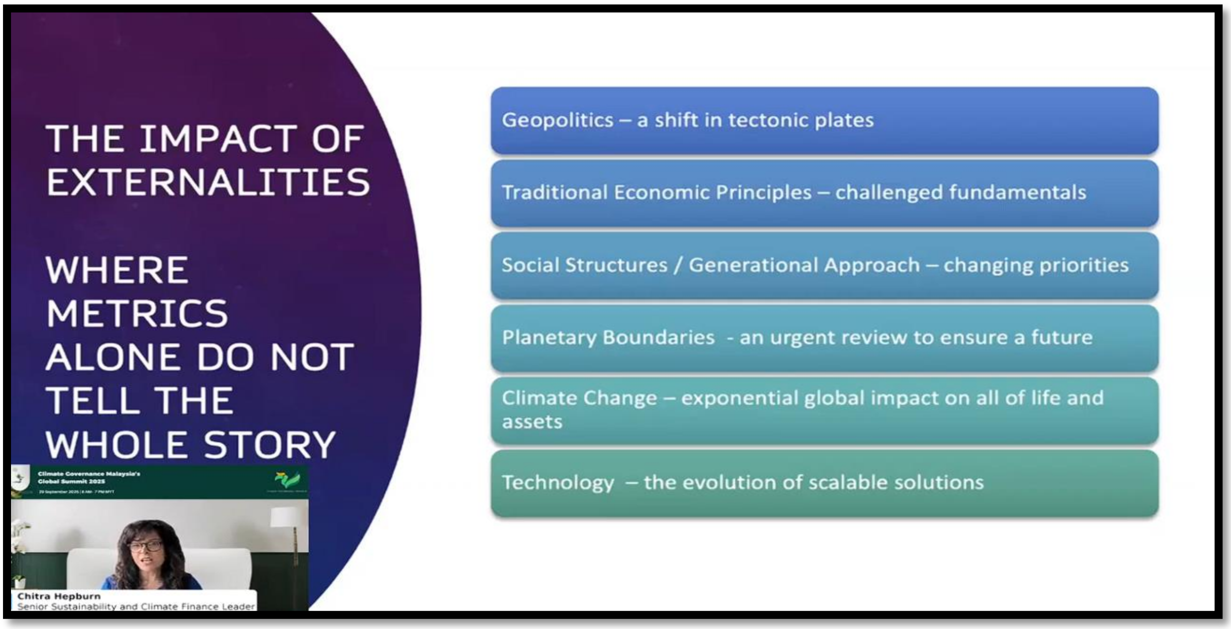

Climate Governance Malaysia's
Global Summit 2025
29 September 2025 | 8 AM - 7 PM MYT
Chitra Hepburn
Senior Sustainability and Climate Finance Leader


