



ENVIRONMENT



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ESG IN REAL ESTATE

Issue 32

Budget 2024 measures to aid businesses' ESG journey

Budget 2024, introduced by Prime Minister on October 13, places a strong emphasis on sustainability and economic resilience in Malaysia. Notably, financial institutions will provide RM200 billion in financing to support the transition to a low-carbon economy. The budget also introduces incentives such as tax credits, grants, and tax deductions to promote ESG-related expenditures and carbon projects, fostering clean energy practices.

Key measures include the development of tax incentives for carbon capture and storage (CSS), an extension of the RM300,000 deduction on electric vehicle (EV) rental costs until YA2027, and tax exemptions for EV charging infrastructure and vehicles. This budget demonstrates a commitment to ESG adoption among small and medium-sized enterprises (SMEs) through financial assistance and tax incentives.

Moreover, the Net Energy Metering (NEM) program's offer period is extended to encourage the installation of solar panels in residential premises, further promoting the residential solar photovoltaic market. The budget aligns with the National Industry Environmental, Social, and Governance framework (i-ESG) and the National Energy Transition Roadmap (NETR), empowering companies to embrace sustainability practices.

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What's behind the recent trend of Malaysian banks moving their corporate HQs

In recent years, several Malaysian banks, including Alliance Bank Malaysia Bhd, have either relocated their headquarters or announced plans to move to new office spaces. This trend can be attributed to a combination of factors.

Firstly, environmental, social, and governance (ESG) considerations have become crucial, leading banks to opt for green-certified buildings to align with sustainability goals.

Secondly, many existing bank buildings were outdated, with technological and ESG upgrades being costly and disruptive. It made more sense to move to new buildings that met their requirements.

Attracting and retaining young talent is another motivation, with the younger generation seeking vibrant workplaces and nearby amenities. Additionally, transit-oriented developments have been a focus, promoting accessibility and convenience. The oversupply of Grade A office buildings has provided favorable rates and incentives for banks to move.

While some banks own their new buildings, it's seen as a sign of operational stability. This trend is expected to continue, with flexible remote work practices reducing the need for extensive office space. [READ MORE](#)



PNB says RM10b green investment will include global assets

Permodalan Nasional Bhd (PNB) has announced its commitment to invest RM10 billion in green and transition assets by 2030, with a focus on renewable and clean energy opportunities both in Malaysia and internationally.

PNB's head of investment stewardship division, Muazzam Mohamad, clarified that the RM10 billion is not a maximum limit but a starting point to encourage exploration of green investment opportunities. This interim target reflects PNB's ambition to allocate a larger amount for green investments in the long run. Muazzam highlighted the challenge in identifying investments that align with PNB's internal green criteria.

PNB's green investment will encompass areas like green transport, green buildings, clean power, nature-based solutions, hydrogen, and carbon markets. While no specific allocation percentage for overseas assets has been set, PNB is open to both domestic and global opportunities. This green investment initiative is a significant part of PNB's strategic asset allocation, as the firm manages assets worth over RM300 billion, covering strategic investments in Malaysian corporations, global equities, private investments, and real estate. [READ MORE](#)



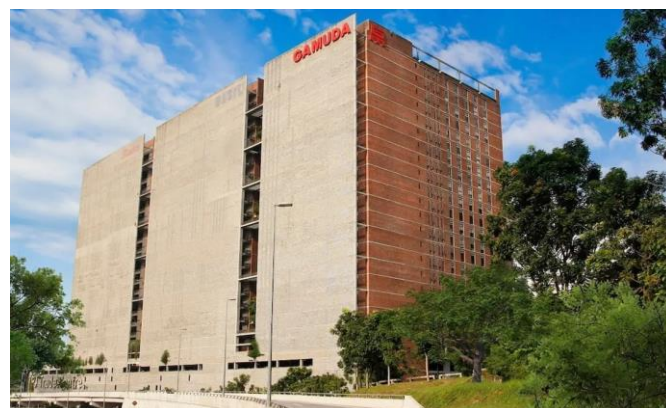
Gamuda to form JV to develop 187.5MW hydroelectric power plant in Sabah

Gamuda Bhd is set to establish a joint venture (JV) company to develop a 187.5 MW hydroelectric power plant in Tenom, Sabah, with an estimated project cost of around RM4 billion, including interest during construction. The project will be carried out through Gamuda's wholly-owned unit, Upper Padas Power Sdn Bhd, with a construction period of five years and an initial operating period of 40 years.

As part of the JV, a power purchase agreement (PPA) will be finalized between the project developer and Sabah Electricity Sdn Bhd. Gamuda will hold a 45% stake in the JV company, while Sabah Energy Corp Sdn Bhd (SEC) and Kerjaya Kagum Hitech JV Sdn Bhd (KKHJV) will own the remaining 40% and 15%, respectively.

