

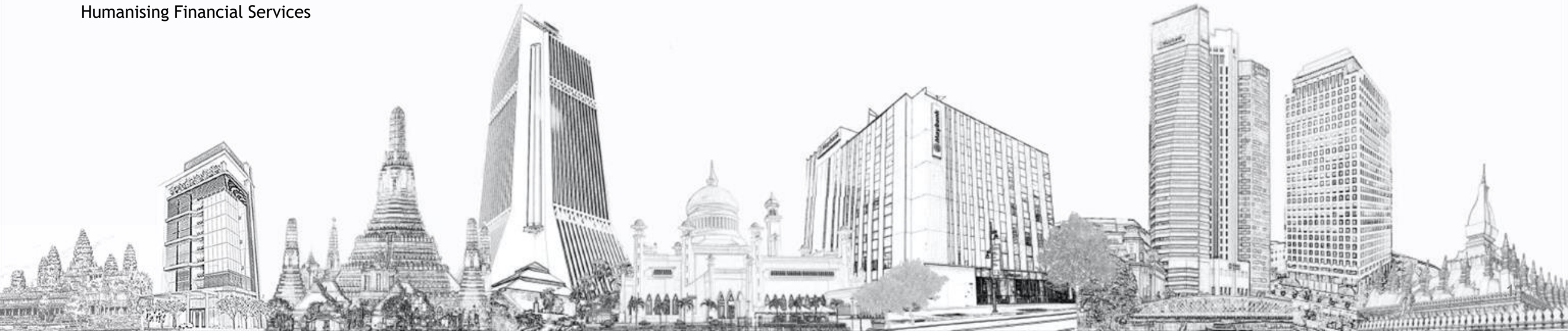
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Labuan Lecture Series 2023

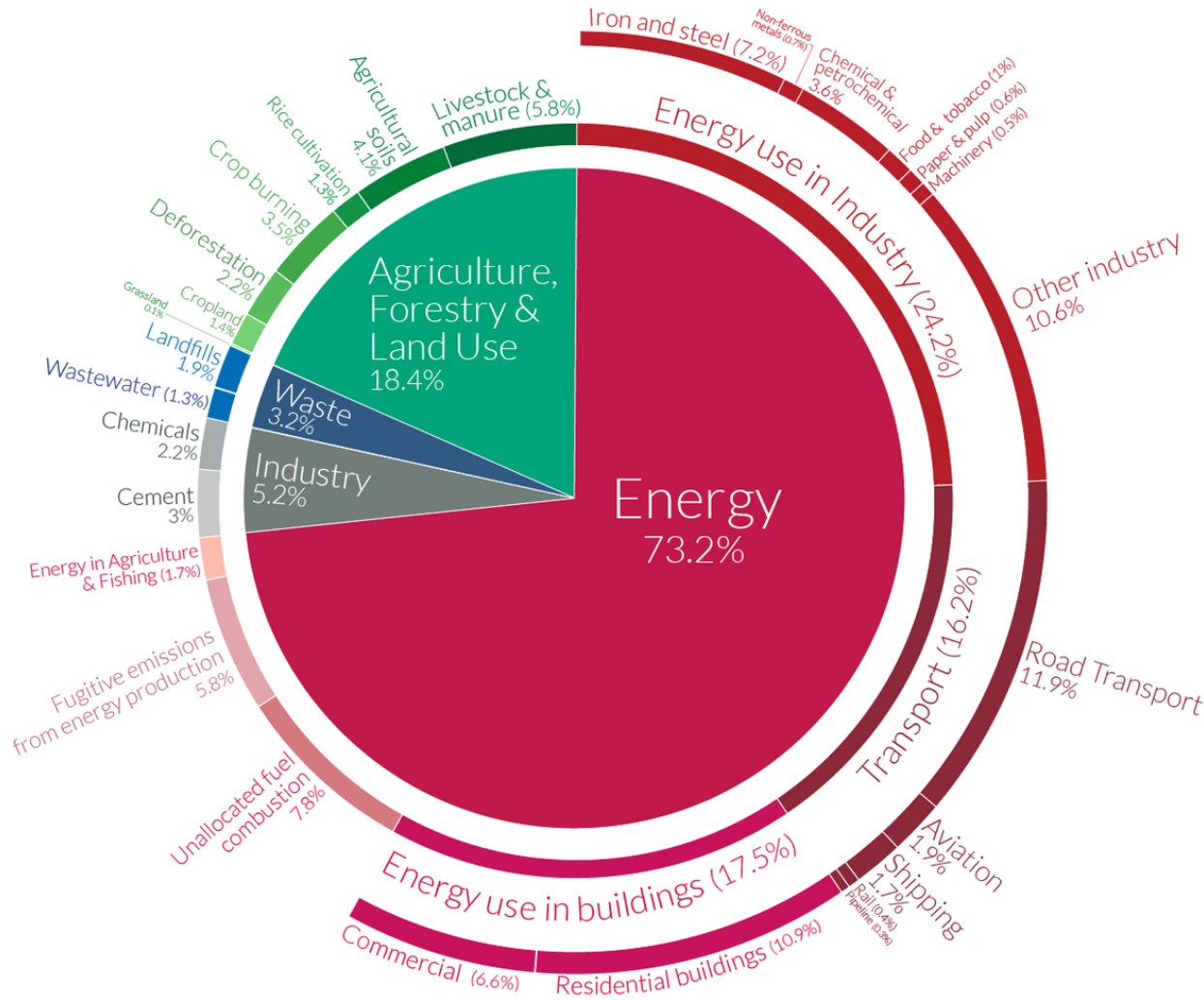
Shahril Azuar Jimin,
Chief Sustainability Officer, Maybank Group
3 November 2023



Humanising Financial Services



Climate Change and its consequences have been hogging the headlines and for good reasons



Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.

