantaged, giving them access to a quality education.

Impact: In 2018, through AMDB and TDB, we raised

IDR1.09 billion, covering **6,388 students** from

60 schools in 14 cities. Under the programme, we also opened

2,217 Student Savings Accounts (SimPel), with
a total savings of **IDR5,331 million**.

CUSTOMER EXPERIENCE COMMITMENT

The Group Customer Experience (CX) team (known as GCXM) was set up in August 2016 with the aim to make CX a key differentiator for us in all our key markets. This was mainly to recalibrate our strategy and business models, as well as to effectively address the evolving needs of our customers.

Our aim is to consistently uphold the 3 CX promises – be Easy to deal with, be Efficient and Go the Extra Mile to delight our customers. CIMB embraces a “Customer First” model which focuses on elements of design and delivery to delight our customers. Through our recently concluded 3-year strategic roadmap, we have developed a sustainable plan that focuses on Treating Customers Fairly (TCF), simplifying banking and driving game-changing banking experiences through innovation. We have enabled our employees to carry out their duties in a customer-centric way through a series of tools and guidelines.





CUSTOMER EXPERIENCE AND EXCELLENCE

1. We leverage on human-centric design thinking and use Customer Journey Mapping (CJM) as a tool to build and organise interactions across processes, products and services, with the customer in mind.

From the 35 key CJM workshops conducted across the different markets of operations, we have successfully transformed 42 Lean Six Sigma Projects, which have translated into more efficient and effective customer service processes and outcomes.

2. We have recalibrated our operational matrix to embed a customer lens towards improving efficiencies.

A total of 16 key vital indicators encompassing fulfilment levels across core channels, products and systems, have been consolidated and are tracked on a monthly basis to cultivate sustainability in our service delivery. As of 2018, 81% of these indicators showed significant positive improvement. Some of these include:

	Reduced branch-wait time		Decreased call-handling time
	Improved complaint resolution times & quality		Reduced the overall time-to-market for core products

3. We have enabled a holistic Voice-of-Customer (VoC) mechanism to effectively capture customers perspectives and feedback.

Our VoC framework aims to consistently build a culture of continuous CX improvements by focusing on insight optimisation via customer feedback to drive greater impact. The overall programme covers the following areas:

Strategic: Bank-wide Customer Engagement Survey (annual) where NPS (Net Promoter Score) is used as the ultimate outcome of the survey to gauge where we stand relative to our key competitors, from a total banking relationship. Based from our recent 2018 performance, we are currently ranked as Top 3 Retail Bank in MY, and Top 10 across IST respectively amongst comparables.

Transactional: We built an in-house platform to track service experience and perform recovery across five channels – Contact Centre, Complaint Resolution Unit (CRU), Branches and Relationship Managers for Preferred and Commercial Banking. This has helped us to keep up the service momentum and drive higher accountability towards the experiences of our customer.

Tactical: Business-Led Surveys across Products/Services and Channels (Ad-Hoc) – With a stronger drive to understanding evolving customer needs. We have run 32 customer studies across businesses within a span of 20 months. These have been used to strengthen our value proposition to our customers.

4. Build a sustainable culture by empowering employees to make the change.

We introduced the concept of *#cxmywayoflife* which embodies our customer first culture and encourages entrepreneurial thinking in our employees. We have trained close to 20,000 of our staff on Lean Six Sigma (minimum white belt) and CX soft skills in a span of 24 months – which makes up 50% of the organisation whilst the other are continuously touched by CX roadshows and initiatives. A total of 551 CX improvement ideas were submitted and implemented across the region (Malaysia, Thailand, Singapore and Indonesia) and over 180 recognised and rewarded as winning ideas.

As customer needs and banking behaviours are fast evolving, we constantly elevate our game to uphold the right CX standards and establish consistencies across markets. Our guiderail is to always upkeep our CX promises to customers (making banking **Easy, To Be Efficient** and to always **Go The Extra Mile**).

WON 8 AWARDS FOR OUR COMMITMENT TO CUSTOMERS

1 Next-Gen Customer Experience in Financial Services Awards 2019

Winner for Excellence Net Promoter Score	Winner for Best Customer Experience - Branch	Highly Acclaimed for Best Customer Experience Business Model
Highly Acclaimed for Best Use of Customer Feedback	Highly Acclaimed for Best Customer Experience - Contact Center	Highly Acclaimed for Best Client On-Boarding Initiative
Highly Acclaimed for Best Use of Data Analytics		

2 Malaysian CMO Awards 2018

Best Marketer in Customer Experience Marketing

CUSTOMER DAY, MARCH 2018:
GOING THE EXTRA MILE IN DELIGHTING OUR
CUSTOMERS



At CIMB Group, we are constantly looking for more and more opportunities to engage with our customers in a meaningful and delightful manner, creating unique experiences and memories, with our value-based products and services.

Our 'Customer First' philosophy motivates us to go the 'Extra Mile' to serve our valuable customers and continuously improve by seeking their active feedback through various platforms and programmes.

The CIMB Customer Day is one such avenue for us to connect with our customers, share our solutions, interact with them to gain new insights, and above all, create a happy CIMB experience. Customer Day was observed in Malaysia, Thailand, Singapore and Cambodia during the year, creating one or more of the following customer moments of truth...

- Special performances to include brand icon OCTO interaction
- Surprise elements and customer treats such as lucky draws
- Senior Leader engagement with customers for firsthand feedback
- Self-Service Terminals to showcase CX initiatives for improved banking experience
- Sign-up for select products on preferential terms, with zero hidden charges
- Screening of 'CIMB Values Relationships' – a video, featuring one of the CIMB Customer's Family
- Sending personalised 'thank you notes'/customer appreciation notes from Heads of Business and Relationship Manager



Special visits by Senior Leaders to selected branches. In the picture (from right): Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Group Chief Executive Officer with Manpreet Singh, Group Head – Customer Experience Management.

All the initiatives were very well received by our customers who were pleasantly surprised and genuinely delighted. Our strength is always in the support and loyalty we receive from customers and this was just our way of saying "Thank You".

Our customers' HAPPY expression said it all! – This was the biggest success throughout the campaign. Though it is perceived as something intangible, creating and sustaining emotions is definitely the most challenging task to derive a delightful moment and subsequently establish positive tonality on the brand presence.

Other highlights include:

1. Strong engagement on the Social Media video posting, where we have registered:
 - 2.4 million views on YouTube (translating to 44% view through rate) and 1.2 million views on Facebook (at 15% view through rate), respectively
 - A total of 14 million impressions and over 5 million reach of unique users
2. High ownership and accountability across everyone in the organisation wherein the event involved various levels of staff across channels.
3. Our customers and employees were excited and posted pictures at #cxmywayoflife which has been institutionalised and now is an expression that is core to our DNA.



Our gratitude towards our customers has been conveyed throughout the year through this expression.

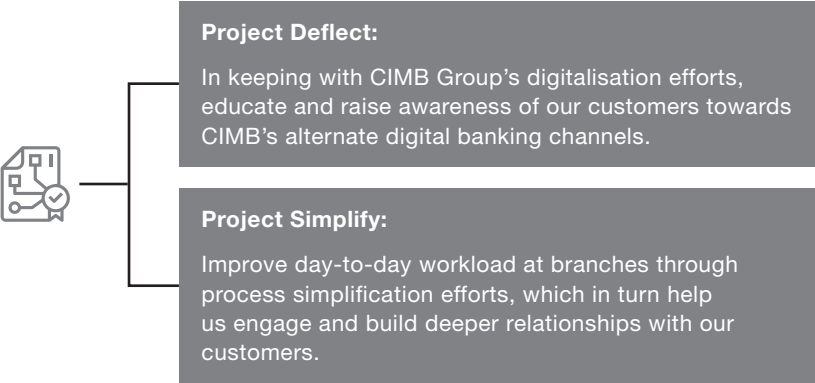


Scan the QR Code to Download our 'Gratitude Message' for our Customers

TECHNOLOGY & HUMAN EXPERIENCE

It has been our endeavor to create unparalleled and consistent experience for our customers, in terms of faster transaction time, more agile products and services, and frontier technology platforms.

In 2018, through Project \$peed, we enhanced both branch productivity and efficiency towards enhancing CX across CIMB's multiple customer touchpoints. The project included two sub-projects:

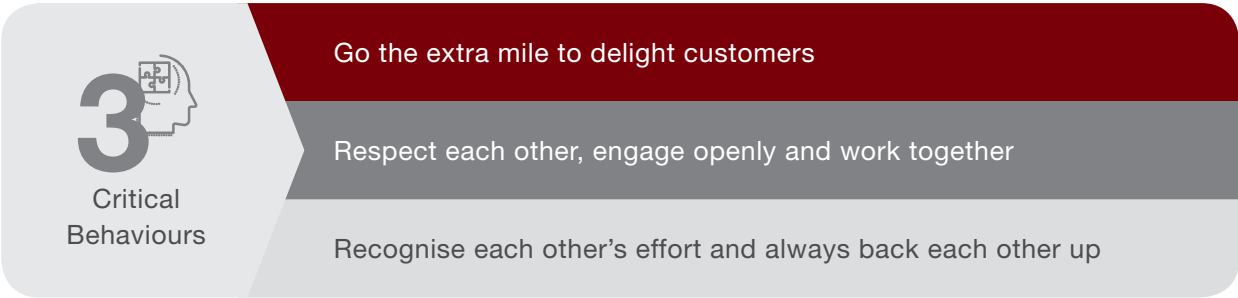


With the support of 10 departments, these projects were rolled out across our 271 branches, and our network of 3,000 self-service terminals (SSTs) and online banking channels such as CIMB Clicks etc. As a result, in 2018, we saw more than 20% increase in the alternate channel usage. Due to the positive results and strong collaboration on the project, the team won an award in the Best Productivity, Efficiency and Automation Initiative, Application or Programme Category at the Asian Banker International Awards in March 2018.

Similar to the objectives of Project \$peed, CIMB Group embarked on Project Optimise to help on-the-move and digitally-savvy customers leverage our alternative channels such as CIMB Clicks for anytime, anywhere convenient access. During this six-month project, 10 types of calls from 33,000 customers were migrated from CIMB Call Centres to CIMB Clicks, with a 50% retention, where customers continued to be active users of the alternative channel. With a shift to more convenient digital channels, customer satisfaction levels were also reported to increase, where ghpromoters outnumbered detractors with NPS of +41. Overall, there was a 29% reduction in the call volume against the initial target of 15% and 12% for cards and banking respectively, with total savings amounting to RM1.8 million per annum.

ORGANISATIONAL CULTURE

We understand that organisational culture plays an important role in inspiring ideas, fostering team work, enabling leadership and driving performance. This includes our disposition towards our customers and the quality of our service at every point of interaction across our banking franchise. During the year, we invested close to RM450,000 on ABC Culture Transformation Initiatives region-wide. 'A Better CIMB' culture network is led by, as of December 2018, 144 Business Sponsors (Heads of Department/Division) and 2,337 Informal Leaders (Employees), who exhibit exemplary behaviour that reflect our culture, referred to as the '3 Critical Behaviours'

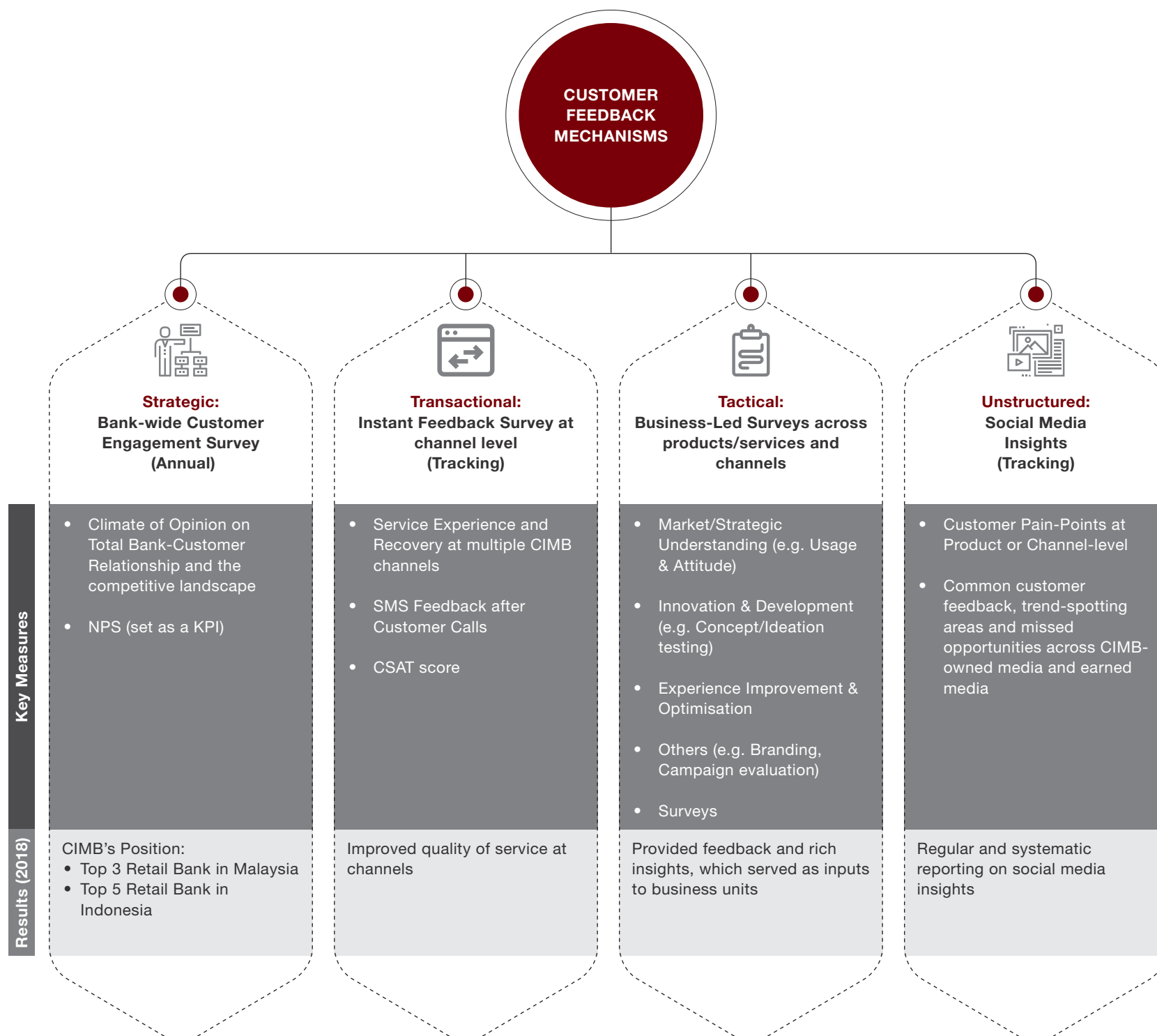


The Business Sponsors and Informal Leaders organise engagement sessions with their respective colleagues (informal meetings) to share experiences and suggestions on work as well as non-work-specific matters. This network is endorsed by management as part of the CIMB cultural transformation journey, which enables employees to leverage on each other regardless of the difference in their job roles, ranks or departments. The idea is to provide a spring board for others to enable learning and the '3 Critical Behaviours'.

FAIR AND TRANSPARENT GRIEVANCE MECHANISM

The vast network of CIMB branches and various digital channels serve as 'Listening Posts', through which we continuously capture customer feedback, their evolving expectations, concerns and future or emerging financial needs. The listening posts empower us with real-time data, which is further analysed for customers insights and strategic solutions.

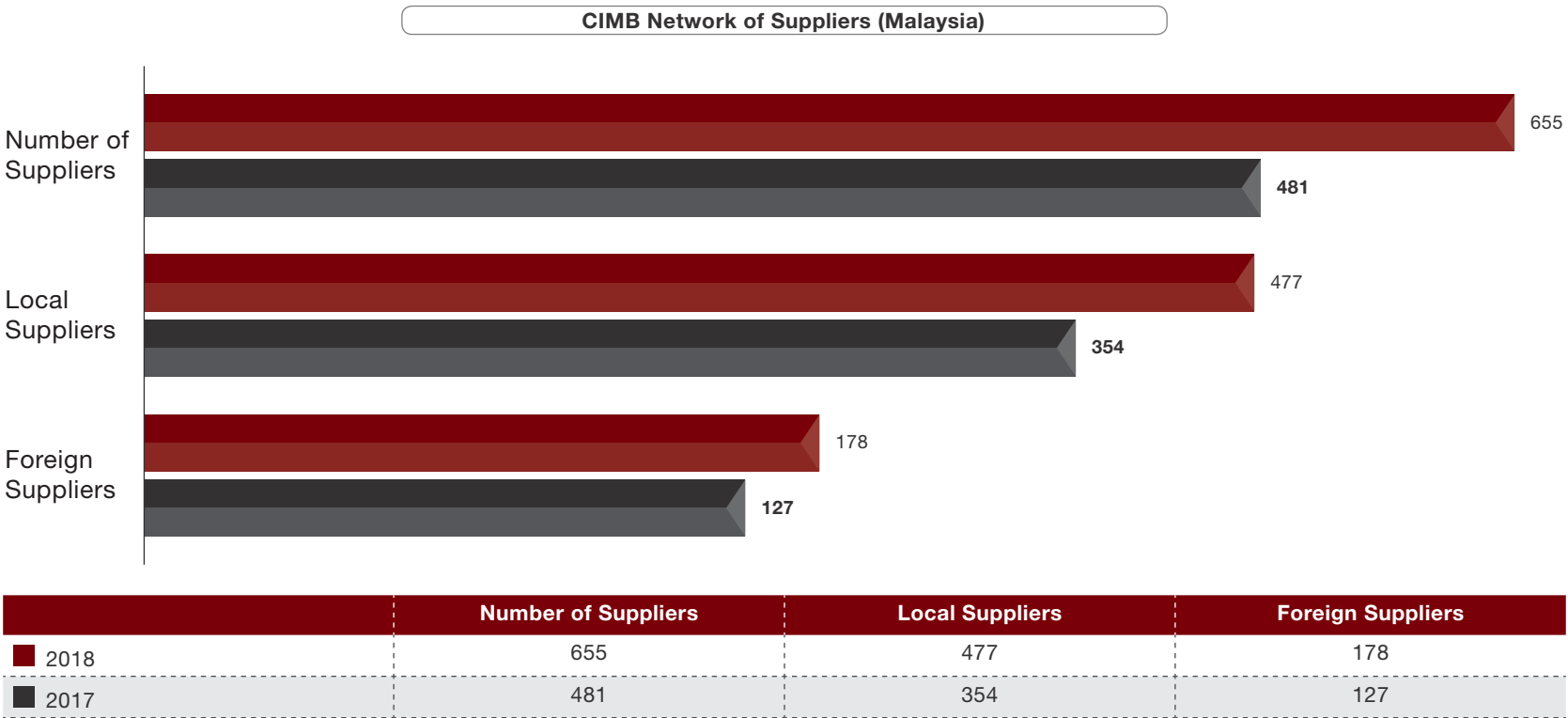
Our holistic VoC (voice of customer) measurement framework is deployed through direct and indirect feedback mechanisms, which help us gain better understanding of customer expectations, motivation and behaviour.



SUPPLIER PARTNERSHIPS OF TRUST

As a leading financial services provider with large-scale operations, we engage and partner with suppliers across ASEAN – mainly in the areas of IT, banking operations, marketing, professional services as well as facilities management.

We seek mutually beneficial relationships with suppliers based on trust, merit and fair competition. We work through our supply chain to promote responsible and inclusive procurement practices, applying high standards of integrity and good practice in managing related environmental and social impacts.



Competitive bidding opportunities to diverse suppliers also avoid conflicts of interest or any situation which could give rise to an appearance of conflict of interest. We also have in place due diligence to ensure suppliers satisfy relevant laws and regulatory requirements and are able to prove adherence to applicable CIMB policies.

In 2018, a total of 655 suppliers were successfully registered in our Group Electronic Procurement System (“GEPS”) with “Active” status, of which 477 were local suppliers while the remaining were foreign suppliers. Compared to 2017, the total suppliers successfully registered in GEPS was 481, marking an increase of 174 suppliers, whereby 123 of these incremental suppliers are local, while the balance were foreign.

During the year, 13% of the newly registered suppliers in GEPS are SMEs and we are committed to their continuing growth. In 2018, we committed a spend value of approximately RM1.2 billion through all our suppliers.



SUPPORTING BUMIPUTERA SUPPLIERS

CIMB is committed towards the Bumiputera Vendor Development Programme (BVDP), which helps us focus our efforts on supporting the economy and improving the performance of our Bumiputera suppliers.

We support selected Bumiputera suppliers to enable them to achieve sustainable competitive advantage and provide the link to access other GLCs and government agencies in terms of business opportunities via pitch exercises and focused presentations through the BVDP platform.

CIMB, together with the Ministry of International Trade and Industry (MITI) and other local government agencies, also provides specific training modules for selected Bumiputera suppliers in the BVDP. The customised development programme offers participating Bumiputera suppliers an opportunity to learn and grow from interactive training programmes. As a direct result of the development programme, we have nurtured a National Champion as per our commitment to MITI's KPI. The success path of this supplier includes closing deals with GLCs, getting on-board panelship/empanelment of GLCs, getting awarded and recognised by both the Prime Minister and MITI and achieving the target sales.

We target to develop 3 suppliers per year up to 2020. In 2018, we have enrolled 3 Bumiputera suppliers into our BVDP, making a total of 13 suppliers from a total of 10 suppliers in 2017.

These efforts have also been recognised internationally last year. CIMB won 3 awards conferred by the Chartered Institute of Procurement & Supply ("CIPS") at the Australasia Conference & Supply Management Awards 2018 and the Supply Management Awards 2018 Asia held in Sydney and Singapore respectively.



PROMOTING RESPONSIBLE SUPPLIERS

Our procurement principle is to promote shared value and positive outcomes. Towards this, we continuously find ways to motivate our suppliers to demonstrate responsible and ethical behaviour, while optimising opportunities for learning and growth with our partnership. Effective September 2018, we have adopted specific guidelines to include supplier declarations on prohibited activities, whereby all new suppliers need to disclose their non-involvement in child labour, forced labour and human trafficking; environmental harm; development within UNESCO World Heritage sites; and transactions linked to the financing of and/or parts of arms and ammunition.

In other words, we care about the way our suppliers do business. Our Vendor Code of Conduct ("VCOC") state our expectations in areas of labour and human rights, health and safety, environment and ethical dealings. As our procurement mission stands for more than short-term gains, we work with our suppliers to go beyond legal compliance, to exceed minimum requirements and to strive for continuous improvement. In 2018, we observed 100% compliance to the VCOC and zero breaches were reported for all suppliers newly registered in the GEPS.

Motivated suppliers immensely contribute to the quality and success of our projects as well as our business continuity. Therefore, we have put in place effective mechanisms to address their grievances, in a transparent manner. All project related complaints are decentralised to Business Units for better efficiency. The suppliers are also able to register their complaints on the GEPS with an assurance of resolution within acceptable time frames. In addition, the CIMB Group Whistle-Blowing Policy provides a confidential avenue for suppliers to report suspected unethical, illegal or improper behaviour, and disclosures are treated confidentially.



DIGITALLY-ENABLED SUPPLIER RELATIONSHIPS

From the launch of the GEPS in the third quarter of 2017, we have reduced the printing of standard tender documentation by 100%. Ever since, all tenders are being issued electronically and in 2018, at least 8,000 pieces of A4 paper were avoided for printing the tender documents.

Besides reducing the use of paper, the electronic tender issuance and submission also eliminated the costs and emissions incurred on postage/travelling by suppliers in submitting hardcopy documents.

Most importantly, the GEPS has also improved the governance of tender submissions, providing a transparent and a level playing field for fair competition to suppliers. Also, the platform has ensured zero information leakages and prohibition of unauthorised access to the tender submissions.





Environmental Impact

- 62 Financing Sustainable Development
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- 70 Green Initiatives

ENVIRONMENTAL IMPACT

Our environmental efforts are guided by our commitment to factor in climate-related financial risks and the potential financial impacts of such risks to our business as well as our stakeholders. We are currently in the process of assessing these risks and opportunities for scenario planning and mitigation measures. Meanwhile, the following section outlines some of the key initiatives undertaken to manage our operational impacts as well as our sustainable financing efforts.

FINANCING SUSTAINABLE DEVELOPMENT

As a leading universal bank and corporate citizen in ASEAN, CIMB is committed to sustainability, and aims to integrate Environmental, Economic and Social (EES) considerations into our risk assessment and strategies to ensure that our business activities have a net positive impact on our existing and future stakeholders over the long term.

As a financial institution that provides financing to enable and facilitate economic activities, it is our duty as a responsible corporate citizen to manage the risks and potential negative impacts arising from the activities that we finance, on environment, society and the economy in general. We also place emphasis on providing financing solutions that are designed to facilitate sustainable development, and to aid sustainable businesses in contributing to positive EES impacts.

The Group Sustainability Policy provides clarity and transparency around how Sustainability Risk should be managed across the Group in a manner consistent with the Group's Enterprise-Wide Risk Framework and other internal/external expectations. In 2018, the Board has also approved the Group Sustainable Financing Policy, which provides guidance on the environmental and social risks and their related impacts in financing decisions, to enable CIMB to make informed decisions according to our values and aspiration to provide responsible and sustainable financial services.

CIMB Group has committed to take a precautionary approach, by 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. In addition, we are also conscious of our role and commitment to promote BNM's Value-based Intermediation towards creating positive economic, environmental and social impact.

In 2018, we reinforced our commitment towards Sustainable and Responsible Investment ("SRI") and Economic, Environmental, and Social ("EES") initiatives.

WORLD'S DEBUT SOVEREIGN GREEN SUKUK ISSUANCE

The Republic of Indonesia (ROI) has developed a Green Bond and Green Sukuk Framework, mainly to finance or refinance eligible projects through the issuance of Green Bonds and Green Sukuk. The framework provides a robust structure for climate-aligned investment, and is in line with the International Capital Market Association's Green Bond Principles, the ASEAN Green Bond Standards and the new regulations of the ROI Financial Services Authority for green bonds. The framework is aligned to support Indonesia's Nationally Determined Contribution to the United Nations Framework Convention on Climate Change, covering a broad range of mitigation and adaptation project types.

In 2018, CIMB served as an Active Joint Book runner, Active Joint Lead Manager and Dealer for ROI's issuance of Trust Certificates ("Wakala Sukuk") from its recently upsized programme of USD25.0 billion. The Sukuk issuance, comprising a 5-year and a 10-year tranche, is the 9th USD Sukuk issuance by the ROI. The USD1.25 billion 5-year tranche also represents the world's debut sovereign Green Sukuk issuance.

