

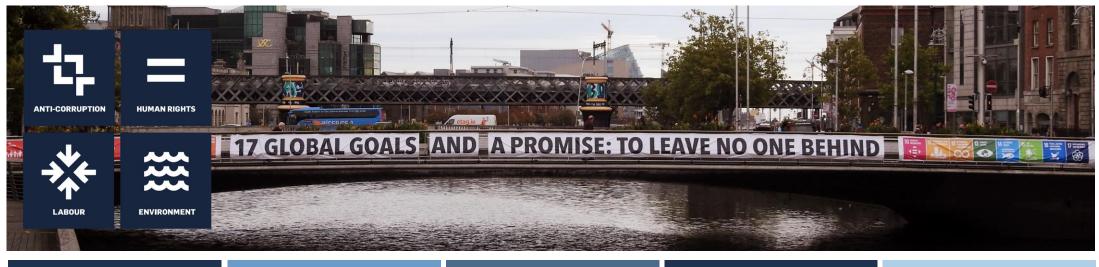
Network Malaysia

## UN GLOBAL COMPACT NETWORK MALAYSIA & BRUNEI (UNGCMYB)

**ESG From Perspective of UN Global Compact** 

## UN GLOBAL COMPACT OVERVIEW







United Nations Global Compact is the world's largest corporate sustainability initiative

## A PRINCIPLES BASED APPROACH





## UNGCMYB MEMBERS

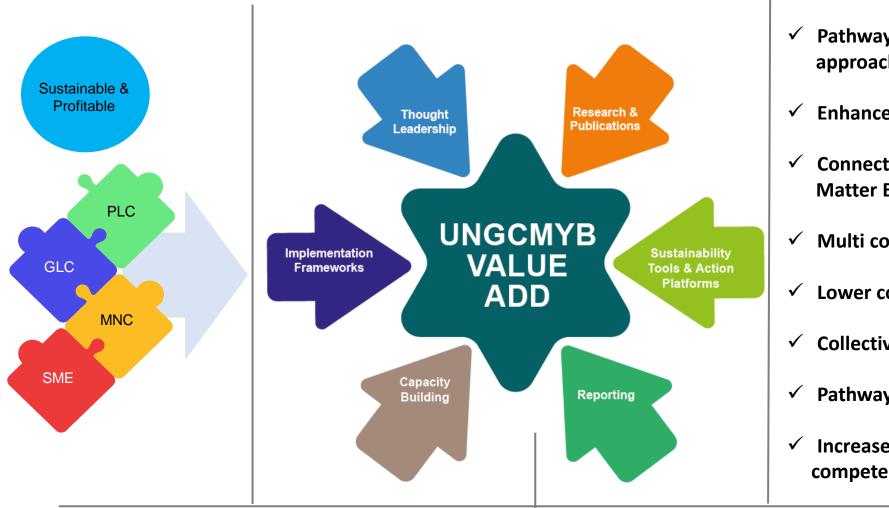


### UNGCMYB MEMBERS - 172 (>RM200b MARKET CAP) / 50-50 Corporate - SMEs



### **UNGCMYB – ESSENTIAL PLUG-IN FOR SUSTAINABLE BUSINESSES**





- ✓ Increased sustainability reputation
- Pathways for a whole-of-organization approach to sustainability
- ✓ Enhanced leadership engagement
- Connection to local and global Subject
   Matter Experts & Peer Practitioners
- Multi collaboration pathways for the SDGs
- ✓ Lower cost for sustainability initiatives
- ✓ Collective input into policy making
- Pathways for sustainable product/services growth
- ✓ Increased internal sustainability competency and talent

Aspiration

Knowledge

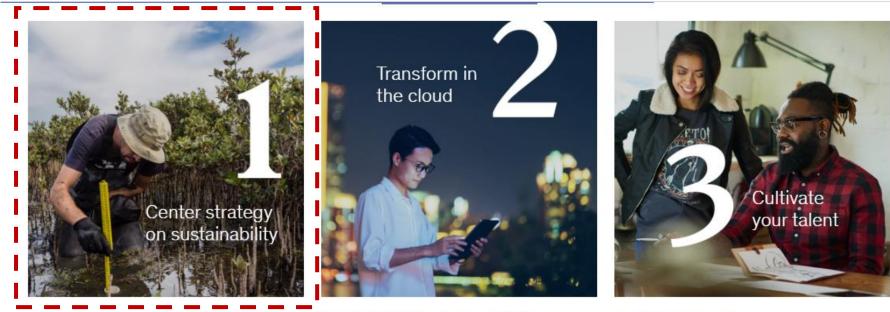
### Action



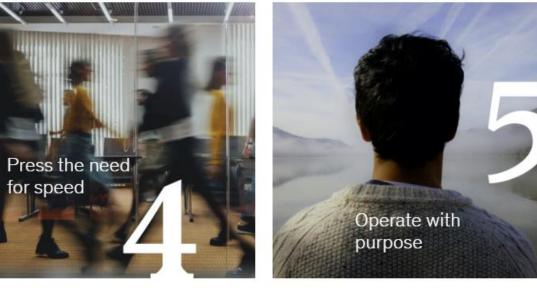


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What matters most? Five priorities for CEOs in the next normal



McKinsey &Company



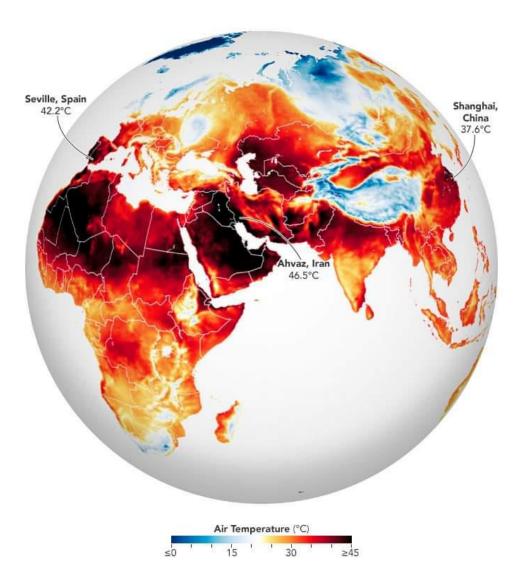
https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/what-matters-most-five-priorities-for-ceos-intenext-normal?cid=soc-web

