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➤ Group CEO says numerous opportunities identified, including cross-border ventures

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KUALA LUMPUR: The RHB Banking Group has increased its sustainable finance target to RM50 billion by 2026 from RM20 billion previously.

Group managing director and group CEO Mohd Rashid Mohamad (*pic*) said that it has identified numerous opportunities for sustainable financing for RHB, including cross-border ventures.

"Considering our achievements to date, we have increased our target to RM50 billion. We are confident that we will reach the target by 2026," he told a press conference at RHB Sustainability Media Day recently.

Mohd Rashid said RHB's Net Zero commitment aligns with Malaysia's ambition to achieve net-zero GHG emissions by 2050, as outlined in the government's National Energy Transition Roadmap (NETR) and supported by frameworks like the Hydrogen Economy & Technology Roadmap and New Industrial Master Plan 2030 (NIMP 2030).

"The Group's Net Zero commitment acknowledges the financial sector's crucial role in directing capital towards sustainable and low-carbon activities. So there is the financing needed by certain sectors of the country. So we are here, the bank is the fund."

He said the group has cumulatively mobilised RM23.8 billion in sustainable financial services by the end of FY2023, exceeding its initial target of RM20 billion by 2026.

Of this, he said RM11.3 billion was directed



towards green activities, including renewable energy projects and energy efficiency solutions which will contribute towards its goal of achieving Net Zero by 2050.

According to Mohd Rashid, RHB prioritises five high-impact sectors which are energy supply, palm oil, oil & gas, property & construction, and transportation which represents nearly 60% of the Group's financial exposure and over 80% of financed emissions.

"RHB's strategy to achieve Net Zero by 2050 focuses on reducing the financed emissions arising from these five high-impact sectors.

"By 2030, RHB aims to achieve a 20% reduction in these sectors. By 2050, RHB goal is to accomplish up to 96% reduction in financed emissions across these sectors," he said.

He added RHB targets to achieve 40% of the Group's portfolio in Green Financial Services and supporting companies committed to carbon neutrality.

He said The group takes a targeted client engagement approach across varying levels of ESG maturity (Tier 1, Tier 2 and Tier 3 clients) based on their decarbonisation maturity and needs.

It also leverages on the business and investment opportunities arising from the NETR's initiatives and enablers.

"RHB has made significant progress towards carbon neutral operations, achieving

a 43% reduction in operational GHG emissions against a 2016 baseline, encompassing Scopes 1, 2, and 3 (Business Travel by Road and Air).

"The Group aims to achieve a 45% reduction in operational GHG emissions by 2026 and achieve carbon neutral operations by 2030 through internal initiatives and carbon offsets," he said.

Mohd Rashid said SMEs is also one of the focus areas under the Sustainable and Responsible Finance pillar of the Group's Sustainability Strategy and Roadmap.

"The focus is a little bit more on SMEs because we know that they are keys and we need to grow and bring them and educate them in terms of the need of the transition finance. So we are not discounting totally for those who are transitioning or who don't have the transition plan or ESG," he said.

He said RHB embarked on a landmark collaboration with TNB in FY2023 to engage SMEs across Malaysia and promote sustainable business practices.

"RHB conducted ESG roadshows benefitting over 800 SMEs in FY2023, through collaboration with industry associations in the retail, electrical & electronics, and manufacturing sectors," he added.

Meanwhile, he said RHB SME Green Financing Solutions offer a suite of green products to meet SMEs' financing needs for the low-carbon transition.

"The Group also mobilises financing through BNM's Low Carbon Transition Facility (LCTF) for SMEs, mobilising RM258.80 million in FY2023," he added.

Mohd Rashid said central to RHB's approach is the acceleration of clients' decarbonisation journeys.

This involves engaging existing clients across the five high-impact sectors to catalyse their decarbonisation journeys.