The transaction is in line with the ROI's ongoing objectives to strengthen the global Islamic financial market and commit to environmentally sustainable green funding. The proceeds of each Green Bond or Green Sukuk will be used exclusively for spending in the form of budget allocation/subsidies/projects for new financing or the refinancing of eligible Green projects. The National Development Planning Agency and the Ministry of Finance, will review and approve projects/budget allocation/subsidies to be included in the State Budget.

GREEN TECHNOLOGY FINANCING SCHEME

The Green Technology Financing Scheme (GTFS) was first introduced by the Government of Malaysia in 2010 to encourage local companies and entrepreneurs to adopt green technology-based projects in support of the national agenda. The Budget 2018 announced the extension of the GTFS until 2022, with a total financing of up to RM5 billion.

Under the auspices of GTFS, CIMB Islamic has financed construction and commissioning of two 1-megawatt biogas-to-power facilities via two Term Financing-i facilities to the tune of RM13.8 million.

The operation of the power facilities encompasses the generation and trapping of methane gas, which is utilised in the power generation system.



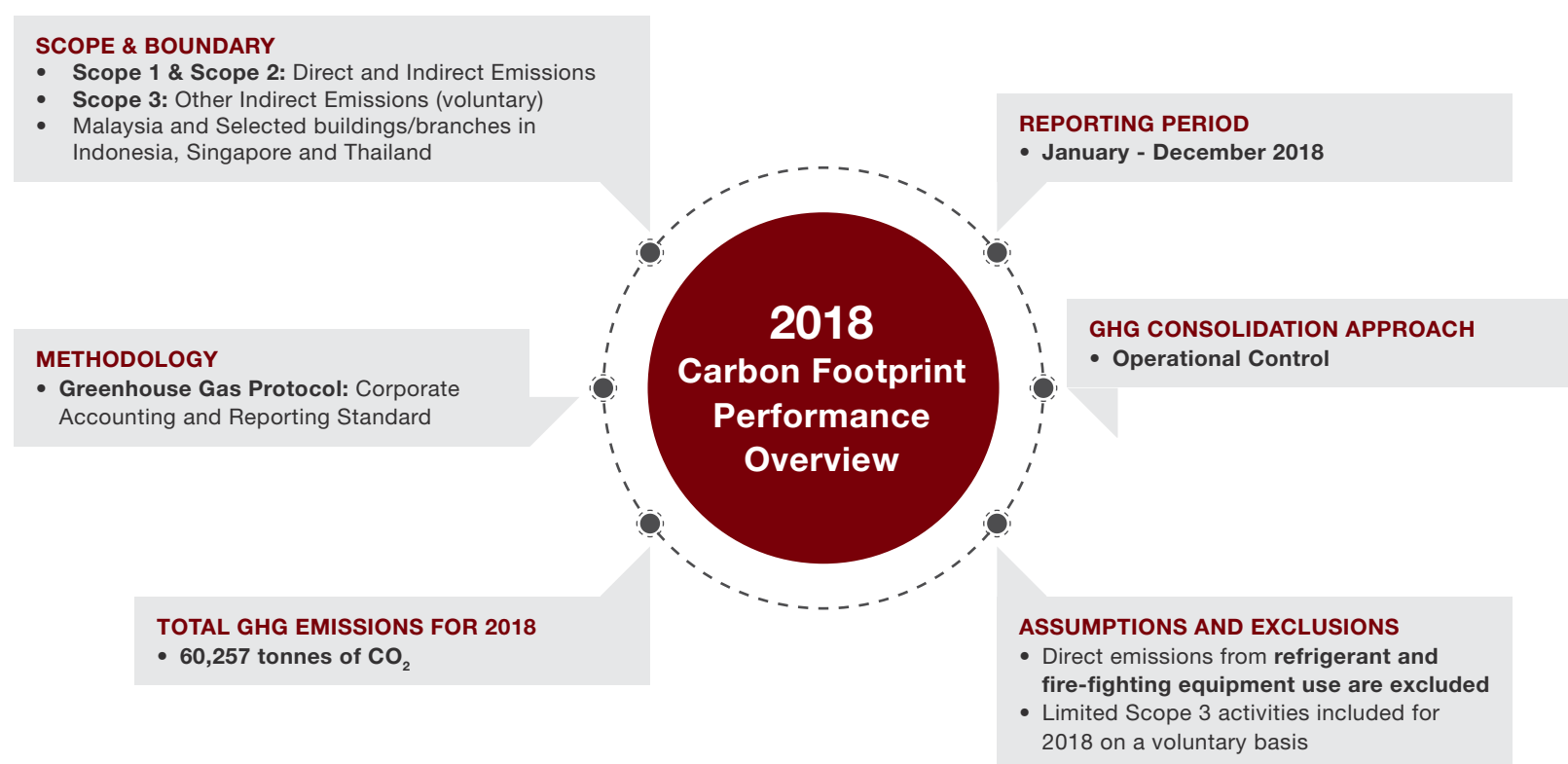
CIMB Group is also a direct financier of climate-related projects in Malaysia through the Green Technology Financing Scheme (GTFS). To date, the Corporate Banking Division has financed projects valued at RM74 million. The financing was mainly for a biogas plant and a green residence project.

CLIMATE CHANGE AND BANKING

Climate change is a growing concern and a recognised risk, with potentially irreversible damage to the environment, the people and the economies. Global warming and the resulting climate change are the cause of increasing natural disasters that are causing much harm by way of destruction of assets, ecosystems, and economic as well as financial stability. Considering our current priorities in sectors such as agriculture, oil and gas, infrastructure and others, it is imperative for us to evaluate various risks and exposure in relation to climate change.

Guided by our Group Sustainability framework, we will continue to ensure effective implementation of appropriate frameworks, policies, methodologies, procedures and/or controls so as to mitigate such risks. In other words, we will take a proactive approach to integrating economic, environmental and social risk assessments in central processes such as lending, investments, procurement, and managing operational impacts.

Towards this, in 2018, we initiated the process of monitoring and measuring our carbon footprint (Scope 1 and Scope 2) for our operations in Malaysia, and selectively for Indonesia, Singapore, and Thailand (MIST). In view of our complex operational set-ups in these ASEAN markets, we have earmarked to complete this exercise by 2020, with full disclosures on our MIST carbon footprint. In 2018, we have already identified necessary gaps in both the available data and our data-tracking mechanisms. While we treat 2018 as the foundational year, we will focus on improving our quality of greenhouse gases (GHG) emissions data over the next three to five years, with baseline year as 2019. Below is our Carbon Footprint Performance Overview for 2018 for MIST.



At CIMB, we believe that our initiative to measure, aggregate and disclose data on our emitted GHGs, and future plans for emission reduction over the next 3-5 years will help us contribute to the Malaysian government's commitment to the United Nations Framework Convention on Climate Change (UNFCCC). Malaysia has a target to achieve 35 - 45% GHG emission intensity reduction by 2030 in relation to 2005 GDP. Similarly, Indonesia has a target of 29% reduction of CO₂ from all sectors, and Singapore has a target of 36% reduction of emissions intensity below 2005 levels by 2030, Thailand too expects to reduce GHG emissions by 20 - 25% by 2030.

CIMB Group took a new commitment to report its organisation-wide carbon footprint starting this year (2018).

It is important for
of our employees
that **CIMB Group** has an
environmental strategy.

89%

OUR CARBON FOOTPRINT

An environmental focus has always been integrated into CIMB Group businesses in the past, and relevant initiatives have been disclosed in past years' citizenship reports. For 2018, CIMB Group has included an overview of GHG emissions as well as our efforts towards identifying concrete measures to reduce our energy consumption and GHG emissions, mainly from own operational activities.

The data collection process involved commitment from employees at various group levels. The annual carbon footprint accounting report enables CIMB Group to benchmark performance indicators and evaluate progress over the time.

METHODOLOGY

Our carbon footprint approach is based on the Greenhouse Gas Protocol (GHG Protocol): Corporate Accounting and Reporting Standards.

The following documents were also referred to for additional guidelines:

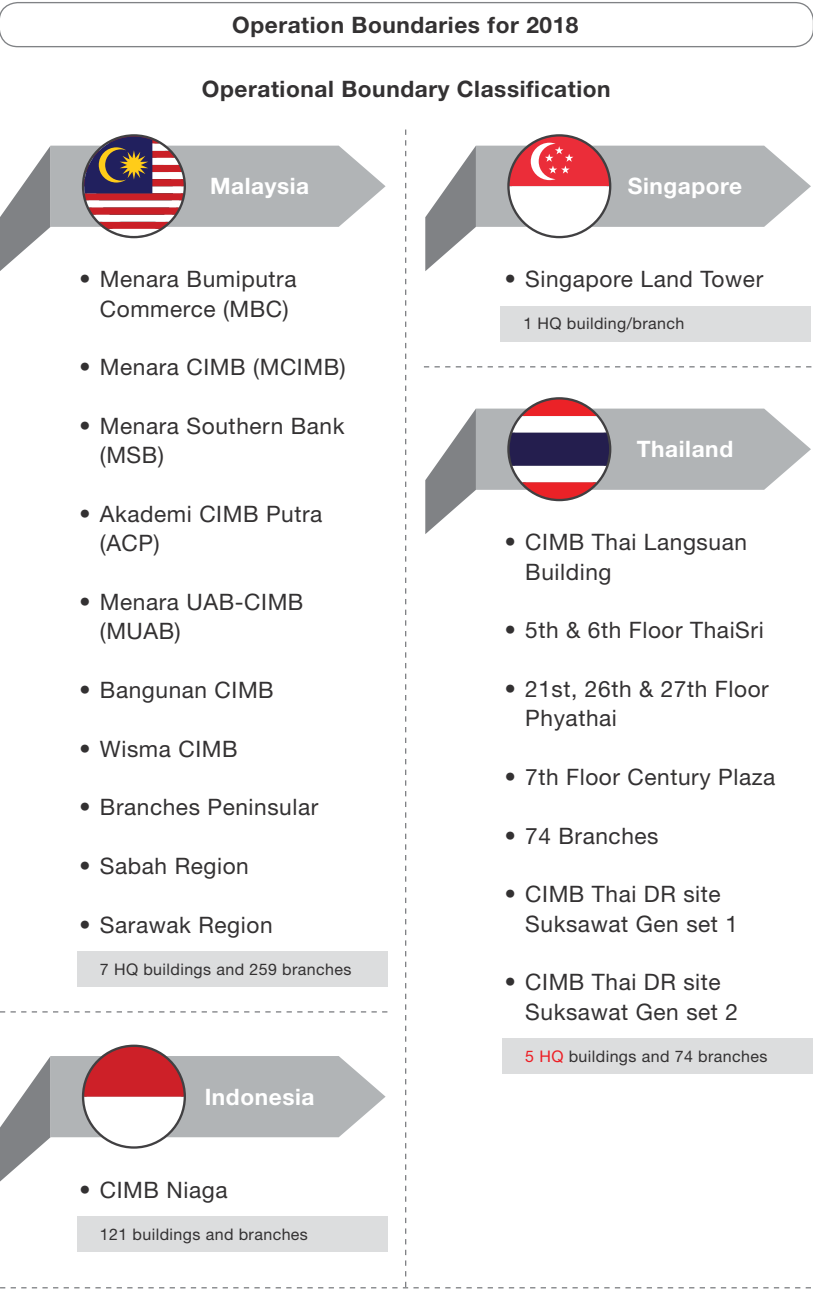
- ISO standard 14064-1: Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories

Based on the above, our methodology considers the important GHGs such as carbon dioxide (CO₂) and methane (CH₄). Where relevant CH₄ has been converted into CO₂ equivalents based on their global warming potential from the IPCC Fifth Assessment Report.

The GHG assessment conducted for CIMB Group for 2018 included identification of sources and preparation of the inventory of GHG emissions. The carbon indicators facilitate monitoring of CIMB Group's activities to identify improvement areas and highlight areas of necessary mitigation action plans to reduce the CIMB Group's carbon footprint. Our long-term objective is to develop mitigation strategies and measures to minimise our GHG emissions through target-setting, as well as good environmental and energy management practices.

ORGANISATIONAL BOUNDARY FOR 2018

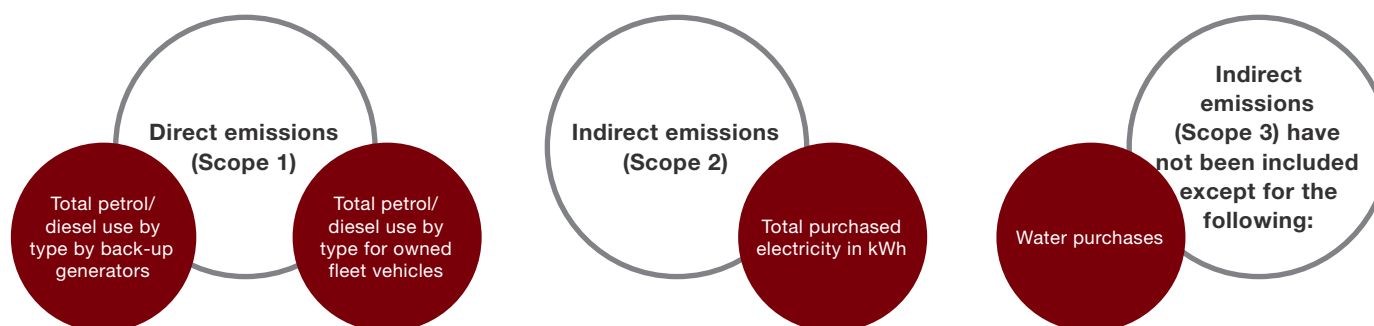
In setting the organisational boundaries, CIMB Group's consolidation and reporting on GHG emissions is based on the 'control approach' i.e., we will account for 100% emissions only from our operations where we have direct operational control. By defining the boundaries clearly, the double counting of GHG emissions is avoided in our reporting.



GHG EMISSIONS

While we have been reporting our energy consumption data since 2014, the next reporting cycle/year (2019) will be designated as the baseline year for GHG emissions calculation. In 2018, we continued to streamline our internal environmental data processes, tracking and reporting mechanisms. The inventory for 2018 covers GHG emission sources from business operations of CIMB Group in Malaysia, and selected buildings/branches in Indonesia, Singapore and Thailand.

Based on the initial assessment, the following were monitored as GHG emission sources within the defined boundary. The boundary will be expanded progressively over the next 1-5 years, as we mature in our GHG data capturing mechanisms.



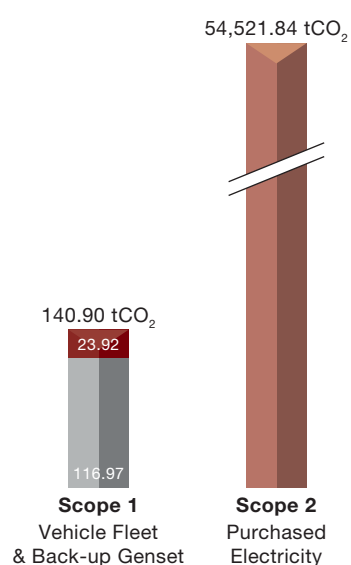
*Direct emissions from refrigerant use have been excluded due to non-availability of data. Such data was also not tracked for the past years. Necessary steps are being taken to include these important emission sources in our assessment for 2020.

The CIMB Group Citizenship Report 2017 reported concrete energy efficiency and waste minimisation action plans, undertaken since 2015 at selected premises of CIMB Group, but without any GHG emissions disclosure.

This report has translated the reduction data into CO₂ equivalent. However, the operational boundary covered for the mitigation action plans were only five main buildings in Malaysia. For future reporting (in coming years), the boundary shall be expanded.

CARBON FOOTPRINT 2018 : MALAYSIA

(GRI: 302-1, 302-2)



Scope 1: Direct Emissions



Mobile – Petrol & Diesel
Used by Vehicle Fleet
116.97 tCO₂



Stationary – Diesel
Used by Back-up
Generators
23.92 tCO₂

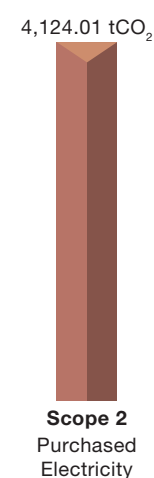
Scope 2: Indirect Emissions



Purchased Electricity
54,521.84 tCO₂

■ Vehicle Fleet
■ Back-up Generators

CARBON FOOTPRINT 2018 : INDONESIA

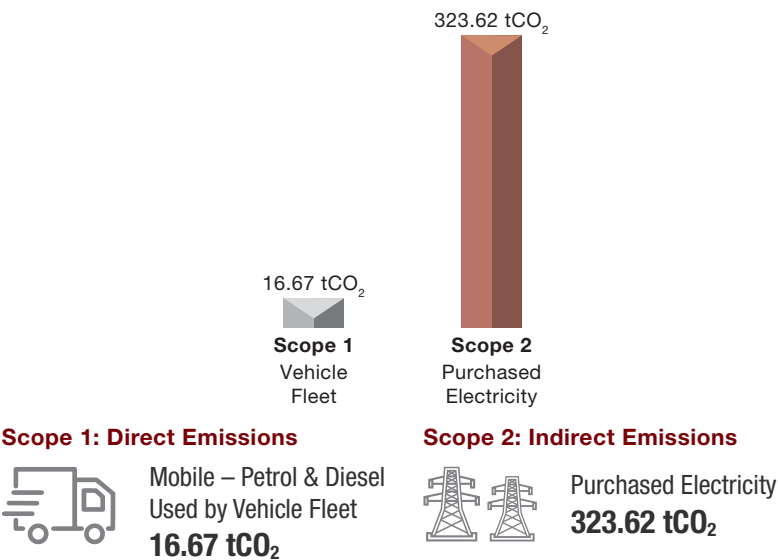


Scope 2: Indirect Emissions

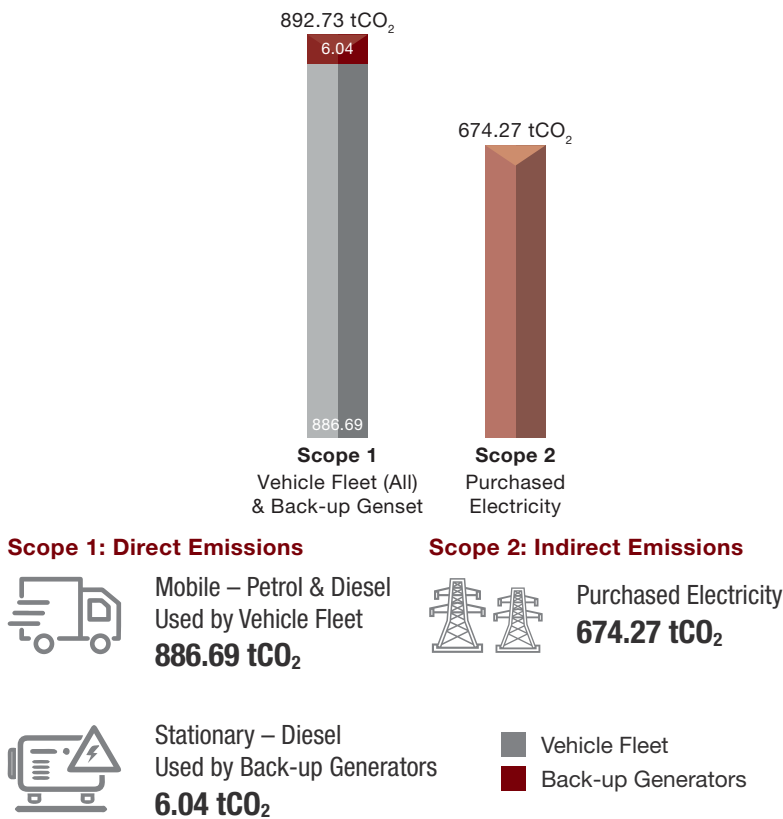


Purchased Electricity
4,124.01 tCO₂

CARBON FOOTPRINT 2018 : SINGAPORE



CARBON FOOTPRINT 2018 : THAILAND



OUR GHG EMISSIONS REDUCTION PERFORMANCE (Mitigation action 2018) (GRI: 305-5): Reduction of GHG emissions

MALAYSIA

In setting mitigation strategies and measures to reduce our GHG emissions from operational activities, the following five main premises (HQ buildings) within CIMB Group were selected.

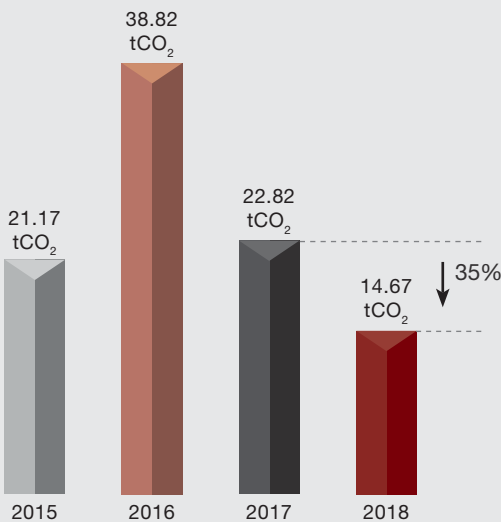
Organisational Boundary for Mitigation Action Plan Implementation



Scope 1: Direct Emissions (Diesel Consumption)



Reduction of **~35%** from 2017:
8.15 tCO₂ reduced GHG emissions from
2,977 litres less diesel used

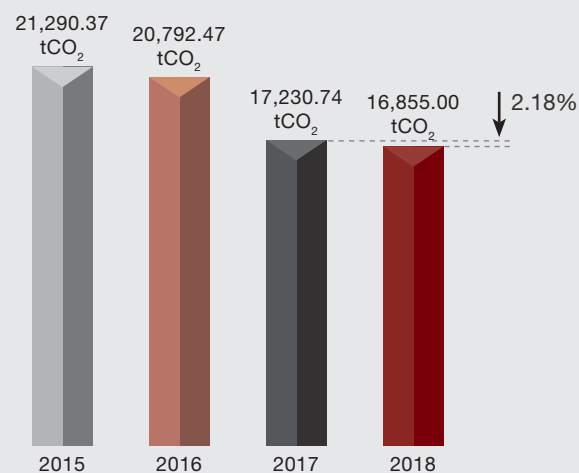


Scope 2: Indirect Emissions (Purchased Electricity)



Reduction of **~2.18%** from 2017:

375.54 tCO₂ reduced GHG emissions from
869.14 MWh less electricity used

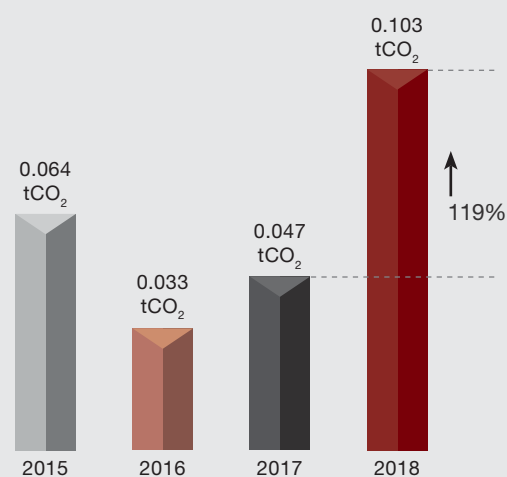


Scope 3: Other Indirect Emissions (Waste Recycled – Paper)



Avoided emissions from disposing paper waste at landfills:

0.103 tCO₂ avoided GHG emissions from
34,428 kg paper waste sent for recycling in 2018

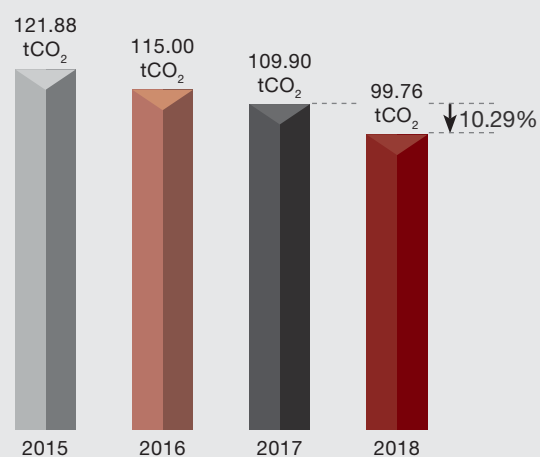


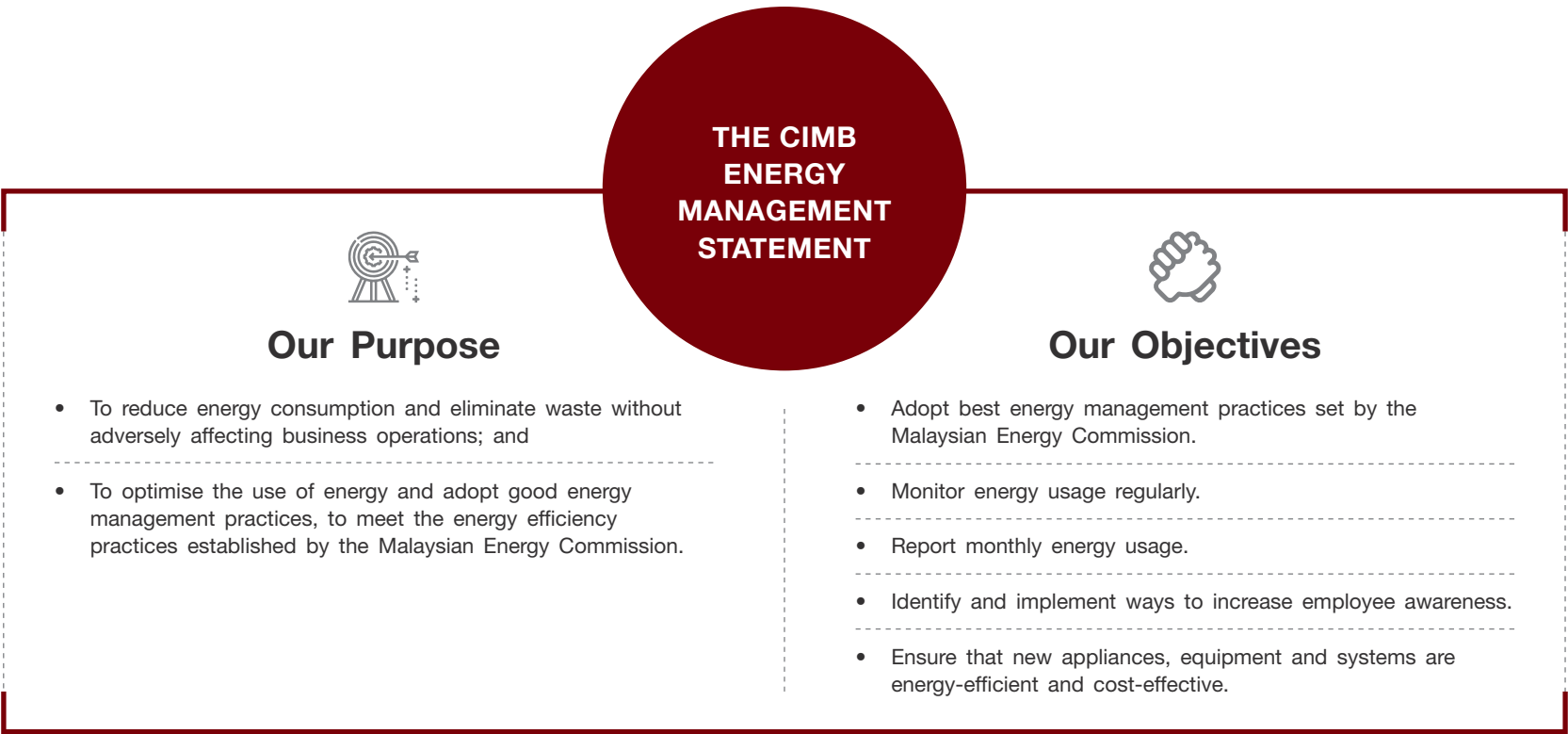
Scope 3: Other Indirect Emissions (Purchased Water)



