

**WELCOME REMARKS FOR TAN SRI ABDUL WAHID OMAR**  
**ESG Corporate Summit**  
**“Driving Sustainability and Sustainable Transformation”**  
**17 FEBRUARY 2022**

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**OPENING**

**Yang Berbahagia, Datuk Syed Zaid Albar**  
Executive Chairman, Securities Commission Malaysia

**Yang Berbahagia, Tan Sri Michael Yeoh,**  
President, KSI Strategic Institute for Asia Pacific

**His Excellency Charles Hay**  
British High Commissioner

Distinguished Speakers and Panellists,

Members of the Media,

Ladies and Gentlemen,

Assalamu’alaikum and a very good morning.

1. On behalf of KSI Strategic Institute for Asia Pacific and the Economic Club of Kuala Lumpur, it gives me great pleasure to welcome you to our **ESG Corporate Summit** with the theme **Driving Sustainability and Sustainable Transformation**. I’m sorry for not being able to be with you in person due to my commitment as a Visiting Fellow at the Oxford Centre for Islamic Studies.
2. We are especially grateful to the Executive Chairman of the Securities Commission Malaysia, YBhg. Datuk Syed Zaid Albar for agreeing to grace our Summit and deliver the Opening Keynote Address. Thank you YBhg. Datuk. Thank you too to our esteemed speakers and panelists for agreeing to share their knowledge with us today.
3. In anticipation of the discussions on ESG and sustainability later, please allow me to touch on three areas in my welcome address:-
  - Firstly, the big picture, where the climate crisis is a wake-up call towards low-carbon future and Malaysia’s commitment towards net-zero;

- Secondly, the case for corporates to embrace ESG; and
- Third, a quick outline of today's programme

***THE BIG PICTURE: CLIMATE CRISIS IS A WAKE-UP CALL TOWARDS A LOW-CARBON AND MALAYSIA'S COMMITMENT TOWARDS NET-ZERO***

Ladies and Gentlemen,

4. Various climate studies have shown that even minor temperature changes can have a significant impact on our physical environment. Since the Industrial Revolution, human-caused greenhouse gas emissions have resulted in a 1.1 degree Celcius increase in surface temperature. Additionally, each of the last four decades has been warmer than the previous decade it preceded.
5. Based on the most recent Intergovernmental Panel on Climate Change (IPCC's) Sixth Assessment Report findings, there is even more evidence that the planet is headed towards an unsustainable trajectory. We are seeing dramatic shifts in weather and climate changes. Heat waves are becoming hotter and far too frequent; sea levels rising; and world glaciers melting at a faster pace – these are just a few of the devastating effects climate change has on the environment. Even in our own backyard, last December, we witnessed the worst floods in decades, killing 46 people and displacing over 50,000 people.
6. As climate change dominates global discourse, the importance of transitioning to a low-carbon and net-zero emissions future becomes clear. The recent COP26 climate change summit in Glasgow, Scotland, represented the pinnacle of the global climate change action, with world leaders convening to discuss and agree on measures needed to limit global temperature rise to within 1.5 degrees Celsius.
7. COP26 emphasised, among other things, the need to accelerate efforts toward the phase-down of unabated coal power, the phase-out of inefficient fossil fuel subsidies, and for developed countries to double the collective share of adaptation finance within the USD100 billion annual target for 2021-2025.

Ladies and Gentlemen,

8. We are heartened that our Prime Minister had already announced Malaysia's commitment to be a net-zero greenhouse gas (GHG) emissions nation as early as 2050 ahead of COP26 i.e. during the tabling of the 12th Malaysia Plan on 27th September 2021. This means we are now part of the global community of countries that contribute 90% of global GDP that have committed to net-zero

by mid-century (2050 or 2060). Likewise, the continued investment in public transportation and tax incentives to promote Electric Vehicles (as announced in Budget 2022) augur well towards a net-zero target.

9. It is also great that the Government has committed to phase out coal including cancelling the earlier plan to build four new coal-fired power plants totalling 2,800MW in 2031, 2034 and 2037, and to increase renewable energy mix from 17% currently to 31% by 2025 and to 40% by 2035. This commitment was reinforced by the Malaysia Renewable Energy Roadmap (MyRER) 2022-2035 by the Ministry of Energy and Natural Resources, just over two months ago in December 2021.
10. Malaysia is also signatory to the “Glasgow Leaders’ Declaration on Forest Land Use” and “Global Methane Pledge” as reiterated by the Minister of Environment and Water at COP26. All the commitments made will have to be translated into actions not only by the Government, but also by the corporate sector, business community, and the people.
11. This is where the Net-Zero Pathways for Malaysia report ( [https://urldefense.com/v3/\\_http://qrco.de/NetZeroReport\\_!!IKZnDJiQreO4mA!IOX9coRZ8IrrB22ZHDAmNxO5qkknkI4DCKfpS0-DDq8-SDO-vDW4iPSltVB6Z4kx\\$](https://urldefense.com/v3/_http://qrco.de/NetZeroReport_!!IKZnDJiQreO4mA!IOX9coRZ8IrrB22ZHDAmNxO5qkknkI4DCKfpS0-DDq8-SDO-vDW4iPSltVB6Z4kx$) ) will be helpful as it aims to:
  - Define the optimal Net-Zero pathway for Malaysia, with several alternative pathways;
  - Assess socio economic impact in terms of jobs and economic development, serving as a resource and reference for stakeholders; and
  - Create a recommended policy framework and outline of key interventions, with a particular focus on areas of energy, forestry, agriculture and nature-based solutions.
12. The WWF Malaysia-BCG study explored key building blocks and potential transition pathways for Malaysia to achieve a net-zero target. Based on preliminary findings, under the Current ‘Business As Usual’ (BAU) pathway, carbon emission levels are expected to double from 75mt CO<sub>2</sub>e in 2016 to 159mt CO<sub>2</sub>e by 2050. A low carbon emission pathway will potentially reduce carbon emissions by some 60% in 2050 and will only achieve net zero 15 years later in 2065. To achieve net-zero as early in 2050 will require significant additional efforts. Perhaps Ms. Lavanya from WWF Malaysia can provide some colour later in the afternoon.

