The ESG landscape
Risks and opportunities
15th July 2020
With you today

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- more than 6 years’ experience in Switzerland, joined Deloitte in 2016 to establish Risk Advisory in Myanmar

- now leading the Deloitte United Nations and Sustainability Team which is committed to support United Nation’s projects across Asia Pacific and to support businesses in SEA to integrate sustainability in their organisations

- BSc in Engineering, MsBA in Services Management, DAS in Risk Management; CAS in Internal Audit; currently working towards an Executive MBA at INSEAD
Why are we talking about ESG today?

ESG increasingly considered a metric for business success

**Recent sustainable finance events in Malaysia**

**CIMB allocates RM3b for sustainability-linked loans**

**Axiata secures RM3.5 bil Islamic sustainability-linked syndicated financing**

**Relation between ESG performance and financial performance**


**Motivations for implementing sustainable practices among companies in ASEAN**

Source: HSBC (2019), n= 953

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Major Milestones from Other Countries: Indonesia

Indonesia has targeted a reduction in deforestation and have begun to replace coal power.
Major Milestones from Other Countries: Thailand
Thailand has been a regional leader in sustainability-led initiatives

Thailand Leads the Region in ESG Disclosures
12 June 2019

Thailand's Corporate Governance Code Requires Sustainability Reporting
2017

Forest Act to be amended to encourage felling and growing of rare trees
Feb 19, 2019

Renewable Energy Can Account for 37% of Thailand's Energy Mix by 2036
05 December 2017

Renewable Energy in Thailand to double by 2030
January 15, 2020
**Major Milestones from Other Countries: Philippines**

The Philippines have implemented sustainable finance framework and green tax incentives.

**BusinessWorld**

PSE wants listed companies to submit sustainability reports

*October 28, 2019 | 12:06 am*

**INQUIRER.NET**

Gov’t to grant tax perks to ‘green’ firms starting May

*By Ben O. de Vera - Reporter / @bendeveraINQ*  
*Philippine Daily Inquirer / 02:43 PM, April 14, 2019*

**REUTERS**

Philippines readies new renewable energy policies to curb coal dependence

*SUSTAINABLE BUSINESS | JUNE 25, 2019*

**Eco-Business**

The Philippines considers a power sector future without new coal

*June 12, 2020*

**INSTITUTO PARA LA CONSECUENCIA CLIMÁTICA**

Philippine central bank signs sustainable finance framework

*Published 6:24 PM, October 01, 2019  
Updated 11:22 AM, October 02, 2019*

**MANILA BULLETIN**

PH recognized for progress in sustainable finance

*Published October 15, 2019, 12:00 AM*
Supply Chain Relations: Palm Oil Industry

Pressure from regulators, mainly from the EU, have left Malaysian exporters worried.

Malaysia Worries Latest EU Food Rules Can Hurt Palm Oil Exports

The EU also has plans of publishing a proposal for a legislative framework for sustainable food systems by 2023 to make sure all foods on EU market become increasingly sustainable.

By IBTimes SG Desk
July 3, 2020 15:06 +08

To convince palm oil critics, Malaysia looks to affordable, mandatory local sustainability certs

Saturday, 26 Jan 2020 06:54 AM MYT

Southeast Asia’s palm oil industry touts sustainability narrative, but activists cast doubts

22 Dec 2019 06:07AM • (Updated: 22 Dec 2019 06:10AM)

Chinese companies urged to ramp up actions to decouple deforestation risks across the palm oil value chains

Beijing — WEBWIRE — Friday, June 26, 2020

Malaysia, Indonesia should take part in development of EU sustainability standards

by moneycompass — June 11, 2020 in Local Corporate News

Malaysia relies on sustainable palm oil to keep entry into European market

By Claire Stam | EURACTIV.com
04-02-2020

M’sia will continue to engage Europe on palm oil issues - ministry

Bernama
Published 19 Oct 2019, 5:00 pm

MSPO-certified palm oil to Europe by 2020

By Zaidi Ismail Ismail - September 17, 2019 @ 11:25am

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Supply Chain Relations: Palm Oil Industry

NGOs and activists have urged companies to ban the use of palm oil due to sustainability concerns.

Activists urge U.S. customs to ban palm oil imports from Malaysia's FGV

Banking giant ING under fire for palm oil financing as NGOs file complaint

PepsiCo renews sustainable palm oil policy to close supplier loophole

Netherlands All for Sustainable Palm Oil, Against EU Biofuel Ban

Kellogg removes sustainable palm oil credits in effort to improve supply chain transparency
Supply Chain Relations: Timber Industry

Ministries have implemented frameworks and action plans to tackle illegal timber logging.
Supply Chain Relations: Sustainable Trades (Malaysian perspective)

Malaysian exporters need to prioritize sustainability to successfully trade internationally.