Reduction of **10.29%** from 2017:

10.14 tCO₂ reduced GHG emissions from
29,743.50 m³ less water used in 2018





In 2018, we have undertaken the following initiatives, which will contribute to reducing our energy consumption:

01

Disposed CIMB's fleet of older vehicles and initiated efforts to encourage employees to shift to public transport over corporate pooling arrangement

02

Completed diesel fuel reconditioning and tank cleaning services for Gensets in various office buildings

03

Deployed "Green Bins" in all the floors of 2 corporate buildings for secured document disposal

04

Replaced conventional UPS system to modular type UPS system for improving efficiency

05

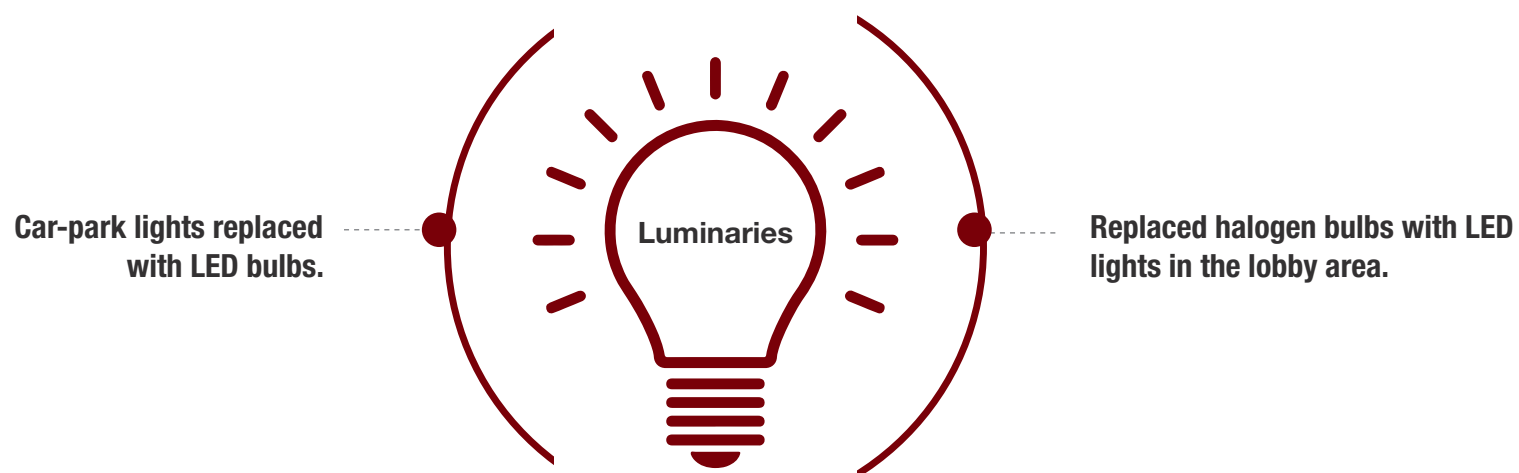
Embarked on a 'Lift Modernisation' project for saving energy

06

Initiated an electronic waste disposal exercise

Thailand Energy Conservation Activities

In 2018, we embarked on activities that produced significant electricity consumption reduction:



Avoided emissions from various energy conservation programmes from 2014 - 2018.

2014

Changed fluorescent to LED bulbs

Replaced the old with new Chiller Machines (200 tonnes)

2015

Installed VSD to reduce speed of air-conditions from 50hz to 45hz

2016

Changed reception area's LEDs to Halogen lighting

2017

Changed all lightings at Langsuan Branch to LED

Changed Lift Hall's fluorescent lightings to LED T5

GREEN INITIATIVES

Along our sustainability journey, our efforts are to mobilise the vast CIMB network of stakeholders and inspire them to embrace sustainable behaviour and practices. We believe that stakeholder partnerships, and collective action will go a long way in not only supporting our sustainability agenda, but to also creating positive impact on the environment and society.

'CLOSING THE LOOP' ON WORLD EARTH DAY:

In April 2018, in conjunction with the World Earth Day, we partnered with a sustainability enterprise, Impacto Sdn Bhd, to host the premiere screening of the world's first feature length documentary on Circular Economy.

Dubbed as "Closing the Loop", the documentary is directed by Emmy Award Winner Graham Sheldon. The documentary, co-produced and presented by Prof. Dr. Wayne Visser, has been filmed across three continents (Europe, Africa and Latin America) and includes commentary and insights from corporate sustainability directors from companies such as Marks & Spencer and The Body Shop, and centres of excellence like the World Economic Forum and the University of Cambridge. The documentary also features pioneering circular economy cases, including Barloworld/Caterpillar and REDISA, Biogen, Dutch aWEARness, Interface, Novamont and Quito City.

With more than 80 participants from the public and private sectors, the documentary and the discussion were part of our continuing efforts to engage our network of clients and stakeholders, NGOs and civil society to inspire partnerships for sustainable development. By championing these kinds of strategic platforms, our long-term aspiration is to demonstrate sustainability leadership with our philosophy of 'Banking for the Future' – a promise for a better tomorrow.

(In the Picture)

Mr. Rafe Haneef, CEO, CIMB Islamic Bank Berhad, addressing the audience, including CIMBians, experts and speakers from United Nations Development Program (UNDP) Malaysia; World Economic Forum Expert Network; Circular Economy Asia and Impacto Sdn Bhd.



84%

of our employees agree that CIMB Group's mission towards creating a sustainable organisation has been clearly communicated to all employees.

INSPIRING THE YOUNG GENERATION OF CIMBIANS TO WALK THE TALK

While we were busy creating excitement and embedding sustainability in all aspects of our business, we also planned to garner active participation of CIMB Fusion management trainees as well as the young minds from The Complete Banker programme. We believe that it is imperative to start educating our young leaders on the importance of contributing to the sustainability of the environment and the community.

Themed “Sustainability Starts with Us”, 26 CIMBIans from Malaysia, Singapore, and Indonesia were brought to the 66-acre Taman Tugu in Kuala Lumpur on their first day of work, where they were involved in tree planting; clearing of the ground and shrubs to create a new walking trail; and creating a sustainable green lung within the city. Once completed (in 2019), the park will be held by a public trust and reserved as a green public space in perpetuity.

Similarly, 18 of the best and brightest were selected and awarded the CIMB ASEAN Scholarship for 2018 and the award ceremony was held at Urban Hijau's 1-acre green compound. The idea was to orientate our future leaders and champions of sustainability on green behaviour – in mind-set and in action before they embark on their professional career. These young talents were exposed to various sustainable farming techniques and different types of crops that can be grown in urban areas. Themed “Planting a Sustainable Future”, the event also included a talk on Permaculture Design and Sustainable Consumption by experts of Urban Hijau, a sustainable social enterprise which focuses on sustainable urban farming.



The CIMB Young ASEAN Leaders (CIMB YAL) is an annual programme with an overarching objective to grow and nurture the best of our young ASEAN leaders, and enable them to exchange ideas, broaden their perspectives, as well as gain cross-cultural experiences, whilst exploring a theme that is relevant to all ASEAN countries.

In 2018, 50 delegates from each of the 10 ASEAN nations convened in Kuala Lumpur between 19 and 24 October 2018 to deliberate and exchange ideas on the theme, “Resilience and Innovation towards a Green, Prosperous Lifestyle: Smart City.” The participants learnt about various components that make a Smart City, such as Smart Buildings, Smart Mobility, Smart Energy, Smart Communities, Smart Infrastructure and Internet of Things (IoT).



“CIMB Young ASEAN Leaders is a great programme which gave me an opportunity to learn and share experiences with many inspiring youths from all the ASEAN countries. I feel this is the best chance to improve our leadership skills and learn acceptance and tolerance for all our differences”

Siriphone Siriphongphanh,
National University of Laos,
22 years old

Investment	Students/ Participants	Long-term Impact
To date: RM0.95 million	To date: 300	Youth Leadership and Sustainable Development
2018: RM0.25 million	2018: 50	

Environmental Impact

In Indonesia, CIMB Niaga is committed to support environmental conservation through lending to environmentally friendly business activities. Lending is provided in the form of investment loans, working capital loans etc. to prospective commercial customers in large-scale processing, plantation, mining, infrastructure and manufacturing industries. CIMB Niaga encourages customers to implement relevant environmental policies by obtaining PROPER ratings given by the Ministry of Environment and Forestry (KLHK). There are five levels of PROPER assessment, namely: PROPER Gold, Green, Blue, Red and Black. Gold PROPER is the best-level of environmental management (beyond compliance), while Red PROPER indicates that environmental management is only part of what is required; and Black PROPER, which is the lowest level, reflects that environmental management has not been carried out as required. The initiative supports OJK and Bank Indonesia's regulations on environmental preservation.

PROMOTING AND REWARDING GREEN PRODUCTS AND PRACTICES

CIMB has also rolled out preferential financing rates for new hybrid vehicles and residential properties certified under the Green Building Index (GBI).

The preferential rate to customers is applicable for financing of Residential Properties certified under **GBI, GreenRe, Leadership in Energy and Environmental Design (LEED) and BCAS Green Mark (Green Mark)**.

We introduced special financing fixed rate for new hybrid vehicles with a minimum financing amount of **RM70,000** for both **Conventional and Islamic**.

The financing period offered is up to **9 years**.

64%
acceptance
rate

RM199 million of acceptance in financing was approved under the scheme for both:



Under Construction Properties



Completed Properties

94%
approval
rate

Total case submission over the **5 months** after launch was **456 cases**

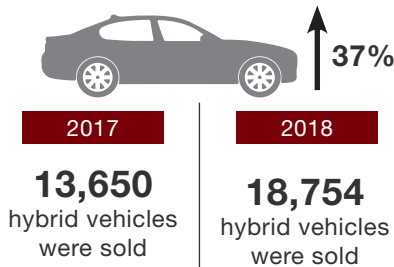
The prices offered are tailored according to customer's segment. Since the inception of the product under the Green initiatives in September 2018, the take-up has been encouraging with a total of:

97
cases
approved

in the amount
of **RM11.6**
million

This initiative supports the government's tax incentive scheme for EEV (Energy Efficient Vehicle) to encourage reduction of carbon footprint and reduce the use of fossil fuel. Since EEV was launched, the demand for hybrid cars has shown an increasing trend*.

* The Trend in Malaysia



PROTECTING THE ENVIRONMENT FOR THE FUTURE GENERATIONS

Ba'Kelalan & Long Semadoh, Sarawak is part of the forest conservation efforts undertaken in collaboration with World Wide Fund (WWF Malaysia). The idea is to promote sustainable rice farming amongst local communities to reduce conversion of natural forests and habitats for agricultural activities. With an allocation of RM600,000 by CIMB Islamic, the three-year partnership (initiated in 2017) aims to advocate Systematic Rice Intensification (SRI), which is a chemical-free farming method, towards reducing environmental degradation, as well as achieving food and water security. The scope of the 3-year project involves assessing biological diversity, raise awareness on the importance of protecting forest reserves and using sustainable mechanisms for agriculture.

During the year, WWF and CIMB Islamic sponsored local Padi Farmers to participate in various programmes organised by the Department of Agriculture, including a visit to the SRI Lovely Farm in Sik, Kedah, where the farmers were educated on both theoretical and technical aspects of SRI. The project outcomes are expected to benefit 1,030 community members from Long Semadoh & 1,830 other people involved in paddy cultivation and rearing of buffaloes.

The Bamboo Conservation programme is one of our flagship projects, which involves local communities as well as the indigenous to conserve and preserve bamboo for both social and environmental well-being. The initiative includes equipping the community members with tools and financing to create employment and income opportunities from bamboo plantations. Besides, we also recognise that bamboo's carbon sequestration can equal or surpass that of the fastest-growing trees. It also has the power of absorbing tonnes of CO₂ from the air to improve its quality. This means that bamboo ecosystems can significantly contribute to mitigating the effects of climate change. During the year, CIMB Niaga's Biodiversity Development through Bamboo Conservation Programme was recognised at the Indonesia Green Awards, conferred by The Latofi School of CSR.



Ulu Muda Conservation is another initiative launched in partnership with WWF Malaysia to increase and strengthen the protected areas' representativeness and coverage of Peninsular Malaysian Terrestrial Conservation (PMTTC) priority landscape by 100,000ha. The project outcomes will meaningfully contribute to enhancing food and water security as well as to the Government's Aichi Target (17% terrestrial and inland water) by 2020. The three-year partnership, with a budget of RM900,000, will also provide 55,130 farming families with access to water resources in the Ulu Muda area.

The Green Office Implementation is a project initiated by CIMB Niaga to inspire CIMBians to embrace our green office policy, and create an environment-friendly and green workplace, which in turn enhances productivity and performance. In 2018, we implemented the project in CIMB Niaga's headquarters and included:

Green Lifestyle Workshops that promoted and encouraged green behaviour and living habits.



Smart Spending efforts through implementation of environmental-friendly operational policies, with significant impact or savings on operational costs, such as paper, electricity and fuel use.





Social Impact

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SOCIAL IMPACT

Our social impact can be measured by our commitment to the welfare and well-being of our employees as well as the communities where we serve. The following section outlines some of the key policies, programmes, and areas of impact in both the workplace and the community.

TALENT ATTRACTION, GROWTH AND RETENTION

Banking is one of the most dynamic sectors, continuously undergoing a process of change and transformation, requiring high-potential talent to drive performance. With the advent of technology, big data, and alternative business models in the financial sector, the need for attracting, developing and retaining the right kind of talent has become a pre-condition for efficient operations and seamless work delivery.

Besides, as the banking landscape continues to evolve with the rise of Industry 4.0, our competitors are not just from banking, but from multiple industries, with multiple skill-sets.

In 2018, Group Human Resource introduced a new recruitment branding proposition to attract more diverse skill sets and talent from beyond the banking industry.



THE LEADERS GIVING BACK

We extensively engage internal subject-matter experts to co-design learning interventions and facilitate classroom training. Over the years, this approach has helped strengthen our knowledge base as well as improve both intradepartmental and interdepartmental communications. These sessions, led by senior leaders and top performers, allow participants to learn from their experiences and personal success stories. In 2018, we organised a total of 720 line trainers/leaders from our business units, who contributed 12,806 learning hours by way of facilitation and knowledge-sharing.

While the employees continue to benefit from these sessions, the senior leaders or the trainers themselves are presented with many opportunities to represent CIMB Group on credible industry platforms, such as conferences, symposiums, universities, industry review panels and banking or financial services-related coaching programmes etc.






TRAINING FOR DEVELOPMENT AND GROWTH

(GRI: 404-1, 404-2, 404-3)

At CIMB Group, we deployed hybrid learning methodologies towards positive learning outcomes. From digital platforms to online courses, from instructor-led sessions to computer-based workshops, training and development for us is all about instilling confidence, tapping the innate propensity to learn, and applying the knowledge at the workplace.

We conduct regular training needs assessment of all our employees across various functions and levels. We believe learning and development can help employees upskill and reskill to remain competent and relevant, with the evolving needs of the industry and workplace.

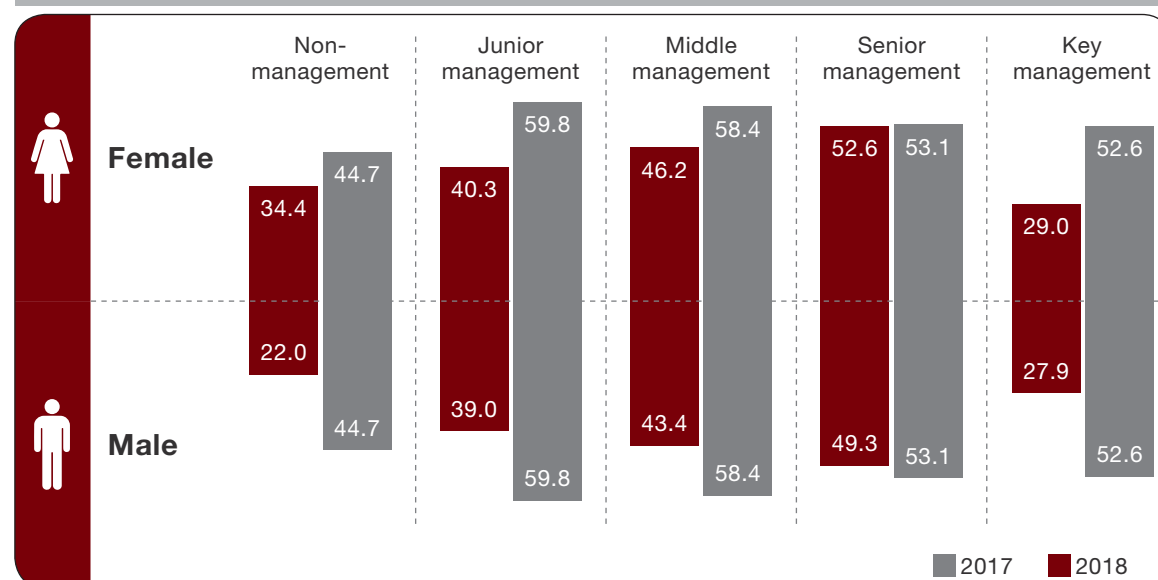
In 2018, the total training and development offered to our employees were approximately 2.4 million hours with a total investment of close to RM119 million across the region.

					
Total Number of Employees Covered in MIST	16,694	12,549	1,211	2,855	338
Total Training Hours Completed	1,055,054.88	1,172,041	41,624	123,070	9,977
Average Training Hours per Employee	61.8	90.6	34	40.6	27.1
Approximate Training Budget (MYR)	51,911,000	69,900,000	5,063,000	7,239,000	444,000

At CIMB Group, we remain committed to the principle of equality in providing opportunities for learning and growth, as also reflected in the Training Composition below:

Training Breakdown

Average Training Hours - Employee Category



In 2018, specific AML training was also completed by relevant employees covering areas such as identifying and reporting transactions that must be reported to government authorities; different forms of money laundering involving CIMB's products and services; and internal policies to prevent money laundering. Our customer-facing and control personnel completed their annual training via e-learning, targeted training, and external professional and regulatory seminars.

The e-learning training programmes covering areas of governance, risk, AML, and IFSA are mandatory for all permanent staff based in Malaysia. In 2018, we achieved an average completion rate of 99.24%.

Course Title	Compliance Frequency	Percentage of staff completed
Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT)	Annual	99.5
Financial Services Act/Islamic Financial Services Act (FSA/iFSA)*	Half-yearly	97.4
Business Continuity Management (BCM)	Every 2 years	99.4
Introduction to Customer Experience (CX)	Ongoing	99.9
Data Protection	Annual	99.4
Information Security Awareness	Annual	99.1
Shariah Governance Framework	Ongoing	99.8
Risk Appetite Principles	Ongoing	99.9
Operational Risk Management	Ongoing	99.8

* All non-clerical staff of grades 32, P28, P29, P32 & U11, receptionists, messengers, drivers, bodyguards, security guards, telephone operators, interns & SL1M trainees are exempted from the compulsory e-learning programme.



Mentoring and Coaching Future Successors

A Group wide mentoring programme involving the Group Management Committee (GMC) as well as Board members was launched to provide targetted and personalised interventions for 44 successors and top talent across the Group. In addition, 2 GMC members were also assigned Executive Coaches in 2018 to help them transition into their roles and expand their leadership styles repertoire.

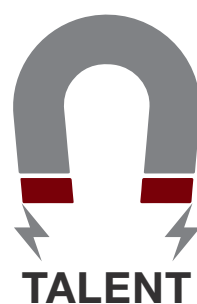
TECHNOLOGY FOR BETTER OUTCOMES

The future transformation of Human Capital at CIMB Group will leverage on various emerging digital technologies, which can revolutionise employee performance monitoring and help achieve new levels of excellence and pragmatic value in learning and development.

In 2018, we have launched the following two key initiatives, to tap the potential of digital technology and future-proof our organisation as well as the workforce against the 4th Industrial Revolution in the banking sector. We have earmarked RM111 million for the next 3-5 years for upskilling our people and upgrading HR development tools.

1. **The CIMB 3D (Digital, Data, and Disruption) Academy** aspires to enhance the digital quotient in all job roles, enable the Group's digital transformation and build an agile, innovative and tech-savvy workforce across all levels. Its competency framework is anchored on six pillars, namely digital world awareness, agile & entrepreneurial thinking, future communication skills, risk & governance, human-centred design and data science & analytics. To make #teamCIMB future-ready, the Group has committed to spending RM75 million on 3D Academy programmes to deliver a total of 2 million training hours across the Group over the next three years. In 2018, more than 14,700 participants attended 3D Academy programmes.

3D ACADEMY WILL BUILD THE CAPABILITIES OF 3D TALENTS



DIGITAL

- Skills to help CIMB “digitise” our business, products and services
- Digital-first mind-sets
- Skills on current and emerging technologies to drive a seamless digital user experience for CIMB

DISRUPTIVE

- Skills to support CIMB's game changing business model
- Skills for ecosystem play
- Skills that will drive implementation of change

DATA

- Skills to manage, analyse and translate the data we have into meaningful insights that CIMB can capitalise on



As a leading ASEAN universal bank, we remain committed to not just preparing our talent to the many challenges as well as opportunities presented by the Fourth Industrial Revolution.



In 2018, the Group launched CIMB 3D Conquest, a competition that aims to identify and attract ASEAN's top creative, young digital talent with an agile and entrepreneurial mindset. Open to all tertiary students, the hackathon-style event runs on three tracks – Data Science, FinTech and Coding. In addition to cash prizes of more than RM500,000 for the ASEAN-wide competition, the regional winners were presented a unique opportunity to visit Silicon Valley to gain exposure to emerging technologies and their application. Upon graduation, these talent are also offered an option to join CIMB.

The competition was a springboard, to complement our efforts through CIMB's 3D Academy, and various HR development tools.

2. **Enhanced Cloud-based HRIS:** In aspiring to be a data-first organisation, we have been strategising and implementing a steady stream of digital transformation projects across the Group. One of the key outcomes is to achieve an agile, innovative, tech-savvy workforce across the board. Some of the key themes of the enhanced cloud system includes paperless HR processes, digital on-boarding and mobile access.

In 2018, some of our achievements include:

- Introducing a QR code system to promote simplicity and efficiency for employees to access published information, surveys, learning assessments etc.;
- Promoting a mobile voting system for conferences, forums, training programmes etc.;
- Leveraging on social media to promote employee engagement;
- Implementing mobile learning (learning-on-the-go) in Indonesia, Singapore and Thailand; and
- Piloting HR Chatbot for on-boarding and a gamification application (ZAC app)

BUILDING THE TALENT PIPELINE

The CIMB ASEAN Scholarship is a fully funded undergraduate scholarship that aims to invest in the next generation of talent and create a robust talent pipeline for CIMB Group. It reaffirms our commitment to support our business aspirations and growth.

In addition to financial assistance, through a well-structured mentoring and coaching programme, we are committed to grooming our scholars to be career-ready and to become the next cadre of leaders, who will champion future growth. The programme includes a buddy and mentor support system, where our scholars are exposed to industry practices and professionals for insights and greater learning. We are confident that in the long-run, we will successfully build a capable and highly driven pool of talent for both CIMB Group and the industry. As of 31 December 2018, a total of 50 students were accepted to the CIMB ASEAN scholarship programme, with an allocation of RM33,896,831, to be disbursed over 6 years (2016-2022).

CIMB Group	Number of Students	Scholarship Value (in MYR)
Malaysia	37	25,356,838.00
Indonesia	4	3,869,556.00
Singapore	3	1,901,402.00
Thailand	4	1,297,561.22
Cambodia	1	701,473.44
Vietnam	1	770,000.00

NURTURING GROWTH

At CIMB Group, we are constantly introducing innovative policies and programmes to support the aspirations of our diverse workforce as well as to motivate performance and instill a sense of pride in association with the organisation. We strongly believe in creating a nurturing and caring workplace, that not only foster relationships and inspire communicative leadership, but positions CIMB as an employer of choice. It is guided by this philosophy that we formulate our human resource policies; training and development needs; and the overall cultural transformation programmes and initiatives.

71% of CIMBians acknowledge that the leadership is supportive of employee welfare and growth.

