

# Integrating Sustainability into RHB

This section provides an overview of RHB Banking Group's FY2023 sustainability and climate-related progress and achievements. It should be read in conjunction with our Sustainability Report 2023, which provides further details regarding our Sustainability Strategy and Roadmap, material matters, and key progress and achievements.



Signing ceremony for the Collaborative Agreement between RHB Banking Group and Tenaga Nasional Berhad to Promote and Provide Green Solutions for SMEs and Individuals, at the Energy Transition Conference 2023

We have adopted a holistic approach to sustainability, recognising that Environmental, Social and Governance (“ESG”) factors are deeply interconnected and critical to our long-term success and business resilience.

**Guided by the Group's 5-Year Sustainability Strategy and Roadmap (2022-2026), RHB has made significant progress in integrating sustainable practices across its business activities, operations, and decision-making processes, creating long-term value for both the Group and its stakeholders.**

Spurred by our commitment to drive a just and responsible transition towards a low-carbon economy, we have also accelerated efforts to integrate climate-related considerations into our business, prioritising efforts to reduce carbon emissions across our portfolio, and facilitating our clients in our mutual journey to achieve Net Zero by 2050. Through robust collaborative efforts, we aim to drive collective progress towards a thriving sustainable future for all.

## Our Sustainability Journey

Recognising its critical role in shared value creation, long-term growth and societal well-being, RHB has positioned sustainability as a key focus area within the Group's Together We Progress 2024 ("TWP24") corporate strategy. Aligned to this, we are proactively integrating sustainability and climate considerations across our business and operations, towards becoming a sustainable and responsible financial services provider.