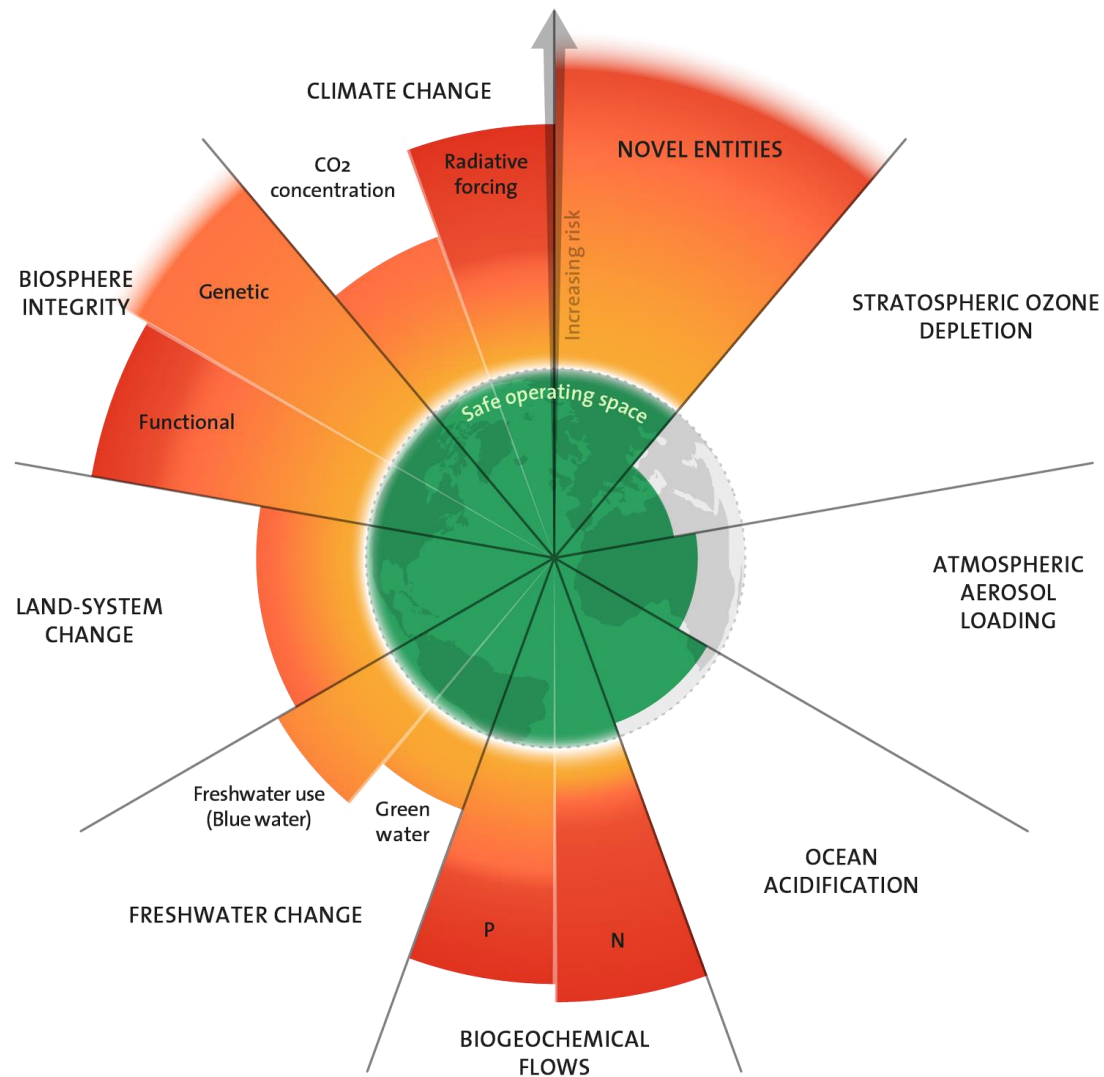


- **Globalisation, Consumption & Pollution** has resulted in the unprecedented rise in greenhouse gases (GHG).
- **Rising global temperatures** and **climate change** result in:
 - Extreme weather events
 - Melting polar ice sheets and rising sea levels
 - Disrupted water systems
 - Altered crop growth
 - Increased risk of extinction of wildlife
 - Uncertainties in business sectors that are heavily dependent on certain temperatures and precipitations
 - Increase in the number of heat-related deaths in some regions

Source: Climate Watch, the World Resources Institute (2020)

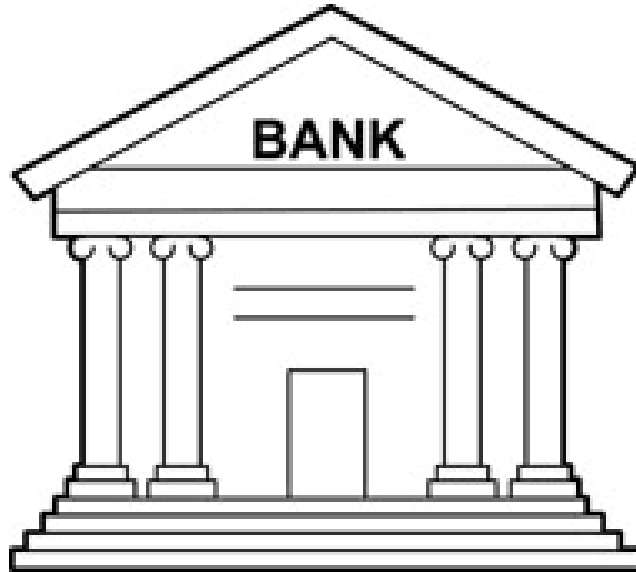
¹ (Ritchie & Roser, 2019)

There are however Nine Planetary Boundaries Humanity Must Respect to Keep the Planet Habitable



- The planetary boundaries concept presents a set of **nine planetary boundaries** within which humanity can continue to develop and thrive for generations to come.
- Together, the stability of these nine processes is essential to **maintaining the Earth's atmosphere, oceans and ecosystems** in the delicate balance that has allowed human civilizations to flourish.
- For the first time ever, all nine planetary boundaries have been assessed and it has been established that **six of the boundaries are now transgressed**.

Financial Institutions occupy a unique position to help drive development in a sustainable manner...



- *The consequences of climate change are identified to be of the highest material impact risk to businesses¹*
- *Financial Institutions such as us have a big responsibility to play as we can direct capital away from activities that harm our Earth, to supporting sustainable development.*
- *Equally, Banks have a role to play in facilitating the advancement of the social agenda to drive towards a more equitable distribution of the growth pie.*

Sustainability is viewed through the lens of Environmental, Social and Governance (ESG)

...and to address the sustainability challenge



- Sustainability means meeting our own needs without compromising the ability of future generations to meet their own needs.
- From a capital markets and financial institution perspective, we look at sustainability through the lens of ESG. ESG provides metrics that measures a corporation's actions based on its impact.
- Companies that adopt ESG principles consider, measure, and report the ESG aspects of their business alongside its financial considerations.
- The sustainability challenge therefore, is the pursuit of economic progress whilst doing well in the areas of Environmental, Social, and Governance.



Given Maybank's size and presence, we have a responsibility beyond business



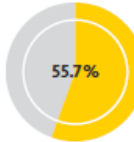
Business Pillars

Group Community Financial Services

For: Individuals, retail SMEs and mid-sized corporates.

Offers: Retail banking services such as wealth management, mortgage, auto financing, credit cards, short-term credit and long-term business loans.

Share of Group's FY2022 PBT:

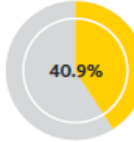


Group Global Banking

For: Large corporates and institutions.

Offers: Wholesale banking services such as transactional banking, investment banking, corporate banking, global markets and treasury, and asset management.

Share of Group's FY2022 PBT:

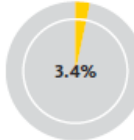


Group Insurance & Takaful

For: Individuals and corporates.

Offers: Conventional and Islamic insurance (Takaful) solutions including long-term savings and investment products.