WORKPLACE WELLNESS@CIMB



Pillar 1

Flexible Work Arrangements

- Staff Rejuvenation Programme (SRP)
- Telecommuting
- Reduced Workweek
- One-month paternity leave
- Flex4CSR
- Flex4ALL*
- Flex4Moms*
- Flex4Moms (Parents with Special Need Kids)
- Flex4SmartWear*



Pillar 2

Women Empowerment

- Nursing rooms
- Designated car parks
- Parking bays for expecting mothers
- Childcare centre
- Extended Maternity Leave
- Commitment to 30% of women on Board
- Career Come Back
- Flex4Moms*
- Enhanced Maternity Leave*



Pillar 3

Health Programmes

- Health talks and fairs
- Exercise programmes
- Health checks and product offers
- In-house gyms
- Dentists and Clinics
- CIMB Health & Wellness Year 2016
- Medical Leave without Medical Cert*



Pillar 4

Financial Well-being

- Scholarships
- Sponsorships
- Employee loans
- 0% Housing Loans
- Financial support for single parents
- Financial support for parents with Special Needs kids

*Implemented in 2018



INTRODUCING ENRICHING POLICIES

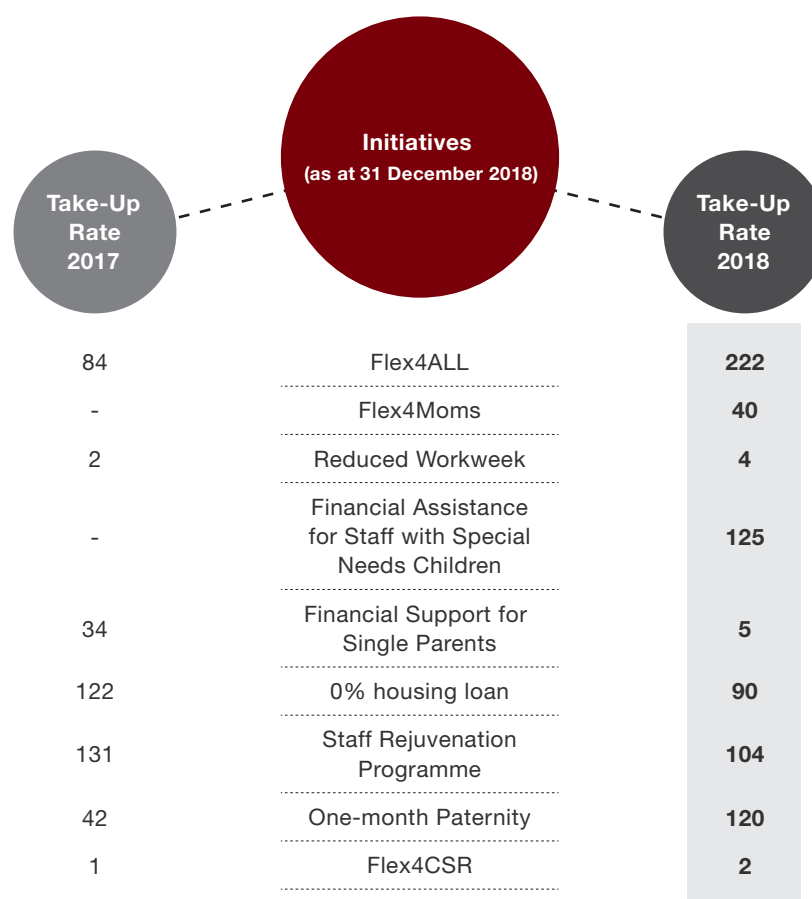
(GRI: 401-3)

We have invested a great amount of time and an effort in ensuring that our workplace is conducive to performance and is inclusive to meet the needs of all our employees at the different stages of their careers and lives. Workplace Wellness@CIMB is a comprehensive programme that provides flexibility and supportive work environment for our employees to better manage their work-life effectively. We believe that happy employees are not only more productive, and committed to both the organisation and their professional growth, but also deliver better experience for our customers. Below are some of our enriching policies and staff benefits and their take-up rates:

1. **Flex4All:** Staggered work hours for employees who require scheduling flexibilities.
2. **Flex4Moms:** A one-day-a-week working from home option for mothers with young children.
3. **Financial Assistance and Extension of Flex4Moms for Staff with Special Needs Children:** Employees with special needs children up to the age of 18 to get a monthly allowance up to RM1,000 and an option to work from home one day per week.
4. **Financing Support for Single Parents:** Financial assistance of RM200 per month for each school-going child aged 18 years and below, subject to a maximum of five children.
5. **0% Housing Loan:** Staff earning less than RM3,500 per month are eligible for 0% interest on housing loans not exceeding RM250,000 for up to five years. CIMB is the first bank in Malaysia to offer this facility. Staff earning less than RM2,000 per month are also offered assistance of RM50 per month for water bills and RM100 per month through Touch 'n Go credit to partly fund their transport costs.

In Indonesia, CIMB Niaga also offers loans to employees to meet their most pressing needs such as education, home rental, religious obligations etc. While specific loans such as for wedding are considered at zero interest, others are cheaper compared to commercial loans.

6. **The Staff Rejuvenation Programme:** Enables staff to take a break for a period between one to six months without any loss in service, benefits or disadvantage in career progression. CIMB is one of the pioneers for such flexibility in the banking industry.
7. **Paternity Leave:** First-time fathers are allowed to take 30-day paid paternity leave.
8. **Flex4CSR:** Encourages employees to avail a one-month paid leave to contribute to social and environmental causes led by CIMB Foundation.



WORK LIFE BENEFITS

Flex4ALL

Flexibility to adjust start and end time of work provided standard number of hours worked per day is met

**Shift Swapping**

Flexibility for shift workers to trade shifts with each other

**Childcare Subsidy**

Monetary benefits or discounts for employees with young children to subsidise the cost of childcare services

**Extended Maternity Leave**

Paid maternity leave offered to all expectant and post-natal mothers beyond what is legally required

**Paternity Leave**

Paid leave offered to all fathers to take care of their new born

**Telecommuting/ Work from Home**

Flexibility to work from home or anywhere other than the office enabled by information and communications technology

**Study Leave**

Paid leave arrangement for employees who need to take time off to study or attend an examination

**Staff Rejuvenation Programme**

Unpaid leave for employees to be absent from work, while securing the employee's position in the organisation until the employee's return

**Flex4Moms**

Employees with young and special needs children can work from home one day a week

**Flex4CSR**

Paid leave to perform charitable work



FAMILY/EMPLOYEE FRIENDLY FACILITIES

Nursing/ Mother's Room

Private space for mothers to use breast-feeding, expressing or temporarily storing breast milk

**Childcare Facilities**

An on-site childcare centre providing childcare services to cater for employees with young children

**Sick Bays, Rest & Relax Rooms**

For staff or public usage, located in Menara Bumiputra Commerce and Wisma CIMB respectively

**Car park for Pregnant Women**

Designated car park bays for pregnant women

**Suraus**

Convenient access to suraus for religious routines in all our office buildings

**Sports Gyms**

For health-conscious employees, located in Menara CIMB, Menara Bumiputra-Commerce and Akademi CIMB Putra in Bangi

**Accessible Rest Rooms and Wheel-Chair Ramps**

Accessible rest rooms and wheelchair ramps located at the main entrance of every office building for easy access of individuals with special needs. All lift buttons are also provided with braille



PREPARING FOR CAREER TRANSITIONS

(GRI: 404-2)

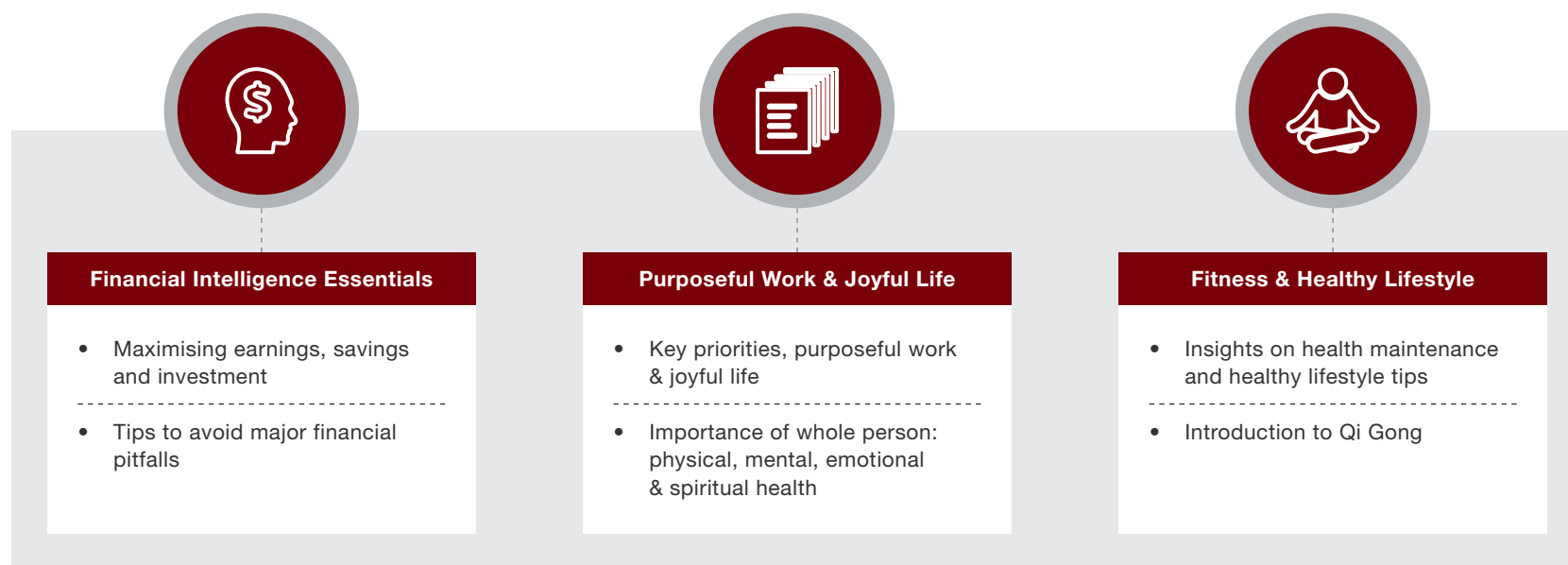
In July 2018, we launched the Future of Work Centre (FOWC), which will upskill, reskill and multiskill all levels of our workforce in preparing them for the 4th Industrial Revolution and the changing landscape of our business.

As we embark on initiatives such as digital and business transformations, process improvement via the centralisation of functions etc., there will be a need for new skills and roles. FOWC will aid the transition of the current talent to the next level of expertise and excellence by reskilling them to be future-ready, increasing individual employability both within and beyond CIMB and continue to sustain their income and livelihood. In terms of reskilling, a suite of FutureReady Programmes such as Introduction to Coding, Digital Marketing, Data Science for Business Analysts, Cybersecurity and FinTech were offered during the year. After successful completion, those opting for internal placements are provided additional training for them to assume new roles. Since the launch in July 2018, a total of 260 CIMB employees have signed-up for the reskilling programmes.

PREPARING FOR LIFE BEYOND WORK

We have organised Pre-Retirement Sessions mainly to support the transition of our employees from working life to a stress-free retirement. Speakers and Trainers from financial management consultancies, healthcare and lifestyle management providers conducted these sessions. A total of 53 CIMBians attended the full-day event, themed “Forward Your Financial and Lifestyle Planning”.

In addition, to help them transition to a ‘Retirement Life’, we also nominated our deserving and loyal CIMB employees for retirement and long-service awards. In 2018, across all our business units in Malaysia, we awarded cash value of RM171,000 to 57 Long Service Award winners and RM225,000 to 45 Retirement Award winners. In Indonesia, CIMB Niaga presented Gold Coins to employees, who have served with the Bank for 10 years and multiples of 5 years thereon.



CIMB Niaga's Pension Programmes, which are in addition to the government's pension scheme, offer an option to employees approaching their retirement, to further increase their contribution to the funds. The bank also provides Pre-Retirement (Pra Purna Bhakti) training sessions for employees and their spouses, to raise awareness on their rights, obligations and procedures in relation to various retirement benefits as well as post-retirement entrepreneurial ventures.

In 2018, 5 sessions were conducted at CIMB Niaga, with 173 participants.

FOSTERING EMPLOYEE ENGAGEMENT

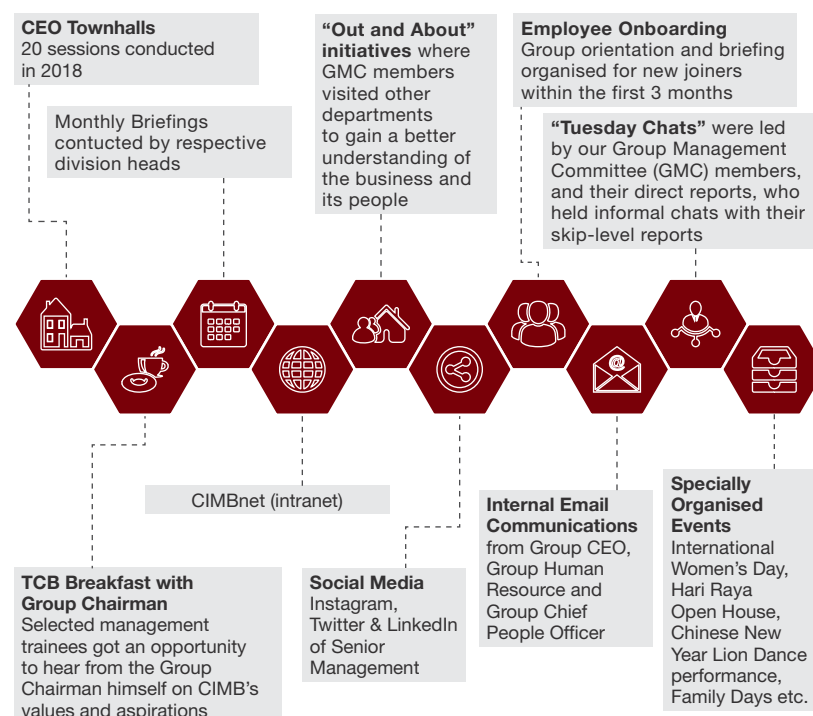
Research indicates that engaged employees are more committed, productive, and motivated to perform. In keeping with our corporate ethos, we create many opportunities to bridge relationships at the workplace, across functions and levels, through continuous dialogue, interactions, discussions and events. Since 2007, we have been measuring the extent and quality of our employee engagement through a biennial Employee Engagement Survey (EES). The employee engagement levels as measured by the Employee Engagement Index/Sustainable Engagement Index for the last 9 years are healthy and have improved further in recent years.

In September 2017, CIMB Group was included in Willis Towers Watson's Global High-Performance Companies norm. We joined the ranks of 24 select organisations that are multinational, and have consistently reported high engagement scores and sustained financial performance. On the index, CIMB outperformed high performance companies in 3 categories and its peers in global financial services in 17 categories.

Our 6th edition of the Employee Engagement Survey in 2018 had an overall response rate of 92%, with participation from more than 30,000 eligible employees across the region. Our Sustainable Engagement Index for 2018 is 87% as compared to 86% in 2016. According to the index, CIMB employees are motivated by three key drivers, which are also our business enablers: 1) Strategy, Direction & Objectives; 2) Work Organisation and Operating Efficiency; and 3) Empowerment.



CIMB Employee Engagement Platforms:



ABC Informal Leader's Network, Tuesday Chats, ABC Torch

Our corporate culture focuses on driving performance and accelerating growth. In 2018, the key theme was 'Ignite the Pride', which has been translated into a number of employee engagement platforms designed to promote the spirit of one #teamCIMB.

- One of the initiatives is Tuesday Chats, an informal skip-level meeting initiated by senior leaders including Group Management Committee members for their divisional staff with the intent to engage, seek ideas and feedback openly for better improvement of business processes and working environment. From 2018 onwards, the Chats have been open for all CIMB staff to conduct such sessions with an intent to collaborate and bring everyone to work closer, especially across businesses within the organisation. The Regional HR team organised mass sessions to invite large numbers of staff from cross-units or departments to mingle and network. Since the launch of Tuesday Chats, a total of 770 Tuesday Chats sessions have been organised.
- We have also established and expanded the network of Informal Leaders and Business Sponsors across business units. These role models engage with wider employee population and inspire CIMB Group's 3 Critical Behaviours. Since the launch, 2,337 Informal Leaders and 144 Business Sponsors were identified and appointed as role models.

- THE ABC Torch of Recognition has been a symbol of 'recognition', encouraging each other's efforts and inspiring demonstration of CIMB's three critical behaviours. Since its launch, a total of 499 employees were ABC Torch bearers, who passed the torch to another 499 model employees for continuing the journey of excellence and teamwork.



"Care for Our Home"

As concrete action and demonstration of 3 critical behaviours, CIMB Niaga rolled-out 'Care for our Home' campaign challenging employees to optimise the office space, track and avoid information leaks, and to create a healthier workplace/environment. The efforts included a 90-Days' Healthy Lifestyle Challenge that helped raise awareness on the benefits of good health and its positive impact on employees' and organisational productivity and performance.

MOTIVATING HIGH-PERFORMANCE

The Group's performance is determined by a balanced scorecard approach, which includes key measures on profitability, cost, capital, shareholders' return, medium to long-term strategic initiatives, as well as risk, audit and compliance. The Group currently tracks two risk-adjusted performance measures – risk-adjusted return on capital (RAROC) and economic profit, which are being adopted in phases across the Group.

The Group's key measures are cascaded to the business units and functions, and subsequently to the KPI scorecards of individuals. In 2018, the RAROC measure has been cascaded to the KPI scorecards of key individuals in the organisation across the Group.

Similarly, for each employee in the Group, performance is tracked through KPIs in a balanced scorecard. In addition to financial targets, KPIs in the balanced scorecard usually include measures on customer experience, long-term initiatives (where progress of milestones or ROI may be monitored), risk management and process controls, audit and compliance findings, as well as people-related measures. At the end of the year, performance of each individual is then assessed through the Group's performance management framework which is 70% based on the balanced scorecard and 30% on the individual's proficiency in required competencies.

In 2018, we introduced performance management practices that drove delivery of results and emphasised long-term focus and sustainability. Our efforts included from calibrating our scorecards to be closely aligned to T18 goals and including risk-adjusted KPIs, to introducing a merit framework to instil a culture of accountability and compliance.

As at 31 December 2018, 100% of senior management's scorecards were developed centrally to ensure alignment to organisational priorities. Also, 100% CIMB Group employees have received their KPI assessments for the 2018 assessment period.

DIVERSITY AND INCLUSION

(GRI: 405-1)

One of our core values is "Thriving on Diversity" and our strategic workforce planning efforts help foster inclusivity and diversity for growth. Diversity and inclusion at the workplace contribute to building a dynamic and high-performance workforce. As also reinforced in CIMB Group's Diversity Statement, we place equal emphasis on all the key dimensions of diversity to include age, gender, nationality, academic background, skills, cultural and ethnic background. Inclusivity on the other hand is supported by our policy of non-discrimination on the basis of gender, religion, sexual orientation, colour or creed, disabilities etc., with equal and equitable opportunities for learning and growth.

The Index is derived from scores on Diversity, Inclusion, People Development and News Controversies and 7000 companies with the best overall scores are selected for the Index. CIMB Group is the only financial institution in Malaysia and ASEAN to be included in this years' list. While our scores on D & I reinforce the strength of our diverse workforce and inclusive growth agenda, our approach to various functional areas of HR such as Talent Attraction, Talent Development, Performance Management, etc is based on the principle of meritocracy.

As an ASEAN franchise, we serve people of different cultures and nationalities, from a cross section of the society and socio-economic status. For our commitment, CIMB has been listed in the Top 100 of the Thomson Reuters' Diversity and Inclusion (D & I) Index 2018 amongst leading global companies.

85%

Nearly of our employees strongly believe that CIMB provides equal opportunities to its employees regardless of age, gender, ethnic, cultural or lifestyle differences, supporting diversity for growth.

DIVERSITY OF SKILLS: Acknowledging that the banking industry is changing rapidly and our competitors are no longer just financial institutions but online retailers, transportation companies, etc., we have shifted our focus to invest more in the future of our employees through the diversity of skills and exposure. For example, we have revamped our management trainee programme, The Complete Banker (TCB), to include job rotations outside of CIMB and the banking industry. Our recent batch of trainees, 50% of which were from non-business disciplines, were given the opportunity to experience working in FinTechs, Startups, online payment companies, amongst others. Similarly, 50% of our latest batch of CIMB ASEAN Scholars are pursuing degrees in areas such as computing science, communications and environmental studies. This suggests that as a leading and competitive institution, we understand the importance of promoting skills other than 'banking and finance', which will help build our internal capabilities across various functions of business.

DIVERSITY OF ABILITIES: In keeping with our inclusive approach, we continue to look for differently-abled talent and high-potential employees with special needs. To date, we have hired 14 such employees in Malaysia alone. 2018 also saw us partnering with the Gamuda Enabling Academy to offer employment opportunities to those within the autism spectrum. This partnership was driven by our Group Chief People Officer, Dato' Hamidah Naziadin.

In 2018, CIMB Thai became the only bank and one amongst 70 organisations in Thailand to receive a commendation from the Ministry of Social Development and Human Security for supporting people with disabilities with income and career opportunities. As at 31 December 2018, CIMB Thai sponsored 30 specially-abled persons.

MENTOR-MENTEE PROGRAMMES: We have also accelerated our women mentor and mentee programmes during the year. Currently, we have 4 Senior Leaders and Board Members who serve as mentors to aspiring CIMB women leaders and this number is set to rise. Currently, of the 44 mentees that have been identified as high-potential talent and are mentored by Senior Leaders and Board of Directors, 44% of them are women.

GENDER DIVERSITY: In 2018, 56.4% of our total workforce comprised of women, with 44.1% of them in key decision-making/managerial roles, which is an achievement in keeping with our aspiration. Also, 28.9% of top management positions and 22% of the Board positions are held by women, also in keeping with our 2020 target and the Government's mandate for 30%.



CIMB Group has launched several women empowerment and equality agenda initiatives during the year.

ROUNDTABLE FOR SENIOR CIMB WOMEN: The objective of this initiative has been to drive personal awareness and sharing of experience and insights from Board Members with key women talent at Senior-Level. For example, in the August 2018 session, one of our female Directors from CIMB Group Board shared her personal experiences in her pursuit of excellence and aspiration to be amongst the top echelons of corporate Malaysia.

EMPOWERING WOMEN SERIES: We launched the Empowering Women Series in August 2018 where we invited inspiring women leaders from different sectors to share and discuss various topics on women empowerment.

The Inaugural Empowering Women Lecture Series which focused on “Promoting Equality and Optimising Social Value Creation”, featured Her Excellency Vicki Treadell, British High Commissioner to Malaysia, Cherrie Atilano, Founder & CEO, AGREA Agricultural Systems International Inc and Ho Yuet Mee, Independent Director of CIMB Islamic Bank.



OCCUPATIONAL SAFETY AND HEALTH (OSH)

(GRI: 403-2)

We place great emphasis on OSH towards safety, health and welfare of all our employees throughout the Group. The Group's Occupational Safety and Health Administration Unit is responsible for the Group's compliance with the Occupational Safety and Health Act 1994 and other regulations of the Department of Occupational Safety and Health (DOSH) and Ministry of Human Resource, Malaysia.

The safety and health management system and its processes are key to operational excellence and we are guided by the MS 1722:2011 Occupational Safety and Health Management System. Some of the key functions of CIMB Health and Safety Committee include:

- Assisting in the development of safety and health rules.
- Reviewing the effectiveness of safety and health programmes.
- Carrying out studies on accidents, dangerous incidents and occupational diseases.
- Reporting any unsafe or unhealthy conditions or practices, together with recommendations for corrective action.
- Reviewing safety and health policies, and providing recommendations for policy revisions.

We facilitate discussions on health issues/risks between human resource managers and business units on a regular basis, and between the OSH department and the Executive Management/Board of Directors on a quarterly basis. Based on the decisions, appropriate measures are put in place for OSH Committee Meetings; Awareness Talks; Induction Programmes for New Joiners; Communications; Campaigns & Awareness Days; and Training. Prioritisation and action plans, with quantified targets are established and communicated to business unit managers. The OSH targets are also embedded into the performance appraisals and linked to remuneration of management, including the responsible line managers as well as the CEO.

Prioritisation and related Action Plans are implemented and quantified as follows:

No.	Description	Frequency
1.	OSH Committee Meeting	Once in 3 Months
2.	Workplace OSH Inspection	Once in 3 Months
3.	Fire Certification Inspection	Annually
4.	Fire Extinguisher Certification	Annually

OSH PERFORMANCE: The evaluation of OSH performance is conducted through multiple checks including, Planned Preventive Maintenance; Workplace Inspection; OSH Internal Audit; and the Annual Inspection by the Department of Occupational Safety and Health, Malaysia (DOSH).

OSH data is tracked through these scheduled review mechanisms so that safety risks and hazards can be proactively and effectively managed. Measures are taken after every accident is reported. Training, counselling and preventive action, including risk-control programmes will minimise future recurrences.

91% of CIMB Employees agree that CIMB is a 'safe place' to work.

Below is the OSH track record for the period 2015-2018.

Occupational Safety and Health Indicators (Malaysia)	2015	2016	2017	2018
Accident with fatality	0	0	0	0
Accident with lost workdays	2	2	2	2
Total workdays lost	8	42	75	4
Accident without lost workdays	3	0	0	2
Total no. of accidents	5	2	2	4
Fatality rate	0	0	0	0
No. of safety and health training programmes	26	26	12	15
No. of employees trained on safety and health	396	402	426	370

Social Impact

DATA: CIMB GROUP EMPLOYEES

(GRI: 401-1)

Total CIMB Group Employees

Workforce by Country and Gender

MALE			FEMALE	
2017	2018		2017	2018
44.4%	43.6%		55.6%	56.4%
6,640	6,570	Malaysia	10,059	10,173
7,071	6,623	Indonesia	7,097	6,735
757	551	Singapore	852	683
1,874	1,695	Thailand	2,569	2,438
145	162	Cambodia	166	185
36	62	Vietnam	51	90
162	61	Others	118	76
16,685	15,724	TOTAL	20,912	20,380

Employees by Levels and Gender

MALE		JOB CATEGORY	FEMALE	
2017	2018		2017	2018
4,455 (47.4%)	3,601 (46.0%)	Non-management	4,941 (52.6%)	4,278 (54.0%)
9,234 (41.1%)	9,072 (40.0%)	Junior management	13,245 (58.9%)	13,417 (60.0%)
2,231 (52.0%)	2,203 (52.0%)	Middle management	2,056 (48.0%)	2,043 (48.0%)
872 (58.2%)	791 (56.0%)	Senior management	625 (41.8%)	624 (44.0%)
56 (73.7%)	57 (76.0%)	Key management	20 (26.3%)	18 (24.0%)
16,848	15,724	TOTAL	20,887	20,380

Workforce with Disabilities/Special Needs

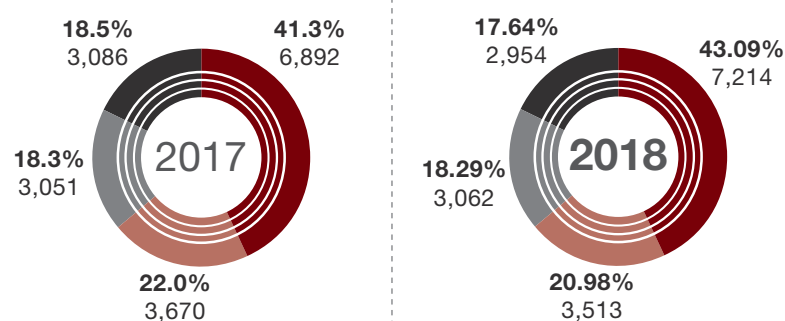


Malaysia (cumulative)

Year	Count
2016	10
2017	14
2018	14

Total Employees Based on Level of Education

In terms of competencies, in 2018, employees with bachelor's and master's degrees made up 43.09% of 16,743 CIMB employees in Malaysia.



