

Confidential

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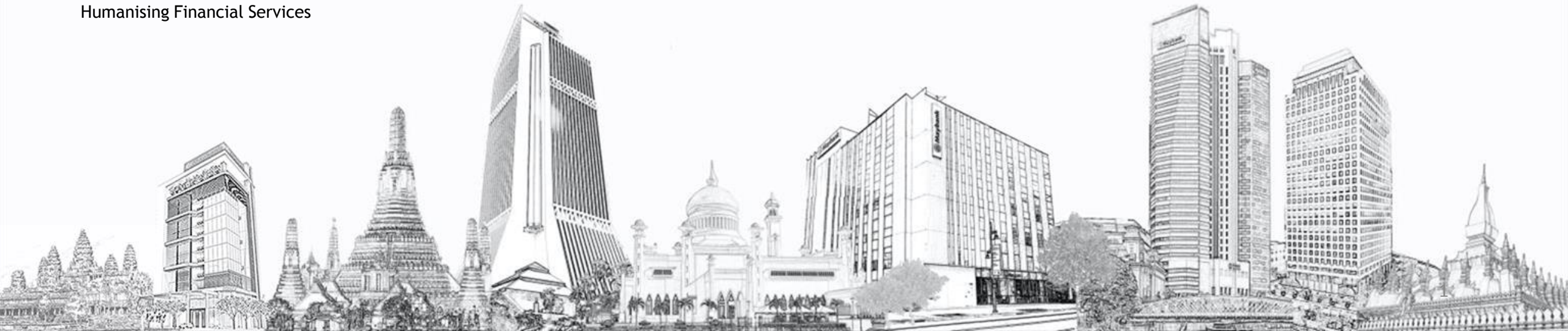
MAYBANK - SHAPING A JUST TRANSITION IN SUSTAINABLE BANKING

Bursa Malaysia-Maybank Investment Bank's ESG in Investing: The Time Is Now Virtual Conference

28 April 2021



Humanising Financial Services



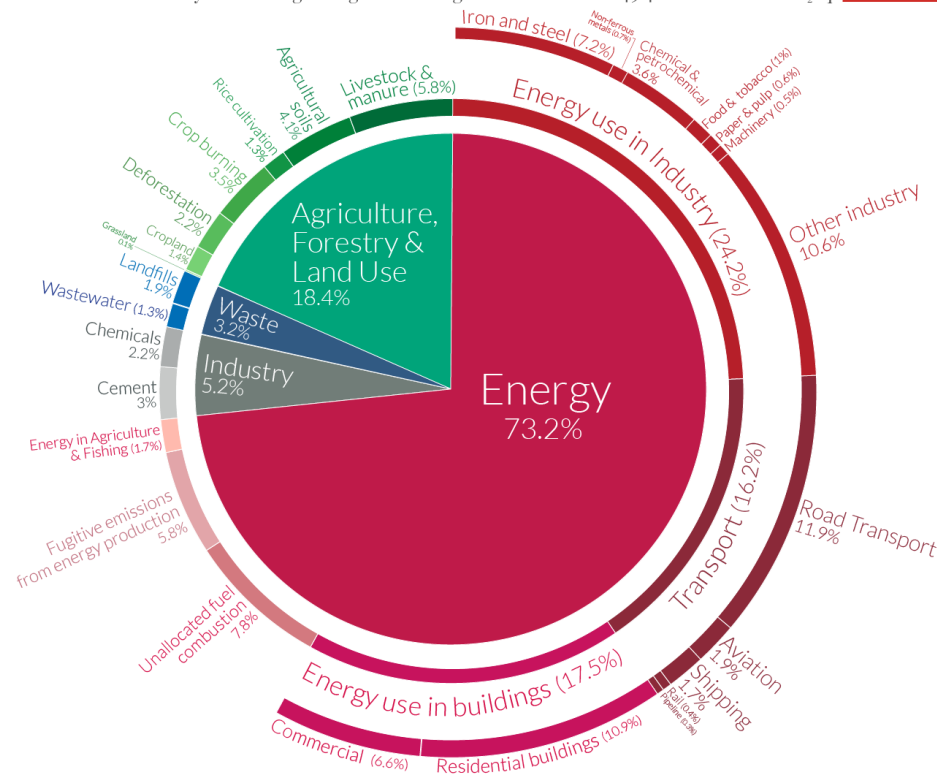
CLIMATE CHANGE AND ITS CONSEQUENCES



Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO₂eq.