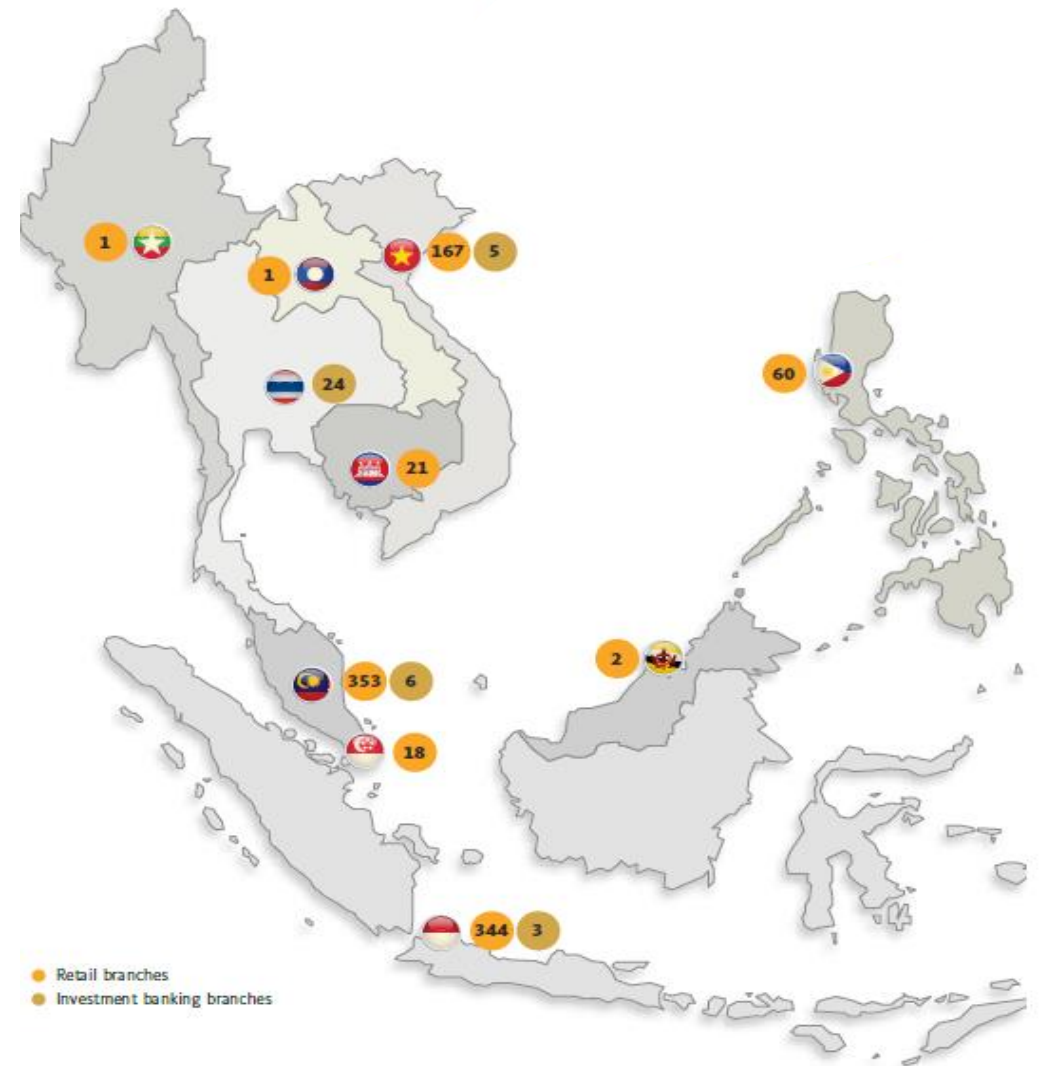
Share of Group's FY2022 PBT:



Islamic Finance leverage model is utilised to distribute Islamic products across the Group.

Group Corporate Functions

Finance | Strategy | Technology | Operations
Compliance | Risk | Human Capital | Internal Audit
Corporate Secretarial | Legal | Sustainability



* incl. Greater China, India, Pakistan, Saudi Arabia, UAE, UK, USA & Uzbekistan

** London, New York, Hong Kong & Dubai

Maybank had formed our sustainability agenda which is predicated on three key pillars...



RESPONSIBLE TRANSITION

Enabling transition to a low-carbon economy by balancing environmental and social imperatives with stakeholders' expectations.

- Supporting the Transition to a Low-Carbon Economy
- Developing Sustainability-Focused Products and Services
- Systemic Risk Management
- ESG Integration in Financial Analysis
- Engaging our People in Sustainability
- Business Ethics



ENABLING OUR COMMUNITIES

Building community resilience across ASEAN and undertaking responsive action to promote economic development and social well-being.

- Empowering Communities
- Financial Inclusion
- Climate Resilience
- Transparency and Trust
- Diversity, Equity and Inclusion



OUR HOUSE IS IN ORDER & WE WALK THE TALK

Leading by example with good management practices and ensuring that Maybank's ESG strategy is based upon a strong foundation.

- Governance and Compliance
- Privacy
- Our Supply Chain
- Our Environmental Impact

Financing Commitments:

- No Deforestation, No New Peat, and No Exploitation (NDPE) stance approved by the Board in January 2020.
- The Group will not provide financing to black listed activities deemed not in line with the Group's core values.
- No financing of new coal activities (transitioning together with existing borrowers to achieve sustainable renewable energy mix over medium- to long-term)

...and anchored on 4 Long-Term Sustainability Commitments that were announced in 2021



Commitment 1:



**Mobilising
RM80 Billion**
(~USD18 Billion)
in Sustainable Finance
by 2025

Commitment 2:



**Improve the Lives of
2 Million Households**
Across ASEAN
by 2025

Commitment 3:



Carbon Neutral
position for Scope 1 and 2
emissions by 2030 and
**Net Zero Carbon
Equivalent**
position by 2050

Commitment 4:



Living Sustainability
Achieve 1 Million Hours per
annum on Sustainability &
Delivering 1 Thousand Significant
SDG-Related Outcomes
by 2025



Key Sustainability Journey Milestones



Significantly ahead on our Sustainability Commitments*:

- **RM48.9b** in sustainable finance
- Improved the lives of **1.05m** households
- Reduced **48.5%** of our own emissions against 2019 baseline
- Registered **581k** sustainability hours (FY2023)



Roll-out of **ESG Screening** for corporate clients.

- Integrated into deal evaluation to identify ESG risk and opportunities to guide relationship managers, risk managers and /or decision makers on the strength of the clients' sustainability journey and/or initiatives.



Continues to review our internally developed **Sustainable Product Framework (SPF)**

- Guide development of themed Green, Social and Sustainable Products by outlining the methodology and procedures to classify and report sustainable products
- The SPF is a live document and we have already conducted the first review of the document to take into account new developments



First in Malaysia to establish **Scope 3 financed emissions** baseline.

- We now know that 156 accounts contribute to approx. 65% of total Group's emission.



Collaboration with strategic stakeholders

- Enables Maybank to shape opinions on sustainability within the industry; e.g. through our chairmanship for the ABM ESG Committee, representation in all five JC3 sub-committees and participation in Bursa's Internal Working Group on Voluntary Carbon Markets



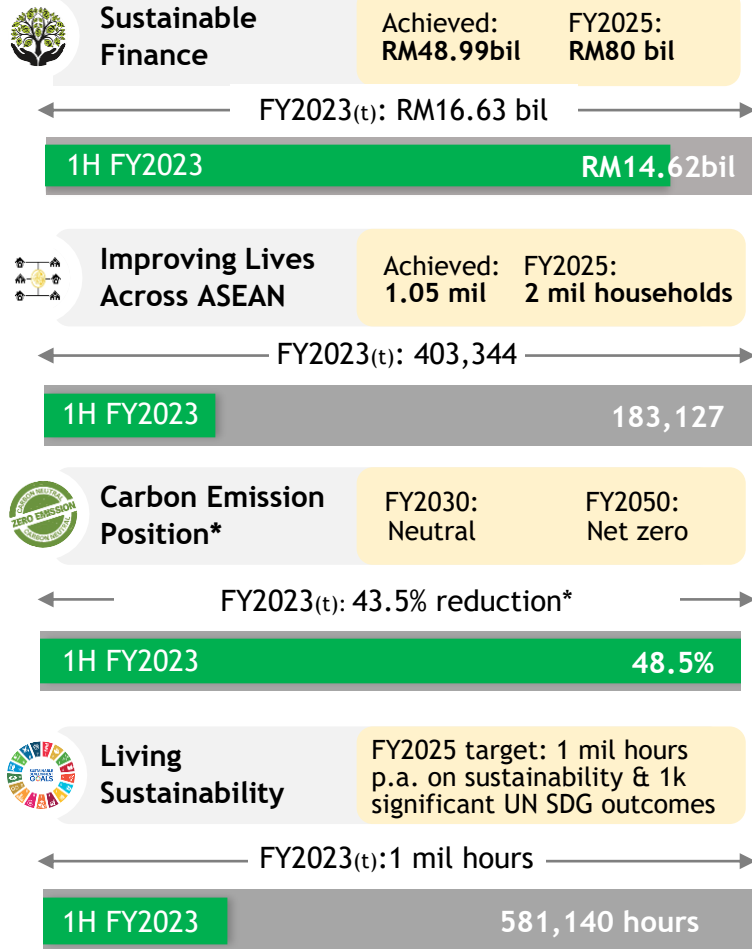
Enabling Communities

- Effective utilization of approx. 1% of net profit towards social impact investment.
- Improve accessibility of finance to under privileged, lower income/underbanked customers thus driving financial inclusion.

