

## INTERNATIONAL INSTITUTIONAL INVESTORS SERIES 2021

# SUSTAINABILITY & TECHNOLOGY

## KEY TAKEAWAYS

The path towards sustainable investing has not been an easy one, with many arguments that now is the time to “build back better” and create a more sustainable corporate world. The pandemic has also accelerated a number of environmental, social and governance (ESG) themes which existed before the crisis. As every organisation works to re-invent itself to survive in these challenging times, achieving greater sustainability goals will make them stronger and more resilient. How does digitalisation and sustainability converge? Is technology an enabler to deliver a safer future?

On 15<sup>th</sup> July 2021, the *Malaysian Association of Asset Managers (MAAM)* organised a virtual event, the International Institutional Investors Series 2021 which brought together a group of industry experts to delve deeper into the issues above over three specific panel sessions.

Here are the key takeaways for your reading.

**Gold Sponsor:**



## Panel Session 1:

# SUSTAINABLE DEVELOPMENT

### *What is the role of governance in sustainable development?*

**Mr. Gerald Michael Ambrose**, Council Member,  
*Institutional Investors Council Malaysia*

Since time immemorial, there is always a danger when people manage other people's money – by nature, they tend not to care for it as if it were their own, as Adam Smith pointed out in 1750. Stewardship of other people's money has become far more complicated over the past 20 years because there are two additional factors which now exist but did not before:

- Clear evidence of global warming now indicates that the Earth is reaching its capacity to handle the world's human population. Action must be taken to adjust to & mitigate climate change and fund managers have a vital role to achieve this.
- Up to the 1980s, fund managers had to look after the needs of their clients and companies were responsible to their shareholders only. Now both investors and companies are answerable to shareholders, stakeholders (suppliers, staff, distributors) and the community as a whole.

These two extra factors mean that in the view of the Institutional Investors Council (IIC), ESG factors (a) have become financially material (b) present risks and opportunities which we have to understand in order to make the best long-term investment decisions (c) need to be discussed with investee companies in order to enhance the value of our clients' investment.

The United Nations Principles of Responsible Investing (UNPRI), the Paris Accord, the International Integrated Reporting Framework and the Taskforce on Climate-Related Financial Disclosure, among others, have helped to standardise ways in which all investors can approach ESG so that 'apples can be compared with apples'.

We look at companies according to 3 main themes: (1) Environmental Responsibility,

(2) Human Rights & Community and (3) Governance.

Questions we ask: (i) Have management identified the risks & opportunities from these themes? (ii) Have they planned to mitigate these risks or take advantage of the opportunities? (iii) Do they have a roadmap & targets in their future plans?

**Mr. Adam Ng**, Sustainable Finance Advisor,  
*WWF Malaysia*

- Active ownership approaches can be strengthened among Asian asset managers.
- Set time-bound objectives (e.g. timeframe to track certification by investee companies) and transparency on progress (e.g. publicly disclosing progress).
- Reinforce accountability by enhancing training and incentives for management and board.
- Climate commitments and strategies need to be anchored on setting science-based targets or translated into robust expectations toward investee companies (e.g. TCFD, Climate Action 100+, SBTi).
- Sector policies need to supplement existing general responsible investment policies.
- Act on recognition of nature loss as a key risk (water risk, deforestation and biodiversity loss, ocean sustainability) through investment expectation and voting.

**Mr. Promod Dass**, Chief Executive Officer,  
*RAM Sustainability Sdn Bhd*

"The "G" in "ESG" is key factor in driving credible sustainable development, corporate behaviour and responsible investment. Everyone and every organisation in the financial and real economy have their own part to play in ensuring a check and balance and that the planet and people are safeguarded.