Our World
in Data



OurWorldinData.org – Research and data to make progress against the world's largest problems.

Source: Climate Watch, the World Resources Institute (2020).

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- Globalisation, Consumption & Pollution has resulted in the unprecedented rise in greenhouse gases (GHG). In 1750, annual total CO₂ emission globally stood at 5 billion tonnes and by 2017, this figure had risen to 36 billion tonnes released annually (Ritchie & Roser, 2019).
- Over the last few decades, global temperatures have risen sharply and a changing climate has a range of potential ecological, physical and health impacts:
 - Extreme weather events (such as floods, droughts, storms, heatwaves, wildfires)
 - Melting polar ice sheets and rising sea levels
 - Disrupted water systems
 - Altered crop growth
 - Increased risk of extinction of wildlife
 - Volatility and uncertain in business sectors that are heavily dependent on certain temperatures and precipitations, such as agriculture, forestry, energy and tourism
 - Increase in the number of heat-related deaths in some regions and a decrease in cold-related deaths in others

THE NEED FOR A DECISIVE MOVE TOWARDS SUSTAINABILITY



Which countries in Asia are most threatened by climate change?

Philippines, Japan, Bangladesh, Myanmar, China, Indonesia, India, Vietnam and Pakistan

(Ranked by the Institute for Economics and Peace)



Southeast Asia is projected to be the region most affected by heat extremes



In **China**, 50M+ people were affected by single **flooding** events in 2007, 2010, 2011 and 2016. Average flood loss in 2014 amounted to US\$18B



A projected increase of **drought-related water and food shortages** will contribute to malnutrition across **Asia**



13 of the top 20 cities with the largest projected increase of annual losses due to **sea level rise** between 2005 and 2050 are in **Asia**



Cyclone intensity is projected to increase considerably in **Asia**



Climate change in Asia is predicted to **exacerbate existing vulnerabilities** (poverty, faulty infrastructure, inequality, health risks, limited access to safe water and sanitation)

How does climate change impact business?

The consequences of climate change particularly extreme weather, water crises & natural disasters were among the highest material impact risks to businesses (2016, 2017 and 2018 WEF Global Risk Reports)

2 fundamental focus areas to significantly reduce GHG emissions: Energy, and Food & Agriculture

- **Decarbonisation of Energy Systems**
 - Shift towards low-carbon electricity to reduce carbon intensity (i.e. carbon per unit energy)
 - Shift sectors such as transport, towards electricity
 - Improve energy efficiency
- **Reduce emissions from Food Production & Agriculture**
 - Reduce meat and dairy consumption, especially in higher-income countries
 - Promote lower-carbon meat and dairy production
 - Improve crop yield
 - Reduce food waste

SUSTAINABILITY - PRESERVATION OF PEOPLE, PLANET & PROFITS



The goal in developing sustainable business practices is to create strategies that **preserve and manage** the **long-term viability** of the triple bottom line: **People, Planet and Profits**



Environmental Sustainability

- Responsible interaction with the environment to avoid depletion or degradation of natural resources and allow for long-term environmental quality
- Capacity to improve the quality of human life while living within the carrying capacity of the earth's supporting ecosystems



Social Sustainability

- Process for creating sustainable, successful places that promote wellbeing, by understanding what people need from the places they live and work.
- Social sustainability combines design of the physical realm with design of the social world - infrastructure to support social and cultural life, social amenities, systems for citizen engagement and space for people and places to evolve.



Economic Sustainability

- Practices that support long-term economic growth without negatively impacting social, environmental, and cultural aspects of the community
- Communities across the globe are able to maintain their independence and have access to the resources that they require, financial and other, to meet their needs. Economic systems are intact and activities are available to everyone, such as secure sources of livelihood.

“Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their own needs”

A CASE FOR JUST TRANSITION...



The social dilemma of sustainability is managing the socio-economic costs for communities less equipped to meet the challenges of a green transition



A balanced and measured approach to achieving sustainability targets and objectives is required to achieve environmental and social justice. The coherence of the objectives to “leave no one behind” will bring more justice to the climate transition. A just transition can mitigate the adverse impact of economic and societal transition to vulnerable groups and make sure no one is left behind.