At the mid-point of our M25+ journey, we are progressing ahead of targets on the commitments



FY2023 Sustainability Targets



Key Recognitions and Highlights for 2Q FY2023

First Malaysian bank to receive the Global Finance 'Outstanding Leadership in Sustainability Transparency' - Asia Pacific category. Maybank also won the Global Finance Best Bank for Sustainable Finance - Malaysia category

Maybank was awarded the **Diversity, Equity & Inclusion - Gold Award** and **Talent Management - Gold Award** at The Star's inaugural ESG Positive Impact Awards 2022

Completed purchase of 80k MWh mREC in May 2023, contributing to carbon emission reduction of 62.4k tCO₂e

Maybank launched in August 2023, the **Myimpact credit card** to empower and encourage its customers to kick-start sustainable lifestyle choices. This ground-breaking initiative in Malaysia provides mechanisms for card members to **track their carbon footprint, rewards sustainable and eco-purchases and allows for carbon offsets** through contributions on various reforestation activities in the region.

Notable deals



RM285 million sukuk, with RAM highest Tier-1 green rating, indicating significant contribution towards climate and wider environmental benefits



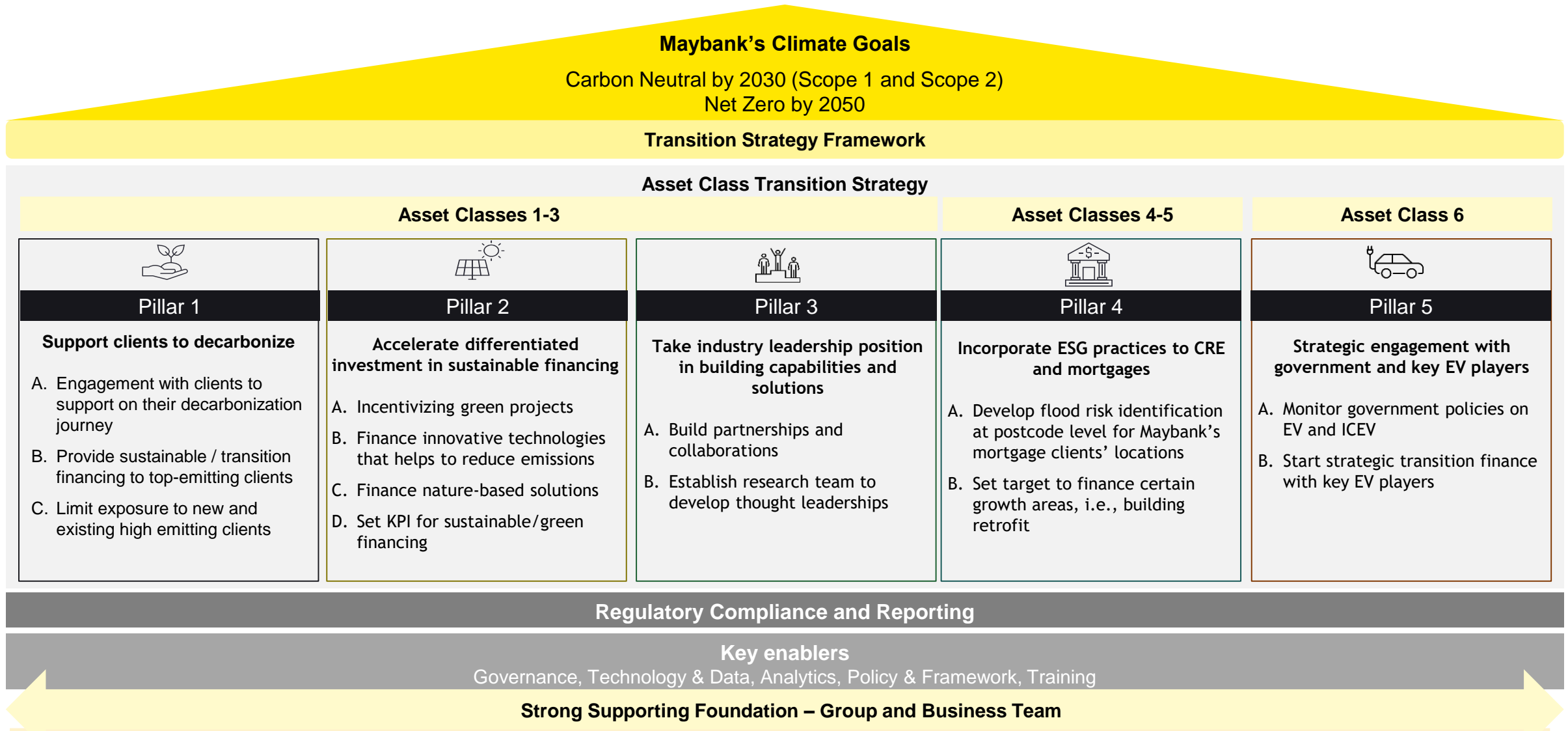
In August, Maybank Indonesia facilitates Rp1 Trillion Social Financing to Indonesia's Largest Ultra-Microfinancier, PT Permodalan Nasional Madani