THE IMPACT OF EXTERNALITIES
WHERE METRICS ALONE DO NOT TELL THE WHOLE STORY
Geopolitics – a shift in tectonic plates
Traditional Economic Principles – challenged fundamentals
Social Structures / Generational Approach – changing priorities
Planetary Boundaries - an urgent review to ensure a future
Climate Change – exponential global impact on all of life and assets
Technology – the evolution of scalable solutions
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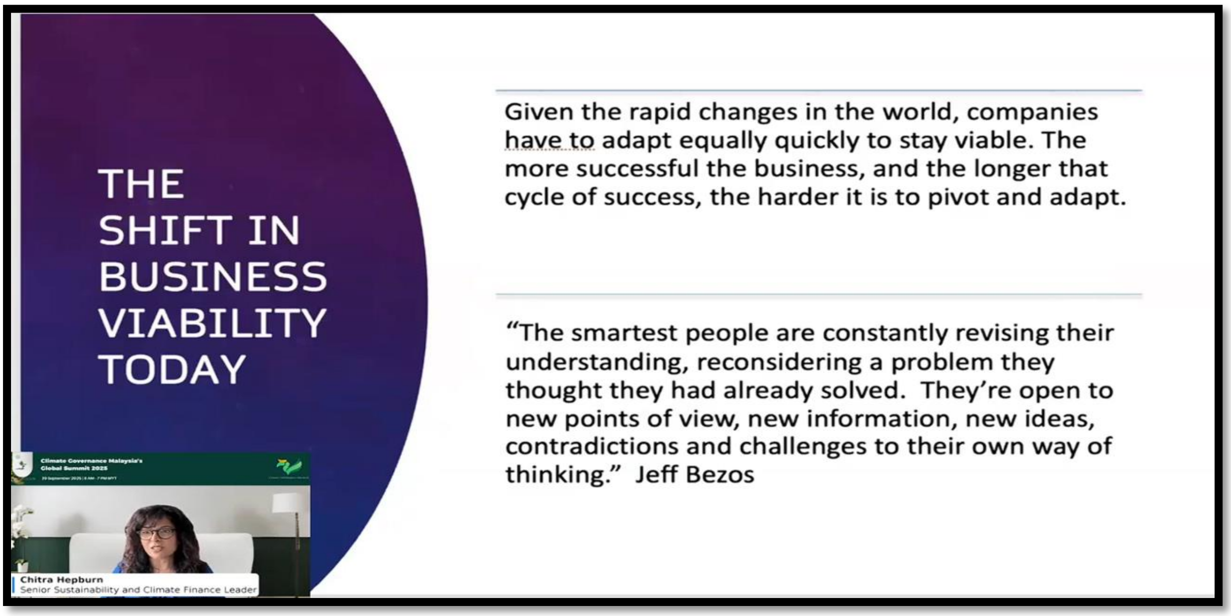
THE SHIFT IN BUSINESS VIABILITY TODAY
Given the rapid changes in the world, companies have to adapt equally quickly to stay viable. The more successful the business, and the longer that cycle of success, the harder it is to pivot and adapt.
"The smartest people are constantly revising their understanding, reconsidering a problem they thought they had already solved. They're open to new points of view, new information, new ideas, contradictions and challenges to their own way of thinking." Jeff Bezos
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THE GLOBAL INSTITUTIONAL INVESTOR PERSPECTIVE
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THE RECENT WITHDRAWAL OF CLIMATE COMMITMENTS IN LARGE GLOBAL INSTITUTIONS
In 2023, Vanguard, one of the world's largest asset managers, withdrew from the Net Zero Asset Managers (NZAM) initiative. This wasn't a sign that climate risk was becoming irrelevant. It was a demonstration of how politically charged and complex the **transition risk** management has become. Vanguard stated it withdrew to provide clarity to investors and avoid constraints on its investment choices.