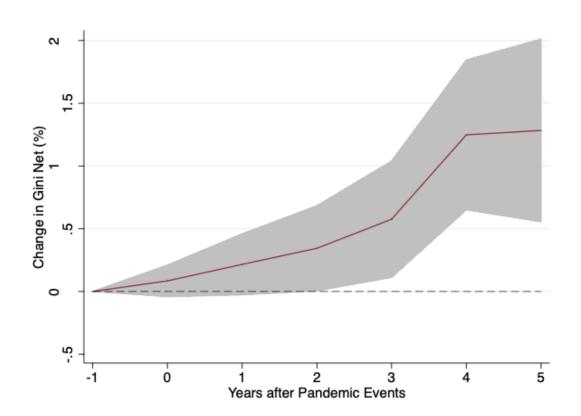
## **SUSTAINABILITY – STATE OF PLAY TODAY**



ENVIRONMENT

SOCIAL

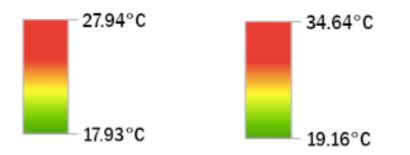




## HISTORICAL TEMPERATURE RISE – JOHOR BAHRU DISTRICT

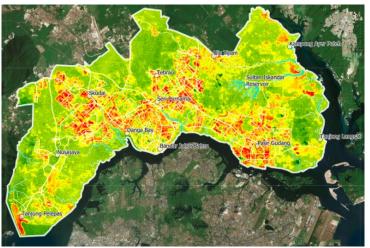


Land Surface Temperature 2005 Land Surface Temperature 2018

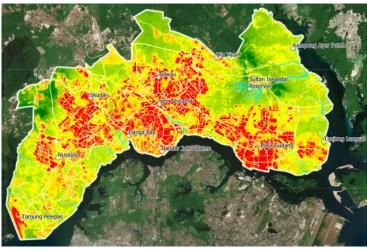


An increase of **6.7°C** in Johor Bahru's surface temperature between 2005 and 2018.

Substantial rise in temperature is attributed to JB's rate of gentrification and increase in number of steel industries 1998



#### 2019







Undocumented Children

Sekolah Kebangsaan

## **SUSTAINABILITY - STATE OF PLAY TODAY**



**Net Zero Countries** 

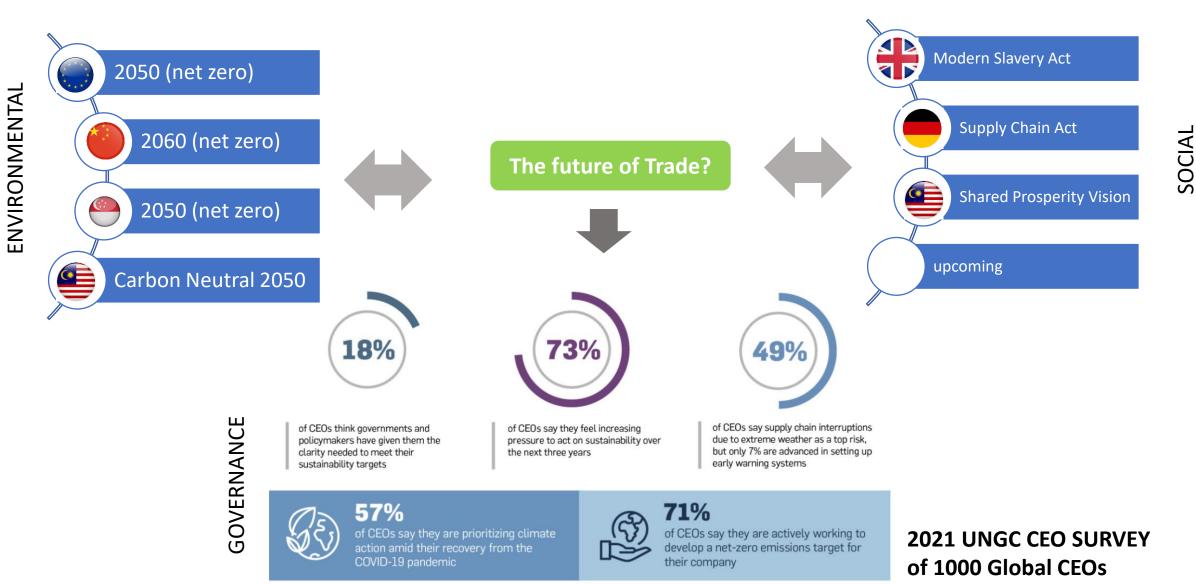
#### SURINAME 💻 ACHIEVED Climate action failure 1st BHUTAN 🗾 Extreme weather SWEDEN 2nd 2045 UNITED KINGDOM 2050 **Biodiversity loss** 3rd FRANCE 2050 Social cohesion erosion 4th IN LAW DENMARK 2050 Livelihood crises 5th NEW ZEALAND 2050 6th Infectious diseases HUNGARY 2050 EUROPEAN UNION Human environmental damage 7th CANADA 🔸 2050 Natural resource crises 8th SOUTH KOREA 🛛 🐹 PROPOSED Debt crises 9th LEGISLATION SPAIN \_\_\_\_ Geoeconomic confrontation CHILE 10th 2050 FIJI 🗮 🗉 Economic Environmental Geopolitical Societal Technological

