

Navigating ESG : A Sustainability Perspective

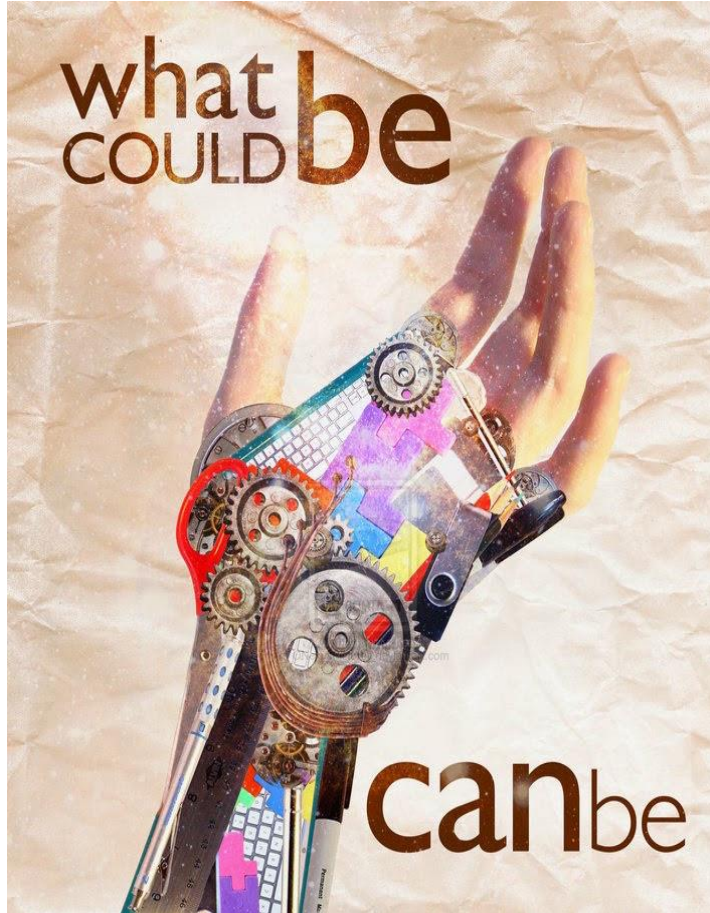
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Talk Sequence



The world today



Setting the scene



Megatrends of 2024 : Where Are We Now



ESG in Depth : The How and The Why



Putting It Together : ESG In Action



Key takeaways

Reality !

Can we change it ?



A picture tells a thousand words

THE WORLD TODAY ..

Geopolitical Tensions



Cost-of-living & energy crisis



Cyber security threat



A dying world



Wokeism & cancel culture



Setting the scene

Pause for a moment



Today's still burning questions ??

Why ESG?

Is it Real?