September 2025 : While reporting on engagement behaviour, Vanguard shared having materially scaled back engagement on topics that include climate, leading to a reduction on related meetings by ~44% in 2025.
December 2024 to January 2025 - Six of the biggest U.S. banks (Goldman Sachs, Wells Fargo, Citigroup, Bank of America, Morgan Stanley, J.P. Morgan) left the Net Zero Banking Alliance, signalling and end to that industry coalition commitment
September 2025 : Reuters analysis reported BlackRock reduced the number of related meetings with company executives by ~28% in 2025, signalling a pullback in direct engagement on governance/policy topics including climate after new SEC guidance.
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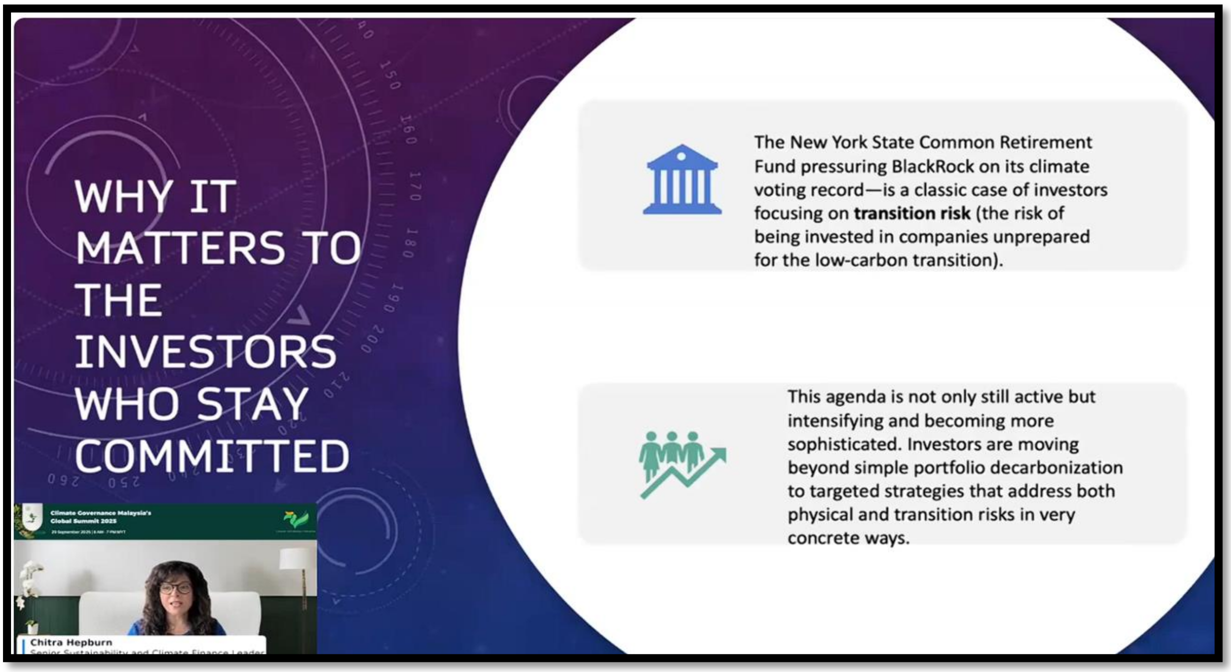
WHY IT MATTERS TO THE INVESTORS WHO STAY COMMITTED
The New York State Common Retirement Fund pressuring BlackRock on its climate voting record—is a classic case of investors focusing on **transition risk** (the risk of being invested in companies unprepared for the low-carbon transition).
This agenda is not only still active but intensifying and becoming more sophisticated. Investors are moving beyond simple portfolio decarbonization to targeted strategies that address both physical and transition risks in very concrete ways.
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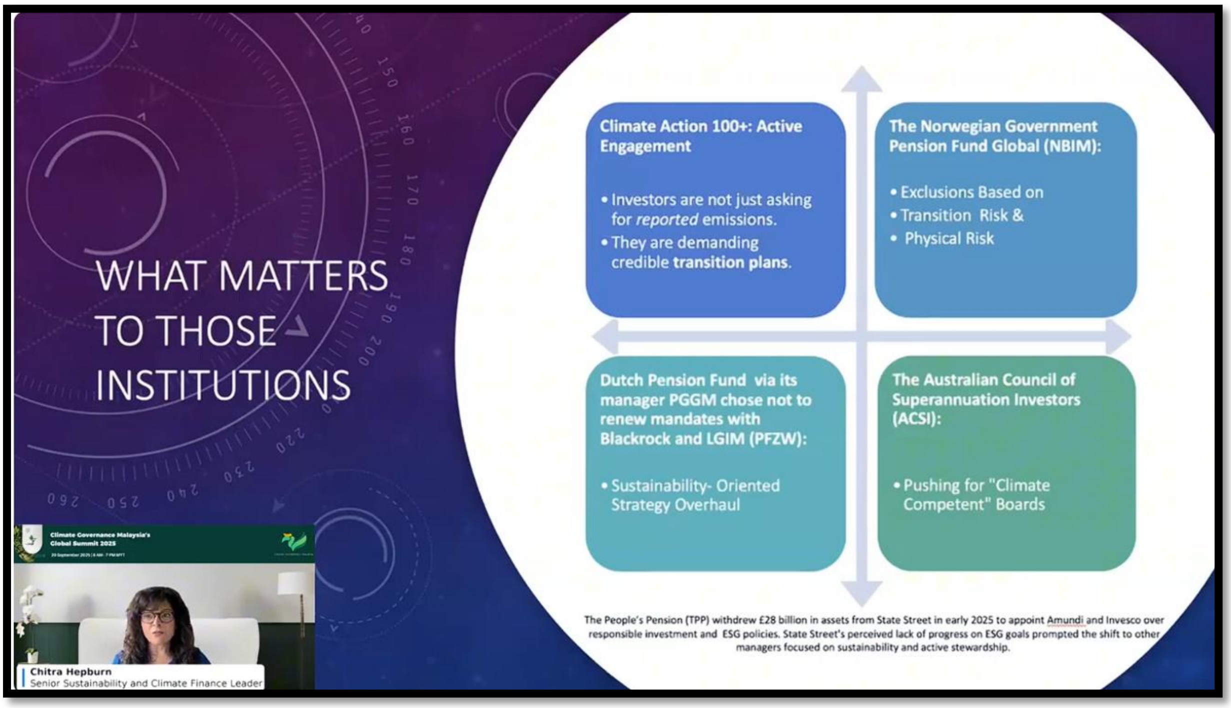