Top 10 Global Risks by Severity

Over the next 10 years

Source: World Economic Forum Global Risks Report 2022

## **BUSINESS CASE FOR ACTION**

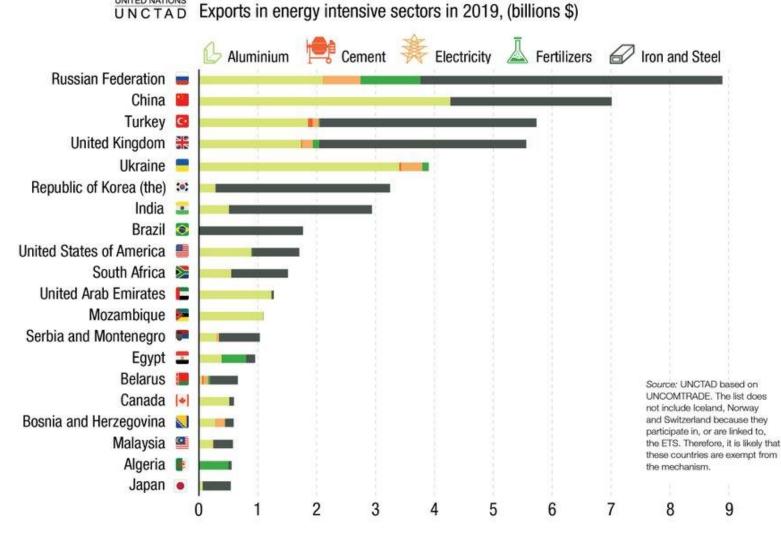


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## **Regulation is here to stay**



## **20** countries most exposed to an **EU** carbon border adjustment



## MALAYSIAN GLICS REACT TO CLIMATE URGENCY



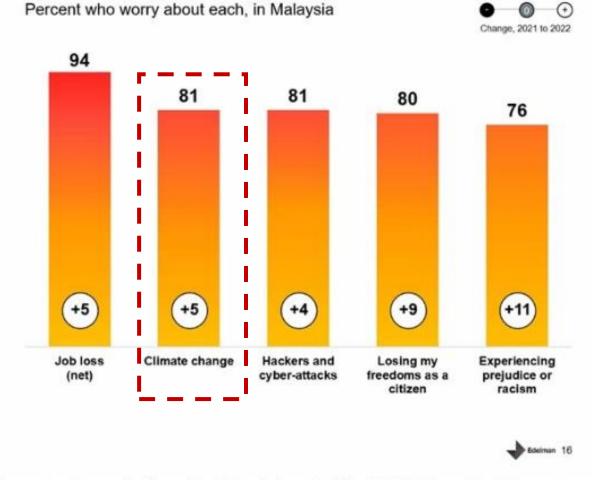


## MALAYSIAN CONSUMERS REACT TO CLIMATE URGENCY



(+)

## SOCIETAL FEARS ON THE RISE



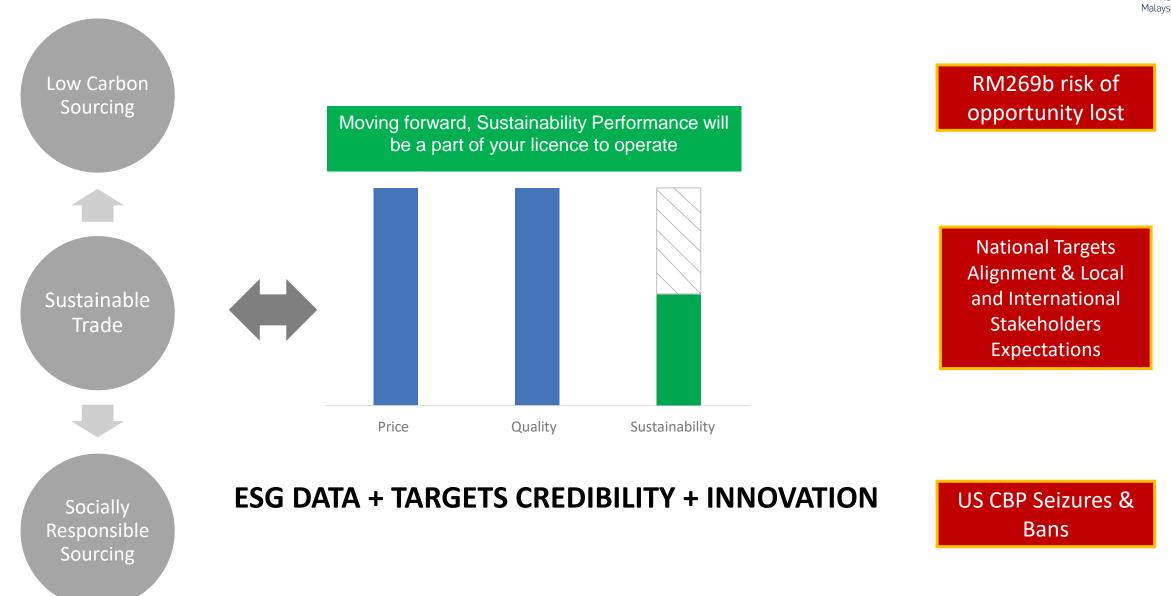
2022 Edelman Trust Barometer, POP\_EMO, Some people say they worry about many things while others say they have few concerns. We are interested in what you worry about. Specifically, how much do you worry about each of the following? 9-point scale; top 4 box, worry. Non-job loss attributes shown to half of the sample. General population, Malaysia, Job loss asked of those who are an employee of an organization (Q43/1). Job loss is a net of attributes 1-3, 5, and 22-24.

