CIMB Group Statement

On Human Rights

September 2022
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Introduction

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

The Group offers consumer banking, commercial banking, wholesale banking, Islamic banking, wealth management and digital payment products and services. It is the fifth largest banking group by assets in ASEAN and, as at the end of 2021, had around 33,000 staff and over 18 million customers.

This statement describes the ways in which we carry out our responsibility to advance respect for human rights in our own business activities and in those of our partners, right across our value chain.

1. What Human Rights means to us

CIMB’s Group Human Rights Policy outlines CIMB’s commitments, principles and approaches to human rights as well as provides guidance on identifying, assessing, and managing salient human rights risk which present the most severe potential negative impacts.

We define Human Rights risk as:

“Risk arising from the Group’s role as a financier, employer, purchaser, investor, service provider, operator, advisor, business partner, sponsor, or a corporate donor due to a breach of human rights, which are basic rights that allow individuals the freedom to lead a dignified life, free from fear or want, and free to express independent beliefs. These rights apply equally and universally in all countries. Human rights risk may manifest in different forms of violations such as human trafficking, modern slavery, forced or debt bonded labour, child labour, poor working conditions, forced or involuntary displacement of indigenous communities, amongst others.”

2. Our Commitment

We are committed to uphold and comply with the following international human rights laws and standards including:


(ii) UN Guiding Principles on Business and Human Rights, particularly the “Protect, Respect, or Remedy” Framework

(iii) International Labour Organization Declaration on Fundamental Principles and Rights at Work

With regards to Labour Rights, we commit to:

(i) Avoid causing or contributing to Labour Rights violations;

(ii) Respect the rights of our employees, including:
(a) freedom of representation;
(b) right to collective bargaining;
(c) a safe and healthy work environment;
(d) fair recruitment and other people practices;
(e) preventing modern slavery; and
(f) respecting regulations on minimum wage and maximum working hours.

(iii) Eliminate discrimination in the workplace, and promote diversity and inclusion

All our commitments are underpinned by CIMB’s Sustainability principles which are laid out in the Group Sustainability Policy, adopting principles and recommendations laid out in recognized international, regional, and local frameworks that are consistent with the size, scale, and complexity of our business and risk profile. These include the UN Environment Programme Finance Initiative Principles for Responsible Banking, UN Sustainable Development Goals, Bank Negara Malaysia’s Value-Based Intermediation Assessment Framework and Association of Banks in Malaysia’s ESG Principles.

The application of this Policy in different countries may be adjusted to fit the context and standards of the respective jurisdictions and will be implemented in stages.

In the event prevailing local laws in the country in which the Bank operates conflict with International Human Rights obligations as defined above, the Group shall identify and engage with stakeholders to explore approaches that respects international rights standards and principles.

3. Our Principles & Approach

The Group’s approach to human rights is guided by the following principles:

a) Respect and uphold human rights and seek to identify, prevent, and mitigate adverse human rights impacts which may arise through our business operations.

b) Take a proactive approach to integrating human rights considerations into our decision-making processes.

c) Take a risk-based approach to assess actual and potential human rights impacts across the Group.

d) Appropriate actions will be taken to mitigate adverse human rights impacts in our own operations including providing for or cooperating in remediation in line with our responsibility.

e) Take a holistic approach to our policies and business decisions where we strive for a just transition in mitigating climate change.

f) Track the effectiveness of our actions.

g) Be transparent about our human rights impacts and communicate how we fulfill our responsibility to respect human rights.
h) Engage actively and openly with our business relations to achieve greater awareness and improvement of human rights practices.

4. **Our Due Diligence Process**

Through a risk-based approach, the Group commits to continuous human rights due diligence to identify, prevent, and mitigate adverse human rights impacts identified across the Group. Such human rights due diligence will be conducted through various appropriate methods and channels, including:

(i) **Employees**

We will conduct direct consultation with employees, focus groups and surveys as well as through representative organizations including employee unions.

(ii) **Customers**

We require non-individual clients to meet our Sector Guide requirements which have been published in our Sustainable Finance Framework. For clients in certain high-risk sectors such as Palm Oil and Forestry, they are required to consult with affected communities and obtain Free, Prior and Informed Consent prior to major land use conversion projects affecting land rights and water resources. For clients in industries with large numbers of migrant and/or low wage workers, they are required to establish their own human rights policy including due diligence and grievance mechanisms.

(iii) **Suppliers, Vendors and Partners**

We will conduct human rights due diligence through our Sustainability Due Diligence and the acknowledgement of CIMB’s Vendor Code of Conduct as laid out in the Group Sustainability Policy. For partners including our Corporate Social Responsibility Programme partners, strategic investees, and joint venture partners, we will conduct human rights due diligence through our Sustainability Due Diligence as laid out in the Group Sustainability Policy and the Group Corporate Responsibility Policy.

5. **Our Actions**

Where we identify human rights risks within our own business activities, the Group will seek to put in place mechanisms to avoid and remedy adverse human rights impacts.

In an event that we are exposed to human rights risks through our clients and other business relations, we strive to use our leverage to influence them towards standards outlined in this policy. Particularly, in our non-individual financing activities, as per our Group Sustainable Financing Policy;

(i) financing clients that do not meet our Sector Guide requirements, or are exposed to other salient human rights risks at the time of financing, will be engaged and if required, asked to agree to a time-bound action plan;

(ii) we track these action plans periodically through regular engagement;
within a practical timeframe, we seek to distance ourselves from clients that repeatedly miss action plan targets without justifications, where human rights risks are judged to be too high or the presence of deliberate and repeated infringements.

In our other business relationships, as per our Group Sustainability Policy, within a practical timeframe, we seek to distance ourselves from the business relation that repeatedly miss action plan targets without justifications, where human rights risks are judged to be too high or the presence of deliberate and repeated infringements.

6. Remedy

The Group will establish and/or participate in grievance mechanisms for human rights issues through both internal and external channels and shall be made accessible to our key business relations and other stakeholder groups which includes communities affected by bank-financed operations. Furthermore, we recognize our responsibility to contribute to remediation including apologies, restitution, rehabilitation, financial or non-financial compensation and the prevention of harm.

In an event that human rights abuse has taken place, we will take appropriate steps to ascertain whether we have caused or contributed to the adverse human rights impact and take appropriate actions in line with our responsibility.

We will conduct a half yearly process to identify, assess, remediate, and report human rights violations.

We will establish a set of indicators to track our human rights performance and will report formally to the public. The report will be made accessible in providing transparency to stakeholders on various matters including:

(i) the nature of exposures and issues that are escalated;
(ii) sufficient governance, oversight, and control to prevent adverse human rights impacts;
(iii) adequacy and effectiveness of our response in addressing human rights impacts that do occur.

7. Governance

CIMB’s Human rights policy is approved by the Board, which is the highest governance body accountable for CIMB’s sustainability strategy and material ESG issues. The Group Sustainability and Governance Committee (GSGC) provides the oversight on implementation of the Group’s sustainability and climate change strategy, where we aim to proactively create a net positive impact on ESG material matters.

The Group will periodically review the adequacy and effectiveness of the Group’s Human Rights Policy once every two years to ensure key actions agreed are assigned ownership and monitored for resolution by Group Sustainability, with periodic updates to GSC.

We report on our approach regarding human rights on our [website](website) and annually in our [Sustainability Report](Sustainability Report).