TOTAL:
100%

16,699	16,743
--------	--------

- Master's and Bachelor's degree
- Secondary School/SPM/SPVM/MCE/O-Level
- Diploma/Advanced/Higher/Graduate
- Others*

* STPM/A-Level/Pre-U/Matriculation Certificate Professional Secondary School/SRP/LCE/PMR Primary School/Doctorate (PhD)

Ratio of Basic Salary and Remuneration (GRI: 405-2)

MALE		JOB CATEGORY	FEMALE	
2017	2018		2017	2018
1.00	1.00	Non-management	1.10	1.00
1.00	1.00	Junior management	0.97	0.98
1.00	1.00	Middle management	0.94	0.93
1.00	1.00	Senior management	0.90	0.89
1.00	1.00	Key management	1.03	0.94

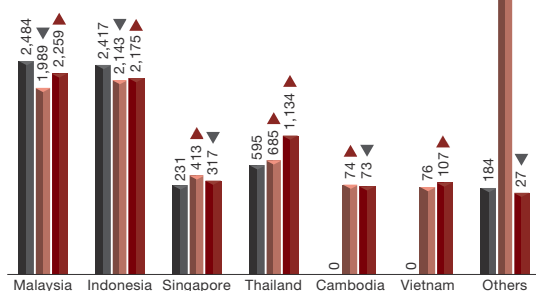
Considerations:

- Data based on Malaysian staff, employed in Malaysian entities (excluding iCIMB, CPAM, CPIAM, Mapletree, TnG)
- Data based on basic salaries only from December 2018 payroll
- Men average indexed to 1; and women average taken as proportion to Men's average

New Hires

New Hires by Country

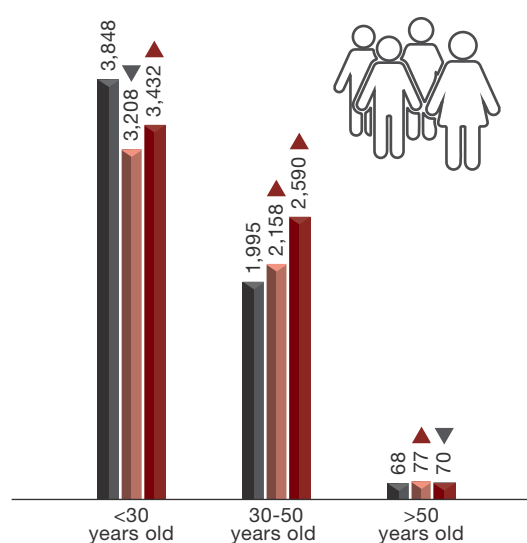
2016 2017 2018



TOTAL: 2016 (5,911)
2017 (5,444)
2018 (6,092)

New Hires by Age Group

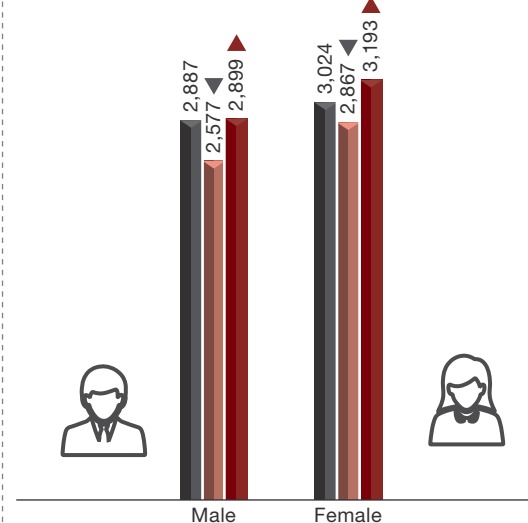
2016 2017 2018



TOTAL: 2016 (5,911)
2017 (5,444)
2018 (6,092)

New Hires by Gender

2016 2017 2018



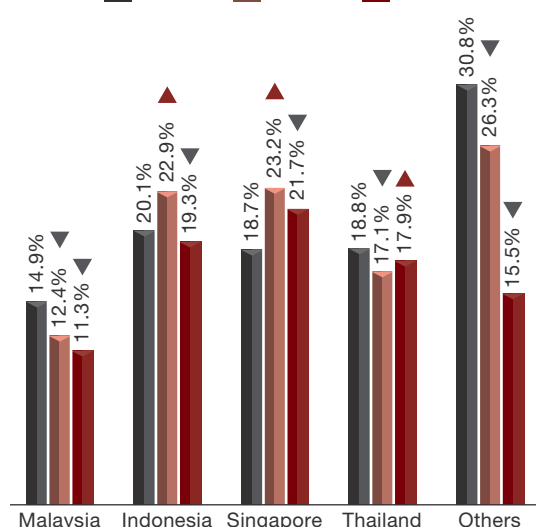
TOTAL: 2016 (5,911)
2017 (5,444)
2018 (6,092)

Employee Turnover

The average employee turnover at CIMB Group decreased marginally, from 20.41% in 2017 to 15.14% in 2018.

Turnover Rate by Country

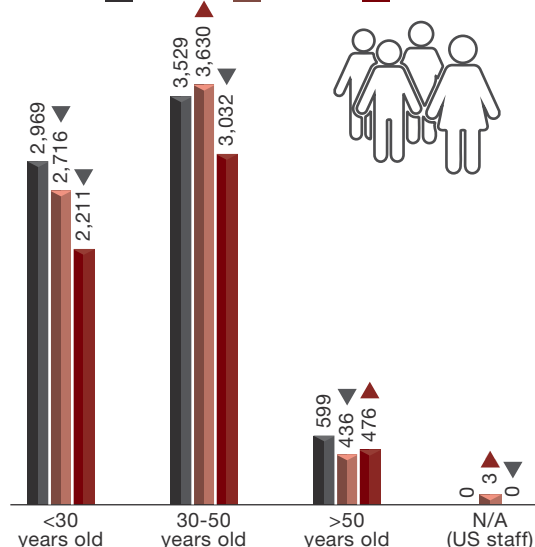
2016 2017 2018



AVERAGE: 2016 (17.9%)
2017 (20.4%)
2018 (15.5%)

Employee Turnover by Age Group

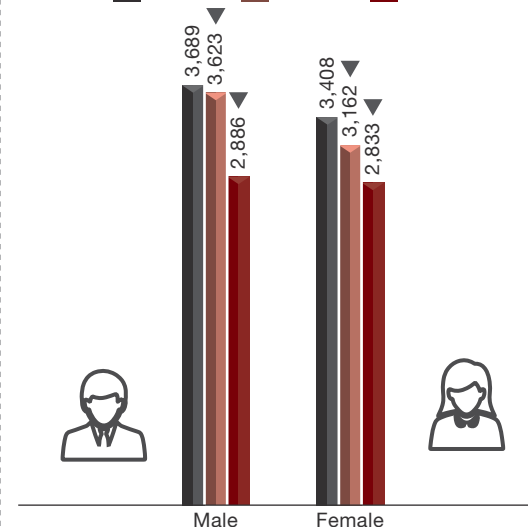
2016 2017 2018



TOTAL: 2016 (7,097)
2017 (6,785)
2018 (5,719)

Employee Turnover by Gender

2016 2017 2018



TOTAL: 2016 (7,097)
2017 (6,785)
2018 (5,719)

FINANCIAL LITERACY, INCLUSION, AND WELL-BEING

(GRI: 413-1)

CIMB MOZEK is a residential “holiday camp”, designed to bring together students from diverse socio-economic, cultural, geographic, religious and ethnic backgrounds. It is an opportunity for the youth to step out of the comfort zones of their schools and make new friends in a nurturing and learning environment. The camp aims to cultivate tolerance, respect and cooperation towards strengthening inter-cultural understanding and promoting unity in diversity.

During the 5-day camp, students live and work together to explore various facets of culture and identity; develop a combination of soft and technical skills through a range of team challenges; and demonstrate their spirit of cooperation and leadership while working on shared projects. The camp encourages students to reflect on their experiences, discuss how they are getting along and figure out how they might do things differently or better.



	Investment	To date: RM1.1 million 2018: RM0.8 million
	Schools	To date: 48 2018: 25
	CIMB Volunteers	To date: 2 2018: 2
	Students/Participants	To date: 992 2018: 377 (from 4 states)
	Knowledge and Commitment to Diversity	31% increase (based on self-evaluation survey)
	Long-term Impact	Reduced inequalities and all kinds of discrimination.



Did You Know?
CIMB Foundation partnered with the University of Oxford to commission a study on ‘Attitudes and Ethnoreligious Integration: Meeting the Challenge and Maximising the Promise of Multicultural Malaysia’. The study highlights the current disparity in the desired integration of the various cultures and races of Malaysia with the reality. This seeded the idea of CIMB Mozek to increase cultural intelligence of youth.



BACK TO SCHOOL PROGRAMME for Underserved Children includes school provisions (uniforms, bags, shoes and stationery) for reducing the financial burden of low-income families. In December 2018, we organised fun and exciting games at The Rift, the latest in entertainment, blending the latest in Virtual Reality with physical activity, while showcasing the best digital entertainment software in the world to support the local e-sports industry. The programme benefitted 200 underserved children (B40 category), aged 7 – 9 years from 20 schools in the Hulu Langat district.



PARALYMPIC SPORTS

The **CIMB Pan-Disability Football Academy** is one of the first structured football development programmes for the disabled in Malaysia. We also support wheelchair rugby and wheelchair basketball grassroots programmes. Through the academy, we create possibilities for specially-abled people by removing barriers to their participation, as currently such people are half as likely to participate in a sport when compared to non-blind people.

Every year, we endeavour to build a high-performance Malaysian National Blind Football team to participate in the Paralympics. In 2018, the academy had 320 (2017: 200) disabled footballers, split into eight disability groups: the blind B1 (visually impaired), B2/B3 (partially visually impaired), physically challenged, cerebral palsy, cerebral palsy using frame, hearing-impaired, little people and autistic. Each training programme and the training aids used are tailored to the respective needs of the players.



**CIMB Pan-Disability
Football Academy**

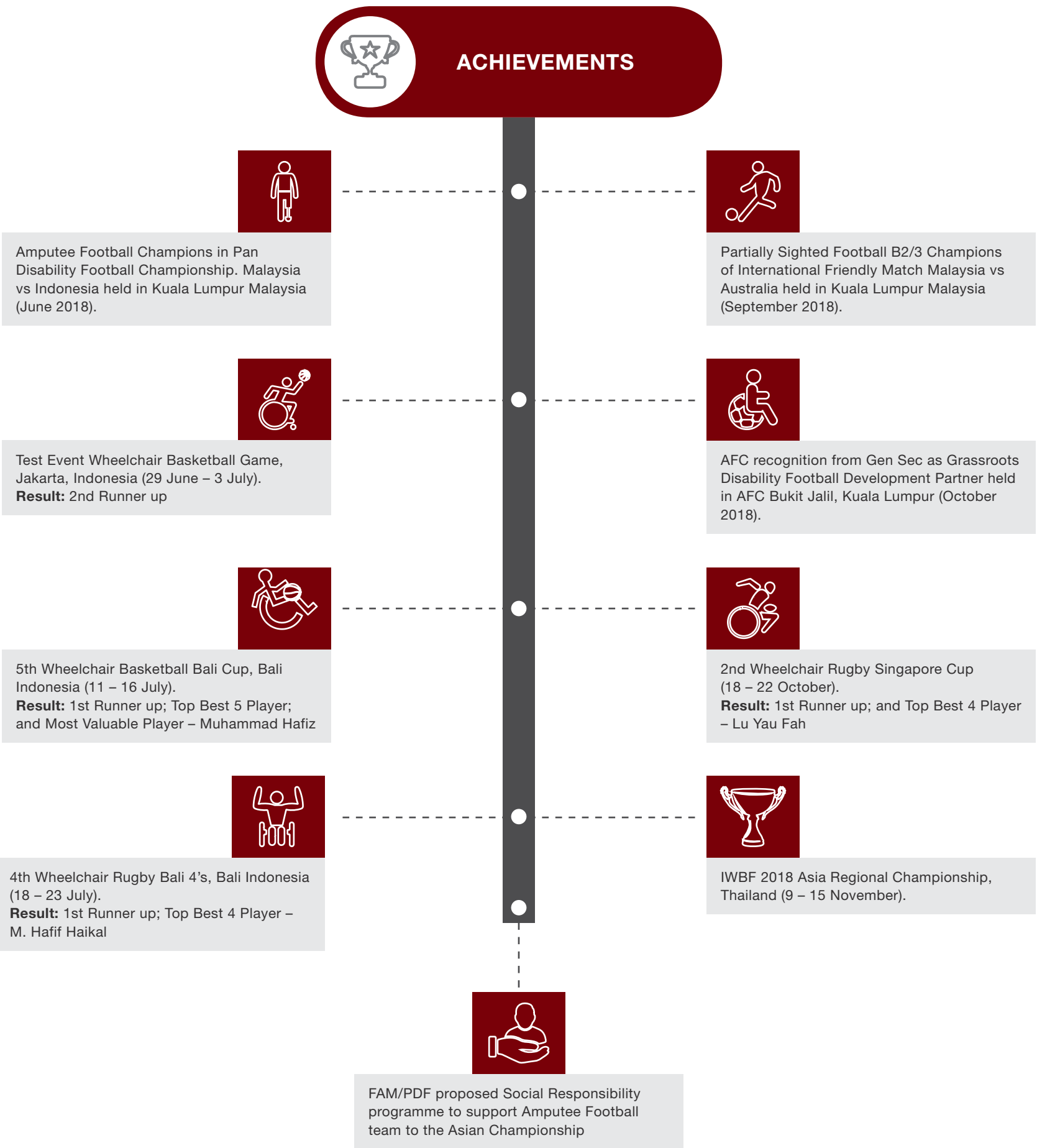


**Wheelchair Rugby
Development Programme**



**Wheelchair Basketball Development
Programme**

2016		
No. of Participants		
92	50	50
Monetary contribution (RM)		
200,000	100,000	100,000
2017		
No. of Participants		
200	60	60
Monetary contribution (RM)		
200,000	50,000	50,000
2018		
No. of Participants		
320	75	70
Monetary contribution (RM)		
250,000	100,000	100,000



Under the 'Community Link' cluster, CIMB Foundation delivers inclusion programmes, specially to equip the women and the differently-abled with occupational skills and resources towards gainful employment. In 2018, we have invested more than RM2.64 million for creating socio-economic opportunities impacting more than 20,000 underserved members of the communities where we operate.



Foodbike Stall for the Disabled Community was introduced in October 2018 to provide opportunities for differently-abled adults to start a micro food business. The Foodbike is owned and operated by hearing-impaired individuals. In 2018, with a modest seed grant of RM100,000 towards 5 Foodbikes of RM20,000 each, entrepreneur Wan Muhammad and his team of 2 hearing impaired are able to generate a livelihood, with an opportunity to grow their business gradually, with more training and development.

"I am financially independent now and my confidence has only grown over time while interacting with customers despite my impaired hearing. After the first 6 months of training, which is targeted for completion in March 2019, I will have 100% ownership of Foodbike, with potential income of RM3,000 per month."



Pertubuhan Perkhidmatan Sosial dan Pembangunan Komuniti

Daerah Gombak, Selangor (PSPK) is a credible institution that provides community support to hundreds of families in Gombak and Selayang. In 2018, we contributed RM230,000 to PSPK to build necessary infrastructure for setting-up a Bengali Bread Manufacturing Facility, which currently employs 10 women, who earn between RM10 to RM20 per hour depending on work scope for each 5-hour session of work. As the business orders build up, PSPK is targeting to train 40 women on 'marketing tactics' to grow their food business. In addition to providing employment to women, the Bengali Bread programme generates recurring income for PSPK to reinvest into various community development initiatives.



Persatuan Ibu Tunggal Sabah champions an Agriculture Programme for Women from Rural Communities. The objective is to equip women with necessary training on skills to start home-based plant nurseries as well as to cultivate cash crops such as vegetables, fruits, and local herbs. During the second phase of this initiative in 2018, with an investment of RM39,000, we institutionalised a learning centre in Kota Kinabalu for women leaders, who continue to conduct small-scale research and experimentation on crops and planting techniques. About 30 women leaders have successfully trained approximately 50 local women from 5 districts. As a result, in a span of one year, 15 villagers across Sabah have set-up nurseries, creating livelihood and improving socio-economic status of women and their families.



The **Rotary Club of Teluk Intan** has been supporting the Sewing Skills Centre @ Teluk Intan since 2011, mainly to create employment opportunities for local women through skills training. To date, with a contribution of RM121,700 since 2010, more than 150 women from Perak state have successfully completed the Sewing Programme, with earning potential between RM500 to RM1,000 per month from their home businesses. After the training, 4 high-performing women have set-up their own full-time businesses, and one of them has created her own garment label. Another 4 women have secured gainful employment in a garment factory based in Teluk Intan.



Barefoot Mercy is a non-governmental, non-profit organisation committed to bridge the rural-urban gap in Sarawak, by deploying solutions that fulfil real-life needs of local communities. One of the key projects is the Micro-hydro System for rural Sarawak, which aims to bring clean renewable energy and reduce dependency on fossil fuels. Currently, the capacity of the system is to generate 10KW of power, which is enough to power lights, fans and basic electrical appliances of 40 homes in Puneng Trusan, Sarawak. These low-income families are also able to save RM250-RM500 per month, which was earlier spent to purchase diesel for electric generators and can now be used for food and other household amenities. In 2018, we contributed RM90,000 to this project.

Another project of Barefoot Mercy is the Solar System for Community Pre-School in Sarawak, which aims to power-up a local Penan community school and boarding home for students to gain access to education.

The solar system provides 2KW of electricity to power the school to run daily classes for 30 children and light up the boarding house at night. With electricity supply, the school premises are also being used at night to conduct workshops on weaving traditional baskets for women, generating employment and income opportunities. We offered a donation of RM37,500 for this programme in 2018.



The **'Gift of Sight' Programme** in Sarawak, Perak, Kedah and Klang Valley is a blindness prevention initiative for the community through free eye screening and prescriptions. With our contribution of RM310,000 in 2018, nearly 585 patients underwent the screening and were diagnosed with myopia problems. 405 of them received intraocular lenses to undergo cataract operations to restore their vision. Another 180 individuals received free spectacles and eye-care counsel.



Ten Ringgit Club is a social business helping to market weaved baskets from Penan weavers, mainly women, to consumers nationwide. The Penan tribe is one of the most marginalised tribes in Sarawak, with low levels of education and employment. During the year, we contributed RM26,000 to the club for sourcing raw materials and expand basket weaving business to scale. Currently 45 women are self-employed through this programme and are able to support their families and children's education. With incomes ranging from RM1,500 to RM3,000 depending on skill-level, these women can potentially produce RM200,000 worth of baskets from our investment in 460 rolls of materials.



SAORA Industries produce home-based solar power systems and solar-based water purification systems for rural areas in Bentong. These products, equipped with renewable energy technology, help source and provide clean water and clean energy to the Orang Asli (the indigenous) communities, who are not connected to the national electricity grid. In 2018, we contributed RM40,000 to power and provide permanent light source to the homes of 15 families. These low-income families are also able to save RM100-RM150 per month, which was earlier spent to purchase diesel for electric generators and can now be used for food and other household amenities. With clean water and electricity, the families' quality of life, including their children's health and education have drastically improved.

In partnership with the **National Kidney Foundation**, with a contribution of RM240,000, we organised **Mobile Kidney Health Screening** for the underserved rural communities in Peninsular Malaysia, mainly to address the rapid increase in kidney disorders and diseases. The screening covers body mass index measurement, cholesterol and blood sugar screening, and urine test for kidney health. To date, approximately 8,000 adults, including old folks from rural communities in over 90 locations have completed screening for kidney health.



The screening helped early detection of the risks associated with kidney health.



60% were overweight or obese



52% had high blood pressure



18% had high blood sugar levels



28% had high cholesterol with another 29% borderline diabetes

Early detection of risks helps prevent serious kidney ailments, reducing high costs of treatment and potential threat to the quality of life.

UKM-CIMB School@Nature for Anak Orang Asli is an initiative that takes a holistic approach to enhance livelihoods of the indigenous communities through education, health, sports, norms and values. Started in 2017, with partnership between CIMB Islamic and UKM, the first phase (Pre-Intervention) of the project saw 626 people from Pos Gob Community in Kelantan benefit from children's education, healthcare, sports and socio-economic activities to sustain livelihoods. In 2018, CIMB Islamic continued to provide funding, mainly for implementation over four years. We have set aside an allocation of RM1,573,000, which will be disbursed for various initiatives over the 5-year commitment period.

#EmpoweredToUnlockMYPotential is a capacity building and personnel development programme that supports Teach for Malaysia (TFM) to recruit and train young leaders for teaching in high-need schools for two years as well as to catalyse the Alumni movement as they pursue systemic and structural changes. The objectives of the programme are also to develop communication and ICT skills; build their confidence; discourage negative behaviours; and build a community of socially-responsible and empowered leaders. In 2018, CIMB Islamic has pledged RM1 million through a matching grant with TFM (dollar to dollar) to support 20 Fellows for one year. In the long-term, these kinds of initiatives will help the Malaysian education system, which is undergoing an extensive and systematic transformation, to produce teachers and students who are able to thrive and compete globally.



Taylor's-CIMB Islamic Entrepreneurship Programme was first launched in 2017 in partnership with Taylor's Education Group and CIMB Islamic. The programme targets young potential entrepreneurs from the PPR community or the B40 strata of the society. With a total allocation of RM515,090 in 2018, the programme has enlisted 126 entrepreneurs, of which 107 have received the grants from CIMB Islamic to initiate their entrepreneurial/business ideas, which is a ten-fold increase from 2017, when only 10 of the graduates received grants.

The programme has created multiple streams to include, "Program Keusahawanan Universiti", "Program Keusahawanan Marketplace", and "Program Keusahawanan Digital". These parallel initiatives will help entrepreneurs to gain knowledge, improve their skill sets and establish business linkages and opportunities for growing their businesses. Under the "Program Keusahawanan Marketplace", one session has been successfully organised for entrepreneurs to gather market insights on their respective products markets.






CIMB IIUM Entrepreneurship Programme i-Taajir

CIMB Islamic has also collaborated on a pilot programme based on a microfinancing approach with International Islamic University Malaysia to support aspiring small entrepreneurs in order to enhance the livelihoods and those of their families and the local community through Islamic Microfinance using Zero Interest Financing (ZIF), Murabaha Sale, and Profit and Loss Sharing (PLS) Principles. The participants will undergo interview, training and presentation in order for them to receive the grant. To date, 27 out of 39 entrepreneurs have been offered grants.

UiTM-CIMB Islamic Entrepreneurship Programme

Another collaboration with Universiti Teknologi MARA (UiTM) benefitted the FELDA community of Lurah Bilut, Pahang, the nation's first FELDA settlement. This programme aims to develop an entrepreneurial programme that can empower individuals in managing their business by equipping them with business skills that will help to support in their business. The UiTM-CIMB Islamic Entrepreneurship Programme started in June 2018 and scheduled to be completed in June 2019 is targeted to provide up to RM12,000.00 seed funding for up to 50 qualified candidates in building their businesses.

The **CIMB Islamic Safe Space Programme**, implemented in partnership with Science of Life Studies (SOLS) 24/7 Malaysia, promotes health and safety of the community members through the following five (5) key initiatives:

Initiative	Objective	Project Leader	Beneficiaries	Total Contribution (MYR)
 <p>#1 Early & Interval Screening, Assessment and Treatment (EISAT)</p>	Comprehensive mental health service, to include screening, intervention and treatment	Counselling Psychologist	<p>Minimum of 50 individual participants from the following categories:</p> <ul style="list-style-type: none"> At-Risk B40 Children and Youth in the age group of 7-18 years. 100-200 family members and caregivers of at-risk youth. 	100,000
 <p>#2 Mental Health Support for Survivors of Sexual Abuse and Trauma (SAT)</p>	Mental health services to survivors (and family members) of sexual abuse and trauma	Clinical Psychologist	<p>Minimum of 50 survivors of sexual abuse and gender-based violence</p> <ul style="list-style-type: none"> 200-550 family members of survivors 	100,000
 <p>#3 Executive Functioning (EF)</p>	Executive functioning skills to improve school performance of students	Clinical Psychologist	<p>Minimum of 30 students from the following categories:</p> <ul style="list-style-type: none"> B40 Primary School Students 100-150 family members and caregivers 	100,000
 <p>#4 Structured Family & Youth Support Programme (FYSP)</p>	Effective parenting skills Opportunities for parents to strengthen their bond with youth	Clinical Psychologist	<p>Minimum of 50 families of at-risk youth in the age group of 13-18 years</p> <ul style="list-style-type: none"> 100-150 family members and caregivers 	120,000
 <p>#5 Online Behavioural Health Platform (OPBH)</p>	Web-based application to link users to affordable behavioural health services	Clinical Psychologist	Minimum of 1,000 young adults aged 18-30 years	150,000

CORPORATE CITIZENSHIP AND VOLUNTEERISM

(GRI: 413-1)

Sports for Life: Through CIMB Foundation, we have been supporting sports development, with a particular focus on identifying and nurturing young talent, providing access to finance as well as sports infrastructure. Our end objective is to prepare local sports talent and help them compete in the professional league at national and international levels. We endeavour to provide technical training and skills, building willpower and confidence of young high-potential sportsmen of the country to succeed. Our sports programmes are designed to promote national unity and racial integration amongst the younger generation. We also focus on developing the psychological as well as the physical aspects of our participants. At the same time, the programmes also educate junior athletes to give back to the community.

The CIMB Junior Football Development Programme was designed to make the sport accessible to children from lower-income families by lowering fees, providing free apparel and professional equipment. The football development focuses on the development of elite juniors by setting up a project team from the CIMB Foundation Cup to qualify for Piala Belia or Piala President by FAM. With an investment of RM0.87 million, during the year, we have also introduced a revised coaching programme to include research and technical coaching for capacity building in line with skill progression of the players.



