



NAVIGATING A GREENER FINANCIAL LANDSCAPE

OCBC Bank CEO Tan Chor Sen shares the bank's resolute commitment to ESG principles

THE commitment to sustainability and environmental, social and governance (ESG) principles has become paramount for OCBC Bank (Malaysia) Berhad (OCBC Bank), aligning with the global financial industry's growing focus on coordinated climate action and Malaysia's broader sustainability goals.

OCBC Bank's commitment to ESG is a testament to their belief in the profound impact of sustainability and circularity. This is a sentiment that reflects their alignment with the financial industry's growing focus on coordinated climate action and Malaysia's broader sustainability goals.

OCBC Bank chief executive officer Tan Chor Sen underlines the bank's determination to champion sustainable transformation.

Through a conversation with Tan, *StarESG* aims to uncover OCBC Bank's continued commitment, unveiling their strategies, partnerships and the meaningful strides they are taking in the world of ESG.

Could you elaborate on OCBC Bank's commitment to ESG principles and how they guide the bank's strategy?

Based on financial and impact materiality assessments conducted with key stakeholders, the OCBC Group identified 13 material ESG factors that inform our three-pillar sustainability strategy to "Build a Low Carbon Future", "Create Positive Impact for Society" and "Act with Integrity".

These ESG themes directly impact OCBC Bank's strategic decisioning across the company to ensure holistic, proactive ESG management. Client acquisition strategies are driven by sustainable financing priorities. Emissions reduction and improvement in data capture abilities are continually in focus.

Active risk management is supported by consistent regulatory engagement and investment in strong safeguards. And curated sustainability-related training programmes facilitate enrichment, alongside a culture of staff volunteerism that drives meaningful community development.

How does OCBC Group's commitment to ESG align with the financial industry's focus on climate action and Malaysia's sustainability goals?

The Malaysian government committed to becoming a carbon-neutral nation by 2050. Likewise, as a signatory to the United Nations-convened Net-Zero Banking Alliance, the OCBC Group reinforced our commitment to achieve Net Zero in our financed emissions by 2050 by establishing science-based decarbonisation targets for the six most greenhouse gas emission intensive sectors in our portfolios – power, oil and gas, real estate, steel,



aviation and shipping.

The Group also outlined key actions that will be taken to meet these medium-to-long term targets. Local alignment in metrics, targets and initiatives are in progress. We will gradually extend our decarbonisation plans to other sectors over the years and build more robust climate risk related modelling in alignment with regulatory policy expectations and facilitate a meaningful transition.

In what ways is OCBC Bank expanding its responsible financing solutions to promote sustainability, and can you provide examples?

OCBC Bank, together with Westports, has inked a memorandum of collaboration with Bursa Malaysia as early adopters of Bursa's Centralised Sustainability Intelligence Platform.

This interconnected Platform enriches the responsible financing ecosystem by enabling financial partners like OCBC Bank to bolster our clients' supply chains through provision of sustainable financial solutions.

Through this collaboration, OCBC Bank will also be able to seamlessly integrate carbon emissions tracking, ESG considerations and support for global markets into our operations.

How does OCBC Bank incorporate climate-related risk considerations into business decisions for capital resilience?

One of the three priorities under OCBC's Climate Strategy is to "Manage risks associated with climate change effectively". Climate-related risk considerations are governed by our Responsible Financing Framework which is a combination of policies, procedures and standards. All applicable Wholesale Banking customers or transactions are subject to our ESG Risk Assessment Process, and transactions that carry high ESG or climate-related risks are further subject to enhanced evaluation and approval requirements.

The bank has also incorporated due diligence processes aligned with Bank Negara's Climate Change and Principle-based Taxonomy, as well as geared up for climate risk management scenario analysis and stress testing.

Can you share specific outcomes or progress resulting from OCBC Bank's collaboration with Bursa Malaysia on ESG adoption practices among public-listed companies?

We have to date successfully structured and lead-arranged sustainable financing transactions



In addressing responsible financial solutions, Tan believes their initiatives and capabilities reinforce OCBC Bank's commitment to environmental stewardship while contributing positively to Malaysia's broader financial and environmental landscape.

exceeding RM5bil, mainly for FTSE4Good Bursa Malaysia Index constituents from diversified sectors such as construction, telecommunication, healthcare and real-estate.

This also includes the world's first syndicated Islamic multi-currency sustainability-linked financing which adopted the FTSE4Good rating as one of its sustainability targets.

Early this year, OCBC Bank advised and lead-arranged the issuance of Sustainability Sukuk Wakalah for KPJ Healthcare Group, the first-of-its-kind to be issued by a private healthcare provider in Malaysia. The offering of both features, Islamic and sustainability or "double green" under the sukuk received overwhelming response from investors with more than 10 times oversubscription.

We also structured Malaysia's first Islamic ESG-linked financing for Gamuda Berhad, with the unique added feature of an ESG-linked derivative solution. Such innovation is a key differentiator for OCBC Bank which further strengthens our position as one of the leaders in Islamic sustainable finance in the region.

How has the #financing4ESG initiative, in collaboration with Bursa Malaysia, contributed to addressing PLCs' ESG needs based on FTSE4Good assessment criteria?

The collaboration with Bursa Malaysia is part of our continuous contribution to further the sustainability agenda in Malaysia. Under the #financing4ESG initiative, OCBC Bank and Bursa Malaysia jointly identify public listed companies which have embarked on a sustainability journey in accordance with the FTSE4Good assessment criteria and we offer tailor-made sustainable financing solutions to support such initiatives.

We also work collaboratively with Bursa Malaysia in providing guidance to public listed companies on a transition pathway for eventual inclusion into the FTSE4Good Bursa Malaysia Index.

Green benefits for government ministries and entities



Solar Benefits under NEM GoMen



Government ministries and entities, which have installed the solar photovoltaic (PV) system on rooftops of their buildings, can enjoy energy savings under the Net Energy Metering (NEM) 3.0 programme - **GoMen category**.



Leveraging renewable energy like solar can help to create a better environment for citizens.



Any excess electricity generated is exported into the utility company's grid.

Agencies can enjoy savings of up to 50% in their monthly electricity bills.



Empowering communities with solar energy

- Government ministries and entities like health and educational institutions can apply for NEM GoMen.
- The allocated quota for NEM GoMen is 100 MW, available on first come, first served basis.
- To date, 62% of the GoMen quota* is currently available before the end of 2023.
- Maximum capacity for each

NEM GoMen application is capped at 1,000 kW with the following conditions:
 ✓ **Medium Voltage Consumers:** 85% of the Maximum Demand based on one year's average usage.
 ✓ **Low Voltage Consumers:** 60% for direct meter (fuse rating) or indirect meter (current transformer rating).

*Source: <https://www.seda.gov.my/reportal/nem/>

NEM GoMen

Quota Balance: 62 MWac
 Quota Applied: 38 MWac
 (as of 20 Oct 2023)



Harness cleaner energy at Zero CAPEX

GSPARX's Zero CAPEX business model allows government ministries and entities to enjoy solar energy with:
 • FREE CAPEX for the installed rooftop solar PV

system
 • FREE maintenance for a fixed contract period
 • Bill savings from a fixed solar tariff, which is not subject to ICPT and RE Fund (KWTBB)**

**RE Fund is used to promote the growth of renewable energy resources in Malaysia.

For more info about solar solutions for the government sector, please visit <https://www.gsparx.com/Packages/Community>

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