

Star ESG

ENVIRONMENTAL SOCIAL GOVERNANCE



Leading Perspectives in ESG

Industry leaders give their viewpoints on the latest trends in ESG practices.

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ESG and the sustainability agenda

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StarESG takes a deep dive into ESG in the eyes of our readers, revealing the key aspects that matter to consumers when it comes to sustainability.

ESG and the Sustainability Agenda

“Today, we have economies that need to grow, whether or not they make us thrive. What we need are economies that make us thrive, whether or not they grow.”

Professor Kate Raworth
Doughnut Economics

By **TAN SRI DR JEFFREY CHEAH**

WE live in a time of extreme uncertainty. First, there is the pandemic. Even as Malaysia and the world transition into the endemic phase, Covid-19 still poses a health threat. There's a war raging in Europe's heart land, whose fall out is affecting the entire world. Supply chains have been disrupted. Inflation is soaring.

The rise in the cost of living threatens to tip millions into poverty and misery. The widening levels of income inequality is reversing decades of progress. Meanwhile, a growing “us versus them” mindset is intensifying social conflicts around the world. And the rapid advance of technology is changing and disrupting every aspect of our lives.

Above all, looms climate change, which poses a threat to the very survival of humanity.

Our planet, our home is burning up, literally. Clearly, implementing the sustainability agenda is no longer just an option, but an urgent imperative. But doing so will require systemic change, a shift in mindsets and the widespread adoption of ethical values.

For too long, our economic and financial systems have valued companies solely by their bottom lines and countries solely by their gross domestic product, or GDP.

This obsession with uncontrolled growth has now placed the planet and its people in great peril.

Recognising this danger, the United Nations adopted the 17 Sustainable Development Goals or SDGs in 2015. The SDGs chart a holistic and comprehensive road map towards a sustainable future.

However, to transform the SDGs from being mere aspirations to genuine action requires, measurable tools.

The environmental, social and governance, or ESG, is now fast becoming a new metric which includes non-financial factors to measure progress and growth.

ESG shifts the focus from an obsession with quantitative growth to a more measured assessment of qualitative progress. It is still in its early stages, but is a welcome step nonetheless.

However, it is important to emphasise that ESG is only a means to an end. We should never lose sight of the fact that sustainable development is the overarching goal that we should all pursue and promote.

This is why Sunway has fully embraced the 17 SDGs.

We view ESG as a data-driven mechanism and a tool to help manage and mitigate risks. ESG is also a framework that demonstrates transparency and accountability among all stakeholders.

In this context, let me highlight some examples of what we are doing at Sunway with



Sunway City Kuala Lumpur, Malaysia's first fully integrated green township, serves a vibrant and diverse community of more than 200,000 people living, working, studying and playing in a safe, healthy and connected environment.

regards to the ESG metrics.

The very birth of Sunway was founded on the concept of sustainable development with the transformation of Sunway City Kuala Lumpur, Malaysia's first fully integrated green township.

Four decades ago, Sunway City Kuala Lumpur was a wasteland of abandoned pools caused by destructive mining activity.

We set about rehabilitating the 800-acre site and restoring a complete ecosystem, turning the area into a wonderland.

This included transplanting more than 30,000 trees that led to some 150 species of flora and fauna within the city.

With its own public transport system, the BRT-Sunway Line uses electric buses running on specially designed elevated bus lanes, which link to the national railway system and the international airport.

Covered elevated walkways also connect the city providing an alternative and healthy means of getting around that reduces its carbon footprint.

We also constructed and commissioned our own state-of-the-art water treatment plant, which recycles and purifies water from our two sunken, former mining lakes that are 150 feet below sea level. This water is used to serve our community and eases pressure on the public water supply system.

Sunway City Kuala Lumpur now serves a vibrant and diverse community of more than 200,000 people living, working, studying and playing in a safe, healthy and connected environment.

Earlier this year, we at Sunway Group took our commitment to sustainability one step further by implementing measures to achieve net zero

carbon emissions by 2050.

We have introduced a carbon-pricing framework into our businesses to push this agenda. Our 13 business divisions will work towards their own decarbonisation targets – and those that fail to meet these targets will be penalised by having an amount deducted from their bonus pool.

We are the first corporation in Malaysia, and among the first in Asia, to implement such a robust carbon-reduction strategy in conducting our business. It is also a reflection of our firm belief that sustainability and profitability can go hand in hand.

To help us with implementing ESG metrics, we rely on experts in the field such as the Asia headquarters of United Nations Sustainable Development Solutions Network, or UN-SDSN, and the Jeffrey Sachs Center on Sustainable Development, both of which are housed at Sunway University.

The two entities were established through a gift totalling US\$20mil to the UN-SDSN by the Jeffrey Cheah Foundation, underscoring our commitment to advancing the sustainability agenda in the region.

At Sunway, we recognise that realising the SDGs is not the responsibility of governments alone. It requires the commitment of every element of society – the private sector, academia, civil society and, of course, every single individual.

We are all in this together.

Tan Sri Dr Jeffrey Cheah is founder and chairman of Sunway Group and founder and trustee of the Jeffrey Cheah Foundation.

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Tan Sri Dr Jeffrey Cheah



By CALYN YAP
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WITH the rapid rise of conversations around ensuring sustainability for a better world, digital transformation is taking centre stage in shifting the needle in the adoption of environmental, social and governance (ESG) principles within enterprises and the public sector.

Survey findings released by global industrial technology leader ABB Ltd, for instance, reveal that 72% of respondents are citing sustainability as the reason for increased digital technology spend, with 96% of decision-makers saying that digitalisation is essential to sustainability.

Against this backdrop, the acceleration of digital transformation – be it artificial intelligence (AI), the internet of things (IoT), virtual and augmented reality (VR/AR), cloud computing, blockchain, or super-fast network protocols like 5G – is also continuing.

Communication technology is not only anchoring, but also amplifying innovation across various sectors such as healthcare and education, as well as enabling the creation of smart cities and smart industries, alongside increased protection and restoration of the environment.

Elevating healthcare

Building on the evolving role of digitalisation during the height of the Covid-19 pandemic – where the industry started virtual consultations or telehealth, remote patient monitoring and inventory management devices – technology will enable healthcare providers to further improve the quality of patient care at a lower cost, while boosting operational efficiency.

The advancement of communication networks can offer significant computational abilities to operate virtual systems, boost cloud deployment and strengthen integration of IoT devices across medical facilities.

These can also support critical processes, including robotic or remote surgery, patient monitoring, contact tracing, diagnostic imaging tests, emergency medical services, as well as robot-assisted tele-ultrasound, among others.

TM One, for instance, is enabling Ramsay Sime Darby Health Care (RSDH) with its Smart Patient Suite solution – a part of its Smart Healthcare – to improve patient experience. The solution, which leverages IoT technology to transform patient rooms into smart patient suites, brings about a more meaningful doctor-patient engagement.

AI and wearables, on the other hand, can provide patients with a comfortable ambience, in addition to paving the way for data-driven decisions based on real-time analytics for the monitoring and tracking of patient health and medication adherence. In turn, predictive and preventative intervention is made possible.

Revolutionising education

With Malaysia seeking to transform its education system, digitalisation serves as a catalyst that further enhances possibilities in exploring distance learning, VR/AR and media-rich curriculum approaches to support learning, teaching and logistics.

In the near future, moreover, education will enter another dimension with the metaverse anticipated to bring revolutionary changes to the entire digital ecosystem.

The synchronisation between various technologies means that on one hand, students can benefit

In 2023, digital transformation will increasingly be utilised by enterprises in their drive towards sustainability, with digitalisation identified as the key to achieving a better tomorrow.

Leveraging digitisation for sustainability

TM One focuses on technology drive to accelerate innovation across ESG pillars

not only from the integration of student portals and commonly used platforms within the larger educational ecosystem, but also receive personalised education, engage with peers and access immersive learning experiences using VR/AR in real-time.

On the other, educational institutions can nurture collaborative spaces by moving all curricula to digital platforms for improved interaction between teachers and students, as well as increased collaboration among peers.

University Sultan Azlan Shah, for example, has turned to TM One's Moodle in Cloud solution as a strategic step to ensure that students can continue learning during pandemic-related disruptions and to enrich the classroom experience.

Added to this is how cutting-edge technology can be a great tool to aid the flipped classroom model, which advocates blended learning that requires students to complete classwork at home and participate in hands-on activities in the classroom, effectively enhancing engagement and enabling an active learning environment.

Evolving agriculture

Food security is of increasing concern for Malaysia, especially considering the global context. The world will have to produce 70% more food to accommodate the growing population by 2050, but agriculture's share of the global gross domestic product has shrunk to a mere 3% – one third of its contribution just decades ago.

Roughly 800 million people worldwide suffer from hunger. And under a business-as-usual scenario, 8% of the world's 650 million population will still be undernourished by 2030.

Agriculture 4.0 will address the four main developments placing pressure on agriculture in meeting future demands, namely: demographics, the scarcity of natural resources, climate change and food waste.

Farms and agricultural operations will increasingly use advanced devices and precision agriculture systems, such as IoT in the form of temperature and moisture sensors or drones, GPS, robotics and more, to boost profitability, efficiency and safety with regard to the environment.

For one, sensors or drones, alongside other connected machinery, collect data on soil conditions and weather forecasts that can then be channelled into real-time AI learning

machines to enable data insights for optimal efficiency.

TM One, through its smart agriculture solutions, offers agricultural entrepreneurs ready-made and customisable solutions to facilitate adoption, speed up time-to-value, as well as simplify execution and maintenance.

Its smart farming solutions, a collaboration with the Malaysian Agricultural Research and Development Institute, combine IoT systems for farm monitoring and management, fertigation farm control and monitoring with a smart agriculture platform monitoring dashboard.

Creating smart cities and industries

The need for liveable, sustainable and smart cities has never been greater. By 2050, 66% of the world's population is projected to live in cities, up from 54% today.

Utilising current and emerging technologies, smart cities are an emerging trend with an eye on sustainability, aimed at increasing city-wide operational and service efficiency, improving the productivity of economic activities and providing service improvements to citizens.

Robust digital infrastructure is leveraged to enable open, city-wide databases and platforms that translate IoT data into big data analytics in the interests of creating the cities of tomorrow: Safe, clean and green, with adequate infrastructure and basic services.

TM One champions the smart cities digital transformation journey which covers, among many other aspects:

> Smart traffic lights: Lights that respond to real-time data collected by connected cameras and sensors to enable smarter traffic control, save travel time and allow local authorities to be notified of traffic light damages in real-time. These have already been implemented in Kelantan, Perlis, Penang, Selangor and Johor.

> Smart traffic monitoring: A connected monitoring system that enables the transmission of large volumes of sensor data and offers insights on crowd flow, fleet, system management and so on.

> Public autopilot transport: autopilot buses use cloud control platforms for parking, pickup and charging.

> Drone surveillance: drones equipped with cameras help patrol

premises.

> Tracking system for postal service: more precise tracking for drivers and packages.

> Data centres that run on TNB's Green Electricity Tariff: accelerating industries' sustainability journey through data centres with reduced carbon emissions, aligning with the country's aspiration for net-zero Greenhouse Gas emissions by 2050

> Malaysia's Smart City Framework (MSCF) aims to drive socio-economic status towards the United Nations Sustainable Development Goals, mainly when it comes to the reduction of carbon emissions, investments in renewable energy, energy management and rising economic competitiveness.

A work-in-progress is Ipoh City Council, which envisions becoming a smart and green city by 2030 through its action plan that targets seven domains, including smart living, smart environment, smart governance, smart people, smart digital infrastructure, smart economy and smart mobility.

TM One's smart traffic light with AI traffic optimisation features in Ipoh, as a case in point, adjusts the green light duration based on real-time congestion and a centralised single monitoring platform.

The Ministry of Housing and Local Government (KPKT), on the other hand, leveraged AI and smart services to set up smart security and surveillance systems in 25 localities nationwide. This has enabled local authorities to ensure the safety of the population, reduce crime rates, and enable assistance to be delivered more quickly during emergencies.

Under its smart industry thrust, TM One has facilitated UMW's digital transformation journey by introducing fiberisation and connectivity at UMW's high value manufacturing park, upgrading its information technology infrastructure and services to optimise data centres and efficiency in managing data, improve scalability, as well as offer better cost management.

It is also a strategic partner in UMW's journey into the Fourth Industrial Revolution, helping establish innovative, smart and end-to-end digital solutions via a smart manufacturing IoT software platform with real-time remote access. The need for liveable, sustainable and smart cities has never been greater. By 2050, 66% of the world's population is projected to live in cities, up from 54% today.

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A Stellar Force for Good

Sime Darby Property implements the ABCs of the ESG principles to multiply value for people, planet, and prosperity.

THE VERDICT is in - you are either with or against upholding ESG, and there is no in between. Standing for Environmental, Social and Governance, ESG is most probably the only three-lettered little acronym that can make big organisations shake in their boots.

The next generation is speaking up and they want organisations to do better. A Deloitte survey shows that Gen Zs and Millennials - who will make up more than 60% of workforces by 2025 - want to work with companies that take ESG seriously. In other words, companies that want to remain relevant and attract the next generation of talent cannot ignore the climate crisis, societal issues and governance factors in their business any longer.

For Sime Darby Property Berhad, the path begins with a purpose and ends with it fulfilled. An early adopter of the “triple bottom line” in which People, Planet and Prosperity are aligned, Sime Darby Property is committed to focusing on social and environmental concerns as much as they do on making profit - if not more. So much so that it's even ingrained in the company's Purpose, Vision, Mission and Value statements.

Its Group Managing Director Datuk Azmir Merican said that good ESG practices must be aligned with the purpose of paving the way for communities, the environment, businesses, and the economy to thrive for generations to come. As a Force for Good, the company also consistently emphasises sustainability as a hallmark of everything it does and stands for, in line with its 2030 Sustainability Goals.

“By centring the components of ESG on our business and op-



Rewilding restores ecosystem health by protecting core wild or wilderness areas.

“By centring the components of ESG on our business and operations, Sime Darby Property is also able to fulfil its Purpose to be a Value Multiplier for People, Businesses, Economies, and the Planet,”

- Datuk Azmir Merican,
Group Managing Director
Sime Darby Property

erations, Sime Darby Property is also able to fulfil its Purpose to be a Value Multiplier for People, Businesses, Economies, and the Planet,” he added.

Environment at its Heart

According to ecologist and Tropical Rainforest Conservation and Research Centre (“TRCRC”) Executive Director Dr Dzaeman Dzulkifli, our natural heritage is a natural capital that is a critical economic asset and a great source of net public benefit on which all our livelihoods depend.

“We are currently being faced with the twin crises of climate change and biodiversity loss. And even without the threat of climate change, the protection of ecosystems and biodiversity will remain a priority as healthy ecosystems underpin all life on earth.”

Dr Dzaeman added: “The people and the planet are only as healthy as the ecosystems that we all depend on. The world is beginning to recognise how important biodiversity is, and

there is a greater awareness and need to tackle these twin crises at the same time through nature-based solutions and natural climate solutions.”

Sime Darby Property has partnered with TRCRC to run the conservation programmes at the Elmina Rainforest Knowledge Centre (“ERKC”) with funding support from Yayasan Sime Darby (“YSD”). “Changing the way we do business is essential to addressing the challenges of environmental degradation and climate change. Sime Darby Property is responding to the climate emergency and organisational change will require effort and time. Partnering with us will help to translate some of those sustainability commitments into reality and for greater biodiversity conservation goals to be realised and achieved,” said Dr Dzaeman.



Strategic partnership with an NGO specialising in rainforest conservation.



A Zero Primary-Rainforest Removal Policy to balance land development with tropical rainforest conservation.



Good biodiversity practices to foster a functional ecosystem within the township as it is being developed.



Propagating community engagement and education via “Friends of ERKC”.



Establishing the ERKC for forestry research, conservation, education and recreation.



A tree-for-tree replacement policy, 10% minimum planting target of ERT species.



Sime Darby Property has planted more than 120,000 trees, including more than 24,000 that are ERT species.



The company leans into its core values to make a difference in the community.

“On a community level, Sime Darby Property has a continuous programme and has activated a community interest group called Friends of ERKC, where they will collaborate with TR-CRC to host biodiversity education programmes for local residents and the public. Through activities such as tree planting, bird watching and botany tour, residents can improve their environmental literacy and make an active contribution in conservation,” he said.

Serving a greater purpose, the ERKC and its adjacent Elmina Living Collection Nursery (“ELCN”) allow the company to have a constant supply of forest trees for planting within its townships as well as for external parties for reforestation initiatives.

Can property developers undo the damage on the planet? Regardless of the answer, they should not stop trying.

But how? Well, by conserving what they already have for starters. For Sime Darby Property, it’s rewilding green areas one step at a time. The company has a “zero rainforest remov-

al” practice in its sustainability policies implemented across all townships. The company’s “tree-to-tree replacement” policy returns the land to a more biodiverse state by replacing each oil palm tree felled for development purposes with other trees, focusing on native species. “Although rewilding is a long-term process, its results are shown to be fruitful and lasting for the betterment of the environment and surrounding communities. We have surpassed the company’s policy commitment in planting a minimum of 10% ERT tree species throughout our developments, and we will continue this journey until a valuable impact is made,” said Datuk Azmir.

The Company is looking towards replanting thousands of trees annually and calculating the carbon sequestered in the process.

Laying the foundation for social well-being

The recent years saw the social component of ESG thrust into the limelight. People want companies to do better in address-

ing the communities’ needs, and the voice is only growing louder. Big organisations quickly understood that as part of a community, they have the responsibility to care for their smaller members for the collective success of the society.

For example, tech giant Apple helps educate and empower girls in addition to funding teaching and learning solutions in schools within its community. Coca-Cola reportedly donates at least 1% of its annual operating income to support worthy causes and initiatives, while Microsoft has initiatives around improving skills and employability, and environmental sustainability. It can be safely deducted that socially responsible organisations want to make a positive impact in the world, beginning with their own surroundings.

As with many companies worldwide that are working to improve their ESG performance, Sime Darby Property leans into its core values to make a difference in the community.

Still, humanitarianism is no

solo effort. Sime Darby Property works alongside its philanthropic arm YSD to enhance lives and unlock the power of community, anchored in the latter’s five pillars of conduct: Education, Environment, Community and Health, Sports as well as Arts and Culture.

“Understandably, not every organisation is equipped to assume the mammoth responsibility of doing good for the society, but by making the company a positive force in the community it operates in – that could be the start of a domino effect,” said Dr. Yatela Zainal Abidin, Chief Executive Officer of YSD. She added: “As an organisation grows, it becomes even more important that they maintain relationships and cultivate the feeling of belonging across its communities to avoid becoming disconnected.

Sime Darby Property has steadfastly fulfilled and executed its responsibility in ensuring that its communities are not marginalised in its pursuit of becoming a real estate company, exemplifying the United Nations’ Sustainable Development



Sime Darby Property ensures that its communities are not marginalised in its pursuit of becoming a real estate company.

Goals’ principle of Leaving No One Behind.”

One of the company’s top CSR efforts is its fabric recycling initiative, carried out in partnership with fabric recycling organiser Kloth Cares. For context, of the total municipal solid waste generated in Malaysia, it is estimated that 4% is accounted for by textile waste – and this is just the tip of the iceberg.

We hardly think about the impact our fabrics have on the environment. The World Resources Institute, for one, estimates that it takes as much as 2,700 litres of water – enough to keep a person hydrated for 1,350 days

“Sime Darby Property has steadfastly fulfilled and executed its responsibility in ensuring that its communities are not marginalised in its pursuit of becoming a real estate company, exemplifying the United Nations’ Sustainable Development Goals’ principle of Leaving No One Behind.”

- Dr. Yatela Zainal Abidin,
Chief Executive Officer
Yayasan Sime Darby

– to produce just one piece of cotton shirt. What’s more detrimental is that more than 80% of unwanted garments end up in landfills and incinerators.

In its attempt to reverse the negative effects of textile waste, Sime Darby Property recently mobilised its Fabric Recycling & Collection Drive across three townships – Bandar Bukit Raja and the City of Elmina in Selangor, and KL East in Kuala Lum-



One of the company’s top CSR efforts is its fabric recycling initiative.

pur – and a total of 460 kg of unwanted fabric was collected in just two days!

A developer of effective governance

The ‘G’ or governance pillar of ESG dabbles in the corporate board and management structures, company rules, standards, information releases, auditing as well as compliance matters. And today, the conduct of managers and leaders is being put under the microscope more than ever.

For Sime Darby Property, the aim is to become a stronger proponent of workplace safety and health in the country’s property development industry. Merging workforce safety and ESG not only futureproofs a business but in the long run, benefits both employees and employers.

Staying true to its vision for sustainable prevention, the property developer has reviewed its historical safety and

health performance and has introduced initiatives to implement minimum Health, Safety, Security and Environment (“HSSE”) mandatory requirements across its business. One of the company’s priorities is to work closely with its contractors to tackle their biggest risks and provide the necessary resources and support to mitigate them.