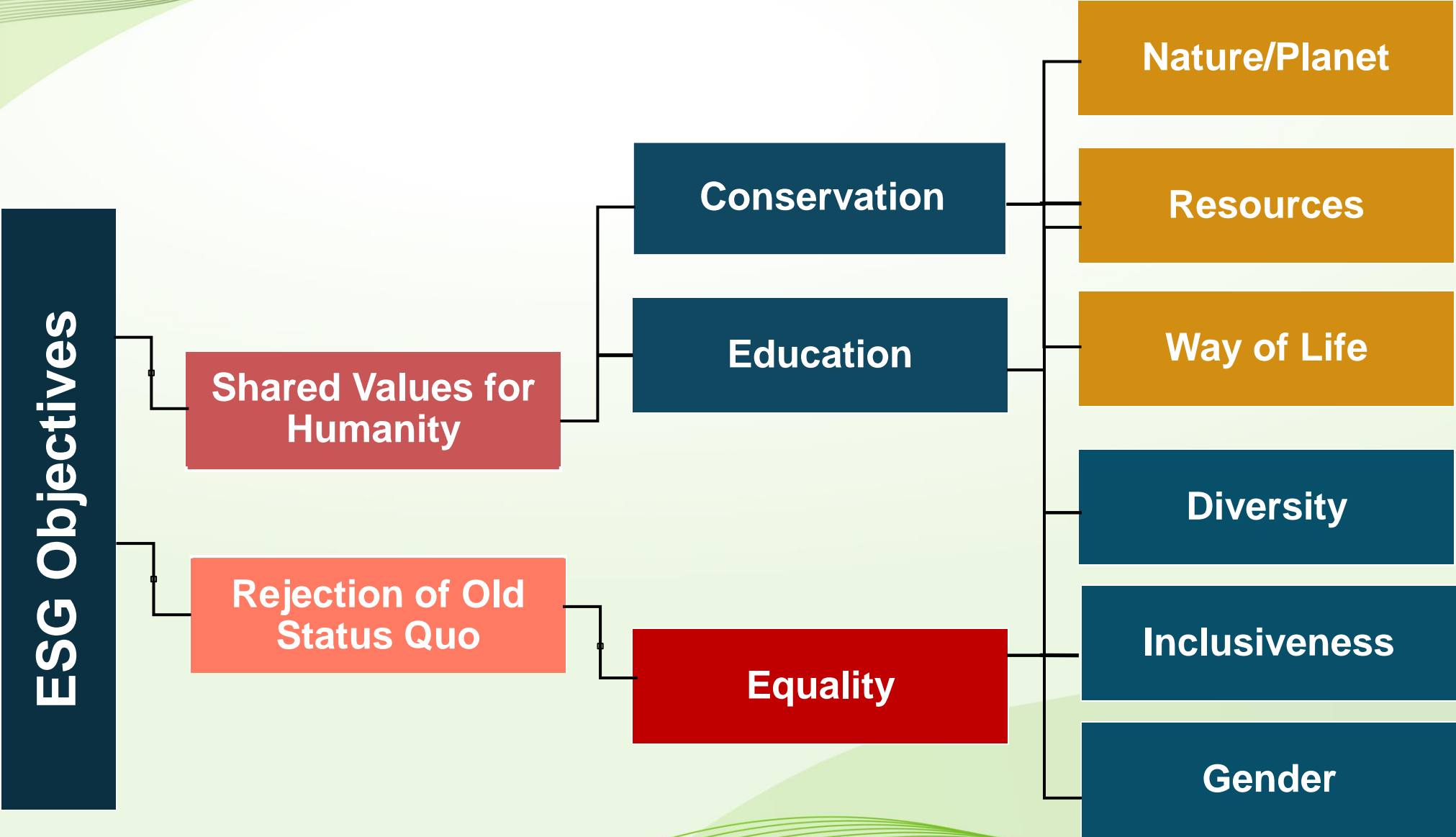
**Can you Afford
to?
Can you Afford
NOT to?**

**Why the
controversy?**

**OR, is it a
targeted
Ploy ??**

It's the new ORDER

Redux : ESG's Principles and Intention





Megatrends of 2024

Where Are We Now

Megatrends of 2024



The Great Economic Pivot



A Dying Planet

Megatrend : The Great Economic Pivot

Emergence of New Economic Giants

- **Rise of BRICS nations (Brazil, Russia, India, China, South Africa)**
- **Projected economic dominance of E7 countries (China, India, Brazil, Mexico, Russia, Indonesia, Turkey) over G7 by 2050**

Changing Trade Dynamics

- **Belt and Road Initiative** reshaping global trade routes
- **Increasing South-South trade and investment**

Innovation Hubs Beyond the West

- **Growing R&D spending in emerging markets**
- **Rise of unicorn startups in Asia and Africa**

Innovation Hubs Beyond the West : Quicktake closer to home ..