1MCC League 2018: Champion Title won by CIMB YFA Bintang Muda



CIMB Foundation Cup 2018: Champion – TABS Safa Bandaraya U16 team



Football Tournament: 80 Gold Medals



National and State Team Players: 50



Potential National and State Team Players: 20



CIMB YFA Bintang Muda: Best Community Grassroots Leader Award by FAM (Mr Rada Krishnan Nadesan); AFC Special Grassroots Awards 2018 - Best Grassroot Leader: Mr Rada Krishnan Nadesan



CIMB Kenari Kid Junior Football Academy: Best Community Grassroots Project Award by FAM

The CIMB Junior Squash Development Programme was initiated in 2006, and ever since, benefitted more than 2,500 young squash talents across six age groups – from under 9 to 18 years. The two popular tournament circuits are CIMB Rising Stars National Junior Circuit and CIMB National Junior Circuit. In 2018, we have invested RM1.6 million in the following five programmes/projects.

1. **The 13th CIMB Rising Star National Junior Circuit 2018** and 9th CIMB National Junior Circuit 2018 are the mainstay of the programme and the bulk of the funds provided by the CIMB Foundation are used for these series of competitions. The tournaments are run on a circuit format with two legs and a Grand Final per circuit.
2. **The CIMB World Junior Programme** prepares Elite Juniors to participate in the World Junior Championships for both teams and individuals. The funds are allocated for equipment, training, coaching, sparring, overseas attachments, PSA Membership and participation in PSA tournaments.
3. **CIMB Foundation Project 100** supports the World Junior (Tier I) athletes to participate in senior professional events (PSA). The target is to fund top 80 for the Girls and Top 100 for the Boys. Players also have an opportunity to participate in the local Malaysian Squash Circuit (SSJM), the Malaysian Open and suitable PSA events in the region and the world.
4. **World Junior Coaches Programme** sponsors coaches for Elite Juniors. This year, we have assigned 3 coaches, namely Andrew Cross, Mohd' Shahril Shahidan and Mika Monto. In addition to coaching the players, they also provide regular monthly reports on each player's status and condition together with any issues that may arise from time to time. The coach's reports also include the results of any tournaments in which the players have participated in that month.
5. **CIMB-SRAM-MOE Coaches for School Programme** promotes squash in schools throughout the country. During the year, the Ministry of Education (MOE) built squash courts in another 8 selected schools and today, in total there are 16 schools where SRAM actively supports recruiting of new players through talent identification and school coaching programmes. It also organises tournaments from the lowest to the elite level including intra and national inter school coaching programmes, which is aimed at exposing the school children to domestic tournaments and eventually to tournaments abroad. SRAM has appointed a National Development Coach (NDC) to assist the MOE programme.

ACHIEVERS

**Ng Eain Yow**

- PSA Ranking #45

Rachel Arnold

- PSA Ranking #50
- 3rd placing – Australia Open 2018

Aifa Azman

- PSA Ranking #67
- Champion – Malaysia Squash Tour I, II, III, IV, V, VII 2018
- Champion – GU17 British Junior Open 2018

Wen Li Lai

- PSA Ranking #82
- 2nd place – City of Kalgoorlie Boulder Golden Open 2018
- 2nd place – Malaysia Squash Tour I and V 2018

Ooi Kah Yan

- PSA Ranking #94
- 3rd placing – Q Open 2018
- 3rd placing – Squash Melbourne Open 2018
- 2nd place – Malaysia Squash Tour VII 2018

Sivasanggari Subramaniam

- PSA Ranking #46
- Champion – GU19 British Junior Open 2018

Mohd Syafiq Kamal

- PSA Ranking #84
- Champion – Malaysian Squash Tour III 2018

Addeen Indrakie

- PSA Ranking #97
- Champion – City of Kalgoorlie Boulder Golden Open 2018

Sehveetrraa Kumar

- Champion – Girls U13 British Junior Open 2018

Aira Azman

- Champion – Girls U15 British Junior Open 2018

Social Impact

CIMB Junior Cycling Development Programme is an initiative under Majlis Sukan Negara (MSN) to promote cycling in Malaysia. Under the auspices of the CIMB Foundation - JCM Development Programme, we also organise cycling skills clinics at selected schools to promote safe cycling as well as to scout for fresh cycling talent. Young cyclists with potential are exposed to a series of tours in Europe and Australia, preparing them for competitive cycling at an international level through #PathOfChampion, which aims to create a series of domestic race events for junior riders to be exposed to road bike racing culture first hand. With an investment of RM3.0 million in 2018, the programme to date has accomplished 246 Hours of action, 31 events in 21 days, 3,944 riders and approximately 10,000 spectators. Most of the riders in the top 10 tiers competed at the #PathOfChampion – Europe and Australia, and were placed amongst the top 5 in these events.

#PATHOFCHAMPION RACE IN EUROPE:

Westernlo Voortkapel

- Nurfitri Ammar Rusli – 2nd place, U19
- Justin Felix Nagel – 4th place, U17

Ronde Van Poeldijk Gasten, Barendselaan

- Fakruazam Hanifah – 3rd place, U19
- Nurfitri Ammar Rusli – 9th place, U19
- Abdul Rashid Hisham – 10th place, U19

Draai Van Ke Kaai Gasten, Roosendaal

- Mohd Faisal Izuddin – 1st place, U17
- Justin Felix Nagel – 3rd place, U17

Profonde Westland Gasten, Wateringen

U17 – Top 15

- Justin Felix Nagel
- Mohd Fakrul Azam
- Mohd Faisal Izuddin

Acht Van Chaam Gasten, Wateringen

- Abdul Rashid Hisham – 3rd place, U19
- Abdul Azim Alias – 3rd place, U17

Daags Na De Tour Gasten, Boxmeer

- Justin Felix Nagel – 2nd place, U17
- Abdul Rashid Hisham – 3rd place, U19

Denderwindeke Gasten, Krepelstraat U19 – Top 15

- Abdul Rashid Hisham
- Fakruazam Hanifah
- Nurfitri Ammar Rusli
- Iskandar Salim






PERSONAL ACHIEVEMENT FROM THE PATH OF CHAMPION PROGRAMME








Nurfitri Ammar

The performance of this rider garnered attention from renowned club, Willebrord Wil Vooruit (WVV)'s manager, Kees Kulijen and an offer to race for the club at the Fleche Ardennaise Stages Race in Liege, Belgium.

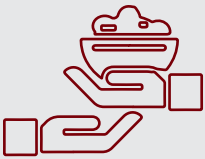
CIMB FOUNDATION AND CIMB ISLAMIC DONATIONS:

 Initiatives	1	2	3
	The CIMB Foundation Mobile Ramadan Bazaar Programme	CIMB Ramadan Shopping Spree	Soup Kitchen Programme
 Contribution	RM100,000	RM80,000	RM65,700
 Community Issue Addressed	Home-based producers and small producers are unable to reach the mainstream consumers to market their products due to limited resources and capacity	During festivals, orphanages are unable to fund celebrations or provide special amenities and provisions for orphaned and underprivileged children due to limited financial resources	The significant population of urban poor, homeless and physically challenged do not have access to sufficient/nutritious food and water
 Solution	Provide sales channels/market space during the month of Ramadan	Provide new clothes during Hari Raya Celebrations	Distribute healthy food
 Beneficiaries	200 family members from low income families	400 children from Terengganu, Penang and Kuala Lumpur	500 urban poor and homeless community along Jalan TAR and 4,800 school children from very low-income families in Kedah and Kelantan through Pertubuhan Kebajikan Rakan Jalan

 Initiatives	4	5	6
	Inclusive Healthcare: Hydrotherapy Pool by YOKUK	Inclusive Infrastructure: Rumah Rakyat CIMB Islamic, General Hospital, Langkawi	Inclusive Growth: A Charitable Business Venture for the Disabled & Underprivileged Community
 Contribution	RM400,000	RM520,000	RM600,000
 Community Issue Addressed	The specially-abled and disadvantaged communities to not have resources as well as access to affordable and alternative treatments to improve their quality of life	Remote islanders from Pulau Tuba, Pulau Dayang Bunting, Pulau Langkawi are unable to access healthcare facilities/hospitals (to and from the mainland) due to unavailability of boat services after 7pm. Currently, these members of the community including fishermen, farmers, and rubber tappers, do not have proper boarding facilities while waiting for the next boat.	Persons with Disabilities (PWDs) and underprivileged communities do not have sufficient avenues and platforms to use their skills and start a small business, that would contribute to improving their quality of life.
 Solution	Build a medium-sized hydrotherapy pool to provide free therapy to specially-abled, with Down Syndrome, Cerebral Palsy, Learning Disabilities, Physical Disabilities etc.	Build a 50"x50" hostel building (Rumah Rakyat) and ease the financial burden of renting accommodation.	Establish a distribution outlet "Myiesha Project" for selling Kelantan cottage products produced by PWDs. Also, build their capacity, helping them to improve their product quality, marketing, branding, etc. The seed fund will support the outlet with its branding and marketing activities until its 2nd year of operations, when it will be independent and self-sufficient.
 Beneficiaries	2,000 sessions/individuals (estimate)	Lodging of 10 rooms for families, while patients are being hospitalised	200 PWDs and lower-income community members from Kelantan

The **CIMB Flex4CSR** is a policy introduced in 2017 to inspire and create a culture of responsibility. It allows CIMB Group employees to opt for 30 consecutive calendar days of paid leave to support any of the CIMB Foundation's projects, with no impact to their existing employment tenure and benefits. All confirmed permanent employees, with minimum 2 years of service with CIMB are eligible to apply for Flex4CSR option.

In addition, the CIMB employees are entitled to half-day leave for every 10 hours spent volunteering for a cause. These two policies are in addition to the Foundation's existing employee-driven CSR initiative called Community Link, which encourages staff from our branches to bid for funding for CSR projects in their respective communities. All worthy causes are led by a Group Management Committee member, demonstrating leadership by example. The idea is also to promote camaraderie amongst CIMBians in addressing social issues and supporting disadvantaged and underprivileged communities. In 2018, 36 staff were recognised and awarded with volunteer leave of 28 days in total.



Feeding the Needy Programme

CIMB employees volunteered at a soup kitchen once a month from Jan – Dec 2018, with an average of **2.5 hours** and **17 volunteers** per session. In 2018, we had **204 volunteers**, with a total contribution of **510 hours**.



Community Link Programmes

In 2018, a total of **86 programmes** were implemented throughout Malaysia, with active participation of **1,838 volunteers**, contributing a total of **5,514 hours**.



Be\$MART Programme (Financial Literacy)

A total of **88 sessions** were conducted throughout Malaysia, with **460 hours** dedicated by **230 CIMB Volunteers**.

OTHER INITIATIVES

(GRI: 413-1)

The PINTAR School Adoption Programme was introduced by Khazanah Nasional Berhad to provide rural school children with access to quality education. The programme creates a competitive environment that encourages academic excellence through rewards and incentives. Under the programme, CIMB Foundation has been adopting schools since 2007, with a special focus on developing English literacy of primary school students.

Investment	Schools
To date: RM5.593 million	To date: 32
2018: RM0.41 million	2018: 12 (active)
Students/Participants	Long-term Impact
To date: 34,000 pupils	Quality Education and Competent Workforce
2018: 4,670 pupils/628 teachers	



The PINTAR programme has proven to be very valuable for both students and teachers for not only improving their proficiency in the English language, but also to consistently improve the GPS scores of the schools. While teachers find the second language useful in improving their teaching effectiveness, the students are more confident and equipped to communicate effectively.

The **CIMB ASEAN Stock Challenge (ASC)** is a regional stock trading competition for students. It is an opportunity for the participating students from various ASEAN universities to experience real time trading on 5 major exchanges, namely: Bursa Malaysia, Indonesia Stock Exchange (IDX), Singapore Exchange (SGX), The Stock Exchange of Thailand (SET) and The Hong Kong Stock Exchange (HKEx). The competition serves as an exciting battlefield for highly adept and intelligent minds, promotes capital markets as a potential career option, and attracts high-caliber talent to CIMB Group.

In 2018, the competition had more than 3,000 participants and 2,377 teams from 6 ASEAN countries (Indonesia, Malaysia, Singapore, Thailand, Cambodia, Brunei Darussalam). Gajah Mada University from Indonesia announced the winner, with contestants from Singapore and Cambodia, taking the second and third places.

THAILAND:

ICT Programme & Community Library: In keeping with its efforts to promote learning and development with access to educational facilities and infrastructure, CIMB Thai contributed computers and provided resources for the community library at 3 schools, namely Ban Sobsa School, Bann Muangrae Pattana School, Mae Hong Son Province and Wat Ratanawararam School, Songkhla Province.

Skills Development and Community Support: CIMB Thai adopted 9 local schools to develop and promote them as centres of knowledge, which will potentially house Agriculture Plots, a Mulberry and Silk learning Centre, Hen Farms, Clay Dolls Learning Centres, Bakery Learning Centres etc.

**Adopted Schools**

1. Bann Nong Kaem school, Supanburi Province
2. Song Yang Song Ploey School
3. Nong Bua Jote Dong Ling Wittaya School, Kalasin province
4. Ban Pong Dang Nam Cha Samakkhi School, Nakhon Ratchasima Province
5. Wat Samran School, Lop Buri Province
6. Baan Thin School, Udon Thani Province
7. Baan Pa Tan School, Chiang Mai Province
8. Baan Nong Muang Wan school, Nakhon Ratchasima Province
9. Sawasdee Wittaya school, Srosaket Province

The objective is to help students and youth acquire new skills, in addition to promoting local communities to market their products. In 2018, CIMBians, in collaboration with the students of Baan Nong Muang Wan school and local community members, organised a CSR market, mainly to help local craftsmen sell Silk and other handmade products to CIMB staff. This was the first opportunity for the community to market their products outside of their village, with encouraging sales value of THB100,000. The school students also featured an educational video, dubbed as "The journey of Thai-Silk" in addition to the Thai-silk Fashion Show.

Social Impact

DATA: CORPORATE RESPONSIBILITY (GRI: 413-1)



Contribution by Country (RM'000)						
2016		2017		2018		
RM9,590	73.8%	RM10,462	76.3%	Malaysia	RM38,171	90.3%
RM2,835	21.8%	RM2,667	19.5%	Indonesia	RM2,289	5.4%
RM69	0.5%	RM7	0.05%	Singapore	RM1,074	2.5%
RM475	3.7%	RM571	4.15%	Thailand	RM698	1.7%
RM31	0.2%	–	–	Others	RM50	0.1%



Contribution by Entity (RM'000)						
2016		2017		2018		
RM7,604	58.5%	RM7,592	55.4%	CIMB Foundation	RM21,629	51.2%
RM1,986	15.3%	RM2,870	20.9%	Non-CIMB Foundation*	RM16,542	39.1%
RM3,410	26.2%	RM3,245	23.7%	Regional**	RM4,111	9.7%

Note: * Contributions by entities in Malaysia that exclude CIMB Foundation. ** Includes all countries outside Malaysia.



Contribution by Programme (RM'000)						
2016		2017		2018		
RM4,163	32.0%	RM3,088	22.5%	Community Development	RM16,059	38.0%
RM2,096	16.1%	RM1,702	12.4%	Sports	RM6,585	15.6%
RM3,625	27.9%	RM4,601	33.6%	Education	RM10,142	24.0%
RM3,116	24.0%	RM4,316	31.5%	Natural Disaster & General Donations/Others	RM9,496	22.4%

Staff Volunteers

2,734

2018

751

2016

3,769

2017



Volunteer Hours

8,192

2018

3,344

2016

18,168

2017



Volunteer Hours Per Staff

3.0 hours

2018

4.2 hours

2016

4.8 hours

2017





UN Global Compact Network Malaysia - Statement of Support

The UN Global Compact Network Malaysia (GCMY) has reviewed the CIMB Group Sustainability Report 2018, to verify the 'information value' and the alignment of its strategies and programmes with the global UN Sustainable Development Goals (SDGs). We have also noted its adherence to the Global Reporting Initiative (GRI) Standards.

Scope our Review:

The scope of our review included the following:

- Alignment: The overall mapping of local priorities of CIMB with global SDGs
- Content approach: Presentation of information to support its understanding of SDGs
- Reporting period: 1 January 2018 to 31 December 2018
- Format: GRI Standards

Statement of Support:

The CIMB Foundation is a signatory with GCMY and is also represented for CIMB Group on the Advisory Board. We recognise CIMB's active involvement with the local network w.e.f. August 2017, and their participation in the National SDG Portal initiative.

In reviewing this report, we have closely understood CIMB Group's strategy and approach to sustainability. Based on the information documented in CIMB Group Sustainability Report 2018, we take note of the material aspects presented as per the Reporting Criteria and acknowledge CIMB's continuing efforts to evolve and improve the quality of its sustainability programmes; the measurement of its impact; and its overall shift towards sector-specific focus.

We also take note that CIMB Group is currently in the process of strategising its long-term targets to value creation, with a multi-stakeholder approach and criteria to determine positive economic, environmental and social (EES) impact.

Conclusive Remarks:

- We believe the adequacy and the quality of the information is of acceptable standards;
- The rationale and presentation of facts is logical and easy to comprehend;
- There is potential for the programmes to be further aligned to material issues;
- For community initiatives, the impact needs to be measured beyond reach and investments; and
- The mid-term and long-term EES impact targets can be defined at least for the milestone years of the Sustainability Roadmap 2023.

A handwritten signature in black ink, appearing to read "Rashvin Pal Singh".

Rashvin Pal Singh
President – Global Compact Network Malaysia

This statement of support is made exclusively for CIMB Group Sustainability Report 2018 under the scope of our engagement. The engagement allows disclosure, solely for the purpose of CIMB Group Sustainability Report 2018, showing that the report was critically reviewed for alignment with SDGs and the GRI Standards. The review was independent without the interest of any other party. March 1, 2019.

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

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TRUSTEES' REPORT

For the financial year ended 31 December 2018

The Trustees of CIMB Foundation ("the Foundation") hereby submit their Report together with the Audited Financial Statements of the Foundation for the financial year ended 31 December 2018. The Foundation is incorporated as a company limited by guarantee and does not have share capital.

OBJECTS

The objects of the Foundation are to receive and administer funds for public welfare, religious, educational, cultural, artistic and charitable purposes. There was no significant change in the objects of the Foundation during the financial year.

FINANCIAL RESULTS

	RM
Net shortfall of income over expenditure for the financial year	(4,422,325)

TRUSTEES

The Trustees who have held office during the financial year and during the period from the end of the financial year to the date of the Report are:

Tan Sri Md Nor Md Yusof	
Dato' Mohd Shukri bin Hussin	
Datuk Dr Richard Leete	
Rosnah binti Dato' Kamarul Zaman	
Tan Sri G.K. Rama Iyer A/L V.R.G Iyer	
Dato' Robert Cheim Dau Meng	(resigned with effect from 13 December 2018)
Dato' Sri Mohamed Nazir bin Abdul Razak	(resigned with effect from 19 October 2018)

In accordance with Articles 46 and 47 of the Articles of Association, the following Trustees retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election:

Tan Sri Md Nor Md Yusof
Dato' Mohd Shukri bin Hussin
Datuk Dr Richard Leete
Rosnah binti Dato' Kamarul Zaman
Tan Sri G.K. Rama Iyer A/L V.R.G Iyer

TRUSTEES' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES

According to the Register of Trustees' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the beneficial interests of Trustees who held office at the end of the financial year in the shares, share options and debentures of the ultimate holding company or of its related companies during the financial year are as follows:

Ultimate holding company	No. of ordinary shares			
	As at 1 January	Acquired/Granted	Disposed/Vested	As at 31 December
CIMB Group Holdings Berhad				
Dato' Mohd Shukri bin Hussin	11,148	41,471 [^]	–	52,619
Tan Sri Md Nor Md Yusof	400,000	–	–	400,000
[#] Tan Sri G.K. Rama Iyer A/L V.R.G Iyer	61,065	626 [^]	–	61,691

Trustees' Report

TRUSTEES' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES (CONTINUED)

According to the Register of Trustees' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, the beneficial interests of Trustees who held office at the end of the financial year in the shares, share options and debentures of the ultimate holding company or of its related companies during the financial year are as follows: (Continued)

Note: Includes shareholding of spouse/child, details of which are as follows:

	No. of ordinary shares			
	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
#Vijayalakshmi A/P Krishnaswamy	41,518	–	–	41,518
#Ganapathy Srihari A/L Rama Iyer	14,302	626 [^]	–	14,928

[^] Shares granted under Equity Ownership Plan ("EOP") and acquired by way of the exercise of Dividend Reinvestment Scheme ("DRS")

Related company	No. of shares held			
	As at 1 January	Acquired/ Granted	Disposed/ Vested	As at 31 December
PT Bank CIMB Niaga Tbk				
Tan Sri Md Nor Md Yusof	62,643	–	–	62,643
Tan Sri G.K. Rama Iyer A/L V.R.G Iyer	783	–	–	783

Ultimate holding company	Debentures held			
	As at 1 January	Acquired/ Granted	Disposed/ Redeemed	As at 31 December
CIMB Group Holdings Berhad				
<u>Bonds</u>				
Ganapathy Srihari A/L Rama Iyer	RM500,000	–	–	RM500,000

Other than as disclosed above, according to the Register of Trustees' Shareholdings, the Trustees in office at the end of the financial year did not hold any interests in shares, share options and debentures of the ultimate holding company and its related companies during the financial year.

TRUSTEES' BENEFITS

Since the end of the previous financial year, no Trustee of the Foundation has received or become entitled to receive any benefit by reason of a contract made by the Foundation or a related corporation with the Trustee or with a firm of which the Trustee is a member, or with a company in which the Trustee has a substantial financial interest.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements to which the Foundation is a party, with the object or objects of enabling Trustee of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate, other than Equity Ownership Plan as disclosed in the Financial Statements of the Foundation's ultimate holding company.

AUDITORS' REMUNERATION

Auditors' remuneration for the financial year ended 31 December 2018 is RM3,828 (2017: RM3,681).

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the Financial Statements of the Foundation were prepared, the Trustees took reasonable steps:

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- b) to ascertain that any current assets, which were unlikely to realise in the ordinary course of business, including the values of current assets as shown in the accounting records of the Foundation, had been written down to an amount which the current assets might be expected so to realise.

At the date of this Report, the Trustees are not aware of any circumstances:

- a) which would render the amounts written off for bad debts, or the amount of the allowance for doubtful debts in the Financial Statements of the Foundation, inadequate to any substantial extent; or
- b) which would render the values attributed to current assets in the Financial Statements of the Foundation misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Foundation misleading or inappropriate.

No contingent or other liability of the Foundation has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Trustees, will or may substantially affect the ability of the Foundation to meet its obligations as and when they fall due.

At the date of this Report, there does not exist:

- a) any charge on the assets of the Foundation which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Foundation which has arisen since the end of the financial year other than in the ordinary course of business.

At the date of this Report, the Trustees are not aware of any circumstances not otherwise dealt with in this Report or the Financial Statements of the Foundation, that would render any amount stated in the Financial Statements misleading.

In the opinion of the Trustees,

- a) the results of the Foundation's operations for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Foundation for the financial year in which this Report is made.

ULTIMATE HOLDING COMPANY

The Trustees regard CIMB Group Holdings Berhad, a quoted company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to continue in office. PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF1146) a conventional partnership was converted to a limited liability partnership.

This Report was approved by the Board of Trustees on 11 March 2019.

Signed on behalf of the Board of Trustees in accordance with their resolution.



Tan Sri Md Nor Md Yusof
Trustee



Dato' Mohd Shukri bin Hussin
Trustee

Kuala Lumpur
11 March 2019

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 RM	2017 RM
Current assets			
Other assets	3	2	12,602
Financial investments held-to-maturity	4	–	9,673,913
Debt instrument at amortised cost	5	5,060,693	–
Financial assets at fair value through profit or loss	6	4,395,355	–
Cash and short-term funds	7	5,018,584	3,467,117
Deposits placed with a licensed bank	8	10,058,858	14,061,868
		24,533,492	27,215,500
Current liabilities			
Payables and accruals	9	6,801,920	4,959,113
Amount due to a related company	10	13,860	117,194
		6,815,780	5,076,307
Net current assets		17,717,712	22,139,193
Net assets		17,717,712	22,139,193
Represented by:			
Accumulated funds		17,717,712	22,139,193
		17,717,712	22,139,193

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
Income			
Donations		16,631,588	3,453,945
Interest income and hibah	10	406,823	643,337
Interest income from financial investments held-to-maturity		–	332,188
Interest income from debt instrument at amortised cost		188,466	–
Interest income from financial assets at fair value through profit or loss		199,680	–
Amortisation of premium of financial investments held-to-maturity		–	(19,211)
Amortisation of premium of debt instrument at amortised cost		(19,211)	–
Unrealised loss on financial assets at fair value through profit or loss		(200,490)	–
		17,206,856	4,410,259
Less: Expenditure			
Contribution for charitable expenses	11	(20,194,904)	(7,592,083)
Advertising		(165,220)	(496,971)
Meeting allowance (Trustees)		(69,540)	(117,930)
Audit fees		(3,828)	(3,681)
Tax agent fees		(2,850)	(2,720)
Transportation cost		(6,114)	(52,979)
Bank charges		(8,311)	(1,649)
IT outsource services		(16,960)	(163,614)
Professional and consultancy fees		(4,502)	(29,207)
Back office shared services	10	(1,151,493)	(88,990)
Corporate membership		–	(10,000)
Write off of intangible asset	2	–	(199,605)
Other general expenses		(5,459)	(9,838)
		(21,629,181)	(8,769,267)
Shortfall of income over expenditure		(4,422,325)	(4,359,008)
Taxation	12	–	–
Net shortfall of income over expenditure		(4,422,325)	(4,359,008)

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the financial year ended 31 December 2018

	Total RM
At 1 January 2018	22,139,193
Effect of adopting MFRS 9	844
At 1 January 2018, as restated	22,140,037
Net shortfall of income over expenditure	(4,422,325)
At 31 December 2018	17,717,712
At 1 January 2017	26,498,201
Net shortfall of income over expenditure	(4,359,008)
At 31 December 2017	22,139,193

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 RM	2017 RM
Cash flows from operating activities			
Shortfall of income over expenditure		(4,422,325)	(4,359,008)
Adjustments for:			
Donations income		(16,631,588)	(3,453,945)
Interest income		(794,969)	(975,525)
Amortisation of premium from financial investments held-to-maturity		–	19,211
Amortisation of premium from debt instrument at amortised cost		19,211	–
Intangible asset written off		–	199,605
Unrealised loss on revaluation of financial assets at fair value through profit or loss		200,490	–
		(21,629,181)	(8,569,662)
Decrease in operating assets			
Other assets		12,600	12,600
Increase/(decrease) in operating liabilities			
Payables and accruals		1,827,047	154,798
Amount due to a related company		(103,334)	53,631
Net cash flows used in operating activities		(19,892,868)	(8,348,633)
Cash flows from investing activities			
Purchase of financial investments held-to-maturity		–	(2,000,000)
Upliftment/(Placement) of deposits with a related licensed bank		4,000,000	(4,000,000)
Interest received from financial investment held-to-maturity		–	295,156
Interest received from financial asset at fair value through profit or loss		199,205	–
Interest received from debt instrument at amortised cost		187,949	–
Interest received from deposits placed with a related licensed bank		420,509	612,559
Interest received from cash and short-term funds		5,084	48,462
Net cash flows generated from/(used in) investing activities		4,812,747	(5,043,823)
Cash flows from financing activity			
Donations received		16,631,588	3,453,945
Net cash flows generated from financing activity		16,631,588	3,453,945
Net increase/(decrease) in cash and cash equivalents during the financial year		1,551,467	(9,938,511)
Cash and cash equivalents at beginning of the financial year		3,467,117	13,405,628
Cash and cash equivalents at end of the financial year	7	5,018,584	3,467,117

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the financial year ended 31 December 2018

The following significant accounting policies have been used consistently in dealing with items that are considered material in relation to the Financial Statements.