In 2020, Sime Darby Property established its ‘Workers’ Quarters Hygiene Standard’, which not only adheres to government regulations but is further strengthened through best practices adopted from global standards applied in sectors beyond real estate. Further to this, Sime Darby Property inaugurated its ‘Safety Day’ in 2021, themed ‘Comply!’, to instil a safety culture among employees and raise awareness of the importance of having on-site safety standards, supervision, self-regulation and basic safety

compliance and reporting. This was followed by the second instalment in October 2022, with the theme ‘Enforce & Record’.

“The cost of building a workplace where employees feel safe is priceless. If companies want to recruit and keep highly skilled personnel, they must take employee safety seriously. For us at Sime Darby Property, the key priority is to have a comprehensive plan for handling or even prevent workplace safety issues,” said Datuk Azmir.

He added: “Sustainability is redefining business methods and working cultures. In the same way that Sime Darby Property’s dedication towards its fundamental principles of ethics, human rights and sound corporate governance is woven into its company culture, sustainability is a future-proofing approach that succeeds when integrated throughout business processes.”



Small Actions, Big Impacts

Over the years, Sime Darby Property has multiplied value for people, businesses, economies and the planet through its various initiatives. Here's a snapshot of the property developer's ESG journey so far.

Beacon of Workplace Safety and Health

Given the nature of its business, the property developer works very closely with its contractors not only to address their main risks but also ensure that the company's value chain has ample support and resources to manage these risks.

In 2021, Sime Darby Property established its "Workers' Quarters Hygiene Standard", which adheres to gov-

ernment requirements and further strengthened by best practises taken from global standards used in industries beyond property. So far, the Workers' Quarters Hygiene Standard has been implemented at more than 10 job sites with healthy ensured compliance rates.

That same year, the company launched its inaugural "Safety Day" initiative to instil a safety culture among staff members and raise awareness of the significance of having on-site safety standards, supervision, self-regulation, and fundamental safety compliance and reporting. The second instalment was organised in October 2022.



Inclusive Playground at City of Elmina, Shah Alam

Officially launched on
2 March 2022



Open daily from
7 a.m. to 10 p.m.

No entry fees

unicef
for every child

Fulfils United Nations' promise to **Leave No One Behind.**



37 integrated play structure components



For all children with and without disabilities



Contains swing seats, trampoline, climbing net, see-saws, sensory poles and balancing logs



Equipped with ramps and wheelchair-friendly walkways



Customised sculptures and structures



0.54-acre play space

Sime Darby Property Volunteers Programme

At Sime Darby Property, sustainability is about caring for its workforce and communities.

Recognising that its employees are its greatest and most valuable assets, the Company established the Sime Darby Property Volunteers Programme ("SDPVP") in response to the needs of human capital development through employee engagement and community outreach.

Since 2018, Sime Darby has conducted various volunteer projects across the nation, ranging from efforts to assist the community to promoting care for the environment. To-date, the Company has seen over 860 volunteers for its initiatives, and has engaged with approximately 17,000 beneficiaries.



Elmina Rainforest Knowledge Centre

Sime Darby Property works alongside the Tropical Rainforest Conservation & Research Centre ("TRCRC"), a local non-governmental organisation and expert in rainforest conservation and research to operate the Elmina Rainforest Knowledge Centre ("ERKC").

Since 2021, ERKC has impacted over 11,000 individuals via 145 programmes that include webinars, talks, biodiversity education, school outreach,

nursery volunteering, botany tours and workshops.

Serving a greater purpose, the ERKC and its adjacent Elmina Living Collection Nursery ("ELCN") allows the company to have a constant supply of forest trees for planting within its townships as well as for external parties for reforestation initiatives.

Today, TRCRC has successfully propagated a total of 208 species of plants at ELCN, including over 45,000 seeds sowed and more than 10,000 tree saplings stored in its holding area. With long-term support from YSD, TRCRC has also rehabilitated, restored and enriched around 45 hectares of degraded ecosystems across the country.





Global ESG trends to watch

The evolution of environmental, social and governance practices give rise to new developments in sustainability compliance



More organisations are embedding ESG principles into their supply chains to drive responsible sourcing.

Arina Kok

Ernst & Young Consulting



The industry is working with government and NGOs to ensure that local communities have access to resources and are fairly compensated for their work.

Dr Ahmad Parveez Ghulam Kadir

Malaysian Palm Oil Board



Corporate Malaysia continues to strengthen efforts in achieving good corporate governance.

Michelle Kythe Lim

Institute of Corporate Directors Malaysia



Payment of a 'fair living wage' and priority on workers' health and safety are increasing social trends.

Jigar Shah

Maybank Investment Banking Group

By YAP LENG KUEN

OVER the last two to three years, companies have made a lot of commitment to achieve net zero and a carbon neutral economy by 2050.

It is now time for action – to see these plans being implemented amidst the challenge to ensure that environmental, social and governance (ESG) components are managed as a whole, not separately in silos.

The whole operational layer of the company should get involved as ESG key performance indicators (KPIs) are reflected in those of the C-suite, among the top management, rather than just the traditional business KPIs.

But as our understanding of ESG evolves, so too do the trends revolving around ESG.

Among the key trends, as we move into 2023, include:

ENVIRONMENTAL

> Focus on implementation on net zero targets through specific initiatives and plans, rather than pledges. Organisations are also quantifying and sharing data on positive impact related to ESG concerns.

> Emergence of awareness on the

importance of protecting biodiversity to combat biodiversity loss, in addition to addressing pressing climate change concerns.

> Increased visibility and transparency related to public disclosures to better inform stakeholders, as a result of regulatory drive in better reporting practices.

> A wave of new opportunities related to the environment, such as renewables, electric vehicles and energy security, regenerative farming practices, as well as green as sustainable buildings.

SOCIAL

> Increased understanding on the need to achieve a just transition for all.

> Small and medium enterprises (SMEs) must be encouraged to jump onboard the ESG bandwagon to shift the needle in achieving a net-zero future.

> Continued scrutiny on human and labour rights, payment of a 'fair living wage' and priority on workers' health and safety, alongside requirements for due diligence.

> Greater adoption of diversity, equity and inclusion practices to foster a facilitative, inclusive culture, as well as their disclosure.

> Opportunities in increased female

participation on boards and in the workforce, inclusion of marginalised communities in employment and reduction in income inequality.

GOVERNANCE

> Rising need for agile governance, driven by the recent slew of enhancements and requirements to the sustainability reporting framework.

> With more stringent and complex requirements, technology is increasingly needed to enable organisations to track and measure performance indicators, as well as gauge and gather data performance from all value chain levels.

> Proper governance and frameworks need to be put in place to ensure the accuracy of data performance in helping businesses with the risk mitigation and decision-making processes.

> A shift towards stakeholder (investors, employees, customers and suppliers) issues (away from the singular emphasis on shareholders), risk management of material ESG factors and increased disclosure of ESG data, as well as the linking of ESG outcome with executive compensation.



Upcoming trends in governance involve moving to impact and outcomes disclosure, beyond input and process efforts.

Andrew Chan

PwC Southeast Asia

More net-zero roadmaps and action expected in 2023

A lot of commitments towards net zero and a carbon neutral economy by 2050 have been made.

More focus on implementation is expected in 2023; we will see earlier adopters disclose the financial impact of climate change through the Taskforce on Climate-Related Financial Disclosures (TCFD) framework.

Under the TCFD, disclosures are recommended under governance, strategy, risk management, metrics and targets.

Environmental issues have become a political weapon to certain countries or parties in protecting their own interests.

In Malaysia, the palm oil industry receives heavy scrutiny and criticism despite having focused on environmental, social and governance (ESG) considerations since the early 2000s; its mission is to promote the sustainability of certified palm oil.

An interesting trend is that beyond process-driven metrics that are used to track performance of a business process, leading companies are sharing on impacts and outcomes, going as far as quantifying their contribution to the economy and society.

Spotlight on biodiversity

In terms of biodiversity, more companies are expected to assess the biodiversity impact, which is similar to the process for climate change.

The Taskforce on Nature-related Financial Disclosures (TNFD) framework enables companies and financial institutions to integrate nature into decision-making.

“Some in the palm oil industry are already looking into it; watch this space (on biodiversity), it is going to pick up quite quickly,” said PwC Southeast Asia’s sustainability and climate change leader Andrew Chan.

At the United Nations biodiversity summit in Montreal, about 200 countries had agreed to a

new set of goals and targets to ‘halt and reverse’ biodiversity loss by the end of the decade.

Countries are expected to get transnational and large companies to assess the impact on biodiversity on them and vice versa.

Greater ESG integration, visibility

Greater and more visible ESG integration will be seen within organisational and business strategy as well as operations.

This is because green, more carbon friendly or neutral businesses are becoming mainstream, with sustainability, including climate change issues, anchoring corporate strategy.

Investing in the right talent, knowledge and capabilities with capable boards, directors, senior management will be key, as organisations and businesses get ready to integrate and execute ESG strategies, as well as measure and report their performance accurately, said Institute of Corporate Directors Malaysia president and chief executive officer Michelle Kythe Lim.

These tasks are becoming challenging especially with Bursa Malaysia’s recent update of the Sustainability Reporting Framework that requires main market-listed companies to provide climate change-related disclosures, that are aligned to TCFD recommendations for financial year end on or after December 31, 2025.

Moreover, the launch of the Voluntary Carbon Market Exchange enables companies to purchase voluntary carbon credits from climate friendly projects and solutions.

“We are likely to see higher interest among local investors who are more attracted to organisational decarbonisation plans,” said Ernst & Young Consulting Sdn Bhd Malaysia Climate Change and Sustainability Services leader Arina Kok.

This is as companies are guided by Bank Negara requirements in its Policy Document on Climate Risk Management and Scenario Analysis that is aimed at enhancing resilience against climate-related risks.

At the same time, the International Financial Reporting Standards is finalising the requirements for climate-related disclosures, which require companies to disclose their Scope 1 (direct), Scope 2 (indirect) and Scope 3 (along the value chain) greenhouse gas emissions.

Institutional investors are aligning their portfolios towards better ESG performance.

The key trends in 2023 relating to the environment, said Maybank Investment Banking Group head of ESG research Jigar Shah, are likely to be:

- > Increased penetration of renewables and battery storage systems as energy security takes priority for many countries.
- > Continued flow of investments into new green hydrogen projects.
- > Turning point in electric vehicles penetration in many countries, supported by government regulations, policy incentives and infrastructure investments.
- > Increased practices for regenerative farming.
- > Shift towards green and sustainable buildings.

Key emerging opportunities

Among major opportunities in 2023, there could be a shift of financial flows into climate change-related investments, as well as provision of loss and damage funds to the poor countries most at risk from natural catastrophes.

Incorporating ‘nature’ into ESG disclosure metrics and implementing policies to protect the forests, oceans and other biodiversity is another opportunity, as well as the expansion and scaling up of voluntary carbon markets.

Challenges include not achieving peak of coal and other fossil fuels in use; coal use is expected to peak in the next five years, with a drop of 45% in its net zero emissions scenario by 2050, said the International Energy Agency.

Among concerns are subsidies being continued for fossil fuel in developed markets; greenwashing and other poor practices hurting the real utility of ESG adoption and a shortfall in investments into the low carbon transition.

In its constant effort to promote palm oil sustainability and a positive perception,

Among the major opportunities in 2023, there could be a shift of financial flows into climate change-related investments, as well as provision of loss and damage funds to the poor countries most at risk from natural catastrophes.

the palm oil industry will likely see a rising market for certified sustainable palm oil, said Malaysian Palm Oil Board director-general Datuk Dr Ahmad Parveez Ghulam Kadir.

The Malaysian Sustainable Palm Oil certification scheme covers various aspects of sustainable palm oil production on land use, biodiversity conservation, water management and labour rights.

More stringent deforestation regulations and peatland conversion will be linked to palm oil, as Malaysia is focusing more on agroforestry systems and zero-deforestation supply chain.

Further investments in energy efficient and low carbon production technologies will be made to reduce the environmental impact of the palm oil industry.

Increased awareness of pests and diseases will be a rising trend, as climate change increases the risk of pests spreading in agricultural and forestry ecosystems – an increasing threat to food security and the environment.

The trend in application and utilisation of microbes as a biological control agent and plant growth enhancer, will keep increasing as the industry is keen on sustaining soil health.

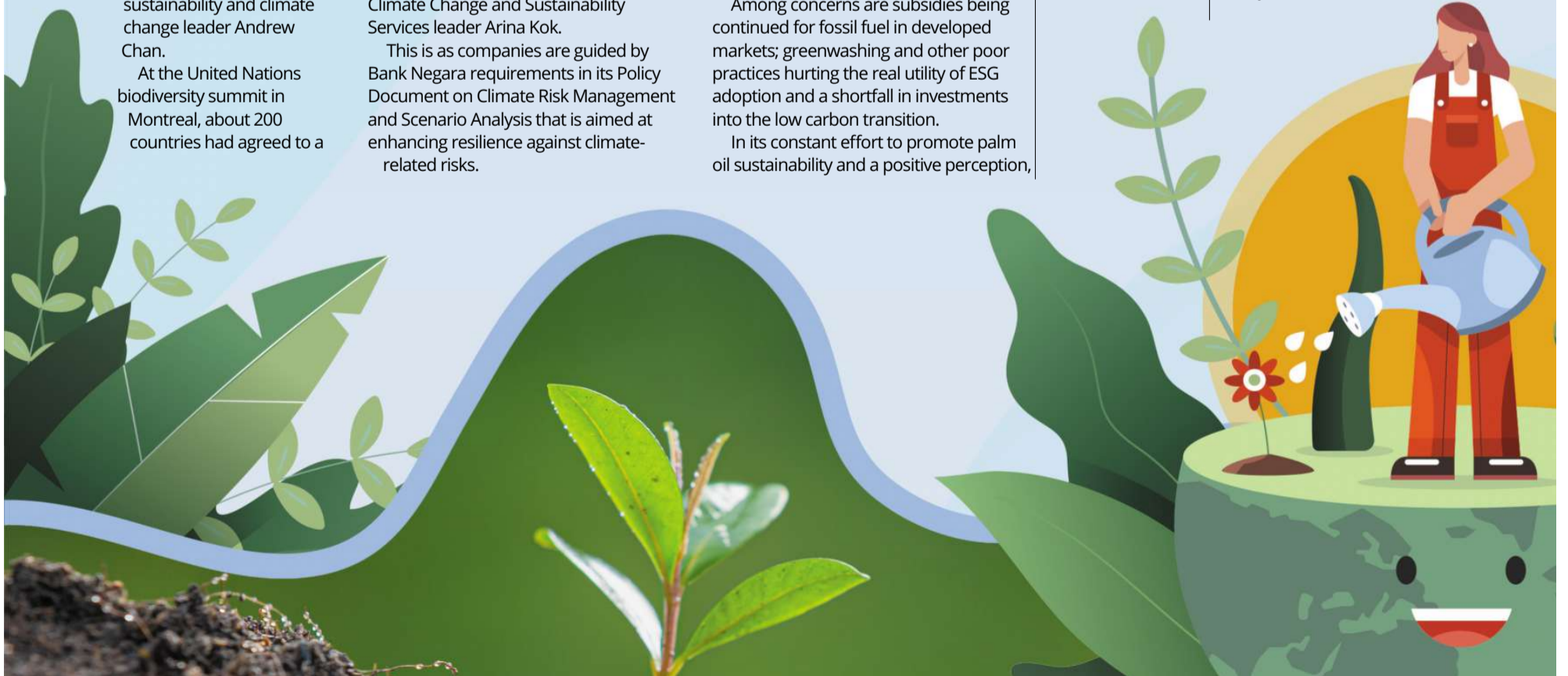
Developing high-tech tools for pest and disease management, such as aerial monitoring and control as well as artificial intelligence modelling prediction, are some future opportunities.

In mitigating challenges posed by increasingly extreme weather and climate change, research and development efforts to improve planting materials, especially varieties that are more tolerant to disease as well as more resilient to drought and flooding, will continue to be a priority.

Amidst the advent of geospatial technology with remote sensing and high-resolution imagery, precision agriculture can be realised.

Going forward, the palm oil industry can be a global leader in sustainable agriculture and a model for other seed crops, in advancing precision agriculture and advocating smart agriculture.

Exciting trends in 2023 point to greater awareness and commitments on ESG as well as follow-up actions in terms of implementation, disclosure and measurement, to make these plans a reality.



If a big company achieves net-zero emissions by 2050, but some of the small companies along the value chain do not make it, would that still be regarded as a just transition?

Small companies may not have to achieve net zero themselves, but their buyers who have net zero commitments may switch to suppliers with a lower carbon footprint, if these small companies do not reduce their climate footprint and improve their sustainability performance.

We have to think of the social elements, take care of others along the value chain and not leave the small and medium scale enterprises (SMEs) behind.

Too many companies are mainly focussing on the environmental aspect in silo and not factoring into their responses, the impact of climate change on people, communities and their boundary of responsibility.

A just transition ensures that action on climate change includes ways that are as fair and inclusive as possible, leaving no-one behind.

"With a significant portion of Malaysia's workforce employed by SMEs, more attention should be given to the SME sector especially to those that, following the Covid-19 pandemic, cannot afford to add cost to take care of their sustainability agenda," said PwC Southeast Asia's sustainability and climate change leader Andrew Chan.

SMEs are the backbone of the Malaysian economy, accounting for 97.2% of total business establishments, generating 38.2% of the gross domestic product and providing employment for 7.3 million people.

Whose responsibility is it to take care of them, and how are the costs and benefits of response distributed across the value chain?

In terms of ESG financing to SMEs, there is insufficient data to provide sustainability-linked loans.

Eye on the people

Besides managing the change and impact on natural systems, at-risk groups should be protected and climate financing boosted.

With Malaysia still in Tier 3 (not fully compliant) of the United States human trafficking report, there will be continued scrutiny on labour rights and requirements for due diligence, thus increasing the costs of doing business. On July 19, the US Department of State had released the 2022 Trafficking in Persons Report.

Greater adoption of diversity, equity and inclusion practices as well as their disclosure, ensures that people with different backgrounds work together as a team, as companies invest more time and effort to build relationships among inclusive cultures.

Payment of a 'fair living wage' and priority on workers' health and safety are increasing social trends, said Maybank Investment Banking Group head of ESG research Jigar Shah.

Among opportunities are increased female participation on boards and in the workforce, inclusion of marginalised communities in employment and reduction in income inequality.

Challenges include the lack of quota for women in boards and overall job opportunities, no specific regulation on payment of 'fair living wage,' as well as the rising gap between executive and worker pay.

The health, safety and well-being of people (employees, customers and the community) remain priorities.

That Kuala Lumpur has been rated third most over-worked city in the world by mobile access technology firm Kisi, is a matter of serious concern.

Leaving no one behind in a just transition

"Human rights will be a rising topic, while more organisations are embedding ESG principles into their supply chains to drive responsible sourcing," said Ernst & Young Consulting Malaysia climate change and sustainability services leader Arina Kok.

In the palm oil industry, there is increasing public scrutiny and criticism of the industry's labour practices, especially in relation to the use of child labour and unsafe working conditions.

Increasing attention is focussed on human rights of local communities in palm oil production regions, as well as land rights and access to resources such as water, land and labour.

"The industry is working with government and non-governmental organizations to ensure that local communities have access to resources and are fairly compensated for their work," said Malaysian Palm Oil Board director-general Datuk Dr Ahmad Parveez Ghulam Kadir.

Issues to be looked into include land conflicts between large scale palm oil producers and local communities and smallholders, as well as conflicts over customary land tenure of communities and smallholders.

There is also growing awareness and pressure from environmental groups, governments and consumers to adopt sustainable and ethical production practices.

Lack of access to financing and training for smallholder farmers lead to reduced

efficiency and production levels.

"Issues such as social conflict and labour rights will continue to be used as tools to worsen the palm oil market; it is hoped that under the new leadership, there will be new policies that will attract more interest in palm oil from global markets," said Ahmad Parveez.

Changing consumer behaviour

Changes in customer preferences for sustainable products might see palm oil companies placing more importance on ESG.

Increased efforts will be made to tackle issues of consumer perception and satisfaction, community relations, human rights and labour standards.

More education will be conducted on sustainable development goals to encourage

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Andrew Chan
PwC Southeast Asia



business and industry entities to adhere to associated guidelines and proposed actions.

About 30% of smallholders make up the total oil palm cultivated area in Malaysia; they should be provided with high-yielding quality planting materials, with tissue culture-derived oil palms to be made more widely available.

Stricter quality assessment will be put in place to ensure that nurseries and smallholdings are free from non-tenera (commercial) contamination to help boost overall productivity.

Advocating the use of technology in agricultural practices will also help to elevate livelihood and improve the status of farming in general.

Inclusiveness is key in the social agenda of ESG, where everyone has a role to play and benefits within a realm of care as we work towards a better society.

Good governance vital in managing ESG

ENVIRONMENTAL, social and governance (ESG) strategies should be managed as a whole, not in silos and good governance underpins the ability to manage them well.