As of March 2024, the Asia-Pacific region had over 400 unicorns, which are startups valued at over \$100 billion

Malaysia's focus swift towards – AI and Data Centres, green economy push, sustainability, green financing





Megatrend: A Dying Planet

- **The Science of Climate Change**
 - Global temperature rise and its consequences
 - Tipping points and feedback loops
- **Resource Scarcity Challenges**
 - Water stress and food security issues
 - Depletion of critical raw materials
- **Economic Impact**
 - Tangible risks to assets and infrastructure
 - Transition risks as we move to a low-carbon economy



ESG in Depth

The How and The Why

ESG: No Longer A Buzzword



Sustainable Investing In Vogue



Focus Area for FIs



Trickle-Down of Interest into Retail Markets



Rise of ESG-rated Mutual Funds

A changing ESG landscape



Immediate Past:

- **Moralistic and Socially Responsible Investing**
- **Avoiding Vice and Sin Stocks**



Present:

- **Mainstream adoption of FIs and Retail Players**
- **Integration of ESG Factors into Investment Decision-Making**
- **Proliferation into Corporate Strategy and Reporting**



Future:

Globalized Uniformity and Reach

Focused & Impact Driven Initiatives

Increasing Environmental Risk Awareness

Promise vs Performance : ESG Paradox



Correlation vs. Causality

Inconclusive Links for ESG vs. Financial Performance

Cause & Effect of ESG Adoption Not Established

Chicken & Egg Problem: Already successful firms investing in ESG



Risk Mitigation

Downside risks better managed by ESG Mature firms

Improved Resilience during global crises

Example: High-ESG portfolios outperforming during COVID-19 crisis in China



Reasons for Skepticism

U-Turns from Sustainable Investment Leaders

High Reliance on ESG Rating Agencies

Non-Specific Targets and Goals

An aerial photograph of a vast, tilled agricultural field. The field is divided into long, straight rows of brown soil. A small red tractor is visible in the middle-right section of the field, moving along one of the rows. At the bottom of the image, there is a solid orange horizontal bar.

ESG In Action

Putting It Together

Theoretical Precepts of A Good Business



Fulfil a Need

Serves a need in the economic system



Net Benefit to Society

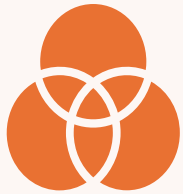
Provides value and benefits to the wider society



Sustainable

Continuous and non-deleterious activities

Business, But Sustainable



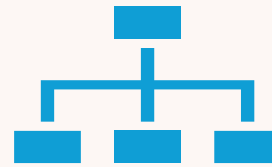
A New Ethos:

**Value & Purpose >
Profits**



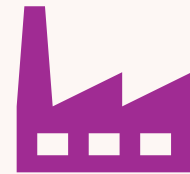
Baseline Expectation:

**How You Start = How
You Go On**



The Future Organization:

**ESG-Aware and
Sustainable DNA**



Catalyst for Change:

People-led Approach

ESG Implementation: A Double-Edged Sword

Known Downsides

- Cost Implications
- Short Term Pressure
- Non-Core Business
- Market Uniformity Risk

Potential Upsides

- Enhanced Reputation
- Access to Capital
- Risk-Consciousness
- Long-Term Focussed

Our Current Economic System



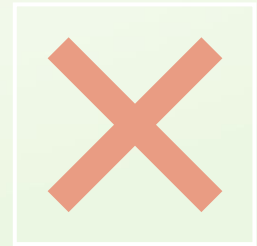
No Benefit to Society

Corporations are structured to maximise personal gains



Depletive Activities

Practices are carried out to extract value in shortest term possible



Survivability!

Financial survival is the ultimate measure of sustainability

ESG: A Need or Nice To Have?

Survival of the Fittest

ESG is fast becoming a prerequisite

Delayed Gratification

Time in the market > timing the market

Doing it Right

No wiggle room for bad actors

Key Takeaways

Time and Tide

- **Rapid Shifts in Global Order**

Riding the Wave

- **ESG In Public Consciousness**

To Wait or Not To Wait

- **Reasons for Scepticism**

Alignment is Everything

- **Circumstances and Principles for The Future**

An End In Mind

- **Nothing is Forever**

A hand is raised in the air, palm facing forward, against a blurred background of other people. The hand is wearing a red sleeve. The background is dark and out of focus, showing other people's hands and faces in a dimly lit setting.

Q&A

Thank You for A Great Time