A BASIS OF PREPARATION

The Financial Statements of the Foundation have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The Financial Statements of the Foundation have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of Financial Statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of income and expenses during the reported period. It also requires Trustees to exercise their judgement in the process of applying Foundation’s accounting policies. Although these estimates and judgement are based on the Trustees’ best knowledge of current events and actions, actual results may differ from those estimates.

There are no critical accounting estimates and assumptions used that are significant to the Financial Statements.

(A) STANDARDS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE AND APPLICABLE TO THE FOUNDATION

The new accounting standards and amendments to published standards that are effective and applicable to the Foundation for the financial year beginning 1 January 2018 are as follows:

- MFRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers” and “Clarifications to MFRS 15”
- Annual improvement to MFRSs 2014 – 2016 Cycle:
 - Amendments to MFRS 1

The adoption of MFRS 9 has resulted changes in the accounting policies for classification and measurement of financial instruments and, impairment of financial assets of the Foundation. MFRS 9 also significantly amends other standard dealing with financial instruments such as MFRS 7 Financial Instruments: Disclosures.

As permitted by the transition provisions of MFRS 9, the Foundation elected not to restate the comparatives figures. Any adjustments to the carrying amount of financial assets and liabilities at the end of transition were recognised in the opening retained earnings and other reserves of the current reporting period.

The consequential amendments to MFRS 7 disclosures have also been applied to current reporting period. The comparative notes disclosures repeat those disclosures made in the prior year.

The adoption of these amendments did not have impact on the current reporting period nor any prior reporting period, and is not likely to affect future reporting periods on the Financial Statements of the Foundation except for the above mentioned.

The impact of adoption of MFRS 9 of the Foundation are summarised in Note 13.

MFRS 15 “Revenue from Contracts with Customers” replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction Contracts’ and their related interpretations. MFRS 15 provides a principles based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e., when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

The Foundation adopt the standard using modified retrospective method, and the adoption does not result in significant financial impact to the Foundation.

Summary of Significant Accounting Policies

A BASIS OF PREPARATION (CONTINUED)**(B) STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE APPLICABLE TO THE FOUNDATION BUT NOT YET EFFECTIVE**

There are no new Standards, amendments to published standards and interpretations to existing standards that are applicable to the Foundation but not yet effective.

B FINANCIAL ASSETS**(A) CLASSIFICATION**

With effect from the financial year beginning 1 January 2018, the Foundation classify its financial assets into the following measurement categories:

- Fair value through profit or loss, and
- Amortised cost.

The classification depends on the Foundation's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investment in debt instruments, this will depend on the business model in which the investment is held.

- (i) The Foundation classify their financial assets at amortised cost only if both of the following criteria are met:
 - the asset is held within a business model with the objective of collecting the contractual cash flows, and
 - the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.
- (ii) The Foundation classify the following financial assets at fair value through profit or loss:
 - debt investments that do not qualify for measurement at either amortised cost or fair value through comprehensive income
 - equity investments that are held for trading, and
 - equity investments for which the entity has not elected to recognise at fair value through other comprehensive income.

(B) RECOGNITION AND INITIAL MEASUREMENT

A financial asset is recognised in the statement of financial position when the Foundation become parties to the contractual provisions of the instrument, which is generally on trade date.

At initial recognition, the Foundation measure financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(C) SUBSEQUENT MEASUREMENT**Debt instruments**

Subsequent measurement of debt instruments depends on the Foundation's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories in which the Foundation classify their debt instruments.

- (i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- (ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of income within other gains or losses in the period in which it arises. Interest income from these financial assets is included in the finance income.

(D) RECLASSIFICATION OF FINANCIAL ASSETS

The Foundation reclassify financial assets when and only when their business model for managing those assets changes.

Summary of Significant Accounting Policies

C FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost. Financial liabilities are initially recognised at fair value less transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities are de-recognised when extinguished.

The financial liabilities of the Foundation measured at amortised cost are amount due to a related company and payables and accruals.

D DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are de-recognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Foundation tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent de-recognition). Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished.

E IMPAIRMENT OF FINANCIAL ASSETS

The Foundation assess on a forward looking basis the expected credit losses (“ECL”) associated with its carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Foundation apply the simplified approach permitted by MFRS 9, which requires expected lifetime losses to be recognised from initial recognition of receivables.

(I) FINANCIAL ASSETS ACCOUNTED FOR AT AMORTISED COST

The Foundation use three categories for financial assets accounted for at amortised cost which reflect their credit risk and how the loan loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Foundation’s expected credit loss model is as follows:

(a) Stage 1: 12-months ECL

Stage 1 includes financial assets which have not had a significant increase in credit risk since initial recognition or which have low credit risk at reporting date. 12-month ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(b) Stage 2: Lifetime ECL – not credit impaired

Stage 2 includes financial assets which have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date) but do not have objective evidence of impairment. Lifetime ECL is recognised and interest income is calculated on the gross carrying amount of the financial assets.

(c) Stage 3: Lifetime ECL – credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. Lifetime ECL is recognised and interest income is calculated on the net carrying amount of the financial assets.

On the term of the financial assets, the Foundation account for their credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Foundation consider historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

(II) OTHER ASSETS

For trade receivables only, the Foundation apply simplified approach as permitted by MFRS 9, which requires an entity to recognise a loss allowance based on lifetime ECL at each reporting date. MFRS 9 allows the use of practical expedients when measuring ECL and states that a provision matrix is an example of such expedient for trade receivables. An entity that applies a provision matrix may use historical loss experience on its trade receivables, and adjust historical loss rates to reflect information about current conditions and reasonable and supportable forecasts of future economic conditions

F CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank balances and deposit placements maturing within one month.

Summary of Significant Accounting Policies

G PROVISIONS

Provisions are recognised by the Foundation when all of the following conditions have been met:

- (i) the Foundation has a present legal or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources to settle the obligation will be required; and
- (iii) a reliable estimate of the amount of obligation can be made.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

H RECOGNITION OF DONATION

Donations are recognised in the statement of income and expenditure of the Foundation when the Foundation is entitled to receive the donations.

I RECOGNITION OF INCOME AND HIBAH

Income and hibah are recognised on deposits placements and current accounts using the effective interest rate method on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1 GENERAL INFORMATION

The objects of the Foundation are to receive and administer funds for public welfare, religious, educational, cultural, artistic and charitable purposes. There was no significant change in the objects of the Foundation during the financial year.

The Foundation is incorporated and domiciled in Malaysia as a company limited by guarantee, without share capital.

The Trustees regard CIMB Group Holdings Berhad, a listed company incorporated in Malaysia, as the ultimate holding company.

The address of the registered office of the Foundation is Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

2 INTANGIBLE ASSET

	2018 RM	2017 RM
Software work-in- progress		
Cost		
At 1 January	-	199,605
Write off during the financial year	-	(199,605)
At 31 December	-	-

CIMB Foundation was developing an online grant management system to automate the grant processes, which include project adoption, grant disbursement and project reporting for CSR activities.

The software work-in-progress was written off in 2017 due to incompatibility with the then new development and business environment.

3 OTHER ASSETS

	2018 RM	2017 RM
Membership fees receivable	2	2
Prepayment	-	12,600
	2	12,602

4 FINANCIAL INVESTMENTS HELD-TO-MATURITY

	2018 RM	2017 RM
Money market instrument:		
Unquoted:		
Malaysia Government Securities	-	5,117,282
Khazanah bonds	-	4,594,526
	-	9,711,808
Less: Amortisation of premium	-	(37,895)
	-	9,673,913

5 DEBT INSTRUMENT AT AMORTISED COST

	2018 RM	2017 RM
Money market instrument:		
Unquoted:		
Malaysia Government Securities	5,117,799	–
Less: Amortisation of premium	(57,106)	–
	5,060,693	–

The Malaysia Government Securities has a face value of RM5 million with a coupon rate of 3.76% (2017: 3.76%) and will mature on 15 March 2019.

6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RM	2017 RM
Unquoted money market instrument:		
Khazanah bonds	4,395,355	–

7 CASH AND SHORT-TERM FUNDS

	2018 RM	2017 RM
Cash and short-term funds maintained with a related licensed bank:		
a) Cash and bank balances	5,018,584	467,117
b) Deposits and placements maturing within one month	–	3,000,000
	5,018,584	3,467,117

8 DEPOSITS PLACED WITH A LICENSED BANK

	2018 RM	2017 RM
Deposits placed with a related company, which is a licensed bank in Malaysia	10,058,858	14,061,868

The weighted average interest rate is 3.28% (2017: 3.13%).

9 PAYABLES AND ACCRUALS

	2018 RM	2017 RM
Donations payable	6,778,533	4,837,272
Accrued expenses	7,627	91,193
Interest income received in advance	15,760	30,648
	6,801,920	4,959,113

Notes to the Financial Statements

10 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES**(A) RELATED PARTIES AND RELATIONSHIP**

The related parties of, and their relationship with the Foundation, are as follows:

Related party	Relationship
CIMB Group Holdings Berhad ("CIMB Group")	Ultimate holding company
Subsidiaries and associates of CIMB Group as disclosed in its Financial Statements	Subsidiaries and associates of the Ultimate holding company

(B) RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the Financial Statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated. Interest rates on short-term deposits were at normal commercial rates.

Related companies	2018 RM	2017 RM
Back office shared services paid to a related company	(1,151,493)	(88,990)
Interest income and hibah received from a related company	406,823	643,337
Interest income from Khazanah bonds at fair value through profit or loss/held-to-maturity	199,680	143,416
Donation received from a related company	11,000,000	–

(C) RELATED PARTY BALANCES

Included in Foundation's statement of financial position are the following significant related party balance arising from normal business transactions:

Related companies	2018 RM	2017 RM
Cash and short-term funds	5,018,584	467,117
Short term placements maturing within one month	–	3,000,000
Deposits placed with a related license bank	10,058,858	14,061,868
Financial investments held-to-maturity	–	4,594,526
Financial assets at fair value through profit or loss	4,395,355	–
Amount due to a related company	(13,860)	(117,194)
Interest income on short term placement received in advance	(15,760)	(30,648)

The amount due to a related company is unsecured, interest free and repayable on demand.

(D) TRANSACTIONS WITH SHAREHOLDERS AND GOVERNMENT

Khazanah Nasional Berhad ("KNB"), the major shareholder of the ultimate holding company, owns 26.8% (2017: 27.3%) of the issued share capital of the ultimate holding company. KNB is an entity controlled by the Malaysian Government. The Foundation considers that, for the purpose of MFRS 124 – "Related Party Disclosures", KNB and the Malaysian Government are in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as "government-related entities") are related parties of the Foundation.

Transactions with government-related entities are conducted in the ordinary course of the Foundation's business on commercial rates and consistently applied in accordance with the Foundation internal policies and processes. These rates do not depend on whether the counterparties are government-related entities or not.

11 CONTRIBUTION FOR CHARITABLE EXPENSES

	2018 RM	2017 RM
Community development	5,362,611	2,921,389
Sports	6,584,849	1,701,772
Education	7,806,380	2,470,811
Natural disaster and general donations	441,064	498,111
	20,194,904	7,592,083

12 TAXATION

The Foundation is an approved charitable institution under Section 44(6) of the Income Tax Act, 1967. With effect from year of assessment 2001, any organisation or institution which is approved under Subsection 44(6) of the Income Tax Act, 1967 will automatically be granted tax exemption on its income (except dividend income) under paragraph 13, Schedule 6, Income Tax Act, 1967.

13 CHANGE IN ACCOUNTING POLICIES

Set out below are disclosures relating to the impact of the adoption of MFRS 9 to the Foundation. Further details of the specific MFRS 9 accounting policies applied in current financial year are described in more detail in section B of the Summary of Significant Accounting Policies.

- (i) The measurement category and carrying amount of the Foundation's financial assets and financial liabilities on 1 January 2018 is as follows:

			As at 1 January 2018	
	Original measurement category under MFRS 139	New measurement category under MFRS 9	Original measurement category under MFRS 139 RM	New classification measurement category under MFRS 9 RM
Financial assets				
Financial investments held-to-maturity	Held for maturity	Fair value through profit or loss	4,594,526	4,595,370
Financial investments held-to-maturity	Held to maturity	Amortised cost	5,079,387	5,079,387
Cash and short-term funds	Loan and receivables	Amortised cost	3,467,117	3,467,117
Deposits placed with a licensed bank	Loan and receivables	Amortised cost	14,061,868	14,061,868
Financial liabilities				
Payable and accrual	Amortised cost	Amortised cost	4,928,465	4,928,465
Amount due to a related company	Amortised cost	Amortised cost	117,194	117,194

Notes to the Financial Statements

13 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(ii) Reconciliation of the carrying amount in the Foundation's Statement of Financial Position from MFRS 139 to MFRS 9 as at 1 January 2018:

	Audited as at 31 December 2017 RM	Effect of adopting MFRS 9		Total RM	Adjusted 1 January 2018 RM
		Remeasurement RM	Reclassification RM		
Current assets					
Other assets	12,602	–	–	–	12,602
Financial investments held-to-maturity	9,673,913	–	(9,673,913)	(9,673,913)	–
Financial assets at fair value through profit and loss	–	844	4,594,526	4,595,370	4,595,370
Debts instrument at amortised cost	–	–	5,079,387	5,079,387	5,079,387
Cash and short-term funds	3,467,117	–	–	–	3,467,117
Deposits placed with a licensed bank	14,061,868	–	–	–	14,061,868
Total current assets	27,215,500	844	–	844	27,216,344
Current liabilities					
Payable and accrual	4,959,113	–	–	–	4,959,113
Amount due to a related company	117,194	–	–	–	117,194
Total current liabilities	5,076,307	–	–	–	5,076,307
Net current assets	22,139,193	844	–	844	22,140,037
Represented by:					
Accumulated funds	22,139,193	844	–	844	22,140,037

(iii) Impact on the Foundation's Statement of Changes in Accumulated Funds as at 31 December 2017 and 1 January 2018:

	Audited as at 31 December 2017 RM	Effect of adopting MFRS 9		Total RM	Adjusted 1 January 2018 RM
		Remeasurement RM	Reclassification RM		
Accumulated funds	22,139,193	844	–	–	22,140,037

13 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

- (iv) The following table analyses the impact of transition on the Statements of Financial Position of Foundation from MFRS 139 to MFRS 9 as at 1 January 2018:

	Impact of adoption MFRS 9 as at 1 January 2018 RM
Financial assets at fair value through profit or loss	
Closing balance under MFRS 139 as at 31 December 2017	–
– Reclassification from financial investment held-to-maturity	4,594,526
– Unrealised gain on financial assets at fair value through profit or loss	844
Opening balance under MFRS 9 as at 1 January 2018	4,595,370
Debt instruments at amortised cost	
Closing balance under MFRS 139 as at 31 December 2017	–
– Reclassification from financial investment held-to-maturity	5,079,387
Opening balance under MFRS 9 as at 1 January 2018	5,079,387
Financial investments held-to-maturity	
Closing balance under MFRS 139 as at 31 December 2017	9,673,913
– Reclassification to financial assets at fair value through profit or loss	(4,594,526)
– Reclassification to debts instruments at amortised cost	(5,079,387)
Opening balance under MFRS 9 as at 1 January 2018	–
Accumulated funds	
Closing balance under MFRS 139 as at 31 December 2017	22,139,193
– Unrealised gain on financial assets through profit or loss	844
Opening balance under MFRS 9 as at 1 January 2018	22,140,037

14 FINANCIAL RISK MANAGEMENT**Financial risk management objectives and policies**

The Foundation does not face significant exposure to financial risks, except for credit risk, market risk and liquidity risk.

14.1 CREDIT RISK

Credit risk is the risk of loss due to failure of counterparty to meet its financial obligations due to the Foundation.

All analysis of credit risk includes only financial assets subject to credit risk. They exclude non-financial assets.

14.1.1 Maximum exposure to credit risk (without taking into account any collateral held or other credit enhancements)

For financial assets recognised in the statement of assets and liabilities, the maximum exposure to credit risk equals their carrying amount as at 31 December 2018 and 31 December 2017.

14.1.2 Concentration of risks of financial assets with credit risk exposure

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Notes to the Financial Statements

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

14.1 CREDIT RISK (CONTINUED)

14.1.2 Concentration of risks of financial assets with credit risk exposure (Continued)

(a) Geographical sectors

Location of the counterparty – Malaysia

(b) Industry sectors

The analyses of credit risk concentrations (without taking into account any collateral held or other credit enhancements) for items recognised in the statement of assets and liabilities as at 31 December 2018 and 31 December 2017 based on the industry sectors of the counterparty are as follows:

	Financial investments held-to-maturity RM	Financial asset at fair value through profit or loss RM	Debt instrument at amortised cost RM	Cash and short-term funds RM	Deposits placed with a licensed bank RM	Total credit exposure RM
2018						
Finance, insurance and business services	–	–	–	5,018,584	10,058,858	15,077,442
Government & government agencies	–	4,395,355	5,060,693	–	–	9,456,048
	–	4,395,355	5,060,693	5,018,584	10,058,858	24,533,490
2017						
Finance, insurance and business services	–	–	–	3,467,117	14,061,868	17,528,985
Government & government agencies	9,673,913	–	–	–	–	9,673,913
	9,673,913	–	–	3,467,117	14,061,868	27,202,898

14.1.3 Credit quality of financial assets

(a) Financial assets using General 3-stage approach

The following table are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised.

2018	12-month ECL (Stage 1) RM	Total RM
Cash and short-term funds		
Investment grade	5,018,584	5,018,584
Gross carrying amount	5,018,584	5,018,584
Total ECL	–	–
Net carrying amount	5,018,584	5,018,584
Deposits placed with a licensed bank		
Investment grade	10,058,858	10,058,858
Gross carrying amount	10,058,858	10,058,858
Total ECL	–	–
Net carrying amount	10,058,858	10,058,858

14 FINANCIAL RISK MANAGEMENT (CONTINUED)**14.1 CREDIT RISK (CONTINUED)****14.1.3 Credit quality of financial assets (Continued)****(a) Financial assets using General 3-stage approach (Continued)**

The following table are analysis of the credit risk exposure of financial assets for which an expected credit losses allowance (“ECL”) is recognised (Continued).

2018	12-month ECL (Stage 1) RM	Total RM
Debt instrument at amortised cost		
Sovereign	5,060,693	5,060,693
Gross carrying amount	5,060,693	5,060,693
Total ECL	–	–
Net carrying amount	5,060,693	5,060,693

14.1.4 Credit quality of financial assets – comparative information under FRS139

Financial assets are required under MFRS 7, to be categorised into “neither past due nor impaired”, “past due but not impaired” or “impaired”.

Financial investments held-to-maturity, cash and short-term funds, and deposits placed with a licensed bank of the Foundation as at 31 December 2017 are categorised as “neither past due nor impaired”. There is a high likelihood of these assets being recovered in full and therefore, of no cause for concern to the Foundation.

An analysis of the credit quality of the Foundation’s financial assets that are “neither past due nor impaired” is set out below.

2017	Sovereign RM	Investment grade (AAA) RM	Total RM
Financial investments held-to-maturity	9,673,913	–	9,673,913
Cash and short-term funds	–	3,467,117	3,467,117
Deposits placed with a licensed bank	–	14,061,868	14,061,868
	9,673,913	17,528,985	27,202,898

14.2 MARKET RISK

Market risk is defined as any fluctuations in the market value of a trading position arising from changes to market risk factors such as interest rates, credit spreads, currency exchange rates, equity prices, commodity prices and their associated volatilities.

14.2.1 Interest rate risk

Interest rate risk relates to the potential adverse impact on the net interest income arising from the changes in market rates. One of the primary sources of interest rate risk is the repricing mismatches between interest earning assets and interest bearing liabilities.

Notes to the Financial Statements

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

14.2 MARKET RISK (CONTINUED)

14.2.1 Interest rate risk (Continued)

The table below summarises the Foundation's financial assets and financial liabilities at their full carrying amounts, analysed by the earlier of contractual repricing or maturity dates.

	Non-trading book					
2018	Up to 1 month RM	> 1 - 3 months RM	> 3 - 6 months RM	Non-interest sensitive RM	Trading book RM	Total RM
Financial assets						
Financial asset at fair value through profit or loss	–	–	–	–	4,395,355	4,395,355
Debt instrument at amortised cost	–	5,000,000	–	60,693	–	5,060,693
Cash and short-term funds	5,018,584	–	–	–	–	5,018,584
Deposits placed with a licensed bank	–	7,000,000	3,000,000	58,858	–	10,058,858
Total assets	5,018,584	12,000,000	3,000,000	119,551	4,395,355	24,533,490
Financial liabilities						
Payables and accruals	–	–	–	6,786,160*	–	6,786,160
Amount due to a related company	–	–	–	13,860	–	13,860
Total liabilities	–	–	–	6,800,020	–	6,800,020
Net interest sensitivity gap	5,018,584	12,000,000	3,000,000			

* Excluded interest income received in advance of RM15,760.

	Non-trading book						
2017	Up to 1 month RM	> 1 - 3 months RM	> 3 - 6 months RM	> 1 - 5 years RM	Over 5 years RM	Non-interest sensitive RM	Total RM
Financial assets							
Financial investments held-to maturity	–	–	–	7,500,000	2,000,000	173,913	9,673,913
Cash and short-term funds	3,467,117	–	–	–	–	–	3,467,117
Deposits placed with a licensed bank	–	11,000,000	3,000,000	–	–	61,868	14,061,868
Total assets	3,467,117	11,000,000	3,000,000	7,500,000	2,000,000	235,781	27,202,898
Financial liabilities							
Payables and accruals	–	–	–	–	–	4,928,465*	4,928,465
Amount due to a related company	–	–	–	–	–	117,194	117,194
Total liabilities	–	–	–	–	–	5,045,659	5,045,659
Net interest sensitivity gap	3,467,117	11,000,000	3,000,000	7,500,000	2,000,000		

* Excluded interest income received in advance of RM30,648.

14 FINANCIAL RISK MANAGEMENT (CONTINUED)**14.2 MARKET RISK (CONTINUED)****14.2.2 Foreign exchange risk**

The Foundation has no exposure to foreign exchange risk as all its financial assets and liabilities at the end of the reporting period are denominated in Ringgit Malaysia.

14.3 LIQUIDITY RISK

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Foundation's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

14.3.1 Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Foundation under non-derivative financial liabilities by remaining contractual maturities at the end of the reporting period. The amounts disclosed in the table are the contractual undiscounted cash flow.

2018	Up to 1 month RM	Total RM
Financial liabilities		
Payables and accruals	6,786,160*	6,786,160
Amount due to a related company	13,860	13,860
Total liabilities	6,800,020	6,800,020

* Excluded interest income received in advance of RM15,760.

2017	Up to 1 month RM	Total RM
Financial liabilities		
Payables and accruals	4,928,465*	4,928,465*
Amount due to a related company	117,194	117,194
Total liabilities	5,045,659	5,045,659

* Excluded interest income received in advance of RM30,648.

14.4 FAIR VALUE ESTIMATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

14.4.1 Determination of fair value and fair value hierarchy

The fair value hierarchy has the following levels:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include:
 - Quoted prices for similar assets and liabilities in active markets; or
 - Quoted prices for identical or similar assets and liabilities in non-active markets; or
 - Inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 One or more inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets/liabilities are classified as Level 1 when the valuation is based on quoted prices for identical assets or liabilities in active markets.

Notes to the Financial Statements

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

14.4 FAIR VALUE ESTIMATION (CONTINUED)

14.4.1 Determination of fair value and fair value hierarchy (Continued)

Assets/liabilities are regarded as being quoted in an active market if the prices are readily available from a published and reliable source and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When fair value is determined using quoted prices of similar assets/liabilities in active markets or quoted prices of identical or similar assets and liabilities in non-active markets, such assets/liabilities are classified as Level 2. In cases where quoted prices are generally not available, the Foundation determines fair value based upon valuation techniques that use market parameters as inputs. Most valuation techniques employ observable market data, including but not limited to yield curves, equity prices, volatilities and foreign exchange rates.

Assets/liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. Such inputs are determined based on observable inputs of a similar nature, historical observations or other analytical techniques.

If prices or quotes are not available for an instrument or a similar instrument, fair value will be established by using valuation techniques or Mark-to-Model. Judgment may be required to assess the need for valuation adjustments to appropriately reflect unobservable parameters.