Driving Change Through Engagement, Cooperation & Collaboration for a Just Transition

PATHWAY TO A JUST TRANSITION



Banks and Financial Institutions have the means to influence change in the real economy by directing the flow of capital away from environmental and social degradation towards sustainable, climate-friendly alternative. However, a Just Transition will require policy coherence (including macroeconomic and labour market policies), social dialogue, skills development, occupational health and safety, and social protection.

The role of banks and FIs in a Just Transition:

- Raising **awareness** of the complexity of supply chains and promoting a better understanding among key stakeholders and the wider public;
- Supporting **transition** efforts;
- Reviewing economic models from an angle of **resilience** and **not just growth**; working upstream and in a preventative manner;
- Integrating just transition into **holistic** risk management frameworks and plans, for instance, by treating job loss and market failure as additional risks to be prevented, reduced, or transferred;
- Advocate striking a **balance** between achieving aspirational sustainability targets and a just transition for the betterment of our communities;
- Encourage **innovation**.



HUMANISING FINANCIAL SERVICES

Our purpose has been refreshed to reflect long-term priorities and a new operating landscape



HUMANISING FINANCIAL SERVICES

Being at the heart of the community, we will:

- Make financial services simple, intuitive and accessible
- Build trusted partnerships for a sustainable future together
- Treat everyone with respect, dignity, fairness and integrity

For our stakeholders:

Customers

- Best-in-class customer experience
- Convenient access to financial services (digital & physical)
- Fair terms & pricing; advisory based on needs
- Transition support to sustainable practices

Shareholders

- Sustainable and responsible returns
- Strong governance and transparency

Employees

- Growth and capability building
- Inclusiveness, diversity and well-being

Regulators

- Standard-bearer for the industry
- Professionalism and business ethics

Communities

- Financial inclusion and empowerment
- Commitment to low-carbon economy

To create the following impact:

Empowering Everyone

to thrive and advance their ambitions

Poverty Eradication

with financial inclusion & improved livelihoods

Reduced Inequalities

across populations, geographies, gender, etc

Clean & Sustainable Environment

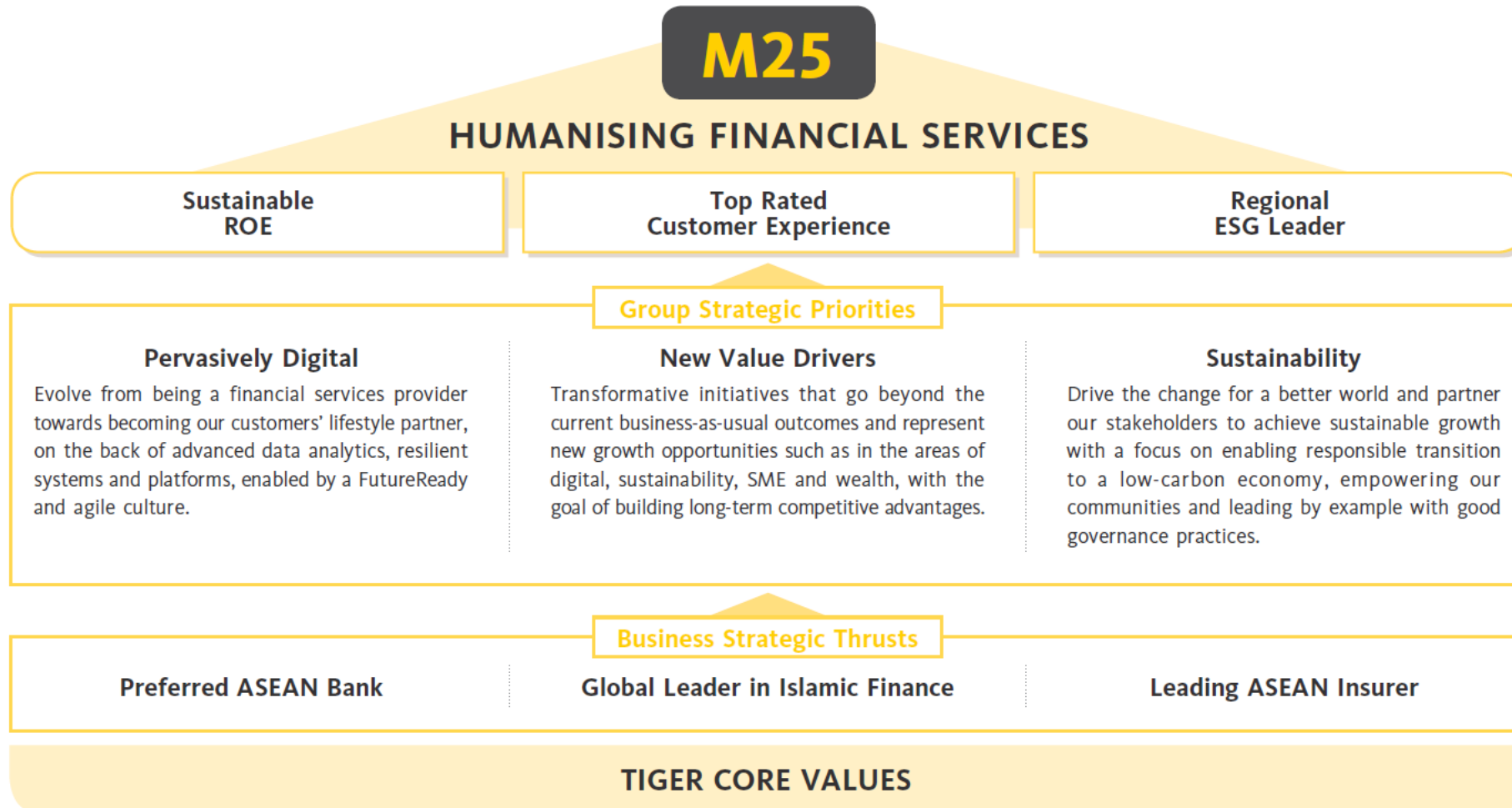
through low carbon economy, green infrastructure