As a sign of good governance, more companies will be moving towards implementation of their ESG strategies to avoid the greenwash risk of commitments not backed by robust implementation. This includes how ESG is being delivered in corporate functions – the variety of tasks involved in the running of a company.

“Upcoming trends in governance involve moving to impact and outcomes disclosure, beyond input and process efforts, as well as applying ESG key performance indicators to the compensation of senior executives,” said PwC Southeast Asia’s sustainability and climate change leader Andrew Chan.

For any strategy or policy to succeed, it must be driven by a strong and positive culture, supported by a robust governance framework and performance management structures that will shape and motivate right behaviours.

Heightened market scrutiny

As corporate Malaysia continues to strengthen its corporate governance standards, the scrutiny of the industry and market has heightened, with higher

Among the major opportunities in 2023, include a shift of financial flows into climate change-related investments, as well as provision of loss and damage funds to the poor countries most at risk from natural catastrophes.

expectations on transparency and accountability.

Increased investments in the right talent from board level downwards will be crucial as the board takes on the role of governance, and makes key decisions on the direction of the company.

Board capability is integral to an organisation as governance activities such as oversight, strategic and financial planning as well as decision-making, fall under the duties of the board.

Transparency is key – we need to ensure that the right competencies and expertise are put in place to lead business and that there is no conflict of interest.

“The recent announcement on the termination of political appointees at federal statutory bodies and government-linked companies is a step in the right direction as Corporate Malaysia continues to strengthen efforts in achieving good corporate governance,” said Institute of Corporate Directors Malaysia president and CEO Michelle Kythe Lim.

In 2023, companies will focus on developing relevant frameworks, platforms and processes that enable them to meaningfully and accurately determine, track and measure performance on a consistent basis.

This is driven by the recent slew of enhancements and requirements to the sustainability reporting framework.

Reporting framework enhancement

The latest update to Bursa Malaysia’s Sustainability Reporting Guide to include the climate change reporting framework, saw enhanced reporting requirements for both Main and ACE markets, to elevate and align sustainability practices and disclosures of listed issuers to follow global standards.

Bursa Malaysia’s memorandum of understanding with the London Exchange Group aims to, among other things, expand the Financial Times Stock

Exchange (FTSE) coverage of ESG scores to include all public listed companies on both Main and ACE markets, and collaborate on ESG educational initiatives.

With more stringent and complex requirements, technology is increasingly needed to enable organisations to track and measure performance indicators.

Technology can also enable businesses to gauge and gather data performance from all value chain levels.

Proper governance and frameworks need to be put in place to ensure the accuracy of data performance in helping businesses with the risk mitigation and decision-making processes.

Other key trends include the shift towards stakeholder (investors, employees, customers and suppliers) issues (away from the singular emphasis on shareholders), risk management of material ESG factors, and increased disclosure of ESG data as well as the linking of ESG outcome with executive compensation, said Maybank Investment Banking Group head of ESG research Jigar Shah.

Among challenges to good governance are high costs and lack of skilled manpower to implement ESG, as well as difficulty in measuring return on investment in relation to ESG.

Creating positive impact

With good governance, the company can create positive impact for society and its employees, while managing shareholder risks and increasing their value.

The company can also raise low-cost funds from green and sustainable sources.

In the palm oil industry, which still receives a lot of scrutiny and criticism, transparency and traceability (referring to the source or origin) are governance issues.

These involve prevention of wrongdoing such as lobbying and corruption in the vegetable oil business, and monitoring of the traceability, safety

and authenticity of palm oil through certification and reporting mechanisms.

Usage of technologies such as drone sensors, also helps to improve traceability along the value chain.

With the changing global scenario, there is now a need for agile governance, said Malaysian Palm Oil Board director-general Datuk Dr Ahmad Parveez Ghulam Kadir.

Against harmonised ESG reporting standards worldwide, local laws and regulations also need to be considered.

The benefits of technological progress should be quickly seized to add value to the industry, while there should be political will to execute DNA testing to ensure quality seeds are produced, added Ahmad Parveez.

Through traceability, fraudulent practices can be curbed, while the ability to monitor the whole supply chain would enable fairer equity distribution.

Challenges in governance in the palm oil sector, include:

- > Improving the efficiency of palm oil production to reduce greenhouse gas emissions.
- > Developing sustainable palm oil plantations that conserve biodiversity.
- > Implementing programmes to support smallholders to adopt sustainable practices.
- > Improving the working conditions and labour standards in the palm oil industry.
- > Engaging with stakeholders to raise awareness of the importance of sustainable palm oil production.

As the government agency responsible for the sustainable and accountable management of palm oil production, MPOB has developed initiatives to strengthen government policies and regulation in relation to the palm oil sector, as well as increase transparency and accountability in palm oil production and supply chains.

MPOB also stresses on more effective enforcement of laws and regulations related to the palm oil sector, promoting the development of sustainable agricultural practices and technologies, as well as encouraging investment in research and development of new technologies for palm oil production.

Going into 2023, more efforts will be made towards good governance, which is the foundation of a successful ESG programme that will appeal to investors, consumers and other stakeholders.





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Readying the talents of tomorrow

ESG integration a competitive advantage for companies in attracting and retaining talent

By CALYN YAP
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CONVERSATIONS revolving around environmental, social and governance (ESG) considerations have largely been dominated by the environmental and governance aspects – be it climate change and the resulting climate disasters or corruption concerns.

What has not been given due attention, however, is the importance of social in the ESG equation.

Within ESG, the social criterion examines the impact of an organisation's operations on the labour and human rights of its employees and other community members. An evolution of traditional human resource practices, it now encompasses everything from diversity, equity and inclusion (DE&I) efforts to employee volunteer hours, workplace conditions, as well as pay parity and equity.

A study by Marsh McLennan on 'ESG as a Workforce Strategy', for instance, revealed that ESG performance will function increasingly as a competitive advantage to companies, serving to engage today's employees and attract tomorrow's talent.

This means that against growing global awareness on the necessity of sustainability among governments, businesses and consumers alike, companies can no longer afford to see ESG as a 'nice to have'.

Talent Corporation Malaysia Bhd (TalentCorp) group chief executive officer Thomas Mathew explained, "An organisation's impact on workers and employees is essential in reducing risk and ensuring the business runs responsibly.

"The impact of implementing policies on the social aspect of ESG can increase long-term profits and attract ESG conscious investors.

"It also reflects the company's moral values that attract talent, investors, partnerships and the public in the long run."

The social imperative

Despite its importance, Thomas pointed out that the social element is often overlooked in ESG investing as it is more vague and subjective in nature, making it harder to quantify.

But that's exactly what TalentCorp, the national agency under the Ministry of Human Resources with the mandate to drive Malaysia's talent strategy towards achieving high-income status, seeks to change.

"At its core, the social element is about building trust. All business transactions are built around trust. By promoting social good and forging healthy relationships, that level of trust between all stakeholders will grow and investor confidence will grow with it," he shared.

As such, to support the growth and well-being of all Malaysians, TalentCorp partners with the public and private sectors on initiatives that attract, nurture and retain the right expertise needed to meet current and future talent demands.

He added, "That is why we advocate for forward-thinking policies and build strategic collaborations to give rise to a holistic and progressive Malaysian work, workplace and workforce.

To do so, TalentCorp has over 30 key initiatives for all layers of Malaysian society – including students, graduates, working professionals, women making career comebacks, the Malaysian diaspora, high-skilled expatriates, employers and stakeholders in the industry and academia – that exemplify its DE&I imperative.

These initiatives, which support and promote social best practices for employers to implement at their workplaces, underline TalentCorp's mandate to ensure that Malaysia's talent ecosystem is market-driven and dynamic.

"We promote inclusive policies that prevent discrimination and build a positive environment at work.

"At the end of the day, a company or portfolio is only as good as its reputation. Tackling social concerns and championing social equity, equality and forward-thinking business strategies are core parts of ESG," he advised.

Spotlight on DE&I

Among TalentCorp's initiatives include the Career Comeback Programme, which seeks to encourage professional women on a career break to make a comeback to encourage diversity in companies and reduce gender disparity of talents. To further support



TalentCorp's National Diversity Summit x Women Career Convention was launched in August 2022 in Penang, officiated by Human Resources deputy secretary-general (policy & international) A. Maniam, accompanied by Penang social development and non-Islamic affairs exco member Chong Eng, with TalentCorp's Thomas Mathew and the TalentCorp board of directors, as well as TalentCorp partner committee reps from Micron Memory Malaysia, Keysight Technologies, Penang Women Development Corporation, Motorola Solutions Malaysia, Intel Malaysia and Dell Technologies Malaysia.



An organisation's impact on workers and employees is essential in reducing risk and ensuring the business runs responsibly.

Thomas Mathew
Talent Corporation
Malaysia Bhd group
chief executive officer



such efforts, there is a tax exemption under the programme for eligible women making a career comeback after a two-year hiatus. Moreover, the agency also provides skill-building workshops to help prepare professional women to return to the workforce with confidence.

He further said, "Educating employees or providing enrichment budgets are also ways that companies can improve their social scores."

While encouraging the participation of more women in the talent pool, Thomas pointed out that women play dual roles in that they also nurture the future generation, which is essential to ensuring sustainability.

With that, TalentCorp introduced the Flexible Work Arrangements (FWA)@Workplace in 2022 to actively advocate and provide employers with support in implementing structured FWA that will benefit both men and women in the workforce.

A free three-step programme for employers – including the FWA readiness assessment, FWA bootcamps and workshops, as well as a tailored 10-day FWA consultation for implementation – FWA@Workplace has helped employees improve their work/life balance and built trust between employers and employees.

Realising that women leave the workforce largely due to unpaid childcare and domestic work, the

agency has always sought to break down systematic barriers associated with the work environment.

The Childcare@Workplace Grant, for one, aims to support industry-driven childcare centres to encourage greater availability of affordable and quality childcare facilities for working parents in the private sector.

In November 2022, Micron Malaysia, in collaboration with the Penang state government and TalentCorp, launched Malaysia's first industry-driven childcare centre in the Batu Kawan Industrial Park.

In recognition that awareness on social issues need to start at an earlier age, TalentCorp has undertaken programmes in various secondary schools throughout the year to share information and knowledge on gender issues – including the potential difficulties for women seeking to return to work when they are older – with young Malaysians.

Youths were also provided with tools to help them understand that their chosen fields of study do not 'trap' them in a single profession.

TalentCorp has also established the Life at Work Awards (LAWA) to recognise good employer practices that promote work/life balance to inspire other employers. Winners of the award can carry the LAWA logo of endorsement in recognition of exemplary DE&I practices.



Companies small or large must embrace ESG integration for a sustainable, profitable future.

Future-proofing economic growth through sustainability

Mida leads the way to facilitate, promote sustainable investment to champion the nation's green agenda

In addressing the need to shape a more sustainable world, environmental, social and governance (ESG) considerations are seen as key resolutions for industries to grow sustainably and responsibly.

It is thus imperative for businesses to adopt a tangible, practical plan whilst embedding these principles – from investment to sustainable innovation.

In line with the global recognition and emphasis on green growth, the Malaysian Government is committed to drive sustainability and inclusivity as outlined in the Twelfth Malaysia Plan (12MP).

The commitment is to achieve net-zero greenhouse gas (GHG) emissions by 2050 earliest, solidifying the national green technology agenda, which consists of a range of initiatives and policies that aim to increase the use of environment-friendly approaches in every sector.

This is in order to reduce the reliance on fossil fuels and environmental impact.

Companies are encouraged to embrace ESG elements, because it is an increasing denominator in determining company valuation, as well as influencing investors' and consumers' confidence, said Malaysian Investment Development Authority (Mida) chief executive officer Datuk Wira Arham Abdul Rahman.

The agenda will not only spur Malaysia's economy and social well-being, but also drive the services sector, as well as motivate companies to acquire assets that have been identified as green.

As the Government's principal agency for the promotion of investment in the manufacturing and services sectors in Malaysia, Mida facilitates companies in the manufacturing and selected services sectors towards adopting and adapting technology and automation, incorporating green and sustainable processes, as well as undertaking higher value-added activities such as research and development.

Aspiring for sustainable growth

Growing sustainability-centric policies such as the Carbon Border Adjustment Mechanism and wider interest in carbon pricing are putting Malaysia's exports at risk, which can cascade into losses in the national gross domestic product (GDP) and a prolonged decrease in employment opportunities, amidst expectations of a global recession.

In response to shifting focus towards sustainability, Mida believes that Malaysia needs to adopt a two-pronged approach.

First, a defensive approach that aims to support Malaysia's local ecosystem in transitioning to meet national and global commitments to net zero in the next few decades.

Second, an offensive approach to ensure the right enablers are established to facilitate new green growth ecosystems that will become the economic engines of tomorrow's economy.

Ultimately, the transition towards sustainability and meeting Malaysia's commitment to be net zero by 2050 has net benefits for the economy in terms of GDP and job creation.

With investments being one of the main forces driving the economy, it is imperative that a strong progressive policy is developed to attract foreign investment, which will in turn spur domestic investment and bolster supply chain linkages.

To achieve this, Malaysia continues to maintain an open-door policy to ensure a robust and vibrant economic ecosystem, boosting competitiveness and improving the ease of doing business.

The country is aggressively embracing ESG principles as part of the global megatrends by rolling out pragmatic investment strategies and criteria for institutions and economies, which also includes rapid technological breakthroughs and broad digitalisation. The New Investment Policy (NIP) outlines significant strategies to reinvigorate and catalyse Malaysia's investment ecosystem to achieve sustainable economic growth; provide high-quality and high-tech employment opportunities; improve people's lives and livelihoods and secure shared prosperity.

Among the NIP's strategic thrusts is the formulation of a unified investment strategy and the ESG agenda, including actions such as:

- > Develop sector-level sustainability roadmaps with policies to holistically support ecosystem transition.
- > Develop mechanisms to strengthen accountability amongst industry players and government.
- > Coordinate market forces to support ecosystem transition.
- > Strengthen ESG disclosure requirements for companies.
- > Set a clear transition plan for phased adoption of new ESG disclosure requirements.

These will help strengthen industry response on sustainability trends, enhance clarity on milestones and goals for companies to accelerate the transition to sustainability, alongside enhancing Malaysia's global competitiveness.

Mida is integral in supporting the nation's agenda in attracting high-quality investments from foreign and domestic companies into Malaysia through various investment strategies and policy initiatives, in addition to helping companies tackle ESG challenges to boost corporate profits and economic growth.

Sustainable, green investment

Green service providers play an important role in facilitating the uptake of green technology.

Companies are thus encouraged to invest in harnessing renewable energy (RE) sources, including solar, biomass, biogas and mini-hydro and to use energy efficiency (EE) equipment and qualifying green services.

There are many untapped opportunities for services-related to RE, EE, support services for electric vehicles (EV) such as EV charging stations, the operation of EV charging stations and maintenance, certification and verification, as well as green townships.

The National Automotive Policy (NAP) 2020 emphasised the need for adoption of Energy Efficient Vehicles (EEV) including EV in line with Malaysia's commitment to reduce carbon emissions under the UN Framework Convention on Climate Change.

The NAP has also outlined several specific initiatives to strengthen the EEV and EV ecosystem that will spur technology transfer and develop the know-how for the local automotive industry to thrive.

In addition, the Low Carbon Mobility Blueprint (LCMB) 2021-2030 was introduced by the Government of Malaysia to focus on vehicle fuel economy and emission improvement, EV and low emission vehicle adoption, alternative fuel adoption and GHG emission and energy reduction via mode shifts.

Through Mida, the Government offers the Green Investment Tax Allowance and Green Income Tax Exemption (GITE) to encourage companies to invest in RE.

In addition, the agency has proactively taken the initiative to ensure investors have access to the right infrastructure, proper facilities and skilled talent to cater to the requirements of businesses.

Among the initiatives and assistance provided by Mida to industries include the Pioneer Status, Investment Tax Allowance, Industry4WRD Intervention Fund and Automation Capital Allowance.

Mida's aim is to continue engaging

Companies are encouraged to embrace ESG elements, because it is an increasing denominator in determining company valuation, as well as influencing investors' and consumers' confidence.



Datuk Wira Arham Abdul Rahman

Malaysian Investment Development Authority

and facilitating purpose-driven companies in building sustainable supply chains, taking actionable initiatives for net zero commitments, empowering talent management and improving ESG reporting.

It is also working with the United Nations Development Programme in developing the SDG Investor Map for Malaysia, which is an essential tool that will help investors identify investment opportunities that contribute to the sustainability agenda and deliver significant returns.

Towards green financing

From 2017 to September 2022, Mida has approved investments amounting to RM16.2bil in 2,845 green projects and services.

A total of 60 green services projects with RM0.3bil proposed operational expenditure under the GITE was approved for RE, EE, green buildings, as well as green certification and verification.

From January to September this year, a total of RM1.18bil of investments was approved for green technology, with green projects accounting for more than RM1.17bil in 559 projects, creating 551 jobs.

On the bilateral investment and trade front, Malaysia and Singapore have concluded a framework of cooperation in the digital and green economy in August 2022.

In this regard, aligning with the Twelfth Malaysia Plan, the agreed areas of cooperation are part of the Government's initiative to expedite the adoption of ESG and green economy transition for the local manufacturing sector, especially among small and medium enterprises (SMEs).

This is because SMEs must embrace the ESG agenda to gain access to greater opportunities and financing, whereby the Government will prioritise capability enhancement to facilitate SME compliance with ESG targets.

Similarly, multinational corporations should continue to serve as lighthouses to the SMEs in the ESG integration process.

As Malaysia grows its economy post-pandemic, it will continuously promote and demonstrate its commitment towards ESG values through its policies, regulations, as well as decision-making – with Mida continuing to be proactive in supporting the Government's aspirations in vigorously leading the way to facilitate and promote sustainable investments.

Leading perspectives

Industry leaders give their viewpoints on the latest trends in ESG practices

AS the year comes to a close and another breaches the horizon, companies big and small brace themselves for a predicted challenging year ahead. Compounded by the whispers of an oncoming global recession, many may find it difficult to see the correlation of ESG values and surviving what will be hard months ahead. It is in these uncertain times that the enlightened advice from corporate and industry leaders may hold nuggets of truth – thoughts that can inspire those overwhelmed by the many foreboding news. Here are some shared perspectives to add impetus towards striving forward in sustainability and greater accountability.

Bursa Malaysia

AS a frontline regulator, Bursa Malaysia continues to be one of the strongest proponents of good ESG practices and disclosures within Corporate Malaysia. In the sustainability reporting landscape, we are seeing the convergence of sustainability reporting standards and frameworks through the work of the International Sustainability Standards Board. In addition, there is a heightened demand for not only comparable, but credible high quality sustainability disclosures.

The European Union is moving forward with the implementation of their Corporate Sustainability Reporting Directive, which will require corporates in EU to report to the same set of standards developed by the European Financial Reporting Advisory Group. In relation to this, Bursa Malaysia recently rolled out our enhanced Sustainability Reporting Framework in September 2022.

All these developments will undoubtedly have an impact on Malaysian businesses – both public listed companies (PLCs) and the small and medium enterprises (SME) community – moving forward into 2023.

In terms of the enhanced listing requirements, Main Market PLCs will now be required to include the following disclosures in their Sustainability Statements:

- (i) a common set of prescribed sustainability matters and indicators that are deemed material for all PLCs;
- (ii) climate change-related disclosures that are aligned with Task Force on Climate-related Financial Disclosures (TCFD) Recommendations;
- (iii) at least three financial years' data for each reported indicator, corresponding targets (if any) as well as a summary of such data and corresponding performance target(s) in a prescribed format; and
- (iv) a statement on whether the Sustainability Statement has been reviewed internally by internal auditors or independently assured.

The sustainability reporting requirements for ACE Market PLCs have also been strengthened to align with those of the Main Market. In terms of climate change reporting, ACE Market PLCs are now required to disclose a basic plan to transition towards a low carbon economy.

In a related development, Malaysian financial institutions are enhancing efforts to integrate ESG-related considerations into their lending, insuring and investment decisions. More specifically, banks, insurers and asset managers would expect better ESG-related practices as well as associated data from their clients/portfolios, be it PLCs or SMEs.

Hence, the SME community urgently needs more assistance in terms of internalising ESG practices and disclosures as they are relatively less able to embrace such practices as compared with their larger counterparts. In this regard, both regulators and financial institutions are working closely together on initiatives through the Joint Committee on Climate Change (JC3) platform to raise SMEs' awareness of critical ESG issues and facilitate their adoption of basic ESG practices.

Ultimately, all these efforts would contribute towards elevating PLCs' ESG practices and disclosures, broaden the ESG ecosystem, while also supporting the exchange's goal of being a sustainability catalyst in the Malaysian capital market.

More recently, Malaysia's first voluntary carbon market, the Bursa Carbon Exchange (BCX) was introduced. The BCX is the world's first Shariah-compliant carbon exchange, allowing businesses to trade voluntary carbon credits from climate-friendly projects and solutions to offset their carbon footprint. The BCX is one of the strategies to help Malaysia achieve its goal of net zero greenhouse gas emissions as early as 2050, while accelerating Corporate Malaysia's transition to a green economy and meeting global demand for a sustainable supply chain.