0

Societal fears of Malaysians in the 2022 Edelman Trust Barometer. Screenshot from the Malaysia launch of the 2022 Edelman Trust Barometer on

May 25, 2022

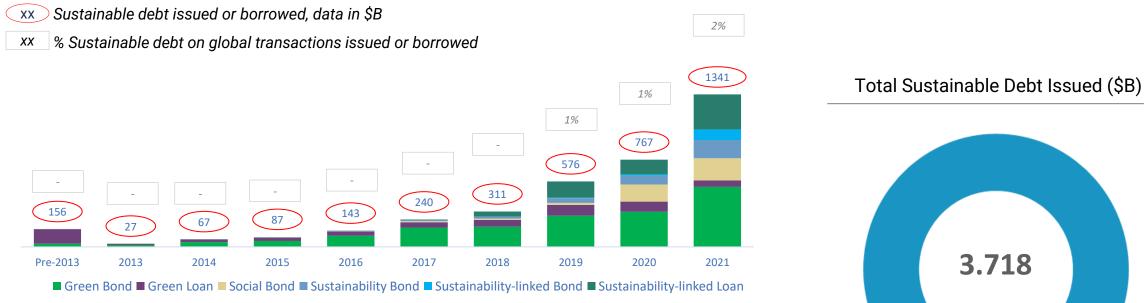
## **BEING UNSUSTAINABLE IS BAD FOR BUSINESS**



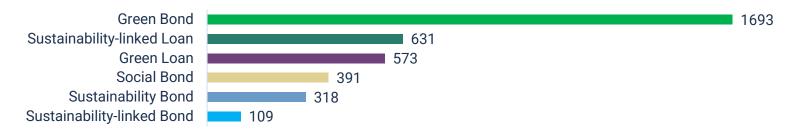
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## SUSTAINABLE FINANCE MARKET OUTLOOK

#### Sustainable Debt Issued by instrument type and year (\$B)



### Total Sustainable Debt Issued (\$B) by Instrument Type



**Global Compact** 

Malavsia & Brunei

Network





## ESG, Sustainability & SDGs - One and the same?





### SUSTAINABILITY DATA + SUSTAINABILITY TARGETS = PERFORMANCE

## ESG, Sustainability & SDGs - One and the same? VALUE Malaysia & Brune ESG 8 000 100.00 1 20 R SUSTAINABILITY DATA + SUSTAINABILITY TARGETS = PERFORMANCE

- Output Based Decisions
- Compliance Centric
- Departmental approach

PURPOSE DRIVEN FROM "VS" TO "AND"

- Value Based Decisions
- Impact Focus
- Whole-of-organization approach

## WHY BE SUSTAINABLE?

## Mid to Long term:

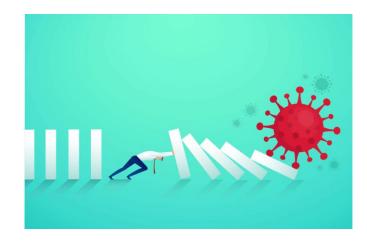
<b>S&amp;P Global</b> Market Intelligence	Who We Serve	Solutions	News & Insights	Events	Product Login	Request Demo	c
IN THIS LIST	16 Jun, 202	21					
Most ESG funds outperformed S&P 500 in early 2021 as studies debate why	Мс	ost ES	G fund	S			
BLOG Sluggish iron ore supply response could hamper China's decarbonization drive			ormed \$ 21 as st				
BLOG Consensus price forecasts — Gold prices rise on Fed's	de	bate	why				
oinion Spo	rt	Cultur	e Li	festyl	e M	ore~	

Americas Asia Australia Middle East Africa Inequality Global development

## Spain puts limits on air conditioning and heating to save energy

Rules apply to public and large commercial buildings - but Madrid president says she will not comply



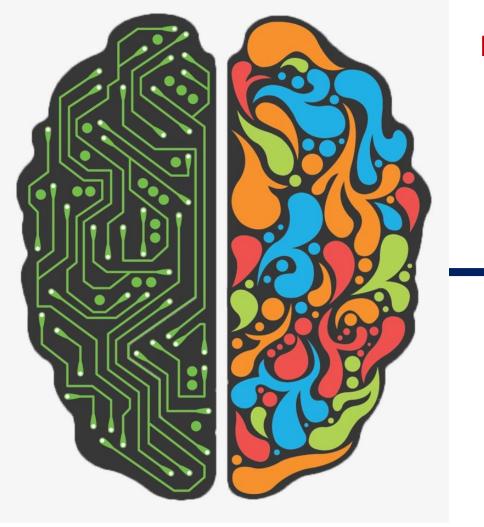


## RESILIENCE + COMPETITIVENESS + ACCESSIBILITY

## Rethinking sustainability mental models to stay relevant



Doing sustainability is good for business



Not doing sustainability is bad for business







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## THE STATE OF SUSTAINABILITY In the malaysian private sector

A UNGCMYB-Monash University Malaysia Roundtable

October 14, 2022 • 2:30pm - 4:45pm



axiata

MDEC

HSBC

sarawak

Partners:

Counca .



Roundtable Partner



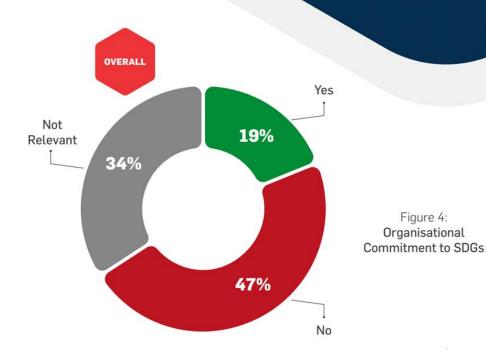


### 2. KEY FINDINGS – A) WHAT DRIVES CORPORATE SUSTAINABILITY?



### Commitment to the Sustainable Development Goals (SDGs)

From the survey, overall, less than 20% of the Malaysian private sector has set commitments to the SDGs. A concern is that 47% of the Malaysian private sector indicates no commitments to SDGs, and 34% indicates that SDG commitments are not relevant to their business (Figure 4). SMEs indicate even lower levels of commitment, with 50% indicating 'No Commitments'. This outcome could be due to the business community being overly focused on ESG related approaches and seeing a disconnect with the broader SDGs agenda, thus leading to the 'ESG' terminology taking precedence over the SDGs.