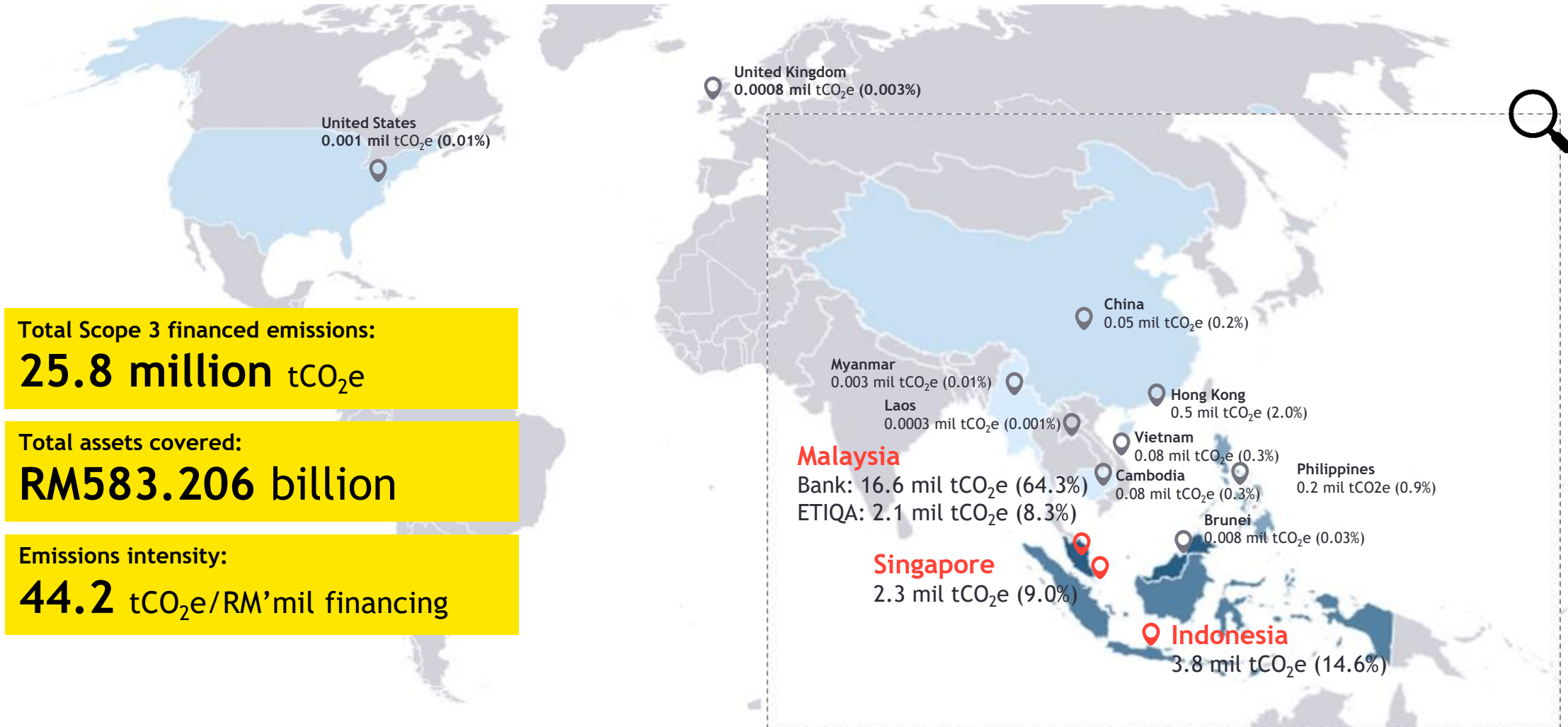
Joint Lead Manager to the First Development Financial Institution in Malaysia to issue Sustainability Sukuk

*Cumulative reduction

In 2021, we had undertaken a Climate Resiliency Project to build a transition strategy framework



From the project, we know where the Group's total financed emissions are coming from where we operate across the world



Total Scope 3 financed emissions:

25.8 million tCO₂e

Total assets covered:

RM583.206 billion

Emissions intensity:

44.2 tCO₂e/RM'mil financing

We know that 97% of our financed emissions come from Malaysia, Indonesia and Singapore



97% total emissions contributed by home markets



Action

- Monitor government policies
- Take industry leadership position in building capabilities and solutions

<100 clients* contribute to ~70% of total emissions



Action

- Prioritise engagements with these companies:
 - Require customer-specific emissions data
 - Drive setting of Science Based Targets-aligned climate targets
- Familiarise with clients' transition plans and provide transition support

Key contributing sectors:
Power & Utilities, Oil & Gas, Palm Oil, Agriculture, Real Estate & Construction



Action

- Develop transition financing products to support transition plans
- Set limits
- Conduct quantitative analysis on transition & physical risks and opportunities
- Improve data quality of the measurement
- Perform scenario analysis and stress tests
- Establish a pathway towards decarbonisation

* These clients are from Asset Classes 1, 2 and 3

Maybank has also put in place scrum teams that continuously assess and develop position papers on high/sensitive ESG sectors



- Maybank's ESG Policy requires that, in addition to the general financing restrictions, sectors identified as presenting significant ESG risks be subject to ESG RAC via the establishment of Sectoral Position Papers, which are subject to annual review.
- In 2020, Maybank Group announced our No Deforestation, Peat and/or Exploitation ("NDPE") stance which applies to all relevant sectors, including but not limited to palm oil, forestry and logging sectors.
- In May 2021, Maybank Group announced our No New Coal Financing stance, which was initially via a Coal Statement of Intent and was then superseded by the Power and Mining & Quarrying ESG Sector Position Papers. A review of the coal stance on Coal-Fired Power Plants ("CFPP") was just completed in June 2023
- Six (6) high / sensitive ESG Sector Position Papers were completed in FY2021 and subsequently Transportation was identified as an additional ESG Sector Position to be covered in FY22/23. The current status of the 7 sector positions and the RACs are as follows:



	AGRICULTURE	FORESTRY & LOGGING	CONSTRUCTION & REAL ESTATE	POWER	OIL & GAS	MINING	TRANSPORTATION
POSITION PAPER	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Dec 2022 - Expanded & Streamlined Sector Position 3rd iteration - proposed expanded coverage: <ul style="list-style-type: none"> ➢ animal husbandry ➢ food security 	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Dec 2022 - Streamlined Sector Position 3rd iteration - no change proposed 	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Apr 2023 - Streamlined Sector Position 3rd iteration - no change proposed 	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Feb 2023 - Streamlined Sector Position June 2023: Review on CFPP coal stance completed 	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Dec 2022 - Refreshed Sector Position 3rd iteration - no change proposed 	<ul style="list-style-type: none"> 2nd iteration approved by ESC in Feb 2023 - Streamlined Sector Position 3rd iteration - no change proposed 	<ul style="list-style-type: none"> New Paper on Automotive Sub-Sector (focus for FY2022/23) tabled to ESC in Feb 2023; deferred for more information
RAC	<ul style="list-style-type: none"> Additional RACs: <ul style="list-style-type: none"> ➢ general Agriculture ➢ other sub-sectors 	<ul style="list-style-type: none"> Change Dependent on proposed review of peat position 	<ul style="list-style-type: none"> Change Dependent on proposed review of peat position 	<ul style="list-style-type: none"> No change to RAC 	<ul style="list-style-type: none"> Change Dependent on proposed review of peat position 	<ul style="list-style-type: none"> No change to RAC 	<ul style="list-style-type: none"> No Sector RAC proposed for now

In 2023, we have updated our internally developed Sustainable Product Framework to help guide development of themed Green, Social and Sustainable Products to support our Sustainable Finance target