Low Yuan Lung
Managing director of Hyundai-Sime Darby Motors

MARKETS are in different stages of development when it comes to electric vehicles (EV), and I believe Malaysia's focus will be on expanding the EV charging station network to accommodate the growing adoption of EVs here.

This will be exceedingly important as more EVs are being introduced here to meet the growing demand. For Hyundai, the IONIQ 6 is the next exciting model to watch out for.

As the automotive industry is ever evolving, Hyundai has always sought to stay ahead of the curve. We have recently announced a new global strategy to

transform all vehicles to "Software Defined Vehicles" or SDVs by 2025.

The industry leading initiative delivers an unprecedented era of mobility, giving customers the freedom to remotely upgrade the performance and functionality of vehicles anywhere at any time and remain up-to-date.

Through over-the-air (OTA) updates, vehicle functions that cover safety, convenience, connectivity, security and driving performance can be enabled or upgraded, and all vehicles from the group will be equipped to receive OTA updates by 2025.

We also anticipate that the trend of

Securities Commission Malaysia

MALAYSIA will certainly pull out all the stops to ensure the scaling up of sustainable finance. The Securities Commission Malaysia is fully committed to continue with ongoing policies and measures to further deepen and broaden the domestic sustainable and responsible investment ecosystem.

Only through a transformational shift to climate action, as well as greater accessibility to sustainable finance, can we ensure that no individual – and business – is left behind in this net zero journey.

From the perspective of sustainable finance, the SC has introduced the principles-based Sustainable and Responsible Investment (SRI) Taxonomy for the Malaysian capital market in mid December to provide guiding principles on economic activities that support environmental, social and sustainability objectives.

The global expansion of sustainable investments has created demand for additional clarity and assistance for market players in identifying economic activities that are aligned with environmental, social and sustainability objectives.

The SRI Taxonomy adopts a principles-based approach to enhance the standardisation and comparability of sustainable investment assets. This was done after considering the state of readiness of the wider Malaysian capital market, as the capital market constituents are at different maturity levels in their sustainability journey.

Transition finance is another important area to be nurtured, particularly for emerging economies. In this regard, the SC introduced the SRI-linked Sukuk Framework in June this year. The intention is to facilitate the issuance of SRI-linked Sukuk in Malaysia, enabling fundraising by companies to transition towards low carbon activities and better sustainability practices. This also complements the SRI sukuk segment in Malaysia – where proceeds are focused on green, social and sustainability objectives.

Within the region, the SC also plays a key role in the development of sustainable finance. The regulator co-chairs the Sustainable Finance Working Group of the Asean Capital Markets Forum or ACMF, a regional grouping of securities regulators. The ACMF is actively involved in the development of the Asean Taxonomy for Sustainable Finance. This will provide an overarching guide towards a more sustainable region.



Domenic Fuda
Group managing director and chief executive officer of Hong Leong Bank

CLIMATE change will remain the most profound generational challenge facing the world today and as well as the top emerging risk for financial institutions over the next few years, given the increased regulation, demands for transparency and pursuit for standards.

Addressing climate change will be a long journey with varied recalibration stages and milestones for different stakeholders, particularly for our diverse portfolio of customers.

With long-term ESG strategies that are aligned with our commitment to achieving net zero for our Scope 1 & 2 GHG emissions by 2030 and net zero for our Scope 1, 2 & 3 GHG emissions by 2050, we will continue to enhance our role in addressing climate change and encouraging the transition to a green, low carbon and climate-resilient

SUVs being the preferred choice of vehicle is here to stay and in line with this, Hyundai will be introducing more SUVs next year.

Our company's ESG focus is aligned with our parent company, Sime Darby, which is committed towards "Delivering Sustainable Futures".

Therefore, there is a shift to EV with more models introduced and leveraging on new partnerships to explore synergistic opportunities within the new ecosystem.

We have progressively begun equipping our dealers with EV chargers, designated service bays and certified technicians for EV readiness. This has been our focus and will continue for the next three years.



Mohd Muazzam Mohamed
Chief executive officer of Bank Islam Group



Tan Ai Chin
Managing director, senior banker and investment banking head of OCBC Bank (Malaysia)

GIVEN several key priorities set under the government's SDG-aligned 12th Malaysia Plan including reducing greenhouse gas emissions to 45% of GDP by 2030 and renewable energy mix of 31% of our total energy capacity by 2025, transition and green financing is expected to remain key focus areas for capital mobilisation by financial institutions.

OCBC Bank, in collaboration with Bursa Malaysia, has been providing guidance to several public-listed companies on a transition pathway for eventual inclusion into the FTSE4Good Bursa Malaysia Index.

This would serve as a good barometer for public-listed companies' ESG compliance matrix as there are

stringent FTSE4Good assessment criteria that the companies would need to fulfil before being included into the said index.

We believe transition and green financing will go beyond the typical renewable energy or green building projects. We have seen companies within the carbon-intensive industries embarking on new green technologies such as green hydrogen and ammonia as sustainable fuel and carbon capture and storage.

We also foresee that green mobility will gain strong traction in the coming years as the government implements measures amid increasing petroleum prices and to navigate the solutions to address climate change.

The Low Carbon Mobility Blueprint 2021-2030 issued by the government has set a target to achieve 15% of electric vehicles (EV) out of the total industry volume by 2030. Local industry players should leverage Malaysia's position as one of the top electrical and electronics (E&E) manufacturing regional hubs and take the lead in producing high-value EV parts and components.

Part of our corporate strategy was to create positive impact and sustainable value for our customers, employees and community.

Sustainability in OCBC is encapsulated by five sustainability pillars - Putting Customers First, Building a Sustainable Future, Acting with Integrity, Valuing our People and Engaging Communities.



economy, from way we operate to how we engage and work with customers.

More businesses would take steps to protect themselves from climate-related risks, moving towards more sustainable practices and coming out with more innovative green products. The bank has issued a Green Capital Securities, which was the first issuance of a green AT1 bond by a bank in Malaysia in April this year.

There would be higher expectations and requirements from regulators, including the BNM CCPT, Task Force on Climate-related Financial Disclosures (TCFD) recommendations and Bursa-enhanced sustainability disclosures on data identification and monitoring.

This helps in identifying high environmental and social risk customers for us to engage with on their mitigation and adaptation plans.

AS members of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), central banks are leading the way in establishing best practices for climate risk management and green finance.

The financial sector is guided by regulatory plans such as the Capital Market Masterplan 3 and the Financial Sector Blueprint 2022-2026 (FSB 2022-2026), which outlined the country's priorities for transitioning to a more sustainable, climate-resilient economy.

As part of the bank's wider aspirations to be the leading Islamic financier for customers in Malaysia, the bank has implemented



Datuk Sulaiman Mohd Tahir
Group chief executive officer of AmBank Group

AMBank is cognisant of our role in promoting sustainable practices in our operations, strategies and services.

We have developed our own framework, which includes Green Financing Guideline, Environmental, Social and Governance Risk Assessment (ESG-RA) and Climate Change Classification (CC-C) Guideline, which are implemented across the group to support and assist employees (AmBankers) in their journey towards transitioning customers to a low-carbon economy.

As part of the Joint Committee on Climate Change (JC3) driven by Bank Negara Malaysia (BNM), with the aim of advancing collaborative actions for building climate resilience within the Malaysian financial sector, we are involved in the potential launch of several pilot programmes to scale up green and sustainable finance.

One of these is the Greening Value Chain programme, which aims to assist small and medium-sized enterprises (SMEs) to transition towards green operations.

Regulatory requirements by BNM will be at the centre stage for financial institutions next year with the issuance of both Climate Change and Principle-based Taxonomy (CCPT) and policy document on Climate Risk Management and Scenario Analysis (CRMSA).

CCPT itself serves as

guidelines to help financial institutions assess and categorise economic activities against climate objectives, which require financial institutions to submit half yearly reports to BNM on the CCPT classification, as well as performing gap analyses to highlight key implementation gaps under the CRMSA policy document.

Also, the Securities Commission Malaysia has also introduced the Sustainable and Responsible Investment (SRI) taxonomy to help propel Malaysia's climate and sustainability agenda.

Another trend the industry observes is Malaysia's pioneer voluntary carbon market (VCM), recently launched by Bursa Malaysia. The introduction of the Bursa Carbon Exchange would expect financial institutions to participate to offset their emission footprint and meet the climate goals.

We are building capacity internally and providing perspectives to our AmBankers on sustainability as a whole and financing guidelines specifically. To add dimension to our capacity-building, we are also engaging with SMEs to educate them on sustainability and greenhouse gases (GHG).

In line with our vision of "Growing Trust, Connecting People", we have integrated ESG considerations into our business decisions and direction as part of our pledge towards responsible banking.

AmBank has developed a sustainability governance structure that outlines specific roles and functions of our board and management to enable efficient decision-making, implementation, transparency and accountability.

best practices. The ESG Risk Framework also ensures compliance with BNM's Climate Risk Management and Scenario Analysis.

Bank Islam is committed to financial inclusivity and fostering entrepreneurship by providing financing, guidance, and training facilities for underserved and unbanked communities. It is expanding its green financing portfolio and increasing its exposure to new green segments such as energy efficiency, net energy metering, office automation and waste management.

It plans to increase its green financing portfolio to RM4bil by 2025 and is actively pursuing climate finance by developing targeted products.



Datuk Abdul Rahman Ahmad
Group chief executive officer of CIMB

WE have seen significant progress in sustainable finance and ESG adoption within the financial sector and among clients. CIMB has ramped up innovation in this space in line with greater interest and demand among clients for sustainable or sustainability-linked products and services.

In 2022 we were able to double our sustainable finance target to RM60bil by 2024, having achieved our earlier announced RM30bil target two years ahead of schedule. We anticipate that the trend will continue, with efforts intensifying among corporates and SMEs as well as consumers alike.

This surge is in line with BNM's target for more than 50% of new financing to be for green and transitioning activities by 2026, as outlined in its FSB 2022-2026 announced earlier in 2022.

Beyond innovation and general adoption, greater emphasis will be placed on strengthening implementation, measurement and disclosures to ensure we are making concrete progress in managing and addressing ESG risks.

These initiatives will help to ensure greater access to disclosures and data that will ultimately help us to take concrete action and collectively move the needle on ESG adoption. These will also strengthen accountability and transparency beyond just headline targets or commitments.

As a financial intermediary, CIMB plays a critical role in channelling financing and capital in ways that will support a just transition towards a net-zero economy and greater social equity.

In terms of our sustainable finance commitment, we will continue to work closely with our clients across Asean to support their green transition through our Green, Social, Sustainable Impact Products and Services.

We are also working on areas such as carbon credit issuance, which is set to be a tremendous ESG focus area in 2023. As part of our sustainable finance focus, in September 2022, we announced the establishment of our Scope 3 financed emissions baseline.

We were the first Malaysian and second Asean bank to announce sector specific climate targets, where we outlined 2030 targets for our carbon intensive sectors, thermal coal mining and cement in alignment with globally recognised 1.5°C climate scenarios.

We have also introduced Internal Carbon Pricing (ICP) to reduce Scope 1 and 2 emissions based on a number of external benchmarks.



Liew Tian Xiong

Deputy chief executive officer of EcoWorld

WE feel that biodiversity and climate change will continue to be a very important issue for not only the property sector, but for all businesses. At EcoWorld, we are deeply committed to preserving and enhancing the value of our development lands through meticulous masterplanning, which ensures that natural ecosystems continue to thrive in harmony with the built environments created.

We incorporate biodiversity studies at the inception of the development as we felt it is important to understand the existing ecosystems, how they can be further enhanced as well as ensure that we plant the correct species of plants and trees for the local flora and fauna to thrive.

Carbon capture studies have also been conducted to discern which species of trees are better for absorbing carbon under what conditions, as we have discovered that some types do better in different settings either due to soil, sun or other factors. This includes the careful selection of species for landscaping and transplanting trees where possible.

Where possible, we have also salvaged and replanted trees and have collaborated with FRIM to harvest and replant healthy trees. As at Oct 31, 2021 a total of 3,226 trees were saved across our developments. We have also set a KPI that 15% of our development lands are dedicated to green

spaces, which is more than the regulatory requirement.

To minimise waste and pollution caused by cut-and-fill, developments are designed to follow the natural shape of the landscape, preserving the natural topography and bodies of water. This allows the landscape to maintain its natural drainage patterns and native vegetation. Such bodies of water also act as natural borders between the residential and commercial areas, and encourage the growth of local flora and fauna. Aquatic plants provide bio-filters, erosion control and habitat for aquatic life. The use of natural drainage patterns, with the implementation of new detention ponds as required, provides flood mitigation.

Our Sustainable Procurement Policy informs our business partners including suppliers, vendors and contractors to adopt or find alternatives for practices, products and materials that are least harmful to nature. Where feasible, preference is given to those that offer services and products that are designed, sourced and manufactured that takes environmental impacts into consideration.

EcoWorld is also ISO 14001 certified for environmental management, which outlines the approach on how we should operate without causing further harm to the surrounding environment on land we are developing.



Chu Wai Lune

Chief operating officer of Gamuda Land

the upcoming Penang South Islands project.

We follow the Low Carbon Cities Framework as a guideline to build smart, sustainable and low-carbon townships – Gamuda Cove, for example, won an award in 2022 as Malaysia's first five-diamond Low Carbon City by the Malaysian Green Technology and Climate Change Corporation (MGTC).

Our objective for developing 809.4ha (2,000ac) of green or waterscapes across 12 urban forest clusters within our developments by 2025 will naturally serve as ambient cooling, carbon storage and rainwater runoff sponge.

Our goal is to plant one million trees and saplings by 2023. To-date we have nurtured more than 600,000 trees and saplings across our developments, such as our 36.4-hectare (90-acre) Forest Park in Gamuda Cove, to be ready by 2023.

Gamuda's recent acquisition of an equity stake in Malaysia's largest solar engineering, procurement, construction and commissioning (EPCC) company is one of our significant forays into RE (renewable energy) related projects.

LOOKING TO 2023 and beyond, we will see more interventions from businesses and sectors to play a greater role in tackling climate challenges and biodiversity threats, among others.

Transitioning toward net zero and decarbonising will be critical towards the climate transition action plan – as for Gamuda Land, we have our landmark Gamuda Green Plan to guide us to achieve our outlined targets: Reducing both direct and indirect greenhouse gas emissions by 45% by 2030 compared to business as usual.

We will continue to see the industry pivot with the following trends:

> Transitioning towards renewable energy such as installation of solar PV for Gamuda Land's assets and solar street lighting for townships.

> Continuing to skew towards green buildings and increase incentives such as green financing as a pull-factor for buyers.

> Restoring biodiversity loss through active tree planting initiatives, reviving our natural environment, including investments in nature conservation by cultivating endangered species and ones important for conservation.

> Pushing towards adopting more Industrialised Building Solution (IBS) products to maximise efficiency and reduce materials wastage

> Moving the sector to develop its local supply chain, sourcing locally first and reducing reliance on "foreign" supplies – a learning from the pandemic and the UK-Russian war.

By following targets set in our Gamuda Green Plan, we adopted a science-based approach in our sustainability integration last year.

We conducted scenario analyses for global temperature increases of 1.5°C and beyond, and incorporated relevant climate adaptation measures into our project planning and design, as done in Gamuda Cove, Gamuda Gardens and



Datuk Azmir Merican

Group managing director of Sime Darby Property

IN 2023, ESG will continue to take centre stage as property developers become increasingly mature in their sustainability journey, albeit different companies will be at different maturity levels.

There will be a stronger emphasis on getting the carbon emissions data as more companies will start their net-zero journey.

There will also be a fight for ESG talents as companies accelerate their decarbonisation efforts. More internal capability building will be observed from board level down to every staff member.

One area that will get more scrutiny in 2023 will be the emissions from the supply chain as companies develop a deeper understanding of their carbon footprint.

For developers with larger tracts of land, focus on biodiversity will increase and landscape architects need to combine aesthetics within an

effective, functioning ecological system.

In 2023, developers will also pay more attention to Labour or Human Rights issues measuring against International Labour Organisation Standards.

For PLCs, Bursa Malaysia will keep pushing the envelope in ESG reporting, requiring more standardised disclosures that align with international frameworks such as the TCFD.

Our focus is to have a pathway towards net zero. Sime Darby Property's board and management spend a considerable amount of time to ensure our pathway to net zero is realistic, while recognising some of the solutions may not yet be in place.

With the launch of our "Purpose to be a Value Multiplier for People, Businesses, Economies, and the Planet", we revised our approach to ESG and are currently working on a more seamless and integrated purpose, vision, mission and values strategy while moving away from a standalone sustainability strategy.

As a "Force for Good", Sime Darby Property has consistently emphasised sustainability as a hallmark in everything we do and stand for, in line with our 2030 Sustainability Goals.

We focused on our environmental contributions with the launch of the Elmina Rainforest Knowledge Centre and Elmina Living Collection Nursery in the City of Elmina. Our aim is to plant a total of 210,000 trees with 10% consisting of IUCN Red List of Threatened Species by 2040.

We continuously work closely with our philanthropic arm Yayasan Sime Darby and have activated various programmes with positive social impact to the underprivileged community living within and around our townships.

Sime Darby Property will continue to uphold the components of ESG in our business and operations as we did in 2022.

"Our goal is to plant one million trees and saplings by 2023. To-date we have nurtured more than 600,000 trees and saplings across our developments, such as our 36.4-hectare (90-acre) Forest Park in Gamuda Cove, to be ready by 2023."

Chu Wai Lune
Gamuda Land



Kristine Ng

Group corporate communication and sustainability general manager of IOI Properties Group

key ESG trends.

Since the UNFCCC COP26 in 2021, there has been a surge in climate change commitment from business organisations. The recently concluded CBD COP15 consented a landmark agreement to guide global action on nature through to 2030. We anticipate the ripple effect from the international and national policy changes, which will have an impact on technology intervention, market transitions and consumer preferences.

At IOIPG, biodiversity and climate change have been our material sustainability matters that we manage, guided by the group's Sustainability Policy and Framework. We are cognisant of the potential environmental and climate change impacts from our business operations. Hence, we will consider operational and financial risks, namely dependence on ecosystem services such as water availability and flood mitigation, and vulnerability to climate hazards.

VARIOUS global and national publications, including the IPCC, the World Economic Forum and BNM have highlighted the associated risks from nature, also synonymously recognised as biodiversity, and climate change, among other

To support Malaysia's Carbon Neutrality commitment, IOIPG adopted TCFD recommendations and formalised a Climate Action Plan, which includes strengthening climate-related targets and metrics. This includes addressing Scope 3 emissions, embedding climate action into overall business strategy and introducing climate action and ambition to key stakeholders, considering climate impact scenarios in our businesses and identifying actual and potential impacts of climate-related risks and opportunities.

We will continue to strengthen the management of all material sustainability matters, which are aligned to the latest list required by Bursa Malaysia's enhanced Sustainability Reporting Framework with new climate change reporting. IOIPG has been improving its ESG performance, earning higher scores over the years from ESG rating agencies.

The group has made strides in its sustainability journey by identifying and evaluating climate-related risks and opportunities, which involved the development of a Climate Action Plan and the implementation of the TCFD recommendations in FY2022. The plan details key initiatives to move forward and initiates climate-related priorities, such as energy management, renewable energy use, emissions management, water use management, waste management and materials used, among others.

We have also implemented programmes such as "IOI Connects To Earth" to create awareness on waste minimisation, biodiversity conservation and climate change.

The group received The Sustainability Awareness and Employee Engagement Recognition Award from UNGC.

Additionally, as a responsible steward of the environment, we have attained the Green Building Index (GBI) certification for IOI City Mall, which reflects our commitment towards building sustainable communities.



Sufian Abdullah

Chief executive officer of UEM Sunrise

BIODIVERSITY and climate change (carbon emissions) will remain among the key ESG topics in this industry, with companies continuing their efforts to tackle these issues and embed them into their strategies and action plans.

UEM Sunrise is no exception and will address ESG-themed concerns in our Sustainability Blueprint 1.0. Some of the trends we foresee will take hold in 2023 include:

Managing building economics: It has been a challenging year for the industry, especially being unable to influence price fluctuations in building materials to ensure price increases do not affect customers. UEM Sunrise improved building material efficiency by adopting Design for Manufacturing and Assembly (DfMA) into our planning and design processes.

Resource and supply chain management: This emits more than 60% of total emissions in the world and includes carbons produced during manufacturing building materials, transportation to job sites and construction practices. To address this, we worked alongside companies across different industries to share research and development in our Vendors Partnership Programme.

Carbon market: Bursa Malaysia launched the Voluntary Carbon Market (VCM) exchange on Dec 9 2022, which enables companies to purchase voluntary carbon credits from climate-friendly projects and solutions.