## **116 (≈ 45%)**

out of 261 Malaysian companies are considering and willing to dedicate resources towards being sustainable trade fit.





### 2. KEY FINDINGS – A) WHAT DRIVES CORPORATE SUSTAINABILITY?



Overall, almost 50% of the 261 companies that responded strongly agreed that the government and customers are key drivers of sustainability, followed by shareholders/investors and employees (Figure 2). The responses were similar for corporates and SMEs. On the other hand, 25% of respondents indicated that lenders and suppliers are important drivers of sustainability. This finding is particularly important for businesses and policymakers to further their sustainability related practices.

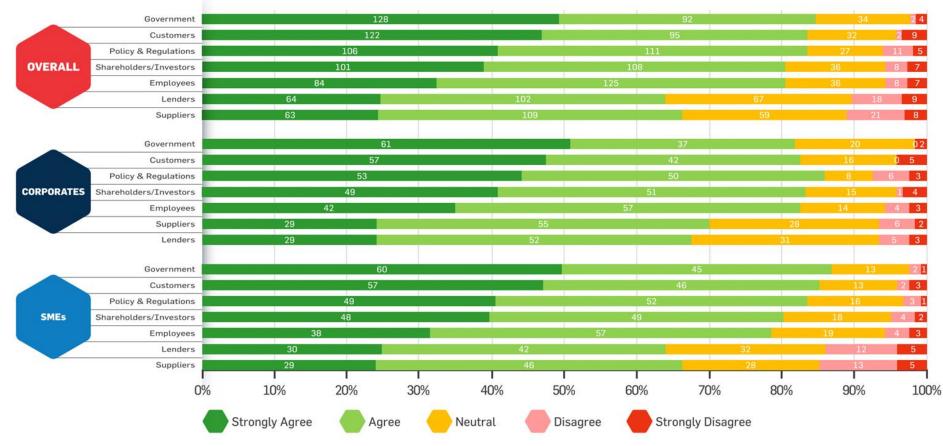


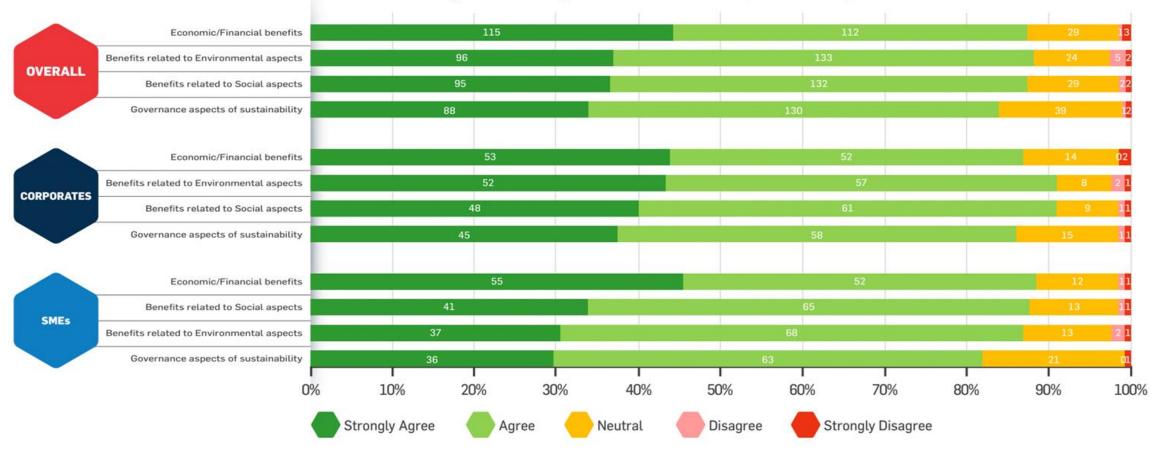
Figure 2: Key Stakeholders Driving Sustainability Related Practices



### 2. KEY FINDINGS – A) WHAT DRIVES CORPORATE SUSTAINABILITY?



Figure 3: Primary Focus of Sustainability in the Malaysian Private Sector







100%

90%

80%

70%

60%

50% ·

40%

30%

20%

10%

0%

### 2. KEY FINDINGS – Resources & Sustainable Finance



Despite the growing trend and emphasis on sustainability among local stakeholders, **an alarming 45% of Malaysian companies did not allocate a budget for their sustainability initiatives**. Even surprisingly, within the group of corporates, the vast majority (95%) of companies did not allocate any budget (Figure 10).

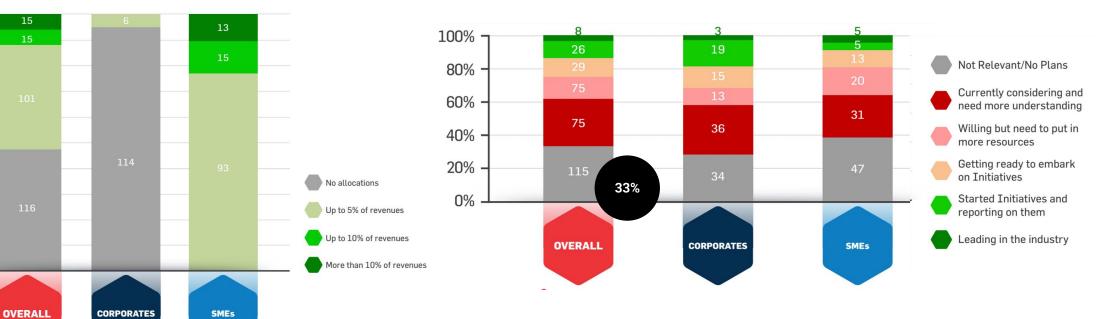


Figure 5: **Sustainable Finance** Companies' views on the use of debt instruments and ensuring