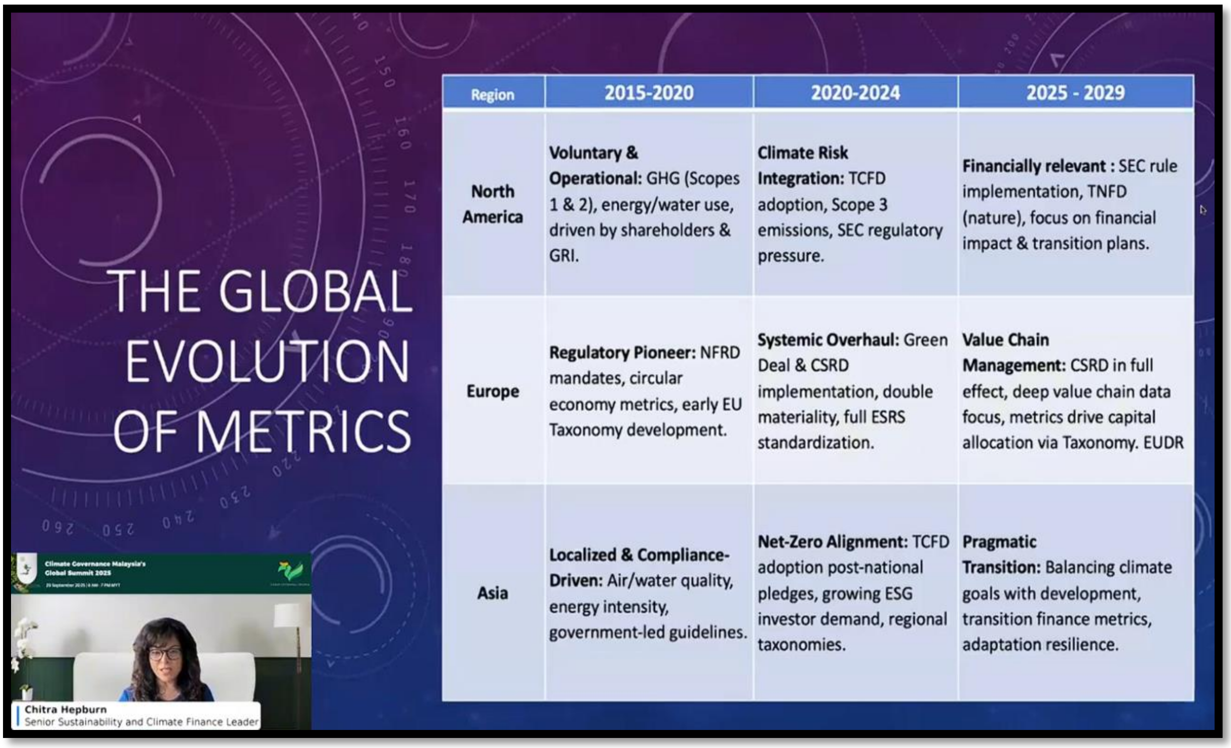

Region	2015-2020	2020-2024	2025 - 2029
North America	**Voluntary & Operational:** GHG (Scopes 1 & 2), energy/water use, driven by shareholders & GRI.	**Climate Risk Integration:** TCFD adoption, Scope 3 emissions, SEC regulatory pressure.	**Financially relevant :** SEC rule implementation, TNFD (nature), focus on financial impact & transition plans.
Europe	**Regulatory Pioneer:** NFRD mandates, circular economy metrics, early EU Taxonomy development.	**Systemic Overhaul:** Green Deal & CSRD implementation, double materiality, full ESRS standardization.	**Value Chain Management:** CSRD in full effect, deep value chain data focus, metrics drive capital allocation via Taxonomy. EUDR
Asia	**Localized & Compliance-Driven:** Air/water quality, energy intensity, government-led guidelines.	**Net-Zero Alignment:** TCFD adoption post-national pledges, growing ESG investor demand, regional taxonomies.	**Pragmatic Transition:** Balancing climate goals with development, transition finance metrics, adaptation resilience.