Aligning with our goals outlined in our Sustainability Blueprint 1.0, we have made strides in ESG this year, including forming partnerships to tackle climate change issues. These collaborations explore opportunities by leveraging each partners' technologies, expertise and resources, to accelerate renewable energy adoption, green mobility and smart, sustainable cities.

The collaboration with GENTARI will introduce low-carbon solutions to UEM

Sunrise facilities. With PGTSSB, we will explore low-carbon and nature-based solutions.

Under the social aspect, our K'Artulistiwa in March 2022 had us opening up our sales galleries as spaces for community-led art activities. These activities spark interest and spread awareness in environmental, animal conservation and cultural heritage preservation among the community.

As for governance, we reaffirmed our integrity commitment to the highest standards with zero tolerance against all forms of corruption

by signing the Malaysian Anti-Corruption Commission (MACC) Corruption-Free Pledge. We also unveiled our CHIEF Integrity Advocate (CIA) programme as part of our journey to elevate the standard of ethics and integrity within UEM Sunrise.

Going into 2023, we will start embedding a strategic approach to reduce carbon emissions, water use and waste generation, as well as other relevant metrics. On the social front, more community engagement programmes have been lined up to work closer with various communities.

"It has been a challenging year for the industry, UEM Sunrise improved building material efficiency by adopting Design for Manufacturing and Assembly (DfMA) into our planning and design processes."

Sufian Abdullah
UEM Sunrise



Lindayani Tajudin

Chief strategy officer of SP Setia

AS a pioneer in building sustainable homes, SP Setia will continue to accelerate its efforts in preserving the environment as well as addressing climate change in the coming years to strengthen our initiatives in protecting and promoting clean environment and biodiversity. Minimising the impact on the naturally existing flora and fauna with careful design and planning has always been part of our DNA and it should be a mission to be upheld by responsible property developers.

Apart from caring for the environment which has always been integral for industry players, many are also looking into implementing initiatives in the 'Social' element of ESG as we are not only building homes, but also lifting up communities by improving their quality of lives and giving a helping hand to those in need. In Setia, we are also putting the spotlight on improving the quality of lives of our residents and the community at large through continuous engagement and initiatives.





Mahadhir Aziz
Chief executive officer
of Malaysia Digital
Economy Corporation
(MDEC)

MALAYSIAN regulators are clearly accelerating their efforts to empower and enable ESG adoption. MDEC will be playing its part through a number of initiatives.

We are actively encouraging digital tech companies to leverage on regulator programmes, such as BNMs Low Carbon Transition Facility, to help accelerate the sustainability journey of SMEs.

The development of resources such as the SDG Investor Map, by MIDA and the United Nations Development Programme, will also provide the insights and tools needed by the private sector to increase their investment towards SDGs.

Climate change is the most important topic that has been gaining traction over the past ten years. It is evident from the World Economic Forum's Global Risk Report that climate action failure and extreme weather conditions dictate global risk factors. In addition, social factors such as the livelihood of the B40 community have also gained a strong pull for ESG.

In 2023, we can expect other areas of the environmental pillar to grow, including the

voluntary carbon market, following the recently launched Bursa Carbon Exchange (BCX) - the first Shariah-compliant carbon exchange in the world.

I believe that lasting transformation can only be achieved when the whole nation rallies behind a common sustainability vision. The digital tech ecosystem will play an increasingly significant role in the ESG agenda.

From an environmental perspective, the effective use of digital technologies is projected to reduce global greenhouse gas emissions by 15% by 2030, which translates to a third of the global 50% target reduction. With regard to the social pillar, the topic of diversity and inclusion in the workplace is growing in prominence, be it gender, age, ethnicity or other forms of diversity.

This year has been a foundational year for MDEC in terms of ESG. We have built this through the development of our ESG Policy and by commissioning an independent Materiality Assessment to better understand the key sustainability matters impacting MDEC and the digital economy ecosystem.

In support of the ecosystem, MDEC's ESG focus in 2022 has been on climate change as we recently launched the Malaysia Digital Climate Action Pledge (MDCAP), to galvanise digital tech companies to commit specific actions in addressing climate change and supporting SMEs in decarbonisation.

In 2023, we will be developing an ESG Roadmap, which will enable us to ensure the effective prioritisation of sustainability matters for implementation within MDEC and across the digital economy ecosystem.



Mohamad Mohamad Zain
Chief risk officer of
Telekom Malaysia

TO keep technology sustainable, there has to be better power efficiency from upstream to downstream - TM's collaboration with its technology partners and suppliers to deliver efficient equipment with less power consumption while at the same time allows us to reduce the layers in TM's network. From the customer perspective, there is a potential reduction in the number of Customer Premise Equipment (CPE) by collapsing multiple devices into one (such as combining Broadband Termination Unit or BTU and Residential Gateway or RG into one device) thus producing less power requirement.

Another is to instate an efficient recycling programme that includes e-waste. Our collaboration with technology partners and suppliers ensure power efficient equipment and helps reduce waste generation via structured recycling programme. We are also ensuring our product packaging is recyclable and meets required standards. Subsequently, our actions will include organising programmes on e-waste management by creating awareness and instilling the practice among stakeholders.

Investing in new technology or innovation is another. Our network expansion will cover shutting down old and legacy networks and moving towards more power efficient and the latest technology, such as 5G, to create more opportunities for growth and expansion for our customers while reducing carbon footprint.

Upcoming trends include the demand for renewable energy in Malaysia. The limited availability of renewable energy locally places a challenge for companies to move towards zero-net carbon emission targets. These targets fulfil investor, customer and regulatory requirements when aligning the company's commitment with global temperature targets. (Source: MSCI ESG and Climate Trend to watch for 2023)

Boards will eventually include climate-savvy directors to support setting of emission targets and accelerate actions. TM has created awareness

within our board members, while working towards specific training on sustainability that covers the role of the board and top management. Demands driven from our institutional investors (PNB and Khazanah) and regulators will also contribute towards accelerating development for a sustainability-savvy director for the company.

Under the environment pillar, TM will continue to enhance and expand carbon reduction initiatives, such as securing more renewable energy quota, expanding tree planting initiatives and network modernisation.

For the social pillar, it will collaborate with suppliers on enhancing responsible supply chain and human rights compliance.

With the governance pillar, TM will continue strengthening integrity and governance, while enhancing disclosure on these matters.



Philip Ling
Sustainability head of
CelcomDigi

THE telco industry is one of the most active industries in the country monitoring the carbon emissions from our operations and employing energy efficiency and renewable energy solutions to mitigate some of these effects.

The progressive efforts to modernise the network, such as shutting down 3G and strengthening 4G network are key to roll out more energy efficient technology and solutions. This includes building up the 5G coverage with precision, embedded with energy-saving software to operate site infrastructure intelligently.

We believe that 5G will accelerate the artificial intelligence (AI) and Internet of Things (IoT) industry to facilitate smart industries, smart homes and cities, and more. We have also conducted AI pilot initiatives to deploy tools for battery autonomy prediction to reduce downtime and automatically analyse and implement power-saving mode at our Radio Access Network (RAN) sites.

These will contribute towards greater carbon savings.

We will continue to see more industry dialogues and movements driving the climate change agenda especially in climate adaptation and resilience.

IT is only appropriate that conversations on ESG transcend all business sectors. After all, ESG-related issues covered by all business sectors are fundamentally similar.

Looking ahead into 2023, we believe that some tough but real issues will need to be addressed. The energy security perspective will continue to get at least as much attention as the climate change agenda if the war in the Ukraine shows no sign of abating.

European countries, in particular, will be



Dr Kenneth Gerard Pereira
Managing director of
Hibiscus Petroleum

placed in even more economic difficulties, being in the frontline of a piped gas shortage.

Thus, each country will need to critically assess its energy mix and decide if there is an appropriate level of resilience built into it.

Over-reliance on a single source or single supplier could prove to be risky given the economic and political uncertainties faced by the countries of the world today.

We also believe that social issues are going to take centre stage in the first half of 2023.

The signs are that China is relaxing some of

its policies relating to their zero-Covid policy. It appears that China has not achieved a desired level of herd immunity against Covid and lockdowns need to be administered, sometimes at short notice, to keep the population safe.

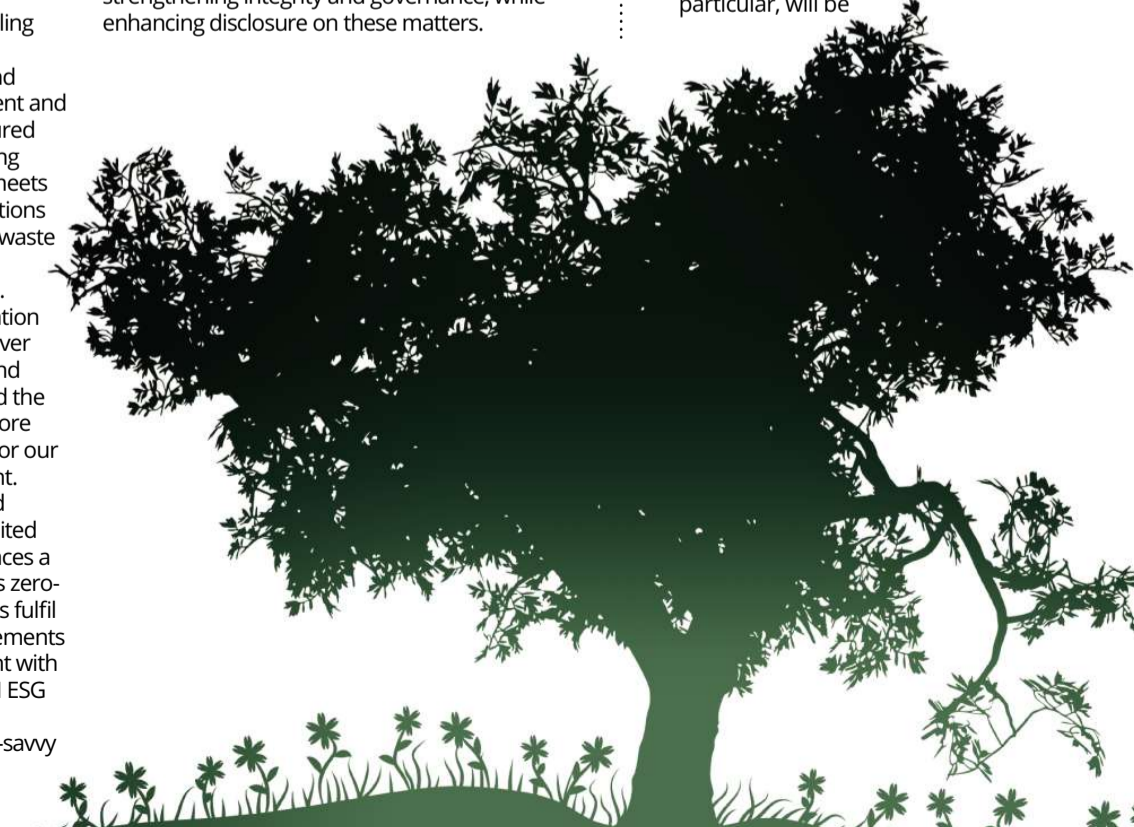
The relaxation of the zero-Covid policy may result in increased demand on an already stressed primary energy supply chain, leading to even higher oil and gas prices.

Higher energy costs will drive higher inflation rates, particularly amongst net importers of primary energy, causing social unrest and placing stresses on some fragile political structures.

For 2023, we will enhance our efforts to identify and invest in meaningful initiatives that will positively impact emissions reduction.

We also intend to publicly intensify the message that the successful mitigation of climate change impact is not only the responsibilities of corporations and governments but is an obligation of all of us.

Material reduction of emissions will eventually require personal sacrifices on a wide scale.



THERE are growing expectations for organisations to take urgent and tangible actions to address climate change, with greater clarity on climate risks while capitalising on opportunities for business growth.

For the energy sector this means shifting away from fossil-based to a clean and sustainable energy system that is capable of meeting long-term energy demand.

At PETRONAS, we are embracing this rising expectation for sustainable business practices and see it as our role to act as a catalyst to speed up the transition to net zero carbon emissions specifically in Malaysia and the Southeast Asian region.

We are taking progressive steps and this year we achieved two notable milestones:

> Announcement of PETRONAS' Net Zero Carbon Emissions Pathway.

On Nov 1, 2022, we announced our Net Zero Carbon Emissions by 2050 (NZCE 2050) pathway to accelerate and advance group-wide actions and commitment towards achieving the organisation's net zero carbon emissions aspirations declared in 2020.

> Launched Gentari Sdn Bhd, PETRONAS' clean energy entity.



Datin Anita Azrina Abdul Aziz

Senior general manager of PETRONAS group strategic communications

Beyond its efforts to reduce carbon emissions, PETRONAS launched Gentari Sdn Bhd in September 2022.

It is a new, independent entity focused fully on offering cleaner energy solutions that will capture opportunities in the energy transition alongside PETRONAS' core portfolio.

These efforts are just the beginning and we will continue to evolve as work with stakeholders and customers to decarbonise their energy systems and navigate the energy transition in a just and responsible manner.



Prof Dr Pradeep Nair

Deputy vice-chancellor and chief academic officer of Taylor's University

THE Covid-19 pandemic forced companies to revisit their relationships with employees, supply chains as well as the communities they operate in. Post pandemic, universities are expected to play a larger role to educate the future leaders on ESG and to elevate the communities in which they function in.

Taylor's University has integrated sustainability into our education and research through the concepts of Purpose Learning and the Impact Labs:

Responding to the pressing need for universities to play a larger role in the community, supporting the United Nations Sustainable Development Goals (UNSDGs), as well as responding to major shifts in the future of jobs and learners' behaviour,

Taylor's has formulated a strategic plan called Learning 2030.

A key strategy in Taylor's Learning 2030 is the adoption of Purpose Learning, where Taylor's education and research will be purpose-led and impact-driven, aligning to staff and students' passion, purpose and profession.

Through this initiative, Taylor's aspires to nurture purposeful future leaders who embrace ESG and UNSDGs values.

To achieve Purpose Learning, Taylor's has established 13 Impact Labs (attached for reference), which are solution-focused teams of academics, practitioners, and students who will bring transdisciplinary expertise from across the university, government, businesses, non-profits, and beneficiaries who are committed to working together to make progress on societal problems in support of the UN SDGs.

Through Impact Labs, all academic staff and students are empowered to live their purpose by pursuing their interest in research, education and advocacy to deliver practical solutions, help shape new policies, practices, or products that can contribute to people, the planet and its prosperity.

Taylor's curricula are being aligned to require students to carry out impact projects to tackle the challenges aligned to Impact Labs for targeted beneficiaries. The focus of Taylor's research and advocacy are being aligned with Impact Labs to ensure the impact on the community too.

The following are the 13 Taylor's Impact Labs and the UNSDGs that they are supporting. Taylor's looks forward to partnering with like-minded people and organisations to tackle the pressing challenges for the betterment of mankind.

Through this long-term commitment, Taylor's not only wants to be the best university in the world but the best university for the world.

By immersing the youth of the world in a sustainably built environment, Taylor's hopes to inspire them to take leadership and create a greener future.



Prof Nafis Alam

School of Business head of Monash University Malaysia

E DUCATION is essential to the social aspect of ESG and impacts all other ESG priorities. When the knowledge and awareness of the ESG concept are right, it not only helps alleviate the ESG concerns but also provides solutions to overcome them.

Educating the next generation of business leaders in understanding the social side of ESG is important to reduce social disparity and provide access to quality education

and finance.

The social variables related to good health, access to education and quality of life are only guaranteed if ESG is well embedded into the education curriculum across all disciplines.

Finance will be the biggest focus of ESG, with impact and responsible investing being key trends in 2023.

In order to better understand ESG metrics, better ESG data analytics is needed to gauge the impact of various measures undertaken by different stakeholders. Quality ESG and analytics will define the 2023 ESG trend.

Monash Malaysia's School of Business is a signatory of the Principles for Responsible Management Education (PRME) and has championed business and community

leadership development through education and research that promotes good ESG practices.

In teaching, educational frameworks and content were developed embedding ESG/UNSDGs into the curriculum. Ethics and Sustainability in a Business Environment, introduced in 2020, for example challenges students to examine stakeholders' obligations (societal and environmental) to develop responsible leaders.

The Monash Business Ideation Challenge was introduced for the ideation of social enterprises. The faculty has conducted and published about 90 research papers on how ESGs can help corporations create value.

Dialogue sessions have been organised with various stakeholders on ESG/UN-SDGs through the PRME Seminar Series and Inspiring Entrepreneurs Speaker Series.

The school also supports the Malaysia campus and community to promote SDGs and equal opportunities through initiatives, such as the Women's Empowerment Network (in 2019), raising awareness of responsible businesses through Monash Business Responsibility Day and many more.

Moving forward in 2022, the school has elevated ESG/Sustainability focused education, research and engagement work, guided by the university's Impact 203 strategy. There are sustainability and fintech minors launched as part of the degree offerings.

Three research clusters focusing on Sustainable Business, Thriving Communities and Digital Transformation were established – collaborations with key stakeholders to develop training programmes and research projects to highlight the importance of embedding ESG/Sustainability in all sectors.



Noraini Abu Bakar

Executive Director of UCSI Group SDG Secretariat Office

E DUCATION will continue playing an instrumental role in elevating the social aspect of ESG in 2023. Typically, education-related initiatives revolve around the UN's Sustainable Development Goals, particularly SDG 1 (No Poverty), SDG 2 (Zero Hunger), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality) and SDG 10 (Reduced Inequality). While these efforts will continue in earnest, education will pivot to address new ESG trends.

A PwC survey showed that ESG issues now rank among investors' top five concerns - 49% highlight effective corporate governance and 44% underscore the need to reduce GHG emissions. Delving deeper, a Deutsche Bank report saw 53% of investors ranking climate change as the primary determinant that influenced their investment decisions. In light of this, expect education to focus more on corporate

governance, climate change and impact investing in 2023.

UCSI University actively addresses these new realities. An energy engineering degree has been designed to advance the science behind energy efficiency, battery technology, sustainable energy, renewable energy technologies and environmental compliance, among other critical areas. Progress has also been made in the area of impact investing.

UCSI has actively promoted ESG through community-based initiatives that are coordinated by its two Regional Centres of Expertise (RCE) in Kuala Lumpur and Kuching.

Recognised by the United Nations' research arm UN University, UCSI is the only organisation in Malaysia to run two RCEs. Regular discourse and planning sessions are also held with elected members of parliament in KL on governance issues.

In Kuching, UCSI is championing six initiatives that focus on Quality Education (SDG4), Clean Water and Sanitation (SDG 6), Sustainable Cities and Communities (SDG 11) and Life on Land (SDG 15). To achieve the desired outcomes, UCSI partners with the Sarawak Ministry of Tourism, Arts, Culture Youth and Sports, the Sarawak Natural Resources and Environment Board, the Sarawak Forestry Board, the North and South Kuching city councils, WWF Malaysia, the local communities of Kampung Semedang and Kampung Annah Rais, as well as other education institutions.

Come 2023, UCSI will focus on the promotion of ESG thought leadership at the newly-established International Institute of Science Diplomacy and Sustainability. Led by International Science Council foundation fellow Tan Sri Dr Zakri Abdul Hamid, the institute will function as a think tank that connects the scientific community with policymakers in the Asean region and beyond.

Mother Earth in all its 'Grandeur'

Carbon capture studies and how it can restore biodiversity

By **CHOW ZHI EN**
zhien.chow@thestar.com.my

HALF a decade ago, environment, social and governance (ESG) issues had yet to become a mainstream area of concern. Now, the climate community's general scientific consensus is that the Earth is warming as a result of carbon dioxide (CO2) emissions with devastating effects on our ecosystems.

For property developers now, they stand at a crossroads. According to United Nations Environment Programme Finance Initiative Task Force on Climate-Related Financial Disclosures (TCFD) Banking Pilot head David Carlin, real estate players face dual imperatives: "to produce returns and to advance the low-carbon transition, successful investors must effectively manage climate risks and capitalise on climate opportunities, which is why many have begun collaborations with tool and data providers."

One of these methods or tools is carbon capture and storage (CCS). Put simply, CCS is a method of reducing carbon emissions that could be critical in combating global warming.

In addition to helping address climate change, carbon capture strategies can help reduce energy costs and help property developers meet regulatory requirements, improving their overall sustainability performance.

For EcoWorld, this is the journey they have embarked on to maximise its natural resources and capital using 'tried-and-tested' methods.

Our shared ecosystem

Since 2017, EcoWorld has ingrained core values of sustainability into their townships' masterplans by partnering with ecologists to conduct assessments at their developments' sites – one crowning example being Eco Grandeur in Puncak Alam.

"Our focus with our townships has always been on livability and sustainability," shared EcoWorld divisional general manager Ho Kwee Hong, who also oversees the development of Eco Sanctuary, Eco Business Park V and Eco Ardence, all located in the Klang Valley.

"Some of our townships are built on ex-plantation grounds where the soil has become barren or infertile after decades of agriculture. Even the land where Eco Grandeur stands currently came from an abandoned project, so we had to think of ways to reinstate the local biodiversity and also restore the greenery of the area," she added.