### SUSTAINABILITY IS AN INTEGRAL COMPONENT OF TWP24

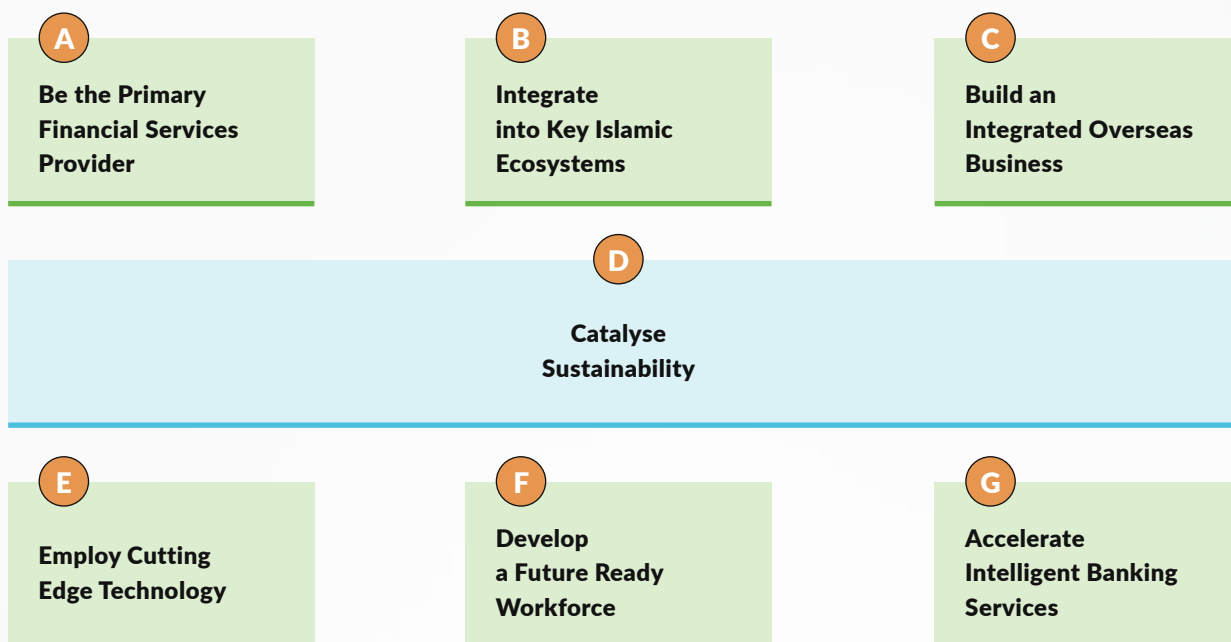
Purpose

# MAKING PROGRESS HAPPEN FOR EVERYONE

Strategic Objectives



TWP24 Focus Areas



# Our Sustainability Journey

## SUSTAINABILITY STRATEGY AND ROADMAP

The Group's 5-Year Sustainability Strategy & Roadmap (2022-2026), underpins our unwavering commitment to championing sustainability and climate action.

**SUSTAINABILITY PURPOSE**  
To be a sustainably responsible financial services provider by promoting sustainable & inclusive growth, nurturing customers, employees and communities, while upholding good governance to create value.

**OUR ASPIRATIONS**

- Support sustainable development by mobilising RM50 billion in sustainable financial services by 2026
- Achieve Carbon Neutral Operations by 2030
- Empower more than two million targeted individuals and businesses across ASEAN by 2026
- Achieve Net Zero by 2050

 <b>SUSTAINABLE &amp; RESPONSIBLE FINANCE</b> Integrate ESG considerations into our business strategies and decision-making processes while nurturing customers and communities towards achieving sustainable growth	 <b>COMMITTED TO ACHIEVING NET ZERO BY 2050</b> Accelerating the just and responsible transition to a low-carbon economy, guided by the Group's Net Zero by 2050 Strategy	 <b>EMBEDDING GOOD PRACTICES</b> Foster responsible practices and nurture a sustainable culture	 <b>ENRICHING &amp; EMPOWERING COMMUNITIES</b> Create long-term positive impacts on our communities, nurturing children & youth
<b>FOCUS AREAS</b>	<b>FOCUS AREAS</b>	<b>FOCUS AREAS</b>	<b>FOCUS AREAS</b>
<ul style="list-style-type: none"> <li>• <b>Sustainable Financial Services</b> Create positive impacts through our lending, capital markets, wealth management, deposits, investment, asset management and insurance businesses</li> <li>• <b>Financial Inclusion</b> Promote financial inclusion<sup>1</sup> by providing access to financial products and services to individuals (students, youth, new to workforce, the underserved) and businesses (SMEs, microenterprises, etc.)</li> <li>• <b>Advancing SMEs Towards Sustainable Business Practices</b> Nurture and support SMEs in their journey towards building a sustainable business</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Reduction of Financed Emissions<sup>2</sup></b> Reducing carbon emissions in five high-impact sectors within our business<sup>3</sup></li> <li>• <b>Greening Our Portfolio</b> Driving growth in Green Financial Services; and Supporting businesses/ companies that are committed to carbon neutrality with a clear and established transition strategy</li> <li>• <b>Integration of sustainable and low-carbon practices into our own operations</b>  Achieve Carbon Neutral Operations by 2030</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Ethics &amp; Conduct</b> Uphold integrity, ethics and compliance through robust policies and practices</li> <li>• <b>People &amp; Workplace</b> Promote employee development and nurture a fair, diverse, and inclusive workforce</li> <li>• <b>Sustainable Supply Chain</b> Promote responsible and sustainable practices across the Group's supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Nurturing Future Generations</b> Promote growth and resilience in children and youth through holistic learning and self-development programmes</li> <li>• <b>Lifting Communities</b> Improve the lives of vulnerable &amp; underserved segments of the community through meaningful community engagement initiatives which includes capacity building and skills development programmes</li> </ul>

