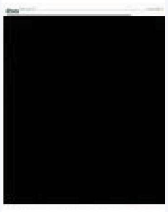

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Sustainable finance unlocked

The Star, Malaysia

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THE COOLER EARTH
Sustainability Series

From purpose to progress: CIMB partners its corporate clients on their ESG journey, driving sustainable impact and investor confidence

AS companies face growing pressure from investors, regulators and customers to embed sustainability into their core operations, access to sustainable capital has become more than just an advantage—it's a necessity.

The momentum behind ESG-aligned financing is undeniable. With growing investor demand, heightened scrutiny, deeper ESG integration, tightening regulatory standards and competitive pricing for sustainable finance, there's no better time for businesses to act.

A critical factor that determines whether an issuance attracts market confidence or falls short, is the framework it's built on—for corporates raising funds through green, social or sustainability-linked bond or sukuk, a credible framework aligned with local, regional and global standards forms the foundation for trust, transparency and long-term impact.

Choosing the right structure

Each financing instrument plays a distinct role. Green and social bonds or sukuk are used to fund eligible environmental and social projects; sustainability-linked instruments tie financing terms to ESG performance targets; and transition finance, meanwhile, supports companies in hard-to-abate sectors as they shift to lower-carbon operations.

For instance, proceeds from green bonds or sukuk are earmarked for eligible projects including renewable energy, energy-efficient buildings or clean transportation—with monitoring to ensure alignment with sustainability goals.

A sustainability-linked bond or sukuk, by contrast, allows for broader use of proceeds, including general business purposes. However, issuers must commit to time-bound, measurable environmental or social performance targets such as reducing carbon emissions. The profit rate of the bond or sukuk may be adjusted upward if these targets are not met, creating direct accountability.

A sustainable bond or sukuk framework underpins any impactful issuance. A strong framework enables credible project evaluation, selection and reporting. It ensures clarity on how proceeds are used, monitored and ringfenced.

Choosing the right framework depends on the company's sustainability strategy. Companies with a pipeline of eligible projects may opt for use-of-proceeds based framework. Where there are no clear eligible projects, a sustainability-linked framework can offer greater flexibility for the utilisation of proceeds—provided that the issuer can commit to ESG targets that are meaningful, measurable, and independently verifiable.

Issuers may also adopt an umbrella framework covering both use-of-proceeds and sustainability-linked structures.

These frameworks are guided by local, regional and global standards: Malaysia's Securities Commission's (SC) Sustainable and Responsible Investment Sukuk (SRI) Framework and SRI-Linked Sukuk Standards, the regional Asean Standards, and globally, International Capital Market Association's (ICMA) principles for green, social, sustainability and sustainability-linked bonds or sukuk.

Post-issuance, issuers must establish robust monitoring systems and ensure transparent ongoing reporting.

CIMB views sustainable finance frameworks as capital-raising tools as well as strategic levers to build long-term credibility and investor confidence.

Delivering strategic value

Partnering with a sustainability structuring adviser provides issuers with a crucial edge. CIMB offers end-to-end support, helping businesses develop frameworks aligned with recognised standards and market practices.

A strong framework ensures alignment of a company's internal priorities—such as financial performance, business operations, social responsibility and regulatory compliance—while also addressing the expectations and requirements of external stakeholders, including investors, rating agencies, SPO providers and regulators. As CIMB Investment Bank Bhd chief executive officer Nor Masliza Sulaiman explains:

"While the adviser helps develop and structure the sustainable finance framework, the second-ary-party opinion (SPO) provider serves as an independent reviewer to assess its alignment with market-recognised standards. Both roles are vital to ensuring the integrity and credibility of the issuance."

Beyond advisory services, CIMB supports clients across the entire issuance lifecycle including appointing SPO providers and managing stakeholder engagement. For broader ESG needs, CIMB also offers corporate advisory services that go beyond financing—helping clients embed ESG considerations across their business strategies.

For sukuk, CIMB helps to ensure the structures are Shariah compliant with the Islamic principles. Beyond capital market instruments, CIMB also offers sustainable bilateral loan structures tailored to clients' ESG ambitions—including green loans and sustainability-linked loans designed with measurable performance targets.

CIMB sees strong alignment between Shariah values and ESG objectives. Both emphasise ethical conduct, risk-sharing, and long-term value creation, making Islamic sustainable finance a natural fit for ESG-minded corporates.

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Real-world impact

Case Spotlight: Powering Clean Energy with TNB Genco.

CIMB served as sustainability structuring adviser for TNB Power Generation Sdn Bhd's RM10bil Sustainability Sukuk Wakalah Programme. The proceeds support the Nenggiri Hydroelectric Power Plant—a key project in Malaysia's renewable energy transition.

CIMB also acted as principal adviser and lead arranger. CIMB was also sole principal adviser, sole lead arranger, lead manager and sole sustainability structuring adviser for UEM Olive Capital Bhd's RM7bil Sukuk Wakalah Programme. The proceeds fund renewable energy, energy efficiency, clean transportation and pollution control initiatives.

CIMB acted as green financing coordinator for DayOne Data Centres' landmark RM15bil-equivalent multicurrency financing, which includes a RM7.5bil Murabahah Term Financing facility and a US$1.7bil offshore term loan. Structured under the Green Loan Principles, the proceeds will partly fund the refinancing and capital expenditure of DayOne's data centres in Johor. These facilities meet—or are expected to meet—LEED 'Gold' or higher certification by the US Green Building Council.

CIMB's leadership in this space is reflected in multiple accolades in 2024 and 2025, including:

> Best Bond House for Sustainable Finance in Malaysia 2024 by Alpha Southeast Asia
> Best Islamic Finance Sukuk House 2024 by Alpha Southeast Asia
> Best Investment Bank in Malaysia 2025 by FinanceAsia
> Best DCM House in Malaysia by FinanceAsia
> Sukuk Adviser of the Year, Asia Pacific 2024 by The Asset.

What's next for sustainable issuance?

CIMB expects continued momentum in sustainable and sustainability-linked bonds or sukuk, with new structures emerging to support transition finance, particularly in high-emission sectors like oil and gas, aviation and shipping.

Emerging themes may include gender-focused, biodiversity or nature-related sukuk.

"With continually evolving investor expectations, there is a growing emphasis and demand for financing instruments that deliver real world impact.

"To maintain credibility and attract capital at scale, sustainable finance must be built on robust frameworks—with high levels of transparency, clear ESG targets and commitment to accountability," says Nor Masliza.

As ESG disclosures become the norm, access to sustainable capital—guided by the right advisor—helps businesses to transition toward a low-carbon future and strengthen investor confidence.

With Asean as its home, CIMB is committed to supporting corporate clients in their ESG journey, driving sustainable progress, inclusive growth and impactful long-term development across the region.

What makes a strong sustainable finance framework?

> Set clear, measurable ESG targets
> Align with global, regional and local standards
> Establish strong monitoring and reporting systems
> Obtain credible secondary-party opinion (SPO)
> Ensure internal stake holder alignment