Ecology is a delicate and nuanced topic as each species contributes to the ecosystem, so the task was sophisticated. Fortunately, within EcoWorld's framework of ESG, they used field studies to determine the effectiveness and suitability of the species in capturing carbon.

"We conducted these studies alongside our ecologists to find out the baseline – to know what flora and fauna were originally native to the area within a 10km radius, before doing any effective greenscaping," said Ho.

The study found that Eco Grandeur's sprawling 1,400 acres was located along the Asian-Australasian Flyway. Here, migratory bird



The Black-Naped Oriole (*Oriolus chinensis*) is one of the aerial species that can be found around Eco Grandeur's site.

species visit to escape winters; the site also serves as a 'rest stop' for native bird communities travelling between the Selangor coasts and the Titiwangsa Mountain range.

Additionally, through careful consideration, EcoWorld introduced grasses, trees and shrubs that could capture the most carbon effectively based on their biomass.

"From the literature review and accredited lab testing, we know that 'woodier' shrubs and trees can store more carbon," she added.

On the other hand, Eco Grandeur's waterways were designed not only to restore the site's natural landscapes, but also to serve as water retention ponds with additional storage capacity to catch runoff during heavy rainfall for flood mitigation purposes.

Knowledge is power

Sustainability is about the long-run. In the time it takes to fully develop a township, there's time to cultivate a generation of nature-lovers.

If knowledge is the door to a greener future, awareness is the key.

At Eco Grandeur, there will be a 2km educational trail which will cover the different points of interest including the Blue Ribbon, a biodiverse waterway that's connected to the Sacrificial Garden, Rasbora Sanctuary, Fruit Forest and Betta Sanctuary.

"The Sacrificial Garden is full of flowers – a food source – for bees and butterflies who are also the food source for the birds. The foliage here runs a bit 'wilder' to encourage the natural process," said Ho.

She went on to say: "We have an herb garden too where we encourage residents to plant and harvest small crops for consumption. It also serves a dual purpose to feed small foraging animals."

This year, the developer also started Stage 2 of their Biodiversity Implementation with ponds 2F and 2F, leveraging biomimicry to reinstate natural wildlife into the waters.

Taking sustainability seriously requires thoughtful intent and EcoWorld is inculcating a love for nature, beginning from the backyard of residents.



A drone shot captures the divided waterways at Eco Grandeur that contribute to restoring the local ecosystem.

Opportunities for nature-based solutions

Malaysia takes the next step forward in translating its sustainability vision into reality

By **CALYN YAP**
calyn@thestar.com.my

BY now, it goes without saying that climate change is a crisis that needs to be rapidly addressed in the transition towards a low carbon world. What's different, however, is how the conversation has progressed from pledges and commitments to measurable, trackable impact.

It's a timely discussion to revisit, especially coming on the back of the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change, better known as COP27, which was held from Nov 6 to 20 in Egypt.

The biggest result of the summit was an overarching climate deal at a closing plenary session, where COP27 president Sameh Shoukry brought the gavel down to signify the document representing the political agreement at the conference had been approved by consensus.

The deal is for the set-up of a dedicated loss and damage fund to help vulnerable countries cope with climate disasters fuelled by the historic carbon emissions of wealthier nations.

While consensus has yet to be achieved on phasing out fossil fuels with the aim of attaining the lofty goal of a fossil-fuel free world, the summit did call on countries to accelerate efforts towards "the phase-down of unabated coal power and phase-out of inefficient fossil fuel subsidies".

Although he lauded the decision, United Nations secretary-general António Guterres said that more needs to be done to drastically reduce emissions now.

"The world still needs a giant leap on climate ambition. The red line we must not cross is the line that takes our planet over the 1.5 degree temperature limit," he stressed, urging the world not to relent "in the fight for climate justice and climate ambition."



The COP27 summit saw the setting up of a dedicated loss and damage fund to help vulnerable countries cope with climate disasters fuelled by the historic carbon emissions of wealthier nations.

Breaking down challenges

A PwC strategy+business publication, released in November 2022, equated the climate challenge to climate opportunity, suggesting that organisations can address climate change while finding business opportunities by breaking down big challenges into small ones.

As the report said, "It's easy to be overwhelmed by the challenge of climate change. The barrage of bad news, the size of the problem, the existential stakes involved – it's all too easy to succumb to numbness, then inertia. But we don't have to. We can do better. And we need to hurry."

It breaks down the climate challenge to three main areas: Adapting to climate perils, meeting net-zero commitments and building the net-zero world.

Take climate disasters and natural calamities. Tracing back to the fresh, painful experiences with floods and landslides that Malaysia has faced in the past few months alone, it is obvious that we will continue to face these climate-related events with greater frequency and intensity.

The report highlighted examples of companies that are building greater resilience and finding new markets by confronting the risk these threats pose to their extended operations.

Secondly, steep net-zero commitments, where it pointed out that 'sensible decarbonisation plans' will require organisations to better understand the different types of greenhouse gas (GHG) emissions – with a focus on tackling Scope 3 emissions in particular, which it said often represents 65% to 95% of total GHG generated along an organisation's value chain – that make up their carbon footprint.

The report also reasons that to build a net-zero world, it will require massive investment to quickly green "the world's energy production, transport, waste treatment and other critical infrastructure", especially when it comes to emerging markets.

That said, it highlighted the need to close the green infrastructure gap through financing, as "greening only wealthier countries won't protect them from natural disasters arising from a warmer planet."

Positive progress

Closer to home in Malaysia, the Government and regulators are taking the battle against climate change to heart.

Bursa Malaysia Bhd, for instance, began its ESG Advisory Services to public-listed companies (PLCs) in July this year.

Designed with the aim of helping small and medium-sized PLCs improve ESG disclosures and credentials, the advisory services leverage internationally recognised standards and peer-learning of best practices from industry leaders, along with clear value propositions to enhance the PLCs' investability to institutional investors.

The advisory services can not only help PLCs identify material ESG risks and recommend solutions, but also help them tackle low-hanging fruits for quicker results.

PLCs will also gain access to green financing through the #financing4ESG programme, in which CIMB Bank Bhd, OCBC Bank (Malaysia) Bhd, HSBC Amanah Malaysia Bhd and Alliance Bank Malaysia Bhd will offer sustainable financing options to PLCs in alignment with the FTSE4Good Bursa Malaysia rating models.

There have been many promising developments just this month alone, with Bursa Malaysia amping up the ante by introducing Malaysia's pioneer voluntary carbon market, the Bursa Carbon Exchange (BCX) on Dec 9.

The first shariah-compliant carbon exchange in the world, diversifying the product universe for ESG and shariah-compliant products, the BCX's objective is to enable companies to trade voluntary carbon credits from climate-friendly projects and solutions, with the aim to offset their emission footprint and meet climate goals.

The BCX is aimed at supporting Malaysia's ambition to achieve its target of



Floods and other natural disasters will only increase in intensity and frequency in the future, if the climate crisis is not immediately addressed.

The launch of the BCX is timely given the growing impact of global warming and the important role voluntary carbon markets will play to support financing for climate-friendly projects and solutions.

Datuk Muhamad Umar Swift
Bursa Malaysia

net-zero GHG emissions by 2050, while accelerating Corporate Malaysia's pivot towards a green economy and meeting global demands for a sustainable supply chain.

"The launch of BCX is momentous as it will play a significant role in supporting the nation's and indeed the world's voluntary carbon market ecosystem.

"In addition, leveraging on Malaysia's position as the global Islamic financial marketplace as well as being the world's leading exchange for Islamic fundraising and investment, Bursa Malaysia is the first exchange in the world to receive a shariah pronouncement for its carbon exchange and the standardised carbon products that the exchange will offer," said Bursa Malaysia chairman Tan Sri Abdul Wahid Omar.

The BCX rules, auction terms and conditions, online module and operational processes have been finalised. Projects permitted to be traded include nature-based or technology-based solutions that result in avoidance, reduction or removal of GHG emissions.

Expected to commence in March 2023, the first trade will be conducted via an auction that will facilitate price discovery for the new standardised carbon credit products listed on BCX.

Bursa Malaysia chief executive officer Datuk Muhamad Umar Swift added, "The launch of the BCX is timely given the growing impact of global warming and the important role voluntary carbon markets will play to support financing for climate-friendly projects and solutions.

"Both buyers and suppliers will now be able to transact high-quality carbon credits and use them to offset their existing climate impact alongside their other internal carbon reduction initiatives.

"The BCX will make carbon trading a more inclusive ecosystem, allowing more market participants to engage with clients looking for ESG as well as shariah-compliant related solutions.

"Therefore, I would strongly urge all market participants to join us in this journey. As we get closer to the auction day, we encourage all corporates to join those that have already registered their interest in this new carbon marketplace."

Another recent development is the launch of the Securities Commission Malaysia's principles-based Sustainable and Responsible Investment Taxonomy (SRI Taxonomy) on Dec 12 for the capital market to help advance the nation's climate and sustainability agenda.

This taxonomy provides universal guiding principles for the classification of economic activities that qualify for sustainable investment, by giving clarity towards enabling proper and consistent identification and classification of various types of economic activities, as well as the definition of sustainable investments.

At the same time, it also seeks to address concerns on the need to mitigate and manage the risks of greenwashing.

As reported by StarBiz in a Dec 13 article, "Given Malaysia's strong position in Islamic finance and the alignment of the underlying principles of Islamic finance with sustainability, particularly from the social and ethical investing perspectives, the SRI Taxonomy also includes a social component, in addition to the environmental component."

Undoubtedly, the dedicated drive to introduce such initiatives from Malaysia's regulators in the nation's journey to a net-zero future is a promising sign for exciting developments that will spur further change within Corporate Malaysia.





Enjoy celebrations, but stay responsible

Heineken Malaysia collaborates with Grab Malaysia to encourage responsible and safe behaviours amongst consumers

By CALYN YAP
calyn@thestar.com.my

FESTIVE seasons, particularly towards year-end, are chock full of friends and families coming together to enjoy themselves at parties and celebrations.

While the excitement surrounding the final two weeks of the year are understandable, Heineken Malaysia Bhd is taking the opportunity to encourage responsible and safe behaviours among consumers during the festivities.

As part of its Brew a Better World sustainability strategy, Heineken Malaysia seeks to deliver on its commitment in the areas of environment, social sustainability and responsible consumption of alcohol.

During the recent Christmas season, Heineken Malaysia joined forces with Grab Malaysia by calling on consumers to enjoy responsibly and to not drink and drive.

The collaboration, which campaigns for responsible behaviours amongst consumers who plan to attend year-end festive events and parties, seeks to ensure that consumers can enjoy responsibly and get home safely at the end of the day.

Through the collaboration, up to

10,000 promo codes with an RM10 discount off Grab Rides were offered to consumers going to various Heineken, Guinness and Tiger brand events up until Dec 31.

Among the events included for the promo codes was the popular Tiger Football Finale Viewing Party at Sentul Depot, where 1,000 fans from all walks of life got together to watch their favourite teams go all out on the field.

The viewing party was also amped up with exciting games for attendees to redeem exclusive Tiger Football merchandise and mouth-watering food to enjoy as they watched the exciting final match – won by Argentina against France this year – on a giant LED screen, giving them a true football experience.

Heineken Malaysia corporate affairs and legal director Renuka Indrarajah said, “As a progressive brewer, we are committed to advocating responsible consumption.

“Our collaboration with Grab to offer ride discounts to consumers aims to encourage all consumers attending our events to do the right thing and take alternative transport when going out for a drink.

“Do not drink and drive, we want our consumers to get home safely at the end of the day.”

This campaign is in line with Grab’s

number one priority, safety, where it believes in providing a safe journey when and where people need it the most.

Grab has always encouraged Malaysians to book Grab rides as an alternative to driving, whether it is for shopping, running errands, or even a night out.

Through more dedicated campaigns to encourage Malaysians to use e-hailing as a transportation mode during these at-risk times, Grab is committed to being part of the solution to help people make safe choices.

The ‘Enjoy Responsibly and Get Home Safely’ collaboration comes on the back of Heineken Malaysia’s ‘When You Drive, Never Drink’ campaign, launched earlier this year, which called on consumers to pledge to never drink and drive.

The campaign received 3,000 pledges from consumers, in addition to over 100 pledges from Heineken Malaysia’s business partners, in support of its responsible consumption agenda.

This, Renuka said, indicated growing awareness and positive behaviours in Malaysia.

Heineken Malaysia’s brand events and all related promotions and activities are strictly for non-Muslims aged 21 and above only. Heineken



Heineken Malaysia’s aim to ‘Spread the Cheer’ and ensure the safety of the people was reflected in Penang year-end celebrations.



(Below) 1,000 fans from all walks of life got together to watch their favourite teams go all out on the field, at the Tiger Football Finale Viewing Party at Sentul Depot.

Malaysia advocates responsible consumption and urges consumers to #EnjoyResponsibly. When you drive, never drink.

“The Heineken brand also dedicates 10% of media spend annually on promoting responsible consumption,” she added.

Since 2010, the brewer has invested more than RM9mil in advocating responsible consumption.

For more information on Heineken Malaysia and the company’s initiatives, visit www.heinekenmalaysia.com.



Tackling ESG awareness and knowledge

Consumers and businesses to jointly spur ESG agenda in achieving Malaysia's net zero ambition by 2050

By MARK RYAN RAJ and CALYN YAP
ESGeditorial@thestar.com.my

WHILE governments, companies and organisations alike are gearing for the transition towards a more sustainable world, one piece of the puzzle is key in ensuring that this vision is achieved: the public.

Much research has been conducted on the awareness and knowledge of businesses when it comes to sustainability, as well as environmental, social and governance matters in recent years.

Less light, however, has been shed on the consumer side of things. Without a baseline on the current state of affairs, it is difficult to identify and address gaps in understanding to ensure that consumers also become advocates for environmental, social and governance (ESG) and sustainability.

This is what StarESG seeks to address, through a recent survey conducted on thestar.com.my from Nov 9 to 23, where we called out for responses from our readers and fellow citizens. In response, more than 500 respondents completed the survey, which sought to obtain insights into the importance of ESG and sustainability from the consumer's perspective.

Understanding the critical role that members of the public play in the nation's sustainability drive, StarESG thus takes a deep dive into ESG in the eyes of our readers, revealing the key aspects that matter to consumers when it comes to sustainability – and the areas that must be addressed.

Before that, let's take a closer look at global developments, to see how Malaysians fare against their counterparts across our borders.

Global backdrop

There is growing evidence that consumers are becoming more

concerned about the ESG practices of the companies they do business with.

There are several key concerns that consumers have pertaining to ESG, which include:

> Environmental impact

Consumers are concerned about the impact that a company's operations and products have on the environment. This includes issues such as climate change, pollution and resource depletion.

Based on a survey conducted by Deloitte on consumer attitudes and behaviours around sustainability, which was conducted online with a nationally representative sample of more than 2,000 UK adults, the research shows that consumers are increasingly making conscious decisions with sustainability and the environment in mind.

According to the study, 24% of consumers are willing to pay more for sustainable packaging and products, with more than half of the respondents (54%), stating that they want better schemes to remove plastics and packaging.

57% also said that sustainable alternatives should be made more affordable, so that more people can shift to a more sustainable lifestyle.

In addition, based on the National Research Federation (NRF) and IBM survey titled 'Meet the 2020 consumers driving change', which involved 18,980 consumers in 29 countries, it found that nearly 80% of consumers report that sustainability is important for them.

More than 70% of consumers who report that sustainability is very or extremely important are also willing to pay a 35% premium for more sustainable and environmentally responsible products.

57% of surveyed consumers globally also stated that they are willing to change their purchasing habits to be more sustainable and help reduce negative environmental impacts.

> Social responsibility

Consumers also want to know that a company is acting responsibly in terms of its treatments of employees, customers

and the communities in which it operates. This includes issues such as fair labour practices, diversity and inclusion, and ethical business practices.

Australian research technology company Glow found that 88% of Australian consumers say it is important for companies to be environmentally and socially responsible.

The Melbourne-based company accumulated more than 120,000 consumer opinions of about 120 food and grocery brands to create a Consumer ESG/Sustainability benchmark report.

64% of consumers said a company's performance on ESG issues is also a factor in their purchase decisions, with one in four Australian consumers having switched brands based on their perception of a company's ESG performance.

Gen Z and Millennials are switching brands 2.5 times the rate of older generations, if they lack confidence in a brand's ESG credentials.

Customer service and experience expert Shep Hyken also found in his annual study – Achieving Customer Amazement 2022 – that 45% of 1,000 consumer respondents believe it is important for a company to support a social cause that is also important to their customers.

> Governance imperative

Consumers want to know that a company is being managed in a transparent and accountable manner. These include issues such as executive pay, board diversity and the use of shareholder funds.

Based on a study by research firm Mintel, it revealed that 56% of consumers from America stop buying from companies that they believe are unethical.

Additionally, the study suggested that 35% of consumers would even stop buying from brands they perceive as unethical, even if there is no substitute available. 27% would also purchase a competitor's products, even if they think the competitor offers lower quality.

Based on StarESG's survey findings, similar to consumers around the world, Malaysians are not only aware, but also concerned about how businesses can bring positive influence to the environment and the people within the communities they operate in.

Malaysian scenario

In general, the same trends are reflected among Malaysian consumers, but there are minute differences that bear scrutiny.

Based on StarESG's survey findings, similar to consumers around the world, Malaysians are not only aware, but also concerned about how businesses can bring positive influence to the environment and the people within the communities they operate in.

The majority of respondents (78%) shared that they were exposed to and aware of sustainability and ESG considerations. Interestingly enough, the most common medium through which people learned about ESG was print media, with 23% stating that they heard of sustainability or ESG through newspapers.

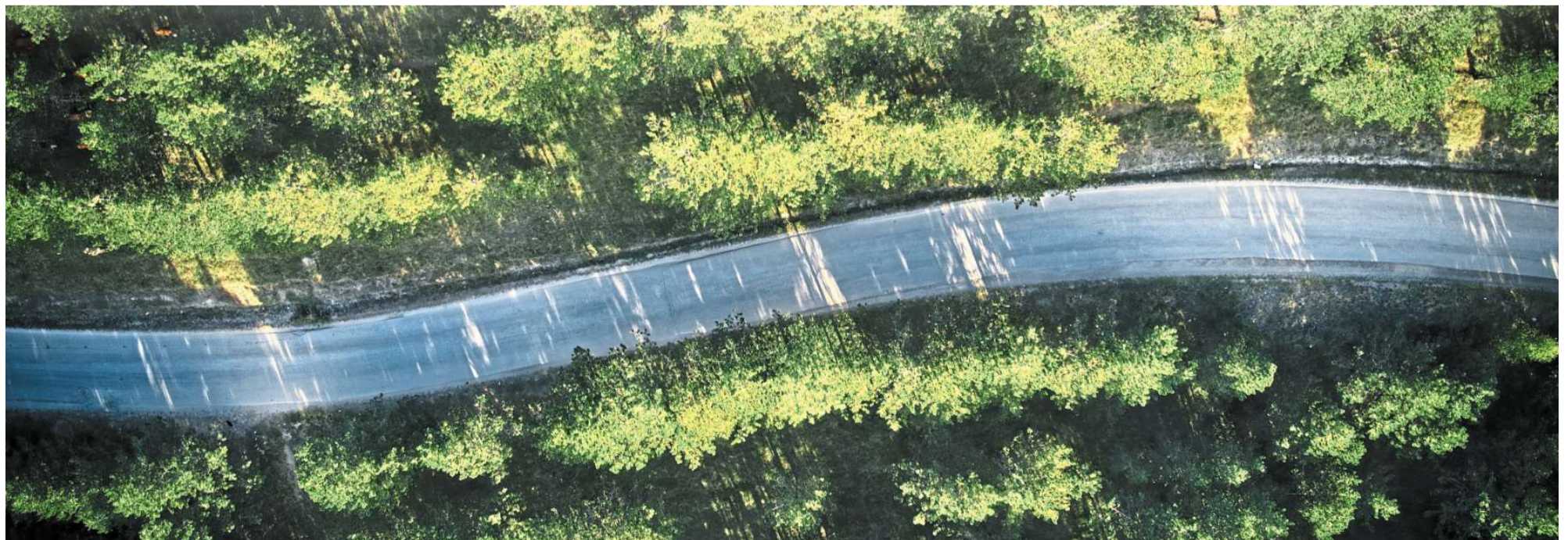
Respondents who have yet to adopt a sustainable lifestyle pointed to the lack of information on sustainability or ESG as the main stumbling block.

On the other hand, even among those who have embarked on embracing sustainability are still in the early stages, with the most chosen sustainable lifestyle adoption by respondents being limited use of non-recyclable items.

Reflecting global ESG awareness levels, more than 50% of Malaysian consumers indicated that they would research brand sustainability or ESG commitments before purchasing their products.

Most respondents (65%) agree that a brand's commitment to sustainability or ESG would impact their purchase decision, with the main consideration being brands or products made from natural materials or renewable resources.

In fact, 76% of respondents would recommend a brand known for its positive impact on sustainability and 72% of them are likely to become loyal customers of brands that are committed to sustainability or ESG.



Shedding light on consumer awareness on ESG

To obtain insightful key findings on the importance of ESG from the consumer's perspective, *StarESG* conducted an online ESG survey from Nov 9 to 23, with a total of more than 500 respondents weighing in on the topic.

Key findings:

78% of respondents are exposed and aware about sustainability or ESG.

The majority of respondents (**23%**) heard of sustainability or ESG from newspapers

The most chosen sustainable lifestyle adoption by respondents is limited use of non-recycle items

The main reason respondents don't adopt a sustainable lifestyle is due to lack of information on sustainability or ESG

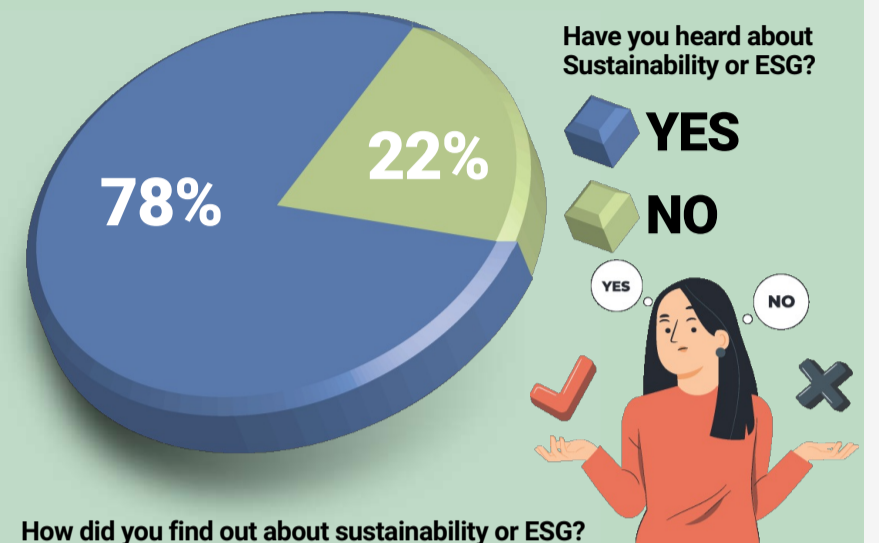
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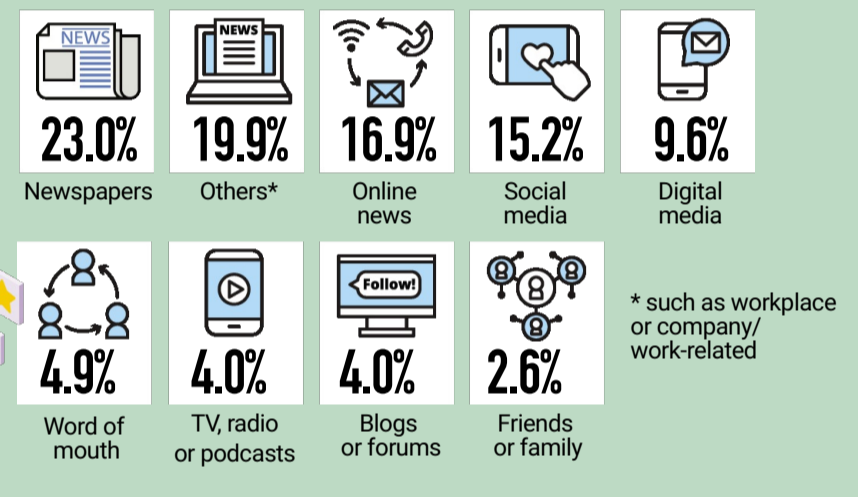
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Consumer awareness on sustainability or ESG

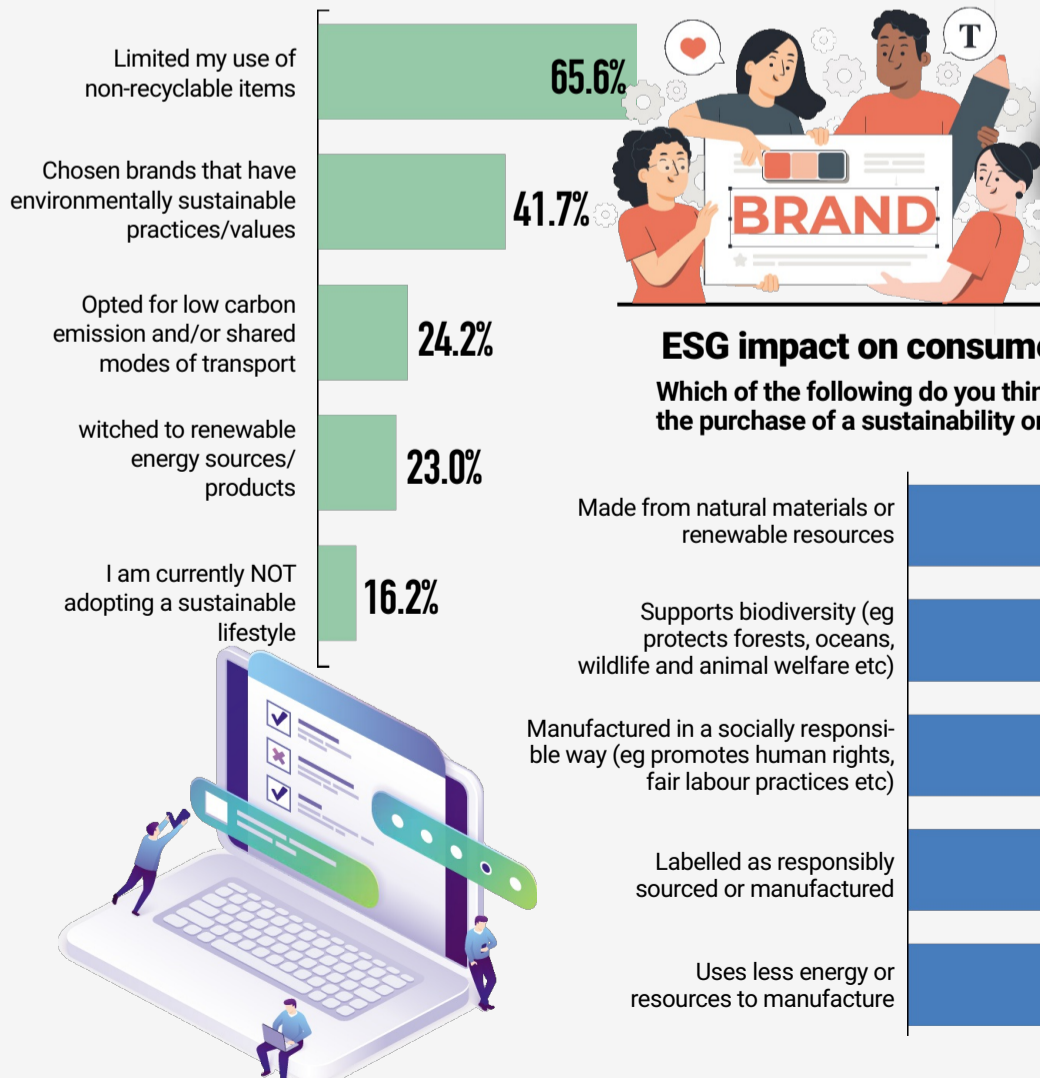


How did you find out about sustainability or ESG?



Consumer sustainability or ESG adoption

Which of the following have you personally done, specifically in an effort to adopt a more sustainable lifestyle?



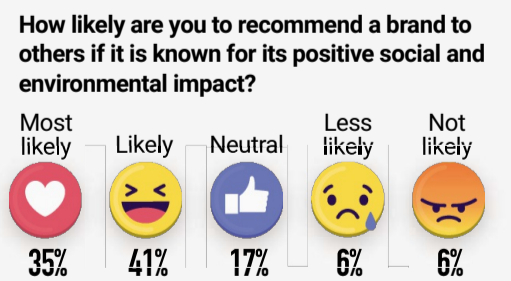
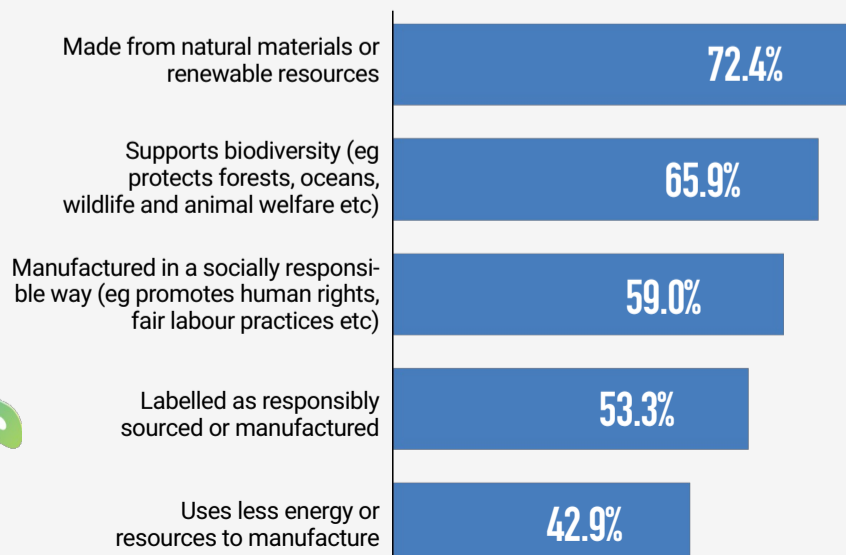
ESG influence on consumer brand preference

Before deciding to buy products from a brand, do you research its sustainability or ESG commitments?



ESG impact on consumer purchasing behaviour

Which of the following do you think are very important when considering the purchase of a sustainability or ESG-linked product?



Touching on business concerns



WITH rising awareness among consumers on the importance of sustainability and ESG considerations, it's often said that organisations and companies can no longer afford to ignore what is increasingly becoming the new normal in business.

But beyond personal initiatives, what do consumers think that the business community can do, when it comes to balancing the scales and bridge the gap between profit and positive impact in today's world?

In this, as with other matters, consumers are the force that demands change within business practices.

Findings from *StarESG's* survey showed that an overwhelming majority of respondents believe that companies should commit to ESG (83%).

The environmental aspect in ESG, specifically, was of utmost concern to respondents, with 64% selecting the environment as a main focus that companies should invest and focus on, followed by governance (24%) and social (12%).

Under this pillar, respondents believed that companies should promote the usage of recyclable and eco-friendly materials (76%), reduce carbon emissions (66%), mitigate resources and wastage (62%), focus investments on carbon reduction and nurture biodiversity (47%), as well as nurture flora and fauna welfare (44%).

When it comes to the social pillar, 87% of respondents pointed to anti-bribery & corruption policies as a key focus area, followed by fair trade policies (60%), competition compliance (48%) and anti-theft data protection policies (42%).

For social, 63% of respondents underlined that companies should emphasise on improving workplace and employee benefits, alongside promoting diversity and human rights (58%), undertaking community engagement programmes (56%), ensuring talent development and succession planning (51%), as well as implementing customer satisfaction programmes (47%).

All in all, it's certainly clear that a new wave is coming, with a generation of Malaysians determined to make a difference and leave a better world behind.

What's left is to continue amplifying the voice of ESG and sustainability in a rallying call for every Malaysian to join forces to do good.

ESG through a business lens

While understanding the importance of ESG and sustainability to consumers is vital, *StarESG* was also keen to unearth the viewpoint of consumers when it comes to the agenda for businesses.

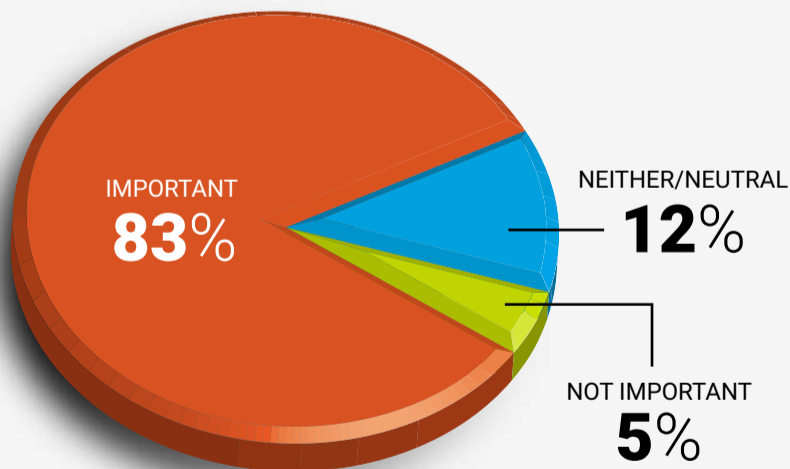
Key findings:

> Respondents believe that **companies should commit to ESG (83%)**, with **'environmental'** as the main focus

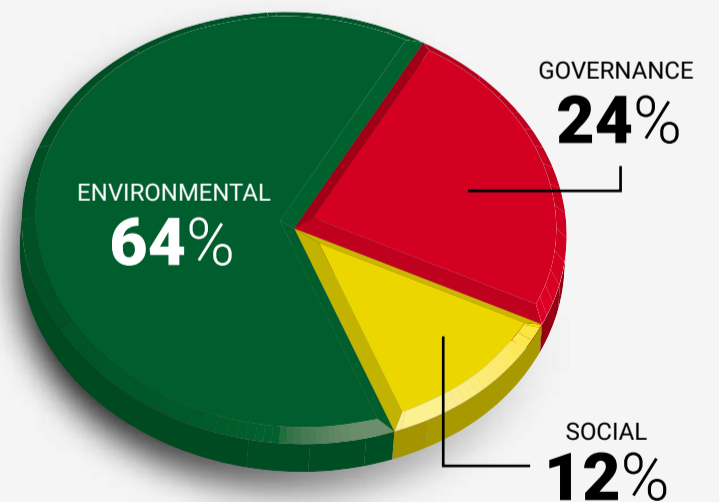
> Respondents' main focus under 'environmental' is **promoting the usage of recyclable and eco-friendly materials**, while for social, it is **improving workplace & employee benefits** and under governance, it is **anti-bribery & corruption policies**

ESG adoption for companies

> How important is it for companies to be committed to ESG?

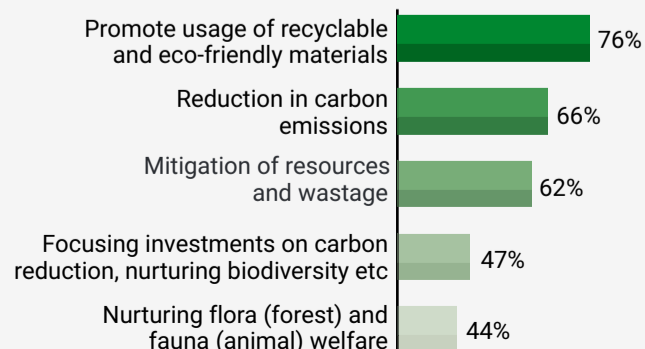


> What is the main focus that companies should invest and focus on ESG?

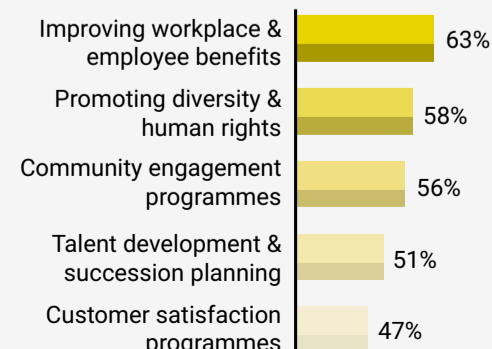


Areas of ESG focus for companies

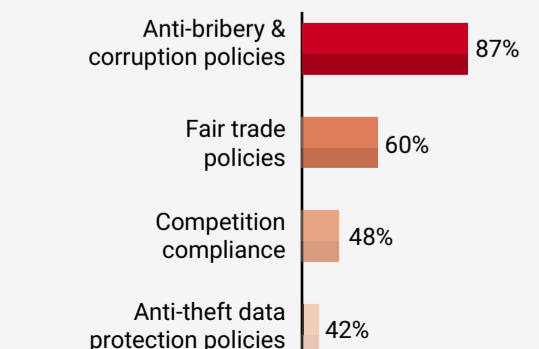
> Which environmental aspect would you emphasise on?



> Which social aspect would you emphasise on?



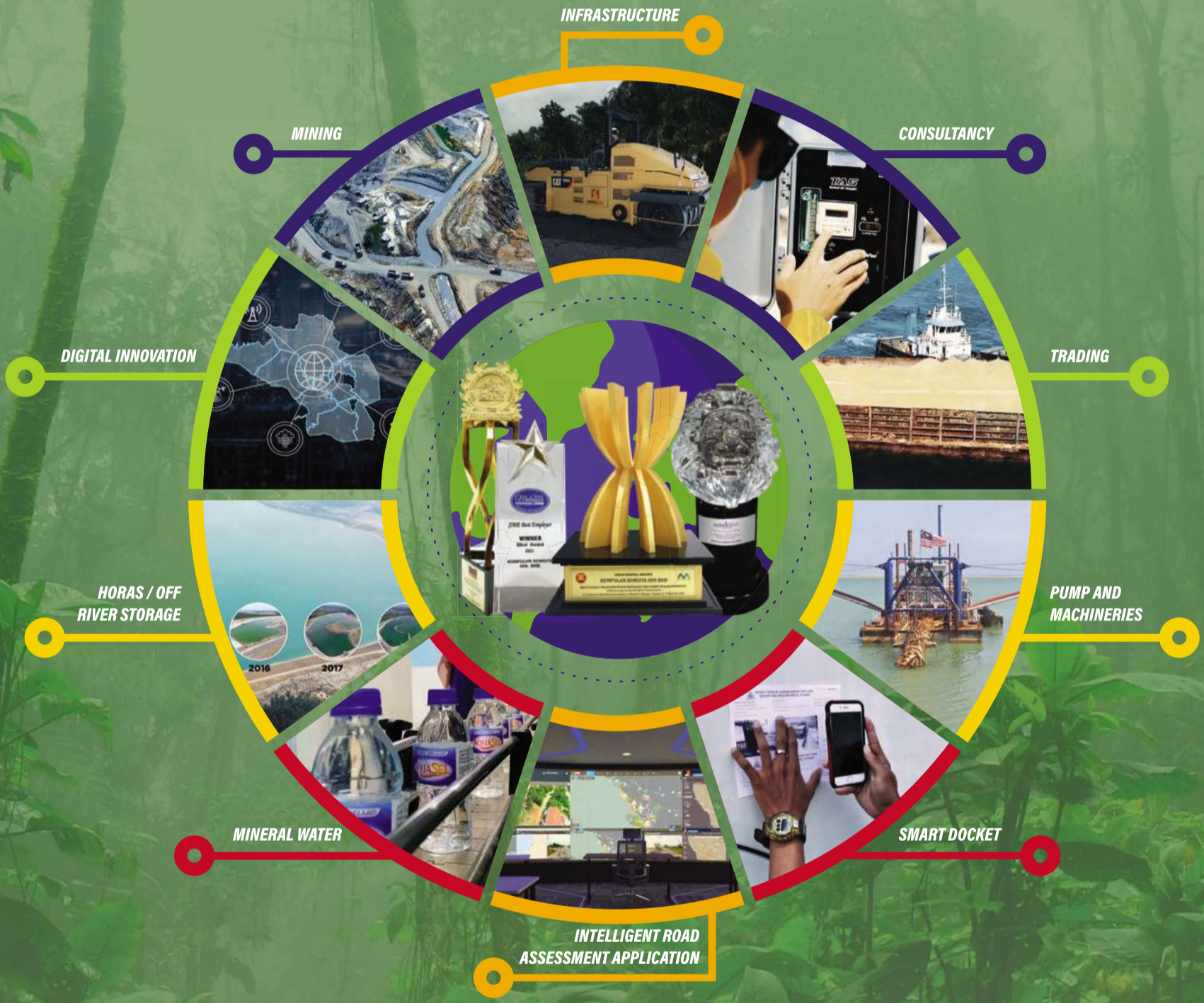
> Which governance aspect would you emphasise on?





Kumpulan Semesta Sdn Bhd

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Restoring mines, changing perceptions

Kumpulan Semesta, an incidental ESG company set by state government

By ERIC QUAH
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IN the past, mining has been the industry maligned for being environmentally unsustainable. However miners have always grappled with 'green' matters and sustainability.

Sand mining became one of the most sought after businesses extensively due to the need in building construction, glass-making, road construction and electronics. Worldwide, sand mining has in fact become the most extracted resources in the world, even more than oil and biomass.

Both sand and gravel make up the most extracted resources in the world because extracting them is cheap. Coupled with an ever increasing demand, this form of mining has also attracted many small-time businesses to set up impromptu mining ventures.

Due to its massive volume, sand mining outfits operated without strict monitoring despite tight regulation from technical authorities and some areas could be deemed illegal, even harmful to the surrounding community and biodiversity.

That has prompted the state of Selangor to establish Kumpulan Semesta Sdn Bhd (KSSB) in 2008 to manage exploration, extraction, production and distribution of sand, rock materials and mineral resources within Selangor.

Apart from ensuring discipline among mining operators, KSSB's vision is also to ensure fairer socio-economic benefits in Selangor with the tagline "Merakyatkan Ekonomi Negeri Selangor" (Popularising Selangor's Economy).

In doing so, KSSB has set in place some of the best practices as early as 2008, even before issues on environment, society and governance became a yardstick for investors to gauge company performances.

In order to maintain sustainability of the surrounding land, KSSB sets in place a systematic mining process and monitoring of the environmental impact of sand mining.

KSSB research and marketing head Mohd Nizam Mohd Ishak said, "Because the core business is mining, KSSB deals a lot with the environmental issues in the mining area, where it's about water and the plantations and social communities."

"Before, most of the mining was not done in a proper way, some of the methods were illegal and some damaged the environment," said Mohd Nizam.

"Furthermore in terms of economic returns to the state, Selangor did not profit from these mining cartels in the past."

When KSSB was formed, it started setting the necessary procedures and practices.

Internally, the company has its own governance integrity department that oversees matters that also includes internal audit, risk management and corporate governance, all of which are

reported to the board of governance integrity on a quarterly basis.

It was certified ISO 9001:2015 QMS in sand extraction, its removal and delivery, as well as in the construction and maintenance of roadworks.

The company is very particular about environmental issues because the industry is seen as one of the contributors of pollution.

It has dedicated teams of consultants to ensure its mining operation adheres to proper mining schemes, monitoring and generating reports on the environmental impact assessment (EIA), approved by the Department of Environment (DOE).

"We have created initial studies before embarking on working on a site, which will then be monitored on a monthly and quarterly basis via the environmental monitoring report (EMR).

Besides having an internal team preparing EMR to the DOE on the quarterly basis, it also provides water sampling to the Selangor Water Management Authority (LUAS), which monitors all river and mining pools monthly.

In maintaining the biodiversity of the surrounding land, the company initiates mangrove planting along the river at Sungai Selangor and Sungai Bernam, which helps sustain the firefly population.

Internally, the company ran a recycling and e-waste programme for Malaysia Day partnering with KDEB Waste Management and Media Selangor and a trash-to-cash programme that involved the staff. It has digitally transformed its operations by adopting cloud services and electronic resources to stop paper usage and waste.

Working in the mining industry has its fair share of hazards be it on-site or office-bound, employer and employee health requires safety policies that would help defray unintended accidents or mishaps from occurring.

Part of its social obligation is also emphasised on its staff wellbeing and human capital development. To encourage its employees to lead healthier lives, it has several programmes that reward staff for being physically active.

KSSB also arranges regular check-ups for all staff, while those with potential critical illness are monitored, encouraged to join health programmes and reassessed on whether their current work areas are suitable for them.

The management cascades down its ESG implementation to all staff and contractors to educate through information, awareness and participation.

Many misinterpret it solely as a mining company due to its involvement in extraction and distribution of sand business.

KSSB serves the wider community with preventive flood mitigation measures, such as desilting rivers at key spots to ease the water flow as well as offering post-flood services to those affected by the tragedy.

This is in line with the company's main objective of mitigating floods by river

KSSB provides water samples to LUAS, which monitors all river and mining pools monthly.



desilting works and sand mining, and the aim of rehabilitating the area into a retention pond for water supply and flood control upon the end of the mining period.

It also provides pump services to supply water from the pond to rivers that lead to water treatment plants and vice versa in the event of a flood.

KSSB was mandated by the State Government to provide reservoir ponds to cater water supply of up to 300 millilitres per day for the Klang Valley.

It also helps increase the Orang Asli and B40 communities' socio-economic status by creating employment opportunities, providing basic education and improving infrastructure within those communities.

Of the three ESG pillars, governance was the most needed to be in place as it is the key reason that KSSB was formed.

For its efforts and quality of work, the company was chosen to represent the country and bagged the award for the Best Practices in Sustainable Mineral Development (Non-Metallic Minerals

Distribution) in Asean at the 2019 Asean Mineral Awards (AMA) in Bangkok.

Today, KSSB has diversified into six subsidiaries, with activities that cover infrastructural work and road maintenance for JKR Negeri Selangor, consultancy, a trading arm and a system pump machinery and more.

It also developed a Smart Docket app that provides hands-on mining management control and also a system that enables a fleet of drones to monitor roads and highways for signs of damage and potholes.

One of its more ambitious plans involve converting used mining ponds into a vast floating solar farm or an open dual function reservoir that is sustained for long term – both plans will convert the land into a usable resource for the community.

"We need to change the mindset of people that we are not damaging the environment but with a proper monitoring and system, we make sure that we give more to the society and the environment," said Mohd Nizam.

(Above)
A 202ha (500-acre) former mining pond is turned into an off-river water storage and reservoir.



KSSB serves the wider community with preventive flood mitigation measures, such as desilting rivers at key spots to ease the water flow.

ESG

in the news

Dec 1

• **Petroleum Nasional Bhd (PETRONAS)** to pursue opportunities in clean energy solutions.

We are taking deliberate steps to unlock new value from our core portfolio with a focus on the decarbonisation of our operations and will pursue attractive opportunities in cleaner energy solutions.

– *PETRONAS president and group CEO Datuk Tengku Muhammad Taufik*



Dec 2

• China-based **EVE Energy Co Ltd**, via its subsidiary **EVE Energy Malaysia Sdn Bhd**, will be investing US\$422.3mil (RM1.86bil) to set up a cylindrical battery production base in Malaysia.

The lithium battery production company said the production facility will support the electric two-wheelers and power tools manufacturing enterprises in the country and across South-East Asia.

• More women were appointed as independent directors of Malaysian public listed companies (PLCs) in 2022, according to the **Securities Commission's** Corporate Governance Monitor 2022 report.

About 34% of individuals appointed to boards of PLCs in 2022 were women, compared with 23% in 2021.

Dec 3

• **Carlsberg Brewery Malaysia Bhd** is collaborating with Sabah Recycling Association (Ripple) to pilot-test a three-year glass bottle recycling and community empowerment programme named CarlsBot.

Driven by its EGG agenda, Carlsberg will co-create a glass bottle ecosystem with Ripple to recycle its non-returnable glass bottles in Kota Kinabalu, Sabah, by empowering local communities to tackle waste and generate income at the same time.

Dec 5

• **Petroleum Sarawak Bhd** or Petros and Petroleum Nasional Bhd (PETRONAS) are working on the development of a depleted oil field off the coast of Sarawak for storage of captured carbon dioxide (CO₂) from an adjacent oil producing field.

A licence for this venture will be issued as soon as the new rules for carbon storage are gazetted in early 2023, according to Sarawak Premier Datuk Patinggi Abang Johari Tun Openg.

Dec 6

• **Tenaga Nasional Bhd (TNB)** has called for energy players as well as the public and private sectors around the globe to continuously engage, collaborate and leverage each other's best practices in the journey towards a sustainable future.

Speaking at Enlit Europe 2022 in Frankfurt, Germany, TNB president and chief executive officer Datuk Baharin Din said that as the world is rapidly changing, energy is the biggest driver of transformation.

At the same time, he said, the trilemma between energy equity, environmental and energy security remains the biggest challenge in the energy transition.

"(For developing nations,) the core of an ideal energy system remains in balancing the energy trilemma, where access to affordable energy and security of supply are key," he said.

Dec 7

• The **Securities Commission (SC)** is making serious efforts to strengthen the capital market's overall capabilities and ability to withstand cyber attacks.

Chairman Datuk Seri Awang Adek Hussin said cyber resilience is imperative for all capital market participants and a significant priority for the SC.

"In this regard, the Capital Market Masterplan 3 (CMP3) has outlined several

strategic initiatives that need to be undertaken, including strengthening the SC's and industry's intelligence capabilities to be better prepared against potential breaches and imminent threats," he said.

Dec 8

• **Gamuda Bhd** expects to fast track its renewable energy (RE) business with the proposed acquisition of a 30% stake in **ERS Energy Sdn Bhd**, worth RM200mil in cash.

Gamuda deputy group managing director Mohammed Rashdan Yusof said the equity participation in ERS Energy is aligned with the group's sustainability and decarbonisation commitments as outlined in its Gamuda Green Plan 2025.

Investing in RE and other green vertical businesses is one of the company's strategies to build a new baseline recurring income stream for the group.

– *Gamuda deputy group managing director Mohammed Rashdan Yusof*



• **Sunview Group Bhd's** wholly-owned subsidiary, **Fabulous Sunview Sdn Bhd**, has secured a RM122mil contract from **Nextenaga Sdn Bhd** to undertake the engineering, procurement, construction and commissioning of the solar energy facility for the development of Nextenaga's 29.99 megawatt Bukit Badong Large Scale Solar Photovoltaic in Bestari Jaya, Selangor.

• **CIMB Bank Bhd** has launched a sustainability-linked treasury programme with **Farm Fresh Bhd** and **Sunway Bhd** via **Sunway Treasury Sdn Bhd** as its pioneering clients.

The bank said in a statement that the launch represented the first two in a new series of bespoke treasury product offerings by CIMB that allowed clients to embed their ESG aspirations into thematic treasury risk-management solutions.

Dec 9

• **Gamuda Bhd** has earmarked RM2bil to invest in the Malaysian and international renewable energy (RE) space over a five-year period.

Group managing director Datuk Ling Yuen Ling said the investments would entail several types of RE sources and "not so much on solar".

Lin highlighted that Gamuda was looking at developing some hydro pump projects in Australia, describing the country as a "very important and key market" for Gamuda.

• **Sime Darby Plantation Bhd (SDP)** has unveiled its net-zero emission commitment with a clear roadmap, aiming to achieve 100% absolute overall emission reduction under Scope 1 and 2 by 2050 with all unabated Scope 3 emissions balanced by an appropriate amount of carbon removals or offsets.

In a filing with Bursa Malaysia, the world's largest producer of certified sustainable palm oil said it has aligned its action plans with the Paris Agreement targets to limit global temperature rises to no more than 1.5°C.

Dec 10

• **Bursa Malaysia Bhd** has launched Bursa Carbon Exchange (BCX), the country's pioneer voluntary carbon market (VCM) and the first syariah-compliant carbon exchange in the world, which it said would diversify the prod-

uct universe for environmental, social and governance (ESG) and syariah-compliant products.

The objective of the BCX is to enable companies to trade voluntary carbon credits from climate-friendly projects and solutions, with the aim to offset their emission footprint and meet climate goals.

Dec 13

• The **Securities Commission (SC)** has unveiled the principles-based Sustainable and Responsible Investment Taxonomy (SRI Taxonomy) for the capital market to help advance the nation's climate and sustainability agenda.

The SRI Taxonomy provides universal guiding principles for the classification of economic activities that qualify for sustainable investment.

• **Petroleum Sarawak Bhd (Petros)** has teamed up with South Korea's Posco Group to collaborate on the development of the carbon capture and storage (CCS) business in Sarawak.

State-owned Petros, which is the resource manager for the CCS business in Sarawak, inked a memorandum of understanding (MoU) with Posco Holdings, Posco International and Posco Engineering & Construction Co Ltd (Posco E&C) in Kuching.

The four companies will conduct a joint study on potential carbon storage sites in Sarawak based on available data provided by Petros, transportation of carbon dioxide (CO₂) from South Korea to the CCS hub in Sarawak, CO₂ injection and sequestration, and solutions to reduce, mitigate and/or avoid greenhouse gas emissions from the CCS opportunities.

Dec 15

• **Petroleum Nasional Bhd (PETRONAS), Italy-based Eni SpA** and **Japan-based Euglena Co Ltd** are exploring the possibility of developing and operating a biorefinery in the Pengerang Integrated Complex (PIC) one of the largest integrated refinery and petrochemical developments in South-East Asia.

In a joint statement, the companies said they are carrying out technical and economic feasibility assessments for the proposed project, with the investment decision expected to be reached by 2023 and the plant targeted to be completed by 2025.

• **Maybank Investment Banking** group has mobilised a total of RM28.6bil in green financing, more than half of its RM50bil goal by 2025.

Chief executive officer Michael Oh-Lau said of this, RM21.94bil was mobilised to the non-retail sector of which over 60% was for green buildings.

Another RM6.65bil (in green financing) was mobilised to the retail sector, of which close to half was earmarked for affordable housing.

– *Maybank Investment Banking group chief executive officer Michael Oh-Lau*



• **Pestech International Bhd's subsidiary Pestech (Cambodia) Plc** has entered into a memorandum of understanding (MoU) with Attwong Investment Group Co Ltd (AIG).

The MoU is in relation to the development of two feasibility studies pertaining to the construction and operation of clean energy or solar-based assets in Cambodia.

Dec 20

• **Samaiden Group Bhd's** wholly-owned subsidiary **Samaiden Sdn Bhd** has entered into a partnership with Management Venture Asia (MVA) (Cambodia) Ltd to explore clean energy-related business opportunities in Cambodia.

Samaiden, in a statement, stated MVA is a business consultancy and clean energy project developer based in Phnom Penh, Cambodia, and is primarily engaged in facilitating business ventures and taking products to market and market research.

Dec 21

• **Sersol Bhd** is venturing into the business of assembling, selling and leasing electric two-wheelers in three Asean markets.

Its wholly-owned subsidiary, **Sersol Energy Sdn Bhd**, inked a joint-venture (JV) agreement with Takuni Group Public Company Ltd to establish companies in Malaysia, Thailand and Indonesia.

Dec 22

• Demand for electric vehicles (EVs) is expected to grow sharply in 2023, due to tax incentives as well as potential launches of more accessible priced EVs.

Malaysian Automotive Association (MAA) president Datuk Aishah Ahmad noted that as at October 2022, a total of 2,093 units of EVs had been registered.

• **Tenaga Nasional Bhd's (TNB)** plan to charge up its energy transition bid and renewable energy (RE) portfolio has moved a step up with its plan to develop a solar energy greenfield development in the United Kingdom.

The power utility's wholly owned subsidiary, **Vantage RE Ltd**, has signed an engineering, procurement and construction or EPC contract with Belectric GmbH for the construction and commissioning of 102 megawatt (MW) solar farms in the UK.

• In an effort to promote a sustainability mindset among its employees, **Malayan Banking Bhd (Maybank)** has started to offer its employees an option of one-month paid leave annually for them to pursue long-term sustainability and volunteerism initiatives.

Dec 24

• **Samaiden Group Bhd's** wholly-owned subsidiary **Samaiden Capital Management Sdn Bhd's** first investment project at Sunway Nexis has commenced operations.

In a statement, the clean energy solution specialist stated it would operate and maintain the rooftop solar photovoltaic system with an installed capacity of 531 kilowatt-peak for a duration of 20 years.

Based on the generation of 12.5 million kilowatt-hour over the 20-year period, this can reduce 8,400 tonnes of carbon dioxide.

• **Boilermech Holdings Bhd** has entered into a share acquisition agreement with Leong Jit Min for the acquisition of 245,000 shares, or a 35% stake, in **TERA VA Sdn Bhd** for RM8.2mil cash.

TERA is principally in the business of installation of solar green power energy products and electrical machinery products.

Dec 28

• **Sersol Bhd** has signed a joint venture (JV) agreement with Thailand energy giant **Takuni Group Public Co Ltd** to manufacture, assemble and distribute electric two-wheelers motorbikes and scooters across Malaysia, Indonesia and Thailand, in line with the anticipated surging demand for green mobility solutions.

• **G Capital Bhd's** 96%-owned subsidiary, **Gunung Hydropower Sdn Bhd**, has signed a renewable energy power purchase agreement with **Tenaga Nasional Bhd (TNB)**.

The agreement is for 21 years from the commercial operation date, which is scheduled to start from May 11, 2027.

Under the deal, TNB will purchase electricity from Gunung Hydropower at a feed-in-tariff rate of RM0.2460 per kilowatt-hour.



NOT SURE IF YOU QUALIFY FOR THE AWARDS?

The ESG Positive Impact Awards aims to recognise notable ESG achievements by Malaysian organisations of all sizes. From complex applications like solar technology, to simply ensuring gender equality among board members, your enterprise might already qualify for the awards without you realising it.

Whether you're an SME or a large conglomerate, this is your chance to inspire your peers, reassure your stakeholders and get recognised as one of Malaysia's leading ESG champions.



Register Now
10AM Session

Get all the answers at our submission clinic on January 6, 2023 (Friday).

Morning Session: 10AM | Afternoon Session: 3PM



Register Now
3PM Session

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SIMPLE WAYS TO BE MORE SUSTAINABLE WHILE YOU COUNT DOWN TO THE NEW YEAR

By MARK RYAN RAJ
mark.ryan@thestar.com.my

It's that time of the year again, with festive celebrations in full swing. The holiday season means that we get to spend time with friends and family to enjoy a well-earned break after a long year.

It's also a time for celebrating with food, parties, decorations and lots of fun! But there's no reason that all the festivities have to come at the cost of the environment.

REDUCE ENERGY CONSUMPTION

As you'd expect, New Year's parties are often filled with bright lights and a tonne of flashy decorations. So, one way that we can make a difference is to reduce energy use while we countdown to 2023.

Try switching to energy efficient lights, like LED, for lighting during your New Year's celebrations as LED bulbs use less energy and last longer. You can also turn off lights, and unplug chargers or appliances, when they are not in use to avoid being wasteful and save more energy.



USE ECO-FRIENDLY DECORATIONS

It wouldn't be a proper New Year's party or gathering without the decorations. That being said, rather than going all out and buying new decorations, only for them to be discarded the next day, why not try something new and make your own decorations this year? Consider using decorations made from recycled or biodegradable materials as you'd be making good use of your old junk and giving them a new lease of life. I'm pretty sure your friends and family will be amazed at your sustainable party efforts as well.

DONATE EXTRA FOOD

If there's one thing we Malaysians love, it is food. And during the festive seasons and year-end celebrations, we tend to enjoy our food a little more than we should, which often results in excessive wastage of food.

So, to prevent the feast of food going to waste, why not donate it to those in need? There are plenty of soup kitchens, as well as children's and old folks' homes located around the country that would greatly appreciate receiving quality food items to share with their beneficiaries.

Plus, it would be the perfect way to end the year, as you'd not only be able to help out those in need, but also do your part to reduce the food waste in our country.



REDUCE WASTE

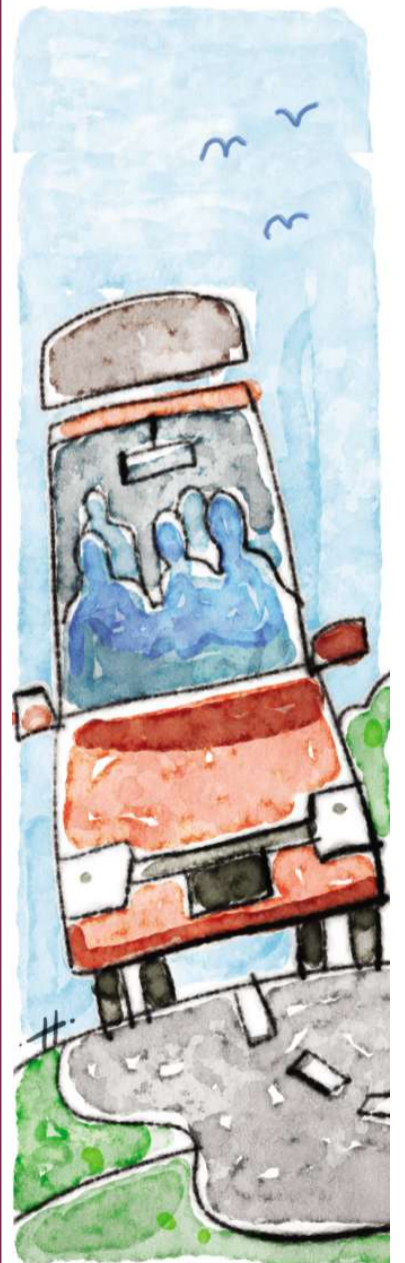
It's fair to say that the end-of-year festive season will see a lot of gatherings and parties taking place, which also correlates to a lot of plastic being used. With that in mind, it would be advisable to employ more eco-friendly practices while we revel in the festivities.

Forego plastic cups, disposable cutlery and opt for paper alternatives instead, as they are a more sustainable choice. If you choose, you can also urge guests to bring their own reusable items to eliminate any wastage.

TRAVEL GREEN

One thing that most of us tend to do during this time is travel. Why not consider opting for greener modes of transportation like taking the train or carpooling to destinations to reduce our carbon footprint?

If you must fly, try looking for an airline that has a good track record of reducing carbon emissions, if you're really trying to do your part in protecting the environment this year end.



Stay tuned to the next issue to find out how you can make a difference to a better future. *TheStar* graphics

**YOUR
OPINION
MATTERS**

Write to us and submit your views on our stories, or on ESG-related issues that matter to you.

Email us at ESGeditorial@thestar.com.my