- (i) The following table represents financial assets measured at fair value and classified by level with the following fair value hierarchy:

2018	Fair value		
	Carrying amount RM	Level 2 RM	Total RM
Recurring fair value measurement			
Financial assets			
Financial asset at fair value through profit or loss – Unquoted securities	4,395,355	4,395,355	4,395,355
	4,395,355	4,359,355	4,395,355

- (ii) The following table analyses within the fair value hierarchy the Foundation's financial assets and financial liabilities not measured at fair value at 31 December 2018 and 31 December 2017, but for which fair value is disclosed:

2018	Fair value			
	Carrying amount RM	Level 1 RM	Level 2 RM	Total RM
Financial assets				
Cash and short-term funds	5,018,584	5,018,584	–	5,018,584
Deposits placed with a licensed bank	10,058,858	10,058,858	–	10,058,858
Debt instrument at amortised cost	5,060,693	–	5,060,693	5,060,693
Total assets	20,138,135	15,077,442	5,060,693	20,138,135
Financial liabilities				
Payables and accruals	6,786,160	–	6,786,160	6,786,160
Amount due to a related company	13,860	–	13,860	13,860
Total liabilities	6,800,020	–	6,800,020	6,800,020

14 FINANCIAL RISK MANAGEMENT (CONTINUED)**14.4 FAIR VALUE ESTIMATION (CONTINUED)****14.4.1 Determination of fair value and fair value hierarchy (Continued)**

- (ii) The following table analyses within the fair value hierarchy the Foundation's financial assets and financial liabilities not measured at fair value at 31 December 2018 and 31 December 2017, but for which fair value is disclosed: (Continued)

	Fair value			
2017	Carrying amount RM	Level 1 RM	Level 2 RM	Total RM
Financial assets				
Cash and short-term funds	3,467,117	3,467,117	–	3,467,117
Deposits placed with a licensed bank	14,061,868	14,061,868	–	14,061,868
Financial investment held-to-maturity	9,673,913	–	9,673,913	9,673,913
Total assets	27,202,898	17,528,985	9,673,913	27,202,898
Financial liabilities				
Payables and accruals	4,928,465	–	4,928,465	4,928,465
Amount due to a related company	117,194	–	117,194	117,194
Total liabilities	5,045,659	–	5,045,659	5,045,659

15 AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

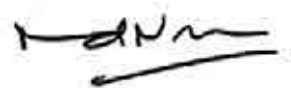
The Financial Statements have been authorised for issue by the Board of Trustees in accordance with a resolution dated 11 March 2019.

STATEMENT BY TRUSTEES

Pursuant to Section 251(2) of the Companies Act, 2016

We, Tan Sri Md Nor Md Yusof and Dato' Mohd Shukri bin Hussin being two of the Members of the Board of Trustees of CIMB Foundation, hereby state that, in the opinion of the Trustees, the Financial Statements set out on pages 108 to 127 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2018 and financial performance of the Foundation for the financial year ended 31 December 2018, in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Trustees in accordance with their resolution.



Tan Sri Md Nor Md Yusof
Trustee



Dato' Mohd Shukri bin Hussin
Trustee

Kuala Lumpur
11 March 2019

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

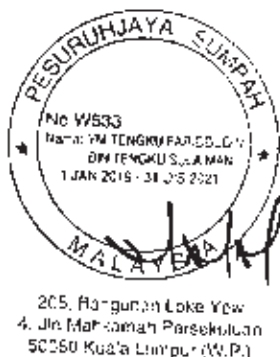
I, Khairulanwar bin Rifaie, the Officer primarily responsible for the financial management of CIMB Foundation, do solemnly and sincerely declare that the Financial Statements set out on pages 108 to 127 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Khairulanwar bin Rifaie

Subscribed and solemnly declared by the abovenamed Khairulanwar bin Rifaie at Kuala Lumpur before me, on 11 March 2019.

Commissioner for Oath



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CIMB FOUNDATION

(Company No. 795634-H)

(Incorporated in Malaysia as a company limited by guarantee and not having a share capital)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion, the Financial Statements of CIMB Foundation ("the Foundation") give a true and fair view of the financial position of the Foundation as at 31 December 2018, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

WHAT WE HAVE AUDITED

We have audited the Financial Statements of the Foundation, which comprise the statement of assets and liabilities as at 31 December 2018 of the Foundation, and the statement of income and expenditure, statement of changes in accumulated funds and statement of cash flows of the Foundation for the financial year then ended, and notes to the Financial Statements, including a summary of significant accounting policies, as set out on pages 108 to 127.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Foundation in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Trustees of the Foundation are responsible for the other information. The other information comprises Trustees' Report, but does not include the Financial Statements of the Foundation and our auditors' report thereon.

Our opinion on the Financial Statements of the Foundation does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements of the Foundation, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements of the Foundation or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE TRUSTEES FOR THE FINANCIAL STATEMENTS

The Trustees of the Foundation are responsible for the preparation of the Financial Statements of the Foundation that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Trustees are also responsible for such internal control as the directors determine is necessary to enable the preparation of Financial Statements of the Foundation that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements of the Foundation, the Trustees are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Financial Statements of the Foundation as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the Financial Statements of the Foundation, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- (d) Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements of the Foundation or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the Financial Statements of the Foundation, including the disclosures, and whether the Financial Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Financial Statements of the Foundation. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

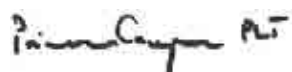
We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Foundation have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Foundation, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF1146
Chartered Accountants

Kuala Lumpur
11 March 2019



ONG CHING CHUAN
02907/11/2019 J
Chartered Accountant

APPENDICES

GRI CONTENT INDEX

CIMB's sustainability reporting has been prepared "In Accordance" with GRI Standards: Core Option. Our aim has been to provide a reasonable and true representation of our economic, environmental and social contributions, in keeping with the UN Sustainable Development Goals/Agenda. The following pages serve as the GRI Content Index and 'refer to' information disclosed in mainly two key documents – CIMB Sustainability Report 2018 and CIMB Annual Report 2018.

ORGANISATIONAL PROFILE			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
102-1	Name of the organisation	SUSTAINABILITY REPORT: P.5 CIMB Group Holdings Berhad	Full
102-2	Activities, brands, products, and services	SUSTAINABILITY REPORT: P.5 CIMB is a leading ASEAN universal bank. The Group is one of the largest investment bank in Asia and the largest Islamic bank globally. Our 100+ key products and solutions are designed to meet specific needs and challenges of our retail and institutional customers. Our core solutions include, Consumer banking; Commercial banking; Wholesale banking; Transaction banking; Islamic banking; and Asset Management.	Full
102-3	Location of headquarters	SUSTAINABILITY REPORT: P.6 Kuala Lumpur, Malaysia	Full
102-4	Location of operations	SUSTAINABILITY REPORT: P.6 CIMB Group operates a retail banking network of around 796 retail branches in 16 countries	Full
102-5	Ownership and legal form	SUSTAINABILITY REPORT: P.5 CIMB Bank Berhad	Full
102-6	Markets served	SUSTAINABILITY REPORT: P.6 CIMB serves over 14 million + customers in key markets of ASEAN, China & Hong Kong, India, Sri Lanka, Korea, U.S and U.K.	Full
102-7	Scale of the organisation	SUSTAINABILITY REPORT: P.6 <ul style="list-style-type: none"> • RM54.6 billion market capitalisation • RM534.1 billion asset value • RM7.2 billion (Profit Before Tax) for FY2018 	Full
102-8	Information on employees and other workers	SUSTAINABILITY REPORT: P.5, 44 Around 36,000 strong workforce. Unionised staff make up 51.2% of 16,699 employees in Malaysia.	Full
102-9	Supply chain	SUSTAINABILITY REPORT: P.44, 58-59 The procurement of goods, materials and services is not directly in relation to our products and services. It is for our business operations. We have a Group Procurement Policy and Vendor Code of Ethics, in addition to the Group Sustainable Procurement Guidelines. These regulate all supplier agreements and their responsible conduct/behaviour in delivering goods and services to CIMB. In 2018, RM1.2 billion was the committed spend through our supply chain partners.	Full
102-10	Significant changes to the organisation and its supply chain	SUSTAINABILITY REPORT: P.5, 8 In 2018, there were no significant changes to the organisation's size, structure, ownership, or supply chain. The scope and boundary of this report mainly covers CIMB Bank in Malaysia.	Full

ORGANISATIONAL PROFILE (CONTINUED)			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References, and Page Numbers	Full or Partial Disclosure
102-11	Precautionary principle or approach	<p>SUSTAINABILITY REPORT: P.16, 39</p> <p>The Board has endorsed our sustainability governance framework, Group Sustainability Policy, Group Sustainable Financing Policy and Sustainable Procurement Guidelines amongst others. These tools will not only empower CIMBians to confidently embark on our 5-year journey, but will also help us meet our sustainability purpose with transparency and accountability.</p> <p>The Group's approach to Sustainability (including its risk management) is guided by five key principles, one of which is our precautionary principle, which is to exercise due care and diligence to evaluate, adopt and advocate proactive measures to minimise and in the long-run prevent environmental harm, as well as promote social equity.</p>	Full
102-12	External initiatives	<p>SUSTAINABILITY REPORT: P.45</p> <p>CIMB is one of the 28 banks and the first ASEAN bank to join the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking and as one of the founding members, CIMB Group will continue to engage with the industry in ASEAN to promote the value of these Principles, which are scheduled for global launch in 2019.</p> <p>The Principles have already been recognised as the 'New Global Standard' by RobecoSAM, an international investment company that evaluates companies' sustainability practices and determines their eligibility/maturity to be listed on the Dow Jones Sustainability Indices (DJSI).</p>	Full
102-13	Membership of associations	<p>SUSTAINABILITY REPORT: P.47</p> <p>Our contributions go beyond the applicable annual fee commitments, to include sharing industry insights; participating in roundtable discussions and sectoral studies; and demonstrating our leadership by sharing best practices.</p> <p>In 2018, in addition to our signatory status with the UN Global Compact (UNGC) Local Network (LN) Malaysia, we have joined United Nations Environment Programme Finance Initiative (UNEP FI), which is a partnership between United Nations Environment and the global financial sector.</p>	Full

STRATEGY			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References, and Page Numbers	Full or Partial Disclosure
102-14	Statement from senior decision-maker	<p>SUSTAINABILITY REPORT: P.14-17</p> <p>"CIMB has always emphasised value creation which requires a delicate balancing of the long-term interests of our people, planet and profitability. To that end, we are pleased to commit to the UNEP FI objectives to champion responsible banking and help transform global banking practices. We firmly believe that as an industry that plays an instrumental role in economic growth and global trade, together banks could be a powerful force for change, to create a huge positive impact not just economically, but also socially and environmentally."</p>	Full

ETHICS AND INTEGRITY			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References, and Page Numbers	Full or Partial Disclosure
102-16	Values, principles, standards, and norms of behaviour	<p>SUSTAINABILITY REPORT: P.4, 38</p> <p>CIMB Group's core values: Enabling People; Customer- Centric; Integrity; Strength in Diversity; and High Performance. Our internal business conduct and behaviour is guided by the Group Sustainability Policy; Group Human Resources Policies and Procedures; Code of Ethics and Conduct; and Vendor Code of Conduct amongst others.</p>	Full

GOVERNANCE

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References, and Page Numbers	Full or Partial Disclosure
102-18	Governance structure	<p>SUSTAINABILITY REPORT: P.18-20, 36-37</p> <p>The target Operating Model for Sustainability has been put in place in 2018, with critical roles of Group Chief Executive Officer, the Group Sustainability Council or GSC and Group Sustainability clearly defined. During the year, we have made several amendments and inclusions to the Terms of Reference of the Board and various Committees, mainly for strengthening Sustainability Operating Model. In 2018, we appointed a Sustainability Sponsor on the Group Board of Directors. The Sponsor will provide guidance to the Board as well as the Management to continuously evolve and strengthen our sustainability strategies and implementation.</p>	Full

STAKEHOLDER ENGAGEMENT

GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References, and Page Numbers	Full or Partial Disclosure
102-40	List of stakeholder groups	<p>SUSTAINABILITY REPORT: P.10-11</p> <p>We have institutionalised a mechanism to proactively engage, consult, and partner with our priority stakeholders in planning and implementing our 5-Year Sustainability Roadmap.</p>	Full
102-41	Collective bargaining agreements	<p>SUSTAINABILITY REPORT: P.44</p> <p>We recognise 8 unions and have in place Collective Agreements (CA) with National Union of Bank Employees, Association of Bank Officers, CIMB Bank Berhad Executive Staff Union, Sarawak Bank Employee's Union, Sabah Banking Employees' Union, Kesatuan Pegawai-Pegawai Bank Sabah, Kesatuan Pegawai-Pegawai Bank Sarawak and National Union of Commercial Workers. Unionised staff make up 51.2% of 16,699 employees in Malaysia.</p>	Full
102-42	Identifying and selecting stakeholders	<p>SUSTAINABILITY REPORT: P.10-11</p> <p>We have committed to use our existing relationships to influence our ASEAN-wide network of stakeholders to adopt and integrate sustainable business practices.</p> <p>Our basis for selecting the most critical stakeholders is to consider three factors: stakeholders' influence on our business, interactions, reputation; the degree or level of our dependency on various stakeholders to further their interests as well as our business; stakeholders who share common business and community interests and aspirations or their representativeness.</p>	Full
102-43	Approach to stakeholder engagement	<p>SUSTAINABILITY REPORT: P.9</p> <p>We rely on both formal and informal platforms and channels to not only educate, but also interact and have dialogue with relevant stakeholders. During the year, we conducted indepth interviews, focus groups and surveys to collect qualitative and quantitative feedback from >200 stakeholders, to include regulators, supply chain partners, customers, employees, community among others for our materiality assessment.</p>	Full
102-44	Key topics and concerns raised	<p>SUSTAINABILITY REPORT: P.9</p> <ul style="list-style-type: none"> Customer Experience (CX): Access to financial solutions, financial knowledge, digital security People Diversity, Welfare, Growth: Policies promoting work-life balance, opportunities for learning and growth, equal and fair remuneration Compliance & risk management: Leading by example, furthering industry and national agenda, and highest standards of compliance Corporate Sustainability: Sustainable finance practices, inclusive growth, and community development 	Full

Appendices

REPORTING PRACTICE			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
102-45	Entities included in the consolidated financial statements	SUSTAINABILITY REPORT: P.104 AND ANNUAL REPORT (FINANCIAL STATEMENTS) CIMB Foundation and CIMB Group Entities	Full
102-46	Defining report content and topic boundaries	SUSTAINABILITY REPORT: P.10 The scope of this report is limited to various strategies, initiatives and programmes that have been implemented mainly in our biggest market Malaysia, with selected information on Indonesia, Singapore and Thailand (MIST).	Full
102-47	List of material topics	SUSTAINABILITY REPORT: P.12 We have conducted a multiple stakeholder engagement exercise in 2018, and improved on our materiality assessment. The top 14 material topics identified this year will remain our key areas of focus over the next 3-5 years. For each of the 14 material topics, we have also defined the Management Approach by clearly articulating the – strategic link to our business; the risks and opportunities; our long-term strategy; and progress during the year under review.	Full
102-48	Restatements of information	SUSTAINABILITY REPORT: P.18-19 The governance of Sustainability Function has been put in place and has changed from what has been reported in 2017.	Full
102-49	Changes in reporting	SUSTAINABILITY REPORT: P.7, 39 Our Citizenship Report is now dubbed as Sustainability Report and is guided by: (a) United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking, scheduled for global launch in 2019; (b) Sustainable Banking Assessment (SUSBA), an online interactive tool for banks to track their performance and progress on ESG integration. SUSBA is part of the Asia Sustainable Finance Initiative launched by WWF; (c) Bank Negara Malaysia (BNM) Value-based Intermediation (VBI) Assessment Framework, earmarked for Islamic banking industry adoption in Malaysia in 2019 after the public consultation period; and (d) UN Global Compact Principles.	Full
102-50	Reporting period	SUSTAINABILITY REPORT: P.8 The scope for CIMB Sustainability Report 2018 and the GRI Index includes information for the period 1 January 2018 to 31 December 2018, unless specified otherwise.	Full
102-51	Date of most recent report	SUSTAINABILITY REPORT: P.8 Citizenship Report 2017 was published in March 2018.	Full
102-52	Reporting cycle	Annual	Full
102-53	Contact point for questions regarding the report	SUSTAINABILITY REPORT: P.13 sustainability@cimb.com	Full
102-54	Claims of reporting in accordance with the GRI Standards	SUSTAINABILITY REPORT: P.8 This report has been prepared “In Accordance” with GRI Standards: Core option. Our sustainability report refers to information disclosed in several corporate documents, mainly our Annual Report 2018.	Full
102-55	GRI content index	SUSTAINABILITY REPORT: P.131	Full
102-56	External assurance	SUSTAINABILITY REPORT: P.13 The report content has been reviewed by the UN Global Compact for the alignment of our sustainability objectives with the UN Sustainable Development Goals. We have not submitted the report for External Assurance this year.	Partial

MANAGEMENT APPROACH			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
103-1	Explanation of the material topic and its boundary	SUSTAINABILITY REPORT: P.21-25 Our basis for selecting the most critical stakeholders is to consider three factors: influence, dependence and representativeness. Our materiality process takes a long-term approach to aligning the interests of both internal and external stakeholders, by analysing factors that contribute to value creation. In future, we will go a step further to consider various sectoral approaches and partnership strategies, which will help sustain our efforts into the future.	Full
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.14-17, P.21-25 For each of the 14 material topics, we have also defined the Management Approach by clearly articulating the - strategic link to our business; the risks and opportunities; our long-term strategy; and the progress during the year under review. The leadership statement from the Group CEO also sets the tone for our overall approach to championing sustainability agenda for CIMB Group as well as leading the Responsible Banking agenda for the ASEAN. Even though, we have included the various policies, projects and initiatives that we implemented to address material topics, we have not mapped or set any goals, targets or commitment for the year 2018 and will be included over the next 3-5 years.	Partial
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.21-25 In 2018, we have not defined specific metrics/future targets this year and we will be aiming to put in place proper mechanisms to evaluate and improve our management approaches.	Partial

TOPIC-SPECIFIC DISCLOSURES			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
MATERIAL TOPIC: GOVERNANCE			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.35-41	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.38	Full
205-2	Communication and training about anti-corruption policies and procedures	ANNUAL REPORT: P.105 We introduced a compliance icon Z.A.C. (Zealous About Compliance), who would share information and interact with CIMBians through various print and digital platforms. As a result of all these efforts, in 2018, the Employee Engagement Survey (EES) revealed that ABC and Compliance initiatives gained traction and have been rated favourably at 80% and 90%, respectively. SUSTAINABILITY REPORT: P.77 The e-learning training programmes covering areas of governance, risk, AML, and IFSA are mandatory for all permanent staff based in Malaysia. In 2018, we achieved an average completion rate of 99.24%.	Full
MATERIAL TOPIC: CORPORATE CULTURE			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.38, 54, 81	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.82	Full
Non GRI disclosure	Employee engagement	SUSTAINABILITY REPORT: P.83 Our approach to engaging employees helps reinforce our corporate values and build a culture of performance and growth. In 2018, the key theme was 'Ignite the Pride', which was translated into a number of employee engagement platforms and culture transformation initiatives driving CIMB's 3 critical behaviours and promoting the spirit of one #teamCIMB.	Full

Appendices

TOPIC-SPECIFIC DISCLOSURES (CONTINUED)			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
MATERIAL TOPIC: TECHNOLOGY			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.48-50, 54	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.54	Full
203-1/ 203-2	Indirect economic impact	SUSTAINABILITY REPORT: P.56 With digitalisation, through Project \$peed, we enhanced both branch productivity and efficiency towards enhancing CX across CIMB's multiple customer touchpoints. ANNUAL REPORT P.43 Through CIMB FinTech, we continue to explore and tap the potential technologies such as blockchain; data and artificial intelligence; customer journey; natural language processing and deep learning experiments; chat bot; and UIUX (user interface and user experience) research etc. In 2018, we piloted an AI-powered, HR ChatBot service, which will help us explore the wider spectrum of solutions to improve employees' and customers' experience.	Full
MATERIAL TOPIC: CUSTOMER EXPERIENCE			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.52, 53	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.55	Full
417-1	Requirements for product and service information and labelling	SUSTAINABILITY REPORT: P.54 We are guided by Central Bank's (Bank Negara Malaysia in Malaysia) guidelines on product transparency and disclosures. In addition, we recently concluded a 3-year strategic roadmap and developed a sustainable plan that focuses on Treating Customers Fairly (TCF), simplifying banking and driving game-changing banking experiences through innovation. CIMB embraces a "Customer First" model which focuses on elements of design and delivery to delight our customers.	Full
MATERIAL TOPIC: SUSTAINABLE SUPPLY CHAIN			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.56-57	Full
414-1	New suppliers that were screened using social criteria	SUSTAINABILITY REPORT: P.44, 59 Effective September 2018, we have adopted specific guidelines to include supplier declarations on prohibited activities, whereby all new suppliers need to disclose their non-involvement in child labour, forced labour and human trafficking; environmental harm; development within UNESCO World Heritage sites; and transactions linked to the financing of and/or parts of arms and munition.	Partial
MATERIAL TOPIC: SUSTAINABLE FINANCE			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.37, 60	Full
Non GRI disclosure	Sustainable and Responsible investment	SUSTAINABILITY REPORT: P.60 The Board has endorsed our sustainability governance framework, Group Sustainability Policy, Group Sustainable Financing Policy and Sustainable Procurement Guidelines amongst others. These tools will not only empower CIMBians to confidently embark on our 5-year journey, but will also help us meet our sustainability purpose with transparency and accountability.	Full

TOPIC-SPECIFIC DISCLOSURES (CONTINUED)			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
MATERIAL TOPIC: CLIMATE CHANGE			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.61, 66-67	Full
305-1	Direct (Scope 1) GHG emissions	SUSTAINABILITY REPORT: P.65-66 1,050.2 tCO ₂ (Malaysia and select branches/buildings in Indonesia, Singapore and Thailand)	Full
305-2	Energy indirect (Scope 2) GHG emissions	SUSTAINABILITY REPORT: P.65-66 59,643.74 tCO ₂ (Malaysia + select branches/buildings in Indonesia, Singapore and Thailand)	Full
305-5	Reduction of GHG emissions	SUSTAINABILITY REPORT: P.66-69 In setting mitigation strategies and measures to reduce our GHG emissions from operational activities, the following five main premises (HQ buildings) within CIMB Group were selected. – Reduction of ~35% from 2017: 8.15 tCO ₂ reduced GHG emissions from 2,977 litres less diesel used – Reduction of ~2.18% from 2017: 375.54 tCO ₂ reduced GHG emissions from 869.14 MWh less electricity used – Reduction of 10.29% from 2017: 10.14 tCO ₂ reduced GHG emissions from 29,743.50 m ³ less water used in 2018	Full
MATERIAL TOPIC: SUSTAINABILITY EDUCATION AND PARTICIPATION			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.22	Full
404-2	Programmes for upgrading employee skills and transition assistance programs	SUSTAINABILITY REPORT: P.26 In 2018, we focussed on upgrading the skills in the area of sustainability especially for the core groups of employees or sustainability champions across our key markets in addition to orientating employees across the organisation. During the year, we organised 3 sessions for the Board of Directors on Sustainable Finance and Sustainability. Held 9 workshops and engagement sessions with 75 Sustainability Champions and Senior Management in MIST, covering Sustainable Palm Oil; Sustainable Financing etc. We also participated in local, regional and global deliberations on UNEP FI's Principles for Responsible Banking, which helped improve knowledge and understanding on the application of sustainability principles for business.	Full
MATERIAL TOPIC: TALENT ATTRACTION, GROWTH AND RETENTION			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.40, 74-82	Full
404-1	Average hours of training per year per employee	SUSTAINABILITY REPORT: P.76-77 In 2018, the total training and development offered to our employees were approximately 2.4 million hours with a total investment of close to RM119 million across the region.	Full
404-2	Programmes for upgrading employee skills and transition assistance programs	SUSTAINABILITY REPORT: P.82 We have organised Pre-Retirement Sessions mainly to support the transition of our employees from working life to a stress-free retirement. Speakers and trainers from financial management consultancies, healthcare and lifestyle management providers conducted these sessions. A total of 53 CIMBians attended the full-day event, themed "Forward Your Financial and Lifestyle Planning". SUSTAINABILITY REPORT: P.78 To make #teamCIMB future-ready, the Group has committed to spending RM75million on 3D Academy programmes to deliver a total of 2 million training hours across the Group over the next three years. In 2018, more than 14,700 participants attended 3D Academy programmes.	Full

Appendices

TOPIC-SPECIFIC DISCLOSURES (CONTINUED)			
GRI Standards	Brief Description of the Disclosures	Brief Information on Key Disclosures, References and Page Numbers	Full or Partial Disclosure
MATERIAL TOPIC: NURTURING GROWTH			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.40, 82-83	Full
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	SUSTAINABILITY REPORT: P.87 New employee hires for the Group increased from 5,444 in 2017 to 6,092 in 2018. However, the Group employee turnover reduced significantly by 15.5% from the previous year.	Full
401-3	Parental leave	SUSTAINABILITY REPORT: P.79-80 In addition to our one-month paternity leave for first-time fathers announced in 2017, we recently enhanced our benefits by introducing six-month paid maternity leave for first-time mothers.	Full
MATERIAL TOPIC: DIVERSITY AND INCLUSION			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.41, 77	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.82	Full
405-1	Diversity of governance bodies and employees	SUSTAINABILITY REPORT: P.84-85 In 2018, 56.4% of our total workforce comprised of women, with 44.1% of them in key decision-making/managerial roles, which is an achievement in keeping with our aspiration. Also, 28.9% of top management positions and 22% of the Board positions are held by women, also in keeping with our 2020 target and the Government's mandate for 30%.	Full
MATERIAL TOPIC: HEALTH, SAFETY AND WELL-BEING			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.83	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.83	Full
403-2 (2016)	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	SUSTAINABILITY REPORT: P.43, 85 During the year, zero cases of accidents with fatality were reported. We also successfully completed a number of Safety and Health Audits for the financial year 2018, covering for 22 workplaces across the Group. We also conducted Fire/Evacuation drills for all Head Office Buildings and several Branches.	Full
MATERIAL TOPIC: CORPORATE CITIZENSHIP AND VOLUNTEERISM			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.94-98	Full
103-3	Evaluation of the management approach	SUSTAINABILITY REPORT: P.28	Full
203-1/203-2	Indirect Economic Impact	SUSTAINABILITY REPORT: P.17, 35 We contributed RM42.2 million towards Education, Sports, and Community link programmes including the Group-wide CSR initiatives. Our Impact in 2018: 57,413 community beneficiaries; 195 projects; 79 NGO and Civil Society partners and 2,734 volunteers.	Partial
MATERIAL TOPIC: FINANCIAL LITERACY, INCLUSION AND WELL-BEING			
103-2	The management approach and its components	SUSTAINABILITY REPORT: P.22, 51	Full
203-1	Indirect Economic Impact	SUSTAINABILITY REPORT: P.53 From end 2016 to 2018, we invested RM2.9 million towards 128 financial literacy programmes, benefitting more than 11,000 participants.	Full

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