**ENABLERS**

 <b>GOVERNANCE</b> <ul style="list-style-type: none"> <li>• Robust sustainability and climate governance across the Group to drive decision-making and provide appropriate oversight of sustainability</li> </ul>	 <b>DATA &amp; TECHNOLOGY</b> <ul style="list-style-type: none"> <li>• Leverage data points and technology for monitoring and reporting to ensure reliability, credibility and trust</li> </ul>	 <b>HUMAN CAPITAL &amp; TRAINING</b> <ul style="list-style-type: none"> <li>• Attract, retain and develop people with the right skillsets and capabilities to support the Group's sustainability agenda</li> </ul>	 <b>PARTNERSHIP &amp; ADVOCACY</b> <ul style="list-style-type: none"> <li>• Build trusted partnerships and continuously advocate for and nurture others towards sustainable and low-carbon practices</li> </ul>
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<sup>1</sup> Provision of affordable and quality financial products and services  
<sup>2</sup> GHG emissions associated with RHB Group's business activities  
<sup>3</sup> Energy Supply, Palm Oil, Oil & Gas, Property & Construction, and Transport



## Our Sustainability Journey

In FY2023, we enhanced the Group Sustainability Strategy and Roadmap, following the establishment of the Group’s commitment to achieve Net Zero emissions by 2050. Our Net Zero by 2050 strategic objectives encompass three themes, as follows:

- 01** Reducing the financed emissions associated with five high impact sectors within our business
- 02** Growing our green portfolio and supporting businesses and companies that have a clear and established transition strategy to achieve carbon neutrality
- 03** Achieving Carbon Neutral Operations by 2030

Under our 5-Year Sustainability Strategy and Roadmap (2022-2026), we have identified five Key Performance Indicators (“KPIs”) that are being tracked, monitored and disclosed as part of the Group’s long-term corporate strategy.

 <b>1</b> <b>Mobilise</b> RM50 billion in Sustainable Financial Services by 2026	 <b>2</b> <b>Empowering</b> over 2m targeted individuals and businesses across ASEAN by 2026	 <b>3</b> <b>Achieve</b> Carbon Neutral Operations by 2030	 <b>4</b> <b>Diversity, Equity &amp; Inclusion/DEI (Workplace)</b>	 <b>5</b> <b>Group Climate Action Programme</b> Complete 32 initiatives by 2024; and develop the Group’s Net Zero 2050 Pathway
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▲ Please refer to our Sustainability Scorecard in the RHB Sustainability Report 2023, for details of our progress on the above KPIs.

In 2023, we revised and enhanced two of our sustainability aspirations, to reflect the progress we have made in our sustainability journey and to be in line with regulatory expectations, industry best practices, as well as the evolving guidance, policies, and incentives on decarbonisation introduced by the Government:

Revision	Rationale
<b>01</b> Revised the Group’s 2026 Sustainable Financial Services commitment from RM20 billion to RM50 billion	<ul style="list-style-type: none"> <li>The revised commitment takes into consideration the progress we have made since establishing the initial commitment in mobilising sustainable financial services in the fourth quarter of 2021.</li> <li>As at 31 December 2023, we have attained over RM23.8 billion in sustainable financial services, equivalent to 119% of the original RM20 billion target.</li> <li>We have established RHB’s Commitment to Net Zero by 2050, which will require the Group to accelerate efforts to support customers’ needs as they transition towards sustainable and low-carbon practices.</li> </ul>
<b>02</b> Revised the Group’s KPI 5 to reflect the establishment of the Group’s commitment to achieve Net Zero by 2050, and the Group’s decarbonisation strategy	<ul style="list-style-type: none"> <li>RHB’s Net Zero commitment and decarbonisation strategy has been established based on the comprehensive groundwork carried out as part of the Group Climate Action Programme.</li> <li>We have established our financed emissions baseline and identified 5 key high impact sectors, which will drive the Group’s decarbonisation strategy.</li> <li>We have also established interim and long-term targets towards achieving Net Zero by 2050.</li> </ul>

▲ For further information on the Group’s Net Zero commitment and decarbonisation strategy, please refer to page 82 of Sustainability Report 2023.