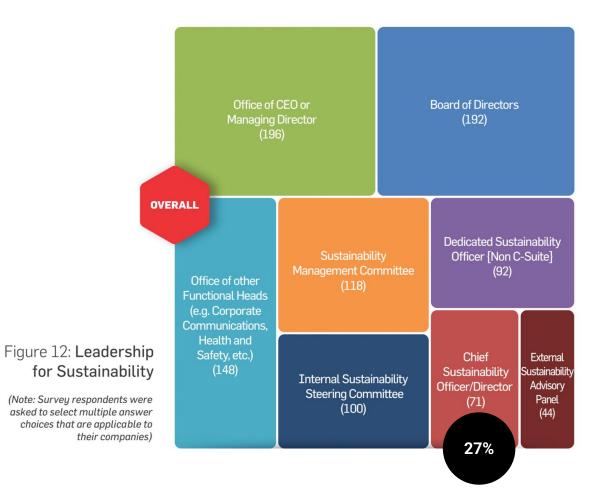
proceeds are being used for sustainable outcomes

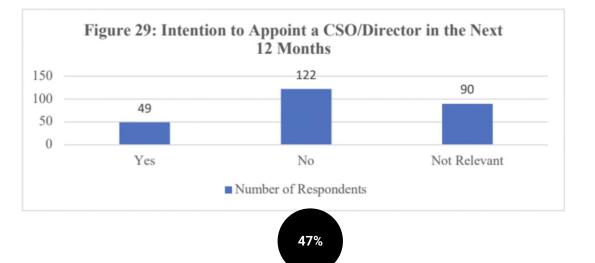
Figure 10: Sustainability Budgets -Allocation from Revenues and Allocation for Capabilities Development



### 2. KEY FINDINGS – C) LEADERSHIP, CULTURE, COMPETENCIES



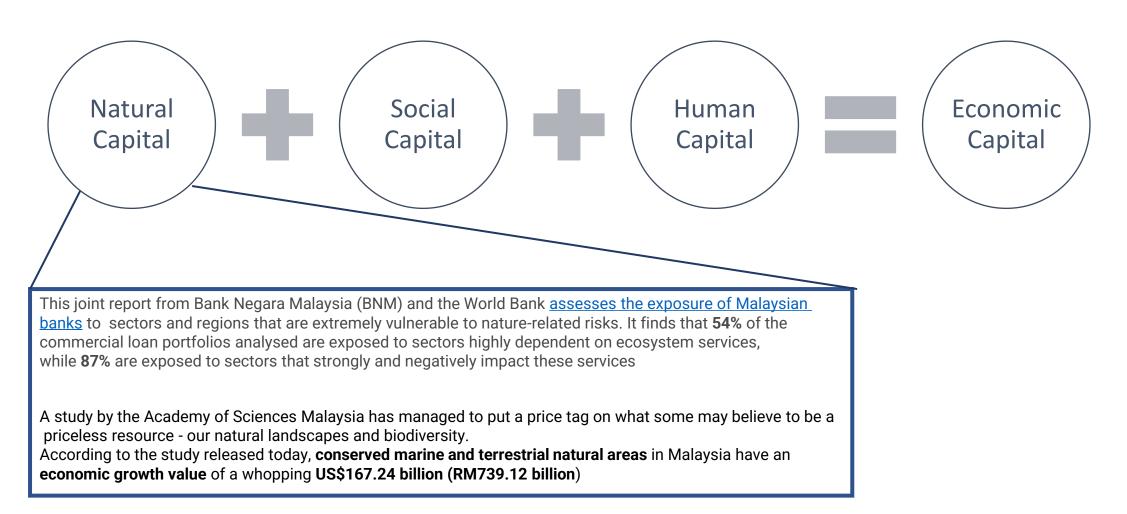






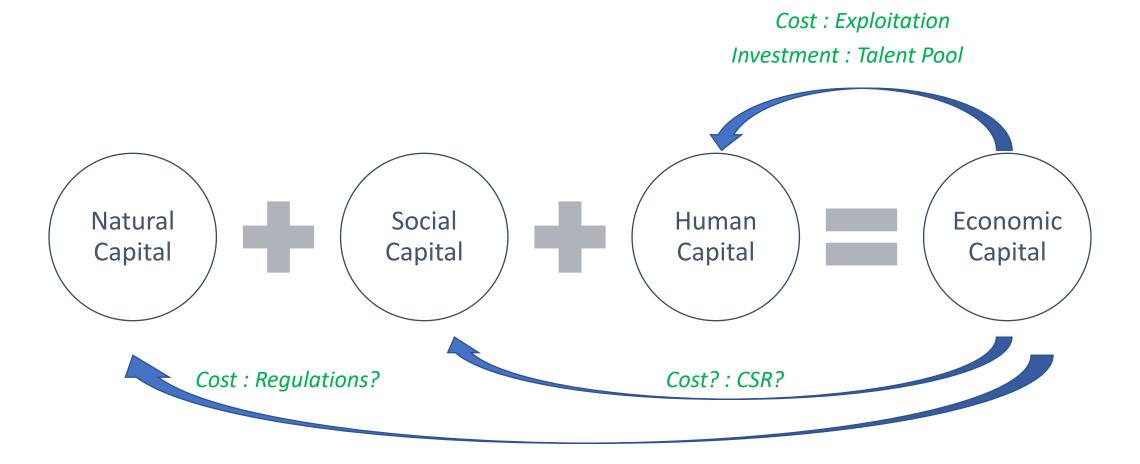
### **Cutting the complexity – answering sustainable trade questions**