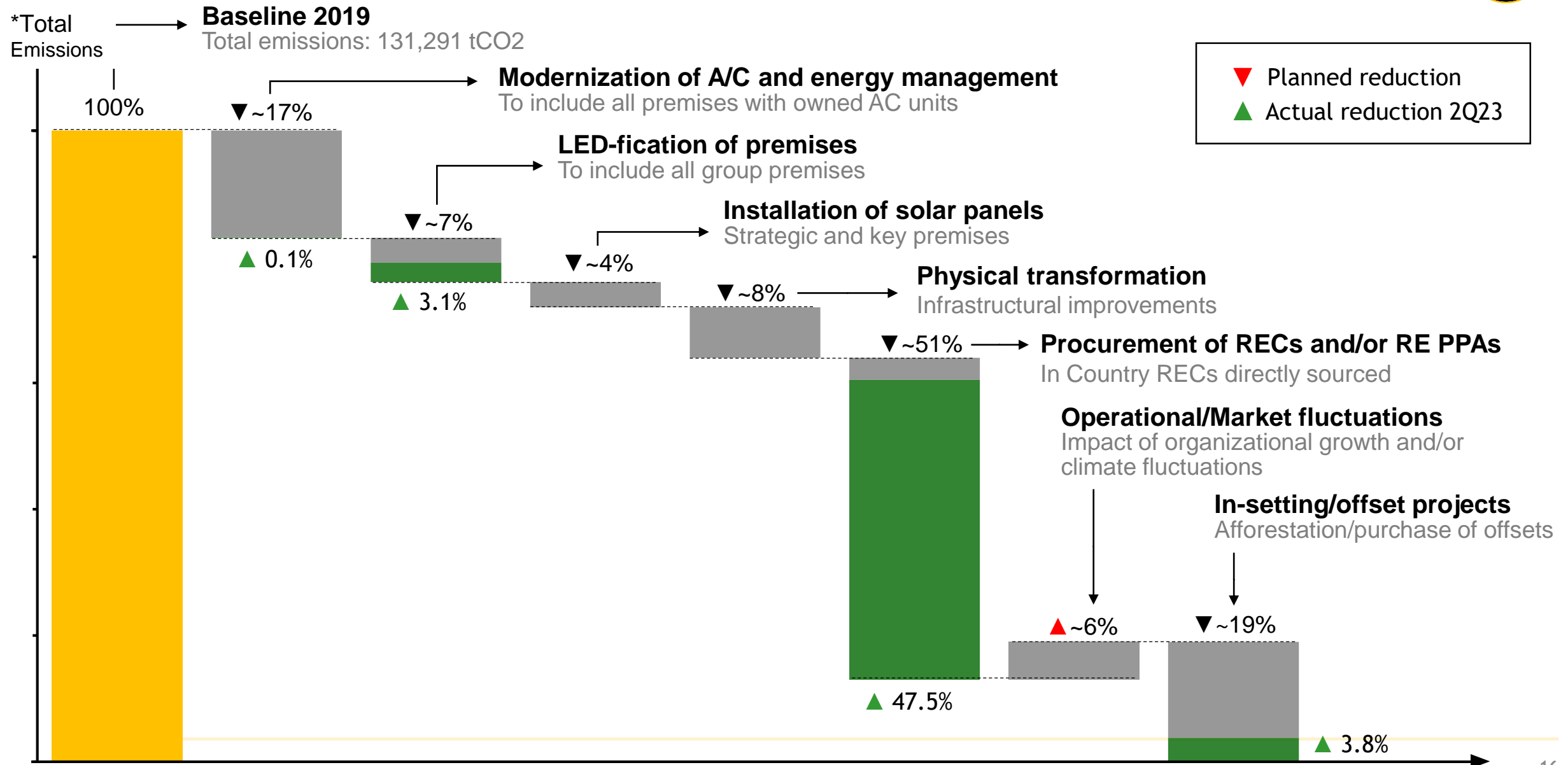
Objectives	<ul style="list-style-type: none"> ▪ Guide development of themed Green, Social and Sustainable Products that reference specific use of proceeds ▪ Outline methodology and associated procedures to classify and report financial products and services offered by Maybank as sustainable 	
Scope	<ul style="list-style-type: none"> ▪ Applicable businesses Group-wide for both Conventional and Islamic products ▪ Recognises sustainable finance originating from a suite of offerings, subject to certain parameters and conditions <ul style="list-style-type: none"> ✓ Corporate lending* ✓ Debt & Equity capital markets ✓ Trade financing ✓ Retail financing* ✓ Insurance products & services ✓ Asset management and investment management** 	
Eligible Activities	Green	Social
	Renewable Energy	Affordable Basic Services/ Infrastructure
	Energy Efficiency	Socioeconomic Advancement, Empowerment & Employment Generation
	Resource Efficiency & Pollution Prevention and Control	Food Security & Sustainable Food Systems
	Environmentally Sustainable Management of Living Natural Resources and Land Use	Natural disaster
	Terrestrial and Aquatic Biodiversity	Transition Financing - Hard-to-abate Sectors
	Clean Transportation	Steel Manufacturing
	Sustainable Water and Wastewater Management	Natural Gas (midstream and downstream)
	Climate Change Adaptation/ Mitigation	International Shipping
	Eco-efficient and/or circular economy adapted products, production technologies and processes	Ports
	Green Buildings	International Aviation
	Cross Themes	Airport Infrastructure
		Cement Manufacturing

* Need to align with any one of the 5 principles in the Loans and Bonds classification logic in order to be qualified as sustainable financing.

** Need to align with the Asset Management classification logic in order to be qualified as sustainable financing



For our Commitment 3, we have crafted a pathway towards carbon neutrality position by 2030



*To be validated - based on internal computation based on a variety of confirmed and estimated inputs.



-1-

Renewables Lead to Net Zero with CCUS Bridging the Carbon Gap

- Solar and wind play major roles in the region's energy transition.
- Demand for battery storage investments and grid integration to scale up solar is increasing.
- Green hydrogen remains on development stage and costly
- Interest and development new CCUS projects are now skyrocketing.

-2-

EVs Lead Clean Transportation Efforts

- Continuing tailwinds expected in electric vehicle production and demand in ASEAN
- The ASEAN electric mobility supply chain represents a \$38-\$52 billion opportunity by 2030, with battery manufacturing and charging station infrastructure sharing \$6-\$9 billion and \$4-\$6 billion of the opportunities, respectively.

-3-

Heightened Sustainability Reporting Pressures

- A shift from voluntary to mandatory ESG Disclosure is set to heighten attention on corporate sustainability disclosure practices.
- ISSB Standards have created a global baseline that enables investors to access to common information around the world.
- Increase requirement for supply chain traceability and transparency.

-4-

Sustainability Partnership

- 2030 targets can be reached with proven technologies, but not without collaboration across stakeholders and countries
- Increasing Strategic partnerships via government-to government collaboration on trade and knowledge transfer, business-to-business partnerships, and engagements with multilateral organizations for financing support and technical assistance.

-5-

Adoption of Carbon pricing

- Over a fifth of Global emission are now covered by carbon price.
- EU Carbon Border Adjustment Mechanism (CABM) renders products from foreign countries without carbon pricing governance uncompetitive.
- Implementing a carbon tax and an ETS is crucial for Malaysian producers to remain competitive

-6-

Biodiversity Pledges Gain Momentum

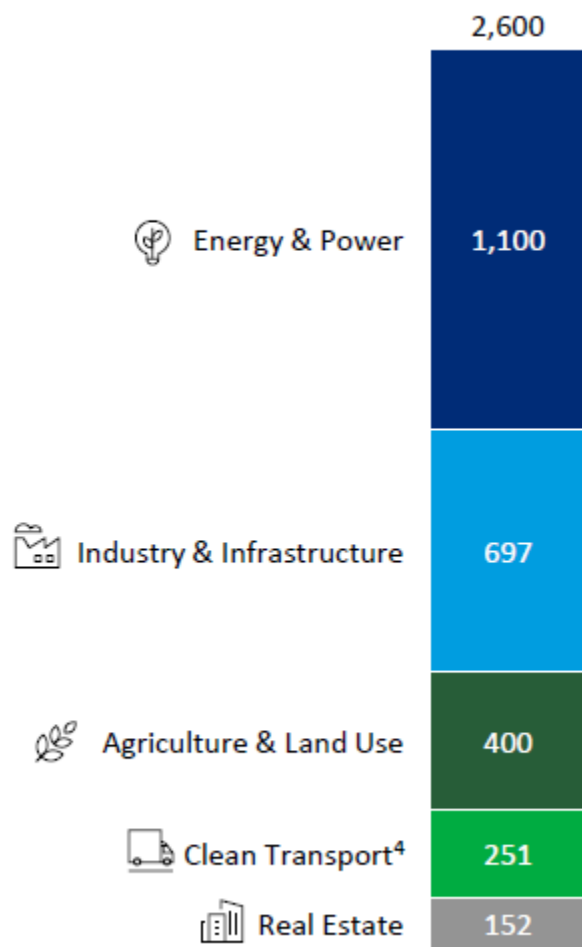
- 196 countries signed on to a global biodiversity framework during COP15 biodiversity Summit
- Businesses across the globe are in the early stages of committing to becoming nature positive.