Start thinking about sustainable business practices, SMEs told

Arjuna Chandran Shankar / The Edge Financial Daily
October 29, 2019 10:03 am +08

Matrade promotes Malaysia as source of sustainable plastics in Germany

The Malaysian Reserve
Monday, October 21st, 2019 at, Business | News

Matrade urges Malaysian exporters to make sustainability a priority

Borneo Post online
POSTED ON NOVEMBER 21, 2019, THURSDAY AT 12:10 AM

Malaysia to advance towards inclusive, sustainable trade and investment — Miti minister

MIDA
Posted on : 04 December 2019

Malaysia: Matrade kicks off sustainable practices awareness programme

The Star
POSTED ON 11/10/2019 BY SALAMA

Abang Johari: Sarawak must comply with international timber sustainability standards

The Star
Thursday, 27 Jun 2019 12:46 PM MYT

M’sia wants be a player in sustainable exports

The Star
Tuesday, 19 Nov 2019 5:19 PM MYT
Supply Chain Relations: Sustainable Trades (global perspective)
Successful and fair international trade relies on sustainability

CDP Reports a 24% Jump in Companies Asking their Suppliers for Environmental Transparency
MAY 19, 2020 BY EMILY HOLBROOK

European palm oil industry sets course for 100% Certified Sustainable Palm Oil by 2020
Published Jun 4, 2015

Sustainability standards can unlock new markets for developing countries
19 September 2019

World needs fairer and more sustainable trade, not less trade
20 September 2019

Big brands drive demand for sustainable timber
28.11.2019 9:00 EET

60% of procurement leaders say lack of transparency is a risk, survey finds
Published Feb. 6, 2020

Swiss industry commits to cocoa sustainability
1 February 2018

METALS SECTOR COMMTS TO RESPONSIBLE METALS SUPPLY CHAINS
Impact of Covid-19

The importance of sustainability is re-emphasized during the current global pandemic.

Karma
COVID-19 pandemic leading to increased flow into social and sustainability-linked bonds, 280 CapMarkets’ Jennifer Tonda says

By Mark Shenk June 29, 2020

Coronavirus could be a ‘major turning point’ for sustainable investing, says JPMorgan

Published Wed, Jul 1 2020, 12:00 PM EDT

Covid-19 exposes magnitude of ESG risks

By: James Langton June 24, 2020 | 16:58

Forbes
Post-Coronavirus: Sustainability-Focused Investment As The New Normal?

Jun 19, 2020, 07:20am EDT

THE ASSET
ESG will be new normal of post-pandemic world
Covid-19 has created an ESG stress test for the global economy

5 Jun 2020 | Steve Waygood

“Build Back Better”: COVID-19 Brings the “S” From ESG Into Focus
by Julie Moret of Franklin Templeton Investments, 6/24/20
Impact of Covid-19
Businesses have reimagined sustainability during the COVID-19 crisis

**DAILY SABAH**

Sustainability after COVID-19: An opportunity that should not be missed

**mizzima**

COVID-19-Impact: Chance to revisit Sustainable Development Goals

**The Star**

Create a new normal with sustainability at its core

**IISD**

‘Principles for Recovery’ Urge Investing in Sustainable and Resilient Infrastructure

**The Star**

Building sustainable businesses to rise above challenging times

**World Economic Forum**

Environmental leadership will be more in demand than ever after COVID-19
Impact of Covid-19
COVID-19 has created a new path in the investment ESG

The Acceleration of ESG Initiatives in a Post-COVID World

How ESG Issues Are Being Discussed in The Boardroom Amid The COVID-19 Pandemic
Sustainable Finance Developments: Malaysia
Malaysian banks have begun to target sustainability-linked projects, mainly clean energy

CIMB, Maybank take up BNM's challenge to combat climate change

Axiata secures RM3.5 bil Islamic sustainability-linked syndicated financing

CIMB allocates RM3b for sustainability-linked loans

CIMB launches RM100m green energy financing for SMEs

OCBC Al-Amin eyes more ‘green’ and sustainable financing this year

CIMB embarks on journey of sustainable financing

UOB Malaysia inks financing deal with Ditrolic Solar Group for solar power systems
Sustainable Finance Developments: Malaysia

Malaysian ministries incentivize sustainability while COVID-19 has created new opportunities in Islamic finance

EPF adopts UN-supported principles for responsible investment

Malaysia’s Islamic finance sector to hit RM3t this year, says Bursa chairman

BNM: Financial sector should play catalytic role in low carbon economy

Malaysia on track to become global Islamic finance hub, says Amiruddin

Budget 2020: Green tax exemptions extended to 2023

How COVID-19 will reshape Islamic Finance markets

Local fund managers believe in ESG standards for sustainable returns

It is time to position Islamic finance as sustainability leader
Sustainable Finance Developments: Overseas
Banks worldwide continue to fund sustainability-linked projects

ANZ beefs up sustainable finance team
By Morgan Davis 22 Jun 2020

DBS Unveils Sustainable Finance Framework for Clients
By Editors, Regulation Asia Published on 1st July 2020

OCBC Bank Partners CapitaLand On Singapore's First SORA-based Loan
The loan is also CapitaLand's sixth sustainability-linked loan, with over S$2.72 billion raised through sustainable financing in less than two years