THE APPROACH IN MALAYSIA
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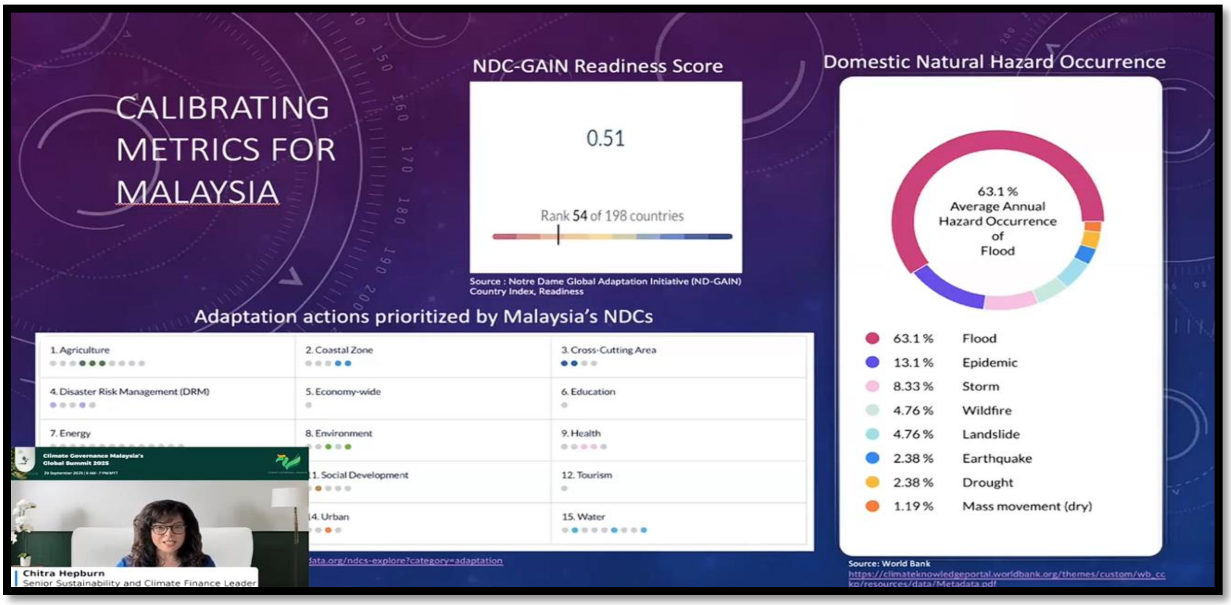
CALIBRATING METRICS FOR MALAYSIA
NDC-GAIN Readiness Score
0.51
Rank 54 of 198 countries
Source : Notre Dame Global Adaptation Initiative (ND-GAIN) Country Index, Readiness
Domestic Natural Hazard Occurrence
63.1 % Average Annual Hazard Occurrence of Flood
63.1 % Flood
13.1 % Epidemic
8.33 % Storm
4.76 % Wildfire
4.76 % Landslide
2.38 % Earthquake
2.38 % Drought
1.19 % Mass movement (dry)
Source: World Bank
Adaptation actions prioritized by Malaysia's NDCs
1. Agriculture
2. Coastal Zone
3. Cross-Cutting Area