The total cumulative green finance opportunity in ASEAN is projected to be US\$2.6 trillion by 2030; Energy & Power Sector alone constitutes >40%

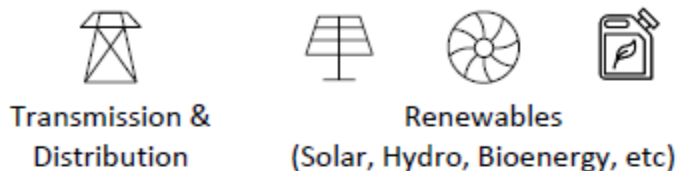


Total Green Finance Opportunity in ASEAN

Cumulative 2016-2030, US\$B

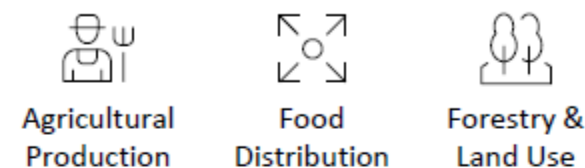


ENERGY & POWER



- Investments into renewable energy and energy grid development

AGRICULTURE & LAND USE



- Investments into agriculture, food management, and sustainable reforestation

INDUSTRY & INFRASTRUCTURE



- Improving **energy efficiency** of industrial production and telecommunications infrastructure
- Investments into waterworks, water treatment plants, dam machinery

CLEAN TRANSPORT



- Electrification** of existing transportation modes
- Incremental **energy efficiency** improvements for slower-paced transitions (e.g., planes)

REAL ESTATE



- Improving **energy efficiency** of residential and commercial buildings

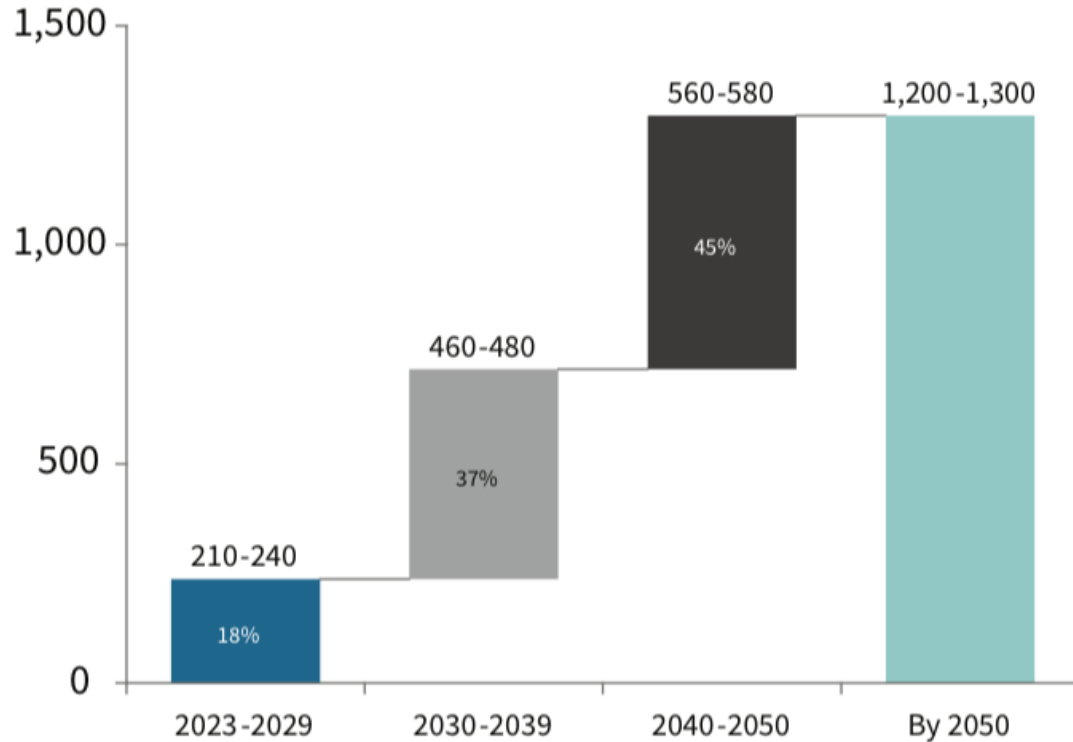
Sources: UN Environment Programme 2017 ([link](#))

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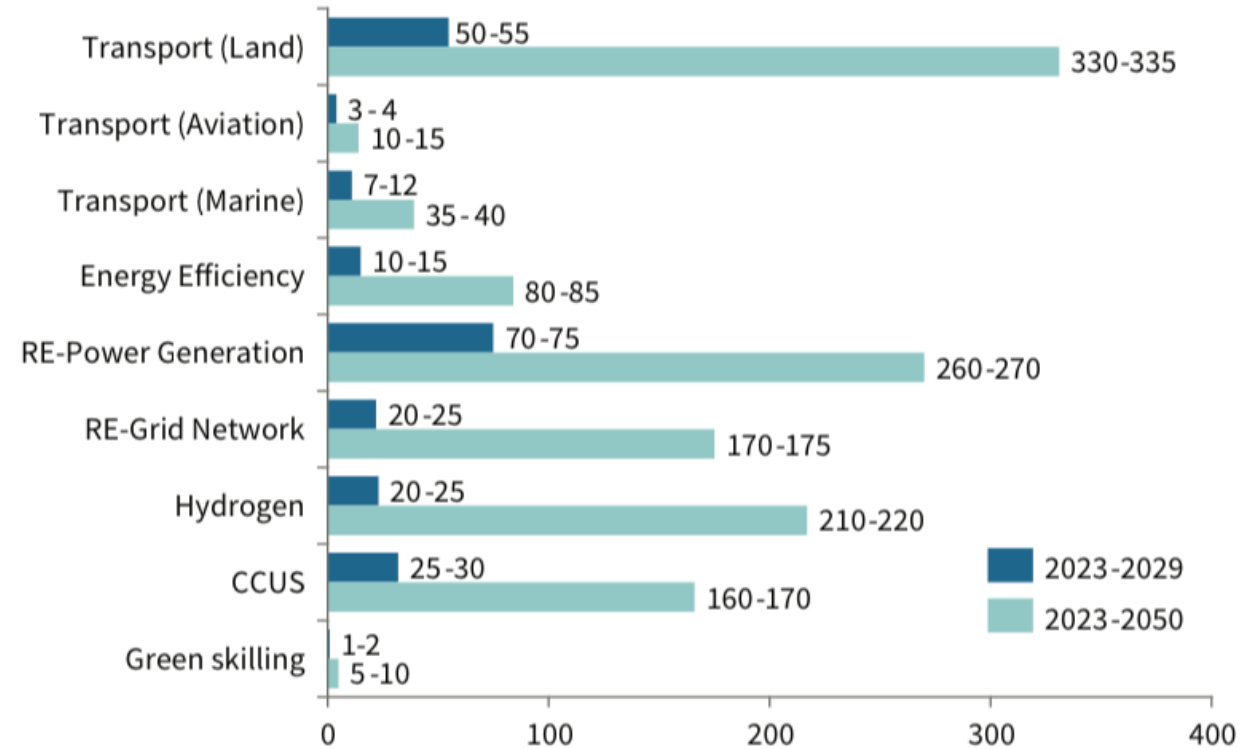
NETR anticipates that Malaysia will require an investment of around RM1.3tn by 2050, 18% of which will be required within this decade primarily for RE power generation and green mobility.