### **Cutting the complexity – answering sustainable trade questions**







## **ESG OPPORTUNITIES**



OBAL COL

**Global Compact** Network Malaysia

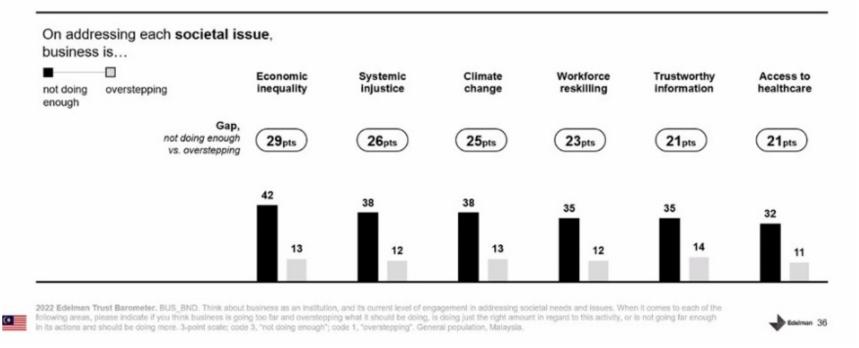
## MALAYSIAN CONSUMERS WANT BUSINESS TO DO MORE



More Business Engagement Wanted On Societal Issues

### WANT MORE, NOT LESS, BUSINESS ENGAGEMENT ON SOCIETAL ISSUES

Percent who say, in Malaysia

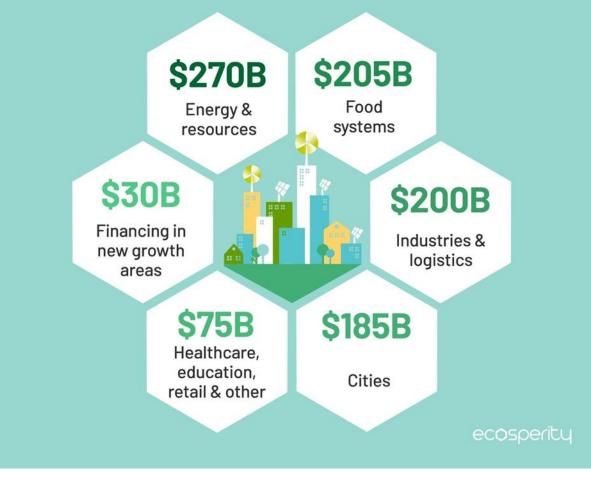


Desired business engagement on societal issues in Malaysia in the 2022 Edelman Trust Barometer. Screenshot from the Malaysia launch of the 2022 Edelman Trust Barometer on May 25, 2022.