Stronger Institution

via responsible practices, future-proofing resilience

MAYBANK'S NEXT 5 YEAR STRATEGY: M25

Anchored on our purpose of Humanising Financial Services



GROUP'S STRATEGIC PRIORITY: SUSTAINABILITY



- We aim to drive the change for a better world and partner clients to achieve sustainable growth.
- Our sustainability agenda is predicated on three key pillars: enabling responsible transition to a low carbon economy, empowering our communities and leading by example with good governance practices.



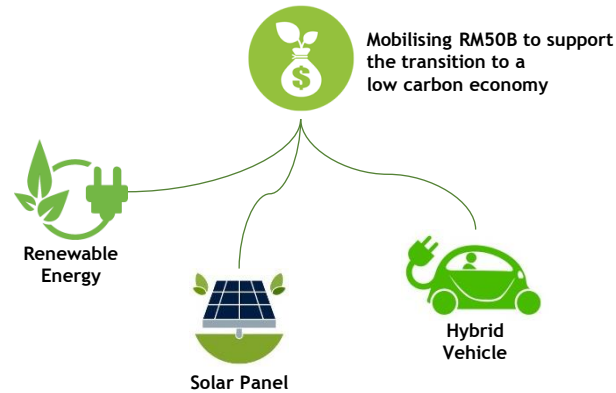
- Financing Commitments:
 - ✓ No Deforestation, No New Peat, and No Exploitation (NDPE) stance approved by the Board in January 2020 (which applies to all relevant sectors including but not limited to palm oil, forestry and logging, construction and real estate).
 - ✓ The Group will not provide financing to black listed activities deemed not in line with the Group's core values.
 - ✓ No financing of new coal activities (transitioning together with existing borrowers to achieve sustainable renewable energy mix over medium- to long-term)

MAYBANK'S SUSTAINABILITY COMMITMENTS

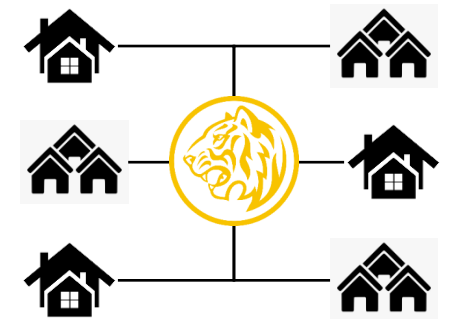


Maybank is Well Positioned to becoming a Regional ESG Leader

Mobilizing RM50 Billion
in Sustainable Finance
by 2025



Improving 1 Million
Households Across ASEAN
by 2025



Carbon Neutral
position for Scope 1 and 2
emissions by 2030 and
Net Zero Carbon
position by 2050



Living Sustainability
Achieve 1 Million Hours
per annum for Sustainability
& Delivering 1 Thousand
Significant SDG-Related
Outcomes by 2025



Thank You



Humanising Financial Services