The project aims to address Sabah's electricity supply challenges, with the state having a reserve margin of less than 12%. Upon completion, the plant will provide an additional 187.5 MW of generation capacity, delivering clean energy and contributing positively to Gamuda for the next 45 years.

Construction is expected to commence in 2024, with commercial operation starting in 2029. Gamuda's long-term ESG strategy and commitment align with the project's goals. [READ MORE](#)



Singapore, Malaysia to strengthen cooperation on renewable energy

Singapore and Malaysia are strengthening cooperation on renewable energy and cross-border electricity trading, as announced during the 10th Singapore-Malaysia Leaders' Retreat.

The leaders of both countries are committed to renewable energy co-development and have plans to share low-carbon and renewable energy technologies, carbon capture and storage, and carbon credits.

Malaysia has also pledged to supply renewable energy to Singapore, which is increasing its investments in Malaysia, including data centers. Furthermore, a memorandum of understanding between Singapore Power and Tenaga Nasional Bhd aims to explore the technical feasibility of a second interconnector to enhance energy security and enable greater renewable energy integration.

These efforts align with both nations' goals of moving toward a low-carbon and sustainable future. [READ MORE](#)



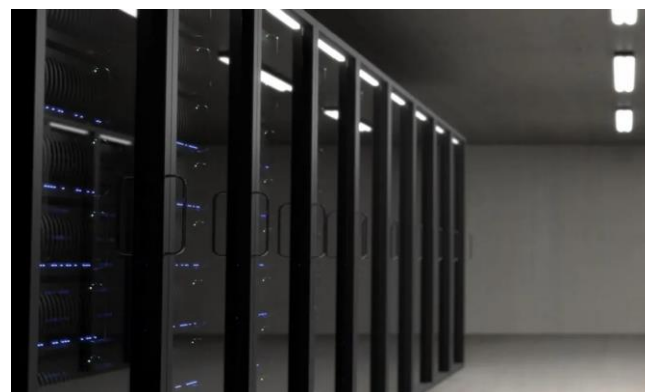
TNB looking at carbon capture, hydrogen solutions to address data centre industry's energy needs

Tenaga Nasional Bhd (TNB) is actively exploring innovative solutions to meet the surging energy demands of Malaysia's growing data center industry. TNB's chief operating officer, Datuk Megat Jalaluddin Megat Hassan, has acknowledged that depending solely on solar energy is not feasible for data centers, given their need for continuous uptime.

Solar energy availability is limited to four to five hours per day, necessitating alternative technology sources. As a result, TNB is considering the use of hydrogen as a fuel for electricity generation and integrating carbon capture and storage (CCS) technology into gas-fired power plants.

TNB is collaborating with Petroliam Nasional Bhd (Petronas) on these solutions, with CCS feasibility studies currently underway, and decisions on how to proceed expected by year-end.

With Malaysia transitioning away from coal-based electricity generation, the nation's reserve margin of 30% to 40% is deemed sufficient to meet consumption needs during the transition. Malaysia's energy capacity mix is projected to increasingly rely on gas-based generation and renewable energy by 2030. [READ MORE](#)



Malakoff inks solar power purchase deal with DRB-Hicom

Malakoff Corp Bhd, a subsidiary of Albukhary Group, has signed a solar power purchase agreement with DRB-Hicom Bhd to develop, operate, and maintain solar photovoltaic systems at 14 locations in the states of Selangor, Perak, Melaka and Pahang in Malaysia.

These systems have a total capacity of 20.78 MWp and will generate approximately 26,546.45 MWh of electricity annually.

Malakoff is taking significant steps in the renewable energy (RE) sector, with a total RE generation capacity of 151 MW. The company aims to support Malaysia's net-zero emissions target by 2050 by expanding its RE offerings, including solar power, small hydropower installations, Battery Energy Storage Systems (BESS), Electric Vehicle (EV) charger installations, and green mobility initiatives.

Malakoff seeks to become the preferred commercial solar energy solutions provider in Malaysia and is part of the Albukhary Group's mission to reach 500 MW of solar power projects. [READ MORE](#)



IJM Land partners OCBC Bank Malaysia to offer homebuyers Green Home Financing scheme

IJM Land Bhd has partnered with OCBC Bank (Malaysia) Bhd to introduce a Green Home Financing scheme, offering competitive financing rates, quick approval turnaround, and a cashback program. The scheme is available until the end of January next year and is open to all of IJM Land's GreenRE-certified residential developments.

The partnership aims to encourage homebuyers to make environmentally conscious decisions by purchasing green-certified properties developed by IJM Land. Green homes not only reduce carbon footprints but also other homeownership costs. IJM Land's commitment to sustainability includes a goal of achieving net-zero carbon emissions by 2050.

The collaboration enables individuals and families to choose sustainability through favorable financing rates for green properties. OCBC Bank sees this as an opportunity to promote sustainable living and shape a more