4. Disaster Risk Management (DRM)
5. Economy-wide
6. Education
7. Energy
8. Environment
9. Health
1. Social Development
12. Tourism
4. Urban
15. Water
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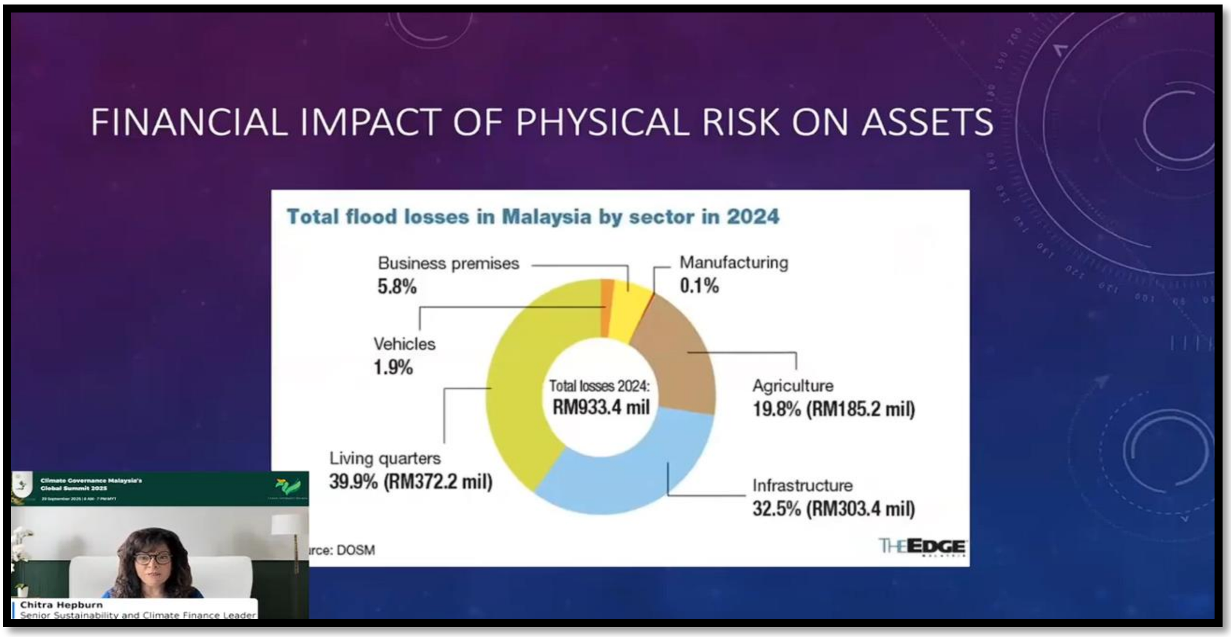
FINANCIAL IMPACT OF PHYSICAL RISK ON ASSETS
Total flood losses in Malaysia by sector in 2024
Business premises 5.8%
Manufacturing 0.1%
Vehicles 1.9%
Total losses 2024: RM933.4 mil
Agriculture 19.8% (RM185.2 mil)
Living quarters 39.9% (RM372.2 mil)
Infrastructure 32.5% (RM303.4 mil)
rce: DOSM
THE EDGE
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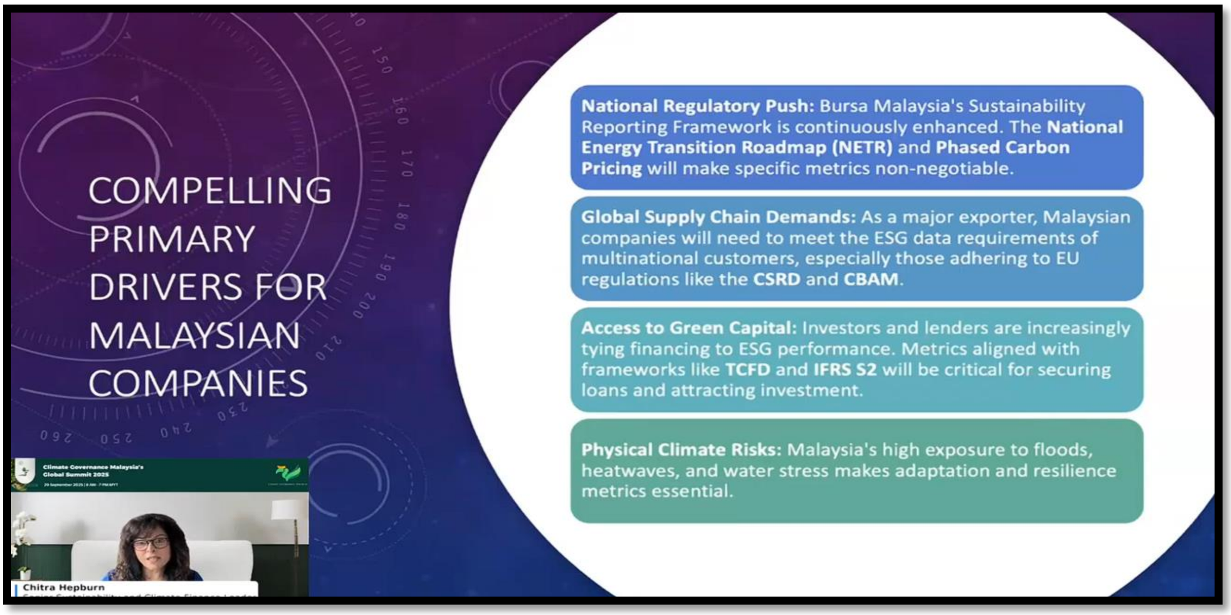