EFAMA forms EU-wide sustainable finance group for ESG collaboration

Swiss government outlines framework for sustainable finance

Green finance: Parliament adopts criteria for sustainable investments
Press Releases 18-06-2020 - 12:30

Oman Shipping inks $35m green financing deal with Standard Chartered

EU defines green investments to boost sustainable finance
Sustainability Regulatory Updates in Malaysia

Malaysian regulators plan to focus on environmental sustainability, most notably clean energy

**Malaysia sets new goal of 20% clean energy generation by 2030**

Nelly Syafiqah Eusoff / theedgemarkets.com
September 18, 2018 18:06 pm +08

**Proposed Energy Efficiency and Conservation Act approved by cabinet**

Chin Wai Lun / EdgeProp.my
July 04, 2019 18:16 pm +08

**Towards a carbon-neutral Malaysia by 2050**

By Zakri Abdul Hamid - November 13, 2017 @ 7:36am

**Budget 2020: Green tax exemptions extended to 2023**

Friday, 11 Oct 2019 5:16 PM MYT

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Sustainability Regulatory Updates in Malaysia

Malaysian regulators plan to focus on environmental sustainability, most notably clean energy.

Bank Pembangunan launches RM1b fund for sustainable development

Justin Lim / theedgemarkets.com
March 13, 2019 15:24 pm +08

DFI merger will lead to greater synergies, says Bank Pembangunan

Emir Zainul / theedgemarkets.com
October 11, 2019 23:08 pm +08

Malaysian central bank calls for feedback on green taxonomy proposals

Jan 6th, 2020

Minister: Govt hopes to boost renewable energy growth with net metering programme

Tuesday, 19 Mar 2019 06:20 PM MYT

The Malaysian ESG and business landscape
Major Milestones from Other Countries: Private Sector

Private companies, in the ASEAN region, have incorporated sustainability into their day to day business.
ESG Top Performers in Malaysia (1/5)

Digi is one of the leading companies in Malaysia in terms of ESG performance.

**Highlighted ESG issues**

**ESG LEADER**

- **ESG LAGGARD**
  - Digi is not a laggard on any of the Key Issues that we evaluated for its industry.

**Highlighted ESG issues**

- **Corporate Governance**
- **Privacy & Data Security**
- **Corruption & Instability**
- **Access to Communication**
- **Carbon Emissions**
- **Labor Management**

**Source:** MSCI (2020)
ESG Top Performers in Malaysia (2/5)

Axiata is one of the leading companies in Malaysia in terms of ESG performance.

MSCI ESG Rating

**AXIATA GROUP BERHAD**
(AXIATA)

**Industry:** Telecommunication Services  
**Country:** Malaysia

Axiata Group’s rating was reinitiated in October, 2019. Axiata Group is average among 78 companies in the telecommunications services industry.

**ESG Rating history**

MSCI ESG Rating history data over the last five years or since records began.

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**ESG Rating distribution**

Universe: MSCI ACWI Index constituents telecommunication services, n=78.

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**Highlighted ESG issues**

- **ESG Laggard**
- **Corruption & Instability**
- **Average**
- **Corporate Governance**
- **Privacy & Data Security**
- **Carbon Emissions**
- **ESG Leader**
- **Labor Management**
- **Access to Communication**

Source: MSCI (2020)
Petronas Dagangan is one of the leading companies in Malaysia in terms of ESG performance.

**MSCI ESG Rating**

**PETRONAS DAGANGAN BERHAD**

(PEDETAG)

*Industry: Oil & Gas Refining, Marketing, Transportation & Storage*

*Country: Malaysia*

Petronas Dagangan’s rating remains unchanged since February, 2017.

**ESG Rating history**

MSCI ESG Rating history data over the last five years or since records began.

- A
- A
- A
- A
- A

**ESG Rating distribution**

- CCC: 0%
- BB: 9%
- BB: 16%
- BBB: 41%
- A: 27%
- AA: 2%
- AAA: 5%

*Source: MSCI (2020)*
ESG Top Performers in Malaysia (4/5)

PPB is one of the leading companies in Malaysia in terms of ESG performance.
ESG Top Performers in Malaysia (5/5)

KLK is one of the leading companies in Malaysia in terms of ESG performance.

**Kuala Lumpur Kepong Berhad (KLK)**

**MSCI ESG Rating**

KLK was upgraded in March 2020.

**ESG Rating History**

MSCI ESG Rating History data over the last five years or since records began.

**ESG Rating Distribution**

Universe: MSCI ACWI index constituents food products, n=85.

Highlighted ESG Issues:

- ESG Laggard
- Toxic Emissions & Waste
- Average
- Corporate Governance
- Supply Chain Labor Standards
- Carbon Emissions
- Health & Safety
- ESG Leader
- Biodiversity & Land Use
- Water Stress

Source: MSCI (2020)
Thank you for your time today
Feel free to get in contact with us to learn more

Contact Information

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