

22 October 2021

HSBC and CGM partnership paves the way for a more sustainable future in Malaysia

The COP26 conference to be held in Glasgow next month will be a key moment to lock in the ambitious low-carbon policy goals that are so urgently required in all regions. Achieving carbon net zero by 2050 is the greatest challenge ever faced by humanity and businesses have a responsibility to accelerate their commitments to help achieve this goal. This is a matter of resilience and prosperity.

A partnership to deliver Malaysia's sustainability ambitions

Collaborations between nonprofit organisations, the private and public sector as well as financial institutions are key to helping businesses begin their net zero journeys, and to ultimately help drive and achieve Malaysia's sustainability ambitions.

Understanding this crucial need, HSBC Malaysia has signed a first of its kind Memorandum of Understanding (MoU) with Climate Governance Malaysia (CGM), the Malaysian chapter of the World Economic Forum's Climate Governance Initiative.

Through this significant partnership, the first time that CGM is partnering with a bank, HSBC and CGM aim to educate the wider business community on the need to pave the way for a greener and more sustainable future and to achieve increased awareness and capacity development amongst businesses in the country.

Stuart Milne, Chief Executive Officer, HSBC Malaysia said, "CGM plays a fundamental role in steering companies through an effective climate transition strategy, taking into account the need for financial stability, increased resilience and sustainability. And in terms of banks, the most significant contribution we can make is to provide financing for sustainable initiatives and to work in partnership with our customers as they transition to a low carbon world."

Datin Seri Sunita Rajakumar, Founder, Climate Governance Malaysia said, "Financial institutions have a critical role to play in developing the sustainability and climate literacy of Malaysian businesses, especially our small and medium enterprise (SME) community, which forms the bedrock of our economy. I am gratified to see HSBC step up to meet this need which will strengthen the resilience of the financial system."

ESG and sustainability a must for Malaysian businesses

A large number of businesses have clear plans to transition to lower carbon business models and they see it as important for driving competitive advantage. But often they find it difficult to know how to approach the topic from a very practical perspective. However, there is an equally large number of businesses adopting a wait and see approach, especially SMEs and mid-tier companies.

The need for information on 'how to start' and 'why should we start' is the reason that HSBC Malaysia and CGM have curated several sustainability webinars to help equip businesses of all sizes, from SMEs to large corporates, to embark on their net zero journey.

HSBC Bank Malaysia Berhad

(Company No 198401015221) (127776-V) 2020

Registered Office and Head Office: 2 Leboh Ampang, 50100 Kuala Lumpur, Malaysia. Web: www.hsbc.com.my

The 4-part sustainability webinar series entitled “Understanding Sustainability and Climate Risks: A Series of Webinars to Future-proof your Business” will provide an understanding of what climate change entails, why bankers and regulators are taking sustainability seriously, steps that can be taken to manage the business risks arising from climate change and how to integrate sustainable practices within their own organisations. This will ultimately help to drive the achievement of Malaysia’s sustainability ambitions.

Below are some highlights from the first sustainability webinar, titled “**How climate change will affect your business**”, that was held on 15 October with thought leaders from SSM, Ernst & Young, and HSBC.

Sustainability doesn’t mean sacrificing the generation of profit

- Companies with high ESG ratings consistently outperform the market and can lead to long term benefits. Sustainability doesn’t mean sacrificing the generation of profit. But instead it has become a crucial element to any organisation’s successful strategy. A business that does not factor in sustainability risk is less successful in several measures including profitability, growth and employee retention.

Climate transition provides threats and opportunities

- Climate transition will impact all businesses especially SMEs. As larger corporations embrace their own net zero targets, they are insisting their suppliers also comply to low carbon emission standards. So SMEs who do not embrace sustainability in their organisations will be non-compliant and might be phased out in the global supply chain. However, there are also many opportunities that we are seeing from climate transition. As an example, the demand for additional green investments in ASEAN from 2016-2030 is estimated to be USD 3 trillion and this spreads across renewables, energy efficiencies storage, food, agriculture, infrastructure, and land usage. As new technologies and industries emerge, inadvertently many new opportunities around ESG will emerge as well. Businesses need to proactively spot and capture these opportunities and move along in tandem with this transition.

Boards need to be on board

- The board and senior management are ultimately responsible in ensuring sustainability strategies, priorities and targets are embedded throughout the organisation. There needs to be a comprehensive performance evaluation when addressing a company’s material sustainability risks and opportunities. Businesses that have a clear fit-for purpose business model would be well positioned to maintain competitive advantage, compete for talent, tap on sustainable finance, stay ahead of the curve in an everchanging market landscape and seize opportunities in the emerging markets.

ends/more

Media enquiries to:

Joanne Wong

+603 2075 6169

joanne.p.m.wong@hsbc.com.my

About HSBC Bank Malaysia Berhad

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country on the island of Penang, with the permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, founding member of the HSBC Group. In 2007, HSBC Bank Malaysia was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, namely HSBC Amanah Malaysia Berhad. HSBC Bank Malaysia offers a comprehensive range of banking and

financial services including Islamic financial solutions. HSBC Bank Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Bank Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition on supported mobile phones.

About The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of \$2,976bn at 30 June 2021, HSBC is one of the world's largest banking and financial services organisations.

ends/all