Category	Specific Metrics	Relevance
Air Pollution	**Total Air Pollution** ranking 122 out of 180 globally Adjusted emissions growth rate for nitrous oxide **(NOX)** ranked 86. Adjusted emissions growth rate for sulphur oxide **(SOX)** 147	Malaysia relative to its size has a high **growth rate** for CO2, SOX and NOX, which impacts its natural air quality score which is 79 and purely based on exposure as opposed to management
Waste & Circularity	**Total Waste Generated** per capita ranking 122 out of 180. **Waste Management** ranking 71 out of 180 mainly due to good waste recovery rate	Addresses the **national waste** factors. Reduce disposal costs. Self sufficiency. Aligns with global circular economy expectations from customers.
Biodiversity & Land Use	**Total Ecosystem Vitality** ranking 147 out of 180 . **Biodiversity & Habitat** ranking 152 out of 180 assessing the country's actions on retaining natural ecosystems	Crucial for sectors like **agriculture, forestry , palm oil** to maintain market access (e.g., EUDR). Growing investor focus on nature-related risks (TNFD framework).

CLIMATE CHANGE AND ENERGY TRANSITION METRICS

Category	Specific Metrics	Relevance
Greenhouse Gas (GHG) Emissions	**Scope 1 & 2 Emissions** (absolute, and intensity per unit of revenue/production). **Scope 3 Emissions** (begin tracking, especially for purchased goods/services and downstream use of products).	**Mandatory for listed companies.** Foundation for all climate strategy. Scope 3 is increasingly demanded by global supply chains. Essential for carbon pricing readiness.
Energy Management	**Total Energy Consumption** (by source). **% of Renewable Energy** (via on-site generation, Solar Power Purchase Agreements - SPA, Green Electricity Tariffs - GET). **Energy Intensity** (energy use per unit of production).	Core to the **NETR**. Reduces operational costs and exposure to fossil fuel price volatility. Directly impacts GHG metrics.
Climate Risk & Resilience	**TCFD-aligned Risk Assessment:** - **Physical Risks:** Quantified potential impact of floods, droughts, heat stress on operations/supply chain. - **Transition Risks:** Analysis of policy changes (carbon tax), market shifts, and technology	Protects assets and ensures business continuity. Required by investors (TCFD/IFRS S2) and Bursa Malaysia.
	...ice (shadow price). ...-Carbon Technologies (Capex). Transition Plan (with interim	Prepares for the government's phased carbon pricing mechanism. Demonstrates strategic foresight to investors.

Social and Governance Metrics

Category	Specific Metrics	Relevance
Supply Chain Management	**% of Suppliers Screened for ESG Risks.** **Supplier Code of Conduct implementation.** **Metrics on supplier ESG performance** (e.g., their GHG emissions, labour practices).	Essential for exporters to demonstrate a responsible value chain, especially with regulations like the **EU CSDDD**.
Labour Practices & Diversity	**Employee Turnover Rate.** **Training Hours per Employee.** **Gender Diversity Ratio** (especially in management). **Pay Equity.**	Attracts and retains talent. Demonstrates fair and ethical operations, which is a key component of ESG scores.
	Board ESG Oversight (committee structure). **Anti-corruption & bribery training rates.** **Whistleblower policy & cases.**	Strong governance is the bedrock of credible ESG performance. Non-negotiable for institutional investors.

WHAT MOVES THE NEEDLE FOR INVESTORS?

Start with TCFD: Use the **Task Force on Climate-related Financial Disclosures** framework as your guide. It forces you to think about governance, strategy, risk management, and metrics/targets in an integrated way.

Conduct a Double Materiality Assessment: Identify which ESG issues have the most significant impact on your business (financial materiality) *and* which issues your business has the most significant impact on (environmental/social materiality). This will prioritize your metrics.

Focus on Data Quality: Move from estimates to primary data collection. Invest in systems to track energy, water, and waste accurately. This data is the foundation for credible reporting and effective management.

Look Beyond Your Fence Line: Your **value chain (Scope 3)** and **supply chain** will be ... frontier. Start engaging with your key suppliers now.

By focusing on these metrics, companies will not only ensure compliance but also build resilience, unlock new opportunities, and secure a competitive advantage in the evolving global economy.