## **ESG OPPORTUNITIES**



## SOLVING THESE CHALLENGES COULD BRING UP TO US\$1 TRILLION IN ANNUAL ECONOMIC OPPORTUNITIES BY 2030

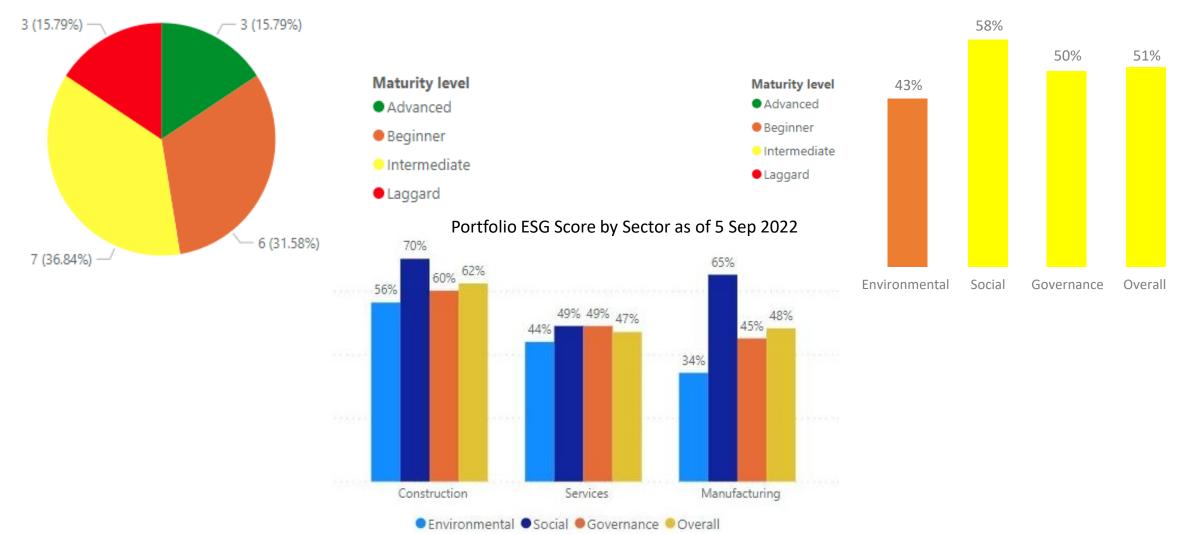


### SME ESG Data

### ACCESS Action Centre for Sustainable SMEs

#### No. of SME by Maturity Level as of 5 Sep 2022

#### Portfolio Score by ESG Dimension as of 5 Sep 2022

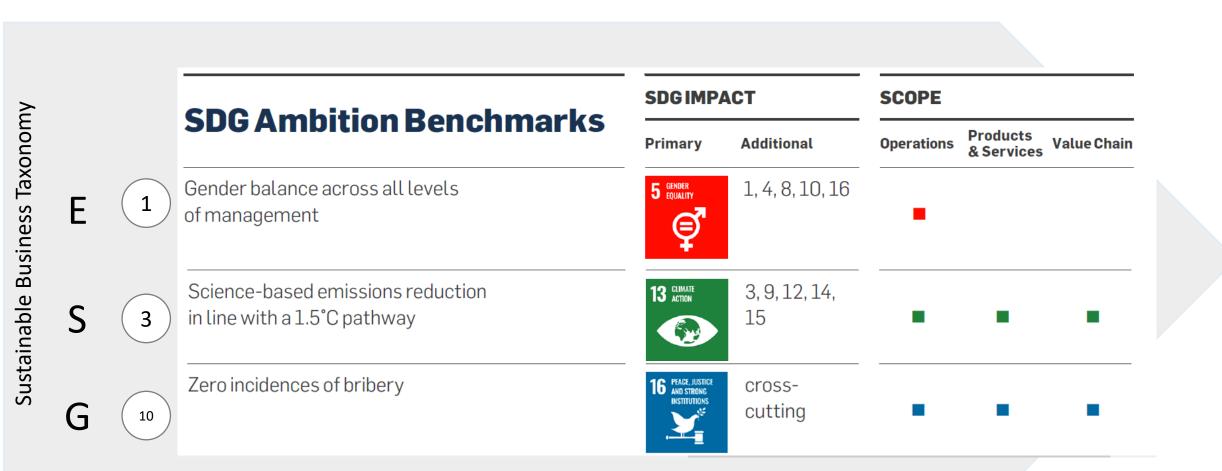


## **SDG AMBITION** AMBITION GUIDE

Launched in January 2020 at Davos by UN Secretary-General, António Guterres, SDG Ambition aims to enable the world's leading companies to set ambitious goals and targets in the areas that will have the greatest business impact on the SDGs, and integrate sustainable development into enterprise management processes and systems. This pairing of ambition and integration into business forms the foundational theory of change for the initiative.

From	То	mpact
Incremental goals in light of what currently seems possible <b>Example</b> Per cent GHG reduction per dollar of revenue	Absolute goals grounded in science and what is required by each company to achieve the SDGs <b>Example</b> Per cent GHG absolute reduction in line with a 1.5°C pathway	alaysia
Output-oriented Example Volume of waste as a byproduct of production	Impact-oriented to drive positive outcomes for business, society and the environment <b>Example</b> Elimination of waste across the business	
Emphasis on impact through philanthropic and direct operations <b>Example</b> Per cent revenue donated to charitable organizations	Expanded impact through core business products, services and across global value chains <b>Example</b> Per cent revenue driven by sustainable products and services	
Independent KPIs Example Sustainability targets are standalone, separate from business targets	Interconnected systems of KPIs Example Sustainability targets are embedded throughout the business and tracked at the enterprise-level	

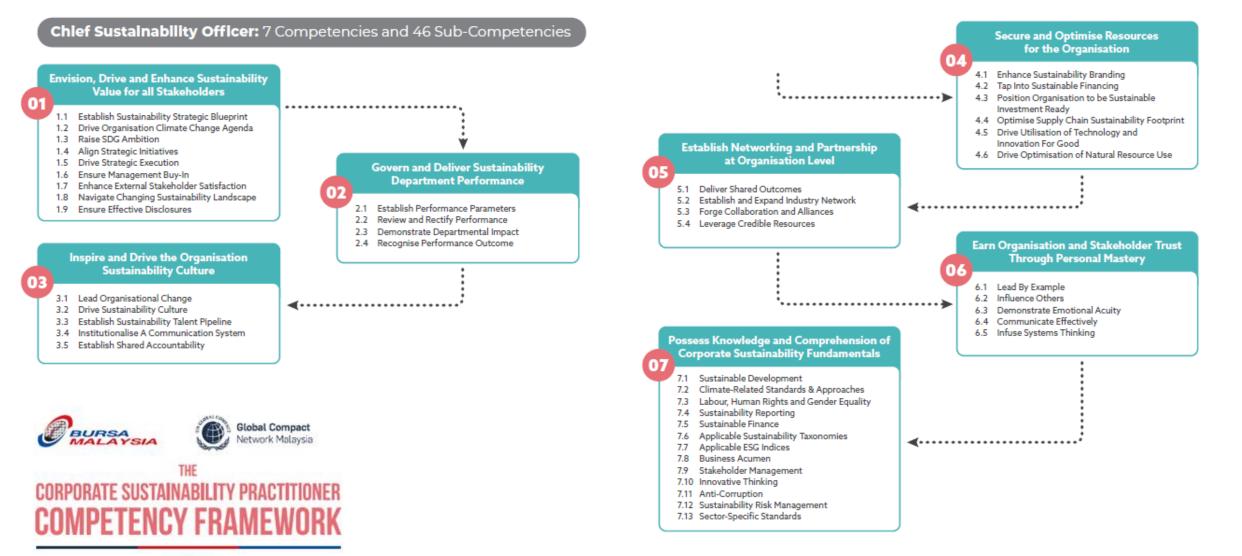
## Starting Points for a whole of organization approach



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### **Resource 1 – UNGCMYB – Bursa CSPCF**





### **Resource 2 – UNGC Public Resources**



## E-learning courses trending now

The below e-learning courses are publicly available.

Gender equality: How business can accelerate the pace of change

Setting science-based targets

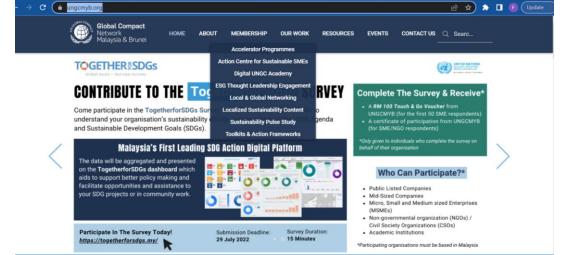
**The Net-Zero Standard** 

**Business and human rights** 

Future-proofing your small and medium-sized enterprise

Sustainable ocean business

www.unglobalcompact.org/academy



### www.ungcmyb.org

# THANK YOU



Network Malaysia & Brunei

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