## Panel Session 2:

# TECHNOLOGY TRENDS

## *Accelerated Technology Trends – Innovations Shaping Businesses Today*

**Mr. Jonathan Curtis**, Senior Vice President,  
*Franklin Equity Group, Franklin Templeton*

Technology has accelerated its role in everyday life. This accelerated adoption of technology-related themes has led many companies in the information technology (IT) sector to be standout performers for most of 2020 and the sector offered the best growth profile in the S&P 500 Index over the past four years.

For many companies, the pandemic was the beginning of their digital journeys. Firms that had already been building out their digital capabilities leaned into those capabilities, and those that had neglected digital options were forced to quickly pivot. The big theme of Digital Transformation (DT) which is about using software and data to better understand customers and business processes and technology to radically transform how businesses work will transcend the pandemic.

Even as people begin to get vaccinated and economic conditions return to normal, we expect enterprises to use the years ahead to evaluate what did and did not work during the crisis, scale what did work, abandon what didn't and continue to progress or evolve in their digital journeys. Customers have also learned new behaviours related to the digitisation of previously in-person activities, which we think will be enduring. Simply put, we are at the beginning of what is possible as consumer experiences and businesses digitise.

**Ms. Jasmine Ng**, Co-Founder,  
*EnGame*

A big why gamification works?

- We learn the best when playing  
By having educational messages embedded in games, we can teach the public about investing.
- Excited people leads to happy results  
The key point here is how we can provide the kick required for people's behavioural change
- Incentives have never been easier  
We are nature's best hoarder and games are the best way to engage and exploit that trait.

Researches on gamification shows that a majority of studies on gamification find it has positive effects on many levels, even in the financial aspect.

**Mr. Shaun Cochran**, Global Head of Research,  
*CLSA Limited*

The sophistication of retail platforms has increased and traditional giants are evolving as global brands deplatform from distributors. China's current payment dominators are facing substantial questions with the emergent digital Yuan, while western countries are disintermediating traditional finance via devices.

We expect advanced computing technologies to revolutionise product development, particularly in healthcare, where success has manifested in response to COVID-19. In advanced transport, AI has enabled a new category of fast followers to narrow the gap to industry leaders. We see Hydrogen as the superior technology for heavy vehicles as well as the enablement of green energy economic applications.

Panel Session 3:

# SUSTAINABILITY & TECHNOLOGY

## *Two Worlds Converge: Innovation and Sustainability*

**Mr. Yan Taw (YT) Boon**, Managing Director,  
*Neuberger Berman*

2020 was just the beginning of 5G network deployment and 5G smartphone launches. We believe 5G trends will enter an accelerated growth phase as we head into 2021 driven by stronger demand for better connectivity. While the impact from COVID-19 will subside as vaccination becomes available, we believe the trends of 5G and digitalization of the economy are structural and irreversible. The 5G thematic should also be well positioned to capture interest as investors continue to focus on growth given interest rates are expected to stay low for longer.

**Mdm Munirah Khairuddin**, Chief Executive Officer,  
*Principal Asset Management Berhad*

On a regional front, Southeast Asia (SEA) with approximately 583 million population is a force to be reckoned with. Since the start of the pandemic, we saw 3 key themes, flight to digital, online with a purpose and resilience in times of crisis. We see global attention to sustainability or ESG. We have seen how we have adapted and how technology can impact positively to sustainability, enabling financial inclusion –a key social impact that often gets left behind. We can all do our part towards a sustainable journey.

“Let’s go invent tomorrow instead of worrying about what happened yesterday.”

**Mr. Rajeev Tummala**, Director (Digital & Data, Security Services), *HSBC Singapore*

Using innovative technology such as distributed ledger technology (DLT), tokenisation has the potential to accelerate progress on sustainability goals such as reducing inequality by unlocking access to a wide range of assets for a new demographic of investors. Tokenisation democratises investment opportunities by allowing for fractional ownership, wider investment choices, providing greater liquidity and making ESG investing accessible for a wider scope of eligible investors. There is immense potential in Asia that DLT can help unlock, and its population would benefit tremendously from the benefits that tokenisation can bring on the topic of sustainability.