



Before the outbreak of Covid-19, European government officials visited their counterparts in Thailand to ask whether the country had products powered by 100% renewable energy (RE) ready for export, but the Southeast Asian nation was not ready, said Than-yaporn Krichitayawuth, executive director of Global Compact Network Thailand, at the third plenary session of the Sustainability & Renewable Energy Forum (SAREF 3.0).

The plenary session, presented by Alliance Bank Malaysia Bhd, centred on the topic of climate action.

After the pandemic, private sector players from the European Union, the US, Japan and China came knocking on their door to ask the same question. Krichitayawuth used this to illustrate how the demand for low-carbon and sustainable products had increased significantly in recent years, spurring local companies to take action.

"Unilever said that by 2030 it has to be [powered by] 100% RE in its own operations. If you are producing for Unilever, no matter if it is food or consumable products, [you have to change] how you source your energy in your factory. The landscape [is changing] faster," she pointed out.

"After Covid-19, many companies are moving ahead of the game. For example, McDonald's started to pledge carbon neutrality and is sourcing rice and the sesame topping for its burgers to be low-carbon."

On the other hand, this poses an opportunity for companies and countries that are ahead of the game to gain market share. Sharmel Ali, head of group ESG at ST Telemedia Global Data Centres, said the company had a commitment to be carbon neutral by 2030. To achieve this goal, it has been very proactive in utilising RE sources in its operations around the world.

"For example, our operations in the UK utilise 100% RE, which eradicate our Scope 2 footprint. In India, we are trying on a yearly basis to acquire power purchase agreements in addition to renewable energy certificates," he said.

"In this part of the world, the availability of various instruments [for acquiring RE] obviously has room for improvement but we are not limiting ourselves in terms of the efforts we are making towards [utilising] RE."

TRANSFORMING THE SUPPLY CHAIN

To encourage companies to produce more low-carbon products and services, it is essential to work with the supply chain, particularly small and medium enterprises (SMEs).

"A supplier in Malaysia serves a corporate. If it improves and it does climate action and carbon emissions reduction, it helps the corporate [too and] this becomes a multilateral kind of impact," said Roy Heong, head of strategic partnerships and innovation at Alliance Bank.

"The SMEs that we work with also supply to Asean," he added, noting that this multiplies the impact of climate action along the value chain and across the region.

It is important to help SMEs recognise which green projects are financeable. This can be done through advocacy and the raising of awareness. For Heong, this also means helping companies understand why going green is something that can help them become more competitive and profitable.

Alliance Bank developed a climate assessment tool with the UN Global Compact Network Malaysia & Brunei to provide corporations with a climate action road map, he said. "Corporates are able to assess their suppliers and based on their sustainability maturity or improvement of

DEMAND FOR CLIMATE ACTION IS ON THE RISE



From left: Moderator Faroze Nadar, executive director at UN Global Compact Network Malaysia & Brunei, Heong, Krichitayawuth, Sharmel and Lim



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[their sustainability profile], we actually taper down the interest rates."

Eric Lim, chief sustainability officer at UOB Ltd, explained that when banks offer financing, they look at whether the technology or business model is mature and commercially viable, and if the operator or regulatory environment is conducive to ensuring the performance of the project or company can be properly executed. These are important points to keep in mind when companies are seeking green financing.

He observed that countries in the region that are making the most progress in sustainability are those with direction from the top. Large corporations are also able to pull their supply chains along with them when they transform.

"One of the best practices we've tried to do is identify who the champions are in each sector and work closely with them to [provide] support and their value chain," said Lim.

Banks are playing their role in promoting the low-carbon transition, especially the big banks that have committed to net zero emissions, he said. Some may be sceptical about these goals, but "having gone through

that exercise, I can tell you it fundamentally changes how the banking industry starts to interact with the real economy, government and regulators. The moment a bank sets out a net zero target, it is on the hook", he added.

"We become the middleman to work with our regulators to say if we want this segment to move faster and this is what we are seeing."

WORKING WITH THE GOVERNMENT

Without regulations, it can be difficult to push the private sector to change. That's why Krichitayawuth has been engaging with the Thai government to set up a council to navigate the low-carbon transition. Thailand produces a lot of agricultural waste and most of its population operates businesses in the food, agriculture and tourism sectors, she explained.

"We requested [information on] how

the government can support the facility to turn waste into energy. Not all agricultural waste is clean and good to be [an] energy [source], so we need to link with the central bank to announce the green taxonomy," said Krichitayawuth.

"After that, we cascade to the SMEs on how the government and bankers support projects. We need to incubate micro enterprises and SMEs to learn how to do bankable projects."

She also proposed to the government that it organise campaigns that promote behavioural change and create local demand for low-carbon products and services. This year, the government ran awareness campaigns to encourage households to reduce their consumption of electricity.

"Next year, we would like to run a campaign to have the young generation think about what behaviours we should change," she said.



Alliance Bank is committed to helping businesses transition to more sustainable business practices