## *THE CASE FOR CORPORATES TO EMBRACE ESG*

Ladies and Gentlemen,

13. ESG and Sustainability issues are not new to corporate Malaysia. Seven years ago in 2014, Bursa Malaysia introduced the FTSE4Good Bursa Malaysia Index to recognise PLCs that have taken steps to improve their ESG practices and disclosures. Since then, the number of constituents has tripled from 24 in 2014 to 80 stocks following the last review in December 2021. Bursa Malaysia also launched on 5 July 2021, the FTSE4Good Bursa Malaysia Shariah Index, comprising 54 constituents of the FTSE4Good Bursa Malaysia Index that are Shariah compliant according to the Securities Commission's Shariah Advisory Council's screening methodology.
14. Apart from introducing ESG-related indices, Bursa Malaysia has also played a pioneering role in compelling PLCs to adopt good ESG practices and disclosures. For instance, since the establishment of the Sustainability Reporting Framework back in 2015, all Malaysian PLCs are now disclosing Sustainability Statements and Reports annually - detailing the governance structure put in place as well as the approach to managing their material sustainability matters, which cover an extensive range of economic, environmental and social themes.
15. The updated Malaysian Code on Corporate Governance (MCCG) 2021 issued by the Securities Commission in April 2021 introduced best practices and guidance to strengthen board oversight and the integration of sustainability considerations in the strategies and operations of companies. Apart from the necessity to comply with MCCG 2021, the case for Malaysian companies to embed ESG/sustainability in their business strategy and operations is clear. Companies that chose to ignore sustainability/ESG consideration in their business will not be sustainable as they will be deprived of both equity and debt financing to fund their projects, they have to pay higher insurance premium to underwrite some of their risks and will have difficulty to recruit the human capital talent necessary to drive their business. Nor will they be able to sell their products or be part of the global supply chain as customers become more discerning in buying only sustainable products in the future.
16. As a strong proponent of sustainability, Bursa Malaysia strives to provide an environment that encourages sustainable practices among our market participants. We do this through on-going guidance, advocacy and engagements within the marketplace, alongside our role as a frontline regulator and market operator. Bursa Malaysia has also started collaborating with the Ministry of Environment & Water and the Ministry of Finance to create a voluntary carbon market. This is a significant nation-building project that will assist Malaysia in

meeting its climate ambitions while also creating an ecosystem that is transparent, rule-based, and meets the needs of intended market participants.

### **OUTLINE OF TODAY'S PROGRAMME**

Ladies and Gentlemen,

17. Back to our Summit proceedings, after the Opening Keynote Address, we will have a CEO Leadership roundtable with the topic “Towards Responsible Business Leadership” to be moderated by Datuk Seri Mohamed Iqbal Rawther. This will be followed by the second CEO roundtable on “ESG Best Practices- Accelerating Action and Change” to be moderated by RAM Sustainability CEO, Mr. Promod Dass.
18. After lunch, we will have Session 3 on “Business Partnership for Climate Action” with Shell Malaysia Chairman Ivan Tan and EY’s Arina Kok to be moderated by Tan Sri Michael Yeoh. This will be followed by Session 4 on “Sustainable Finance and Sustainable Investing” with Datuk Noripah, OCBC’s Tan Ai Chee, Maybank’s Chief Sustainability Officer Shahril Anuar Jimin, and CIMB’s Mr. Gurdip Singh, to be moderated by ECKL EXCO member, Datuk Maznah Jalil.
19. The final session today will be an interesting Conversation with British High Commissioner HE Charles Hay on COP26 update, to be moderated by Ms. Lavanya Rama Iyer, the Head of Policy and Climate Change at WWF Malaysia.

### **CLOSING**

Ladies and Gentlemen,

20. Much more work is required if we are to shift to a climate-resilient economy and achieve a sustainable future. Responding to climate change necessitates collaboration involving various stakeholders; no one can do it alone. We must transition from compliance and move toward innovation. The road ahead will not be easy, but it can be made easier if we work together and constructively.
21. As they say, with any crisis comes the opportunity to reset our world. Therefore, I believe we can build back our Earth better and greener – Insyah’Allah. May you have an impactful conference ahead.
22. Without further ado, it gives me great pleasure to invite YBhg. Datuk Syed Zaid Albar to deliver his Opening Keynote Address. YBhg Datuk.