



Transitioning to net-zero through energy efficiency takes precedence

PETALING JAYA: Global warming, which is blamed for recent floods and rise in temperature, has become the most alarming concern affecting the world today, and requires more innovative ways and technology to minimise the surplus of carbon dioxide (CO₂) in the atmosphere.

Earlier this year United Nations (UN) secretary-general António Guterres called for the Intergovernmental Panel on Climate Change's (IPCC) report on climate to change to a "code red for humanity."

The UN called for action, including a reduction of carbon emissions intensity by 45% by 2030 and achieve net-zero emissions by the middle of this century.

Sunway Group executive director Ong Pang Yen said scientists' findings shows that planet earth can absorb about 18 billion tonnes of carbon dioxide (CO₂) annually, naturally through forest, oceans and soil.

The industrialised world, however, emits almost 40 billion tonnes of CO₂ annually, he said.

This is much more than what the planet can absorb, resulting in a surplus of unabsorbed CO₂ in the atmosphere.

"Each year, as they accumulate, the build up of these greenhouse gases in the atmosphere is what causes and results in global warming," Ong said in a webinar organised by the Star Media Group.

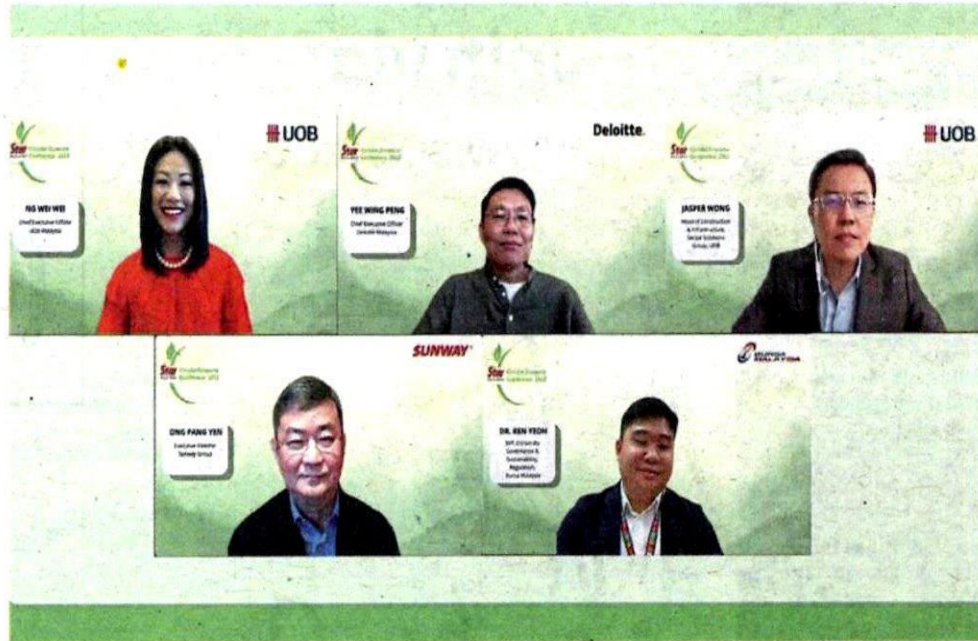
"Scientists have estimated that our planet can, at most, tolerate another accumulation of about 400 billion tonnes of CO₂, before it reaches the tipping point – or point of no return," he added.

Simple mathematics show that if we keep adding more than 20 billion tonnes of unabsorbed CO₂ into the atmosphere, we will have less than 20 years left before the point of no return, said Ong.

The Circular Economy Conference 2022 webinar is part of Star Media Group's knowledge-sharing and educational initiative, and is supported by platinum sponsor UOB Malaysia.

The discussion was moderated by Deloitte Malaysia chief executive officer (CEO) Yee Wing Peng.

The webinar was kickstarted by UOB's CEO Ng Wei Wei, who said: "If you really



Climate talk: A screenshot of the panel discussing climate change during the webinar.

think that the environment is less important than the economy, try holding your breath while you count your money."

Achieving net-zero emissions is becoming a goal for most businesses as environmental concerns have risen since the Covid-19 pandemic.

Wei added the IPCC's call for the world to become net-zero by 2050 is "the most important sentence ever written."

The International Energy Agency (IEA) however noted global energy efficiency has been on the decline, despite the rise of net-zero commitments since the adoption of the Paris Agreement in 2015.

Over the past five years, global energy efficiency has improved on average by only 1.3% a year, well below the 4% described in the IEA's Net-zero Emissions by 2050 Scenario 2.

The world's growing population will lead to more emissions and more strain on energy resources, Wei said, adding that two thirds of the population are expected to be based in cities by 2050.

Hence, it makes sense to focus on developing greener or energy-efficient buildings.

"Energy-efficient buildings follow a biocli-

matic architectural approach, in which the shape, direction and in-built functions all work synergistically to improve energy consumption and maximise the building's energy performance," Wei said.

As smart cities are now looked upon as a solution, Wei believes it will be a key area to tackle for Malaysia to meet its climate target, including the reduction of up to 45% in greenhouse gas emissions from 2005 levels, as part of efforts to attain carbon-neutral status by 2050.

Due to the urgency for climate actions, a substantial amount of funding will be needed to transition to net-zero emissions.

Bank of America Global Research has predicted that US\$5 trillion (RM22.38 trillion) will need to be invested every year for the next 30 years, if global emissions targets are to be reached.

The Malaysian government, for its part, has extended the Green Investment Tax Allowance and the Green Income Tax Exemption until 2023 to encourage the adoption of green technologies.

But questions remain whether the green financing solutions are sufficient.

UOB managing director and head of con-

struction and infrastructure sector solutions, Jasper Wong, expects a small portion, or 10%, of funding to come from development finance or the government, or even public equity.

The bulk of the US\$5 trillion investments required annually to rein the average temperature rise to 1.5C will have to come from capital markets, he said.

"The majority of the funding will need to come from the private sector, such as private equity, capital markets and bank lending," Jasper said.

He added there are a lot of financing solutions available, but companies lack of awareness about the savings that can be extracted.

Jasper said there will need to be sufficient measurements as well as third party verification needed for companies to consider whether to embark on energy efficiency.

On the issue of key regulatory developments relevant to the public listed companies (PLCs), Bursa Malaysia's vice-president for Corporate Governance and Sustainability Regulations, Dr Ken Yeoh, said a major initiative that the local bourse has embarked on is the enhancement of the sustainability reporting framework.

All PLCs are currently required to produce a sustainability statement within their annual reports to provide information on issues that are relevant to their respective businesses, according to Yeoh.

"Moving forward, we propose to mandate the disclosure of a more performing set of sustainable information," Yeoh said.

The exchange proposes to acquire information such as energy and emissions management be disclosed from policies and procedures put in place by all PLCs, regardless of size or sector.

"In this way, there is pressure for PLCs to improve over time, as such information is made publicly available," he added.

Another key development is the mandate given by the Malaysian government for Bursa Malaysia to establish a voluntary carbon market (VCM) by the end of this year, which will enable companies to purchase voluntary carbon credits from climate-friendly projects and solutions.