By decade, RM billion



By categories, RM billion



Note: NETR financing needs are additive and do not include business-as-usual investment required or projects already being financed (e.g., transmission and distribution, ongoing public transport projects) Source: PLEXOS, NETR team analysis

Maybank also considers the social aspect whilst pursuing the sustainability agenda to bring about positive ESG impact to the communities



Maybank Group has consistently channelled about 1% of its Net Profits to Community Programmes, thereby fuelling Maybank Foundation, and making us one of the more active corporate citizens in Asia

Maybank Foundation seeks to create the best possible impact on a long-term basis in markets where the Group operates. These initiatives are carried out through programmes that have specific targets and can be scaled while monitoring is in place to ensure there is long-term benefit.

The Foundation's programmes, initiatives and investments are guided by its 3-year Strategic Plan and these efforts are targeted in five key areas:

Expansion of proven flagship programmes, within both existing and new ares	Elevating and sustainaing the success of existing community and social investments	Cross-leveraging existing offerings for collaborative social initiatives	New programmes, development and actualisation	Creating and amplifying awareness of our achievements
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We tailor our programmes to global and regional frameworks such as the UN SDGs and ASEAN Socio-Cultural Community Blueprint 2025. Two of the Flagship Programmes, Maybank Women Eco-Weavers and eMpowering Youths Across ASEAN are formally endorsed by ASEAN.

We have 6 Flagship Programmes operating alongside other smaller initiatives that come under our community investment activities, which are focused on 3 pillars:

- ❖ Education
- ❖ Community Empowerment
- ❖ Environmental Diversity

In 2021, Maybank Foundation received accreditation status as an Entity Associated With ASEAN in recognition for our community efforts across ASEAN. An acknowledgement by ASEAN on the achievements of Maybank Foundation in the region over the last few years. Maybank Foundation is the second corporate foundation to be accredited but the first Financial Institution to be given this honour.



Maybank Foundation today runs flagship programmes across 8 ASEAN countries, with community investments in all 10



MYANMAR

1. Maybank TLC
2. Cashville Kidz
3. eMpowering Youths
4. ASEAN-Maybank Scholarship



LAOS

1. Maybank Women Eco-Weavers
2. R.I.S.E.
3. eMpowering Youths



CAMBODIA

1. Maybank Women Eco-Weavers
2. Cashville Kidz
3. eMpowering Youths
4. ASEAN-Maybank Scholarship



SINGAPORE

1. eMpowering Youths
2. Cashville Kidz



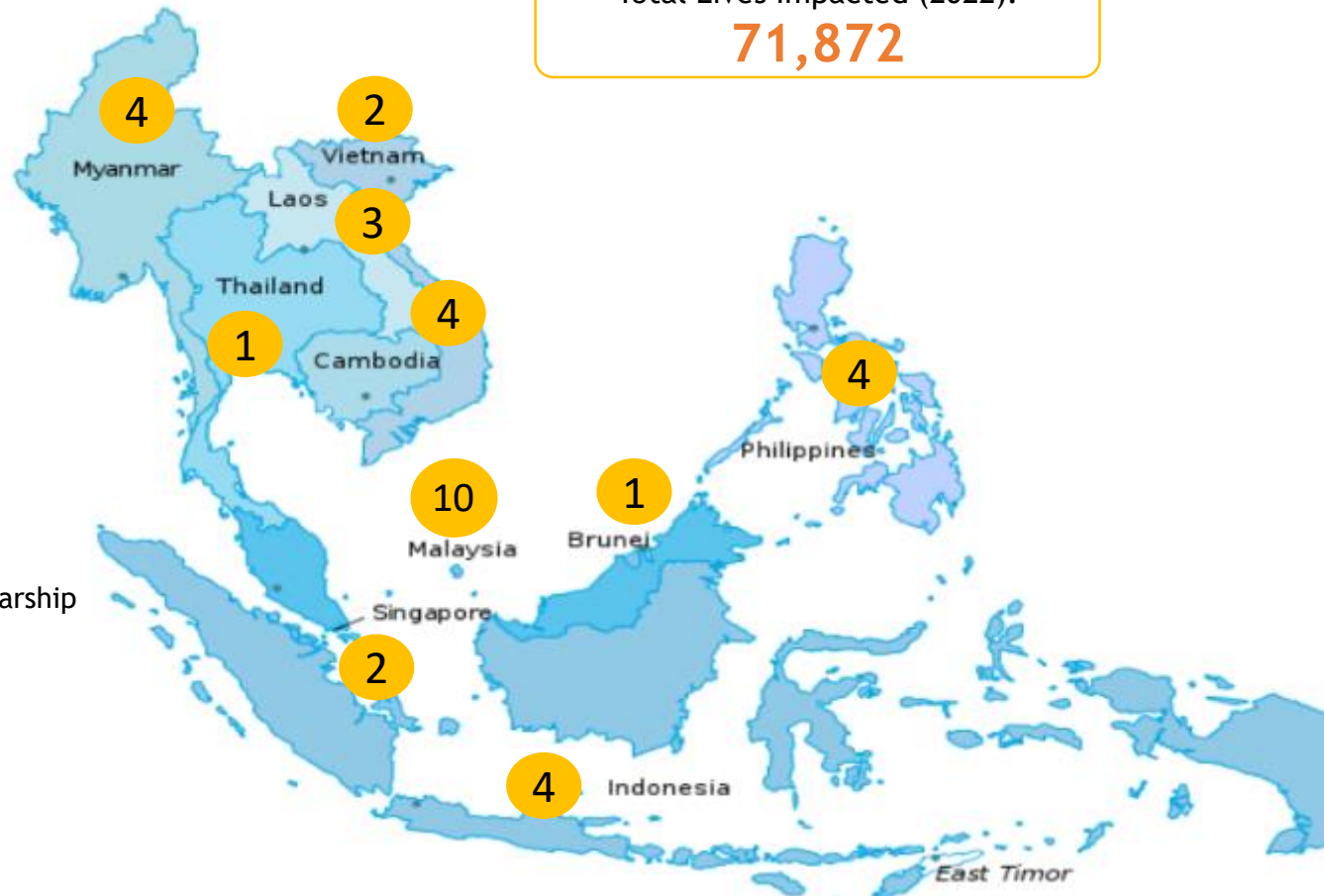
THAILAND

1. eMpowering Youths



BRUNEI

1. eMpowering Youths



PHILIPPINES

1. R.I.S.E.
2. Maybank TLC
3. Cashville Kidz
4. eMpowering Youths



INDONESIA

1. R.I.S.E.
2. Maybank Women Eco-Weavers
3. Cashville Kidz
4. eMpowering Youths



MALAYSIA

1. R.I.S.E.
2. KataKatha
3. Cashville Kidz
4. Tiger Conservation in Royal Belum Temenggor
5. Balai Seni Art Series
6. eMpowering Youths
7. Maybank Women Eco-Weavers
8. MARK (Maths for Rural Kids)
9. Maybank Group Scholarship Programme
10. ASEAN-Maybank Scholarship



VIETNAM

1. eMpowering Youths
2. Cashville Kidz

Thank you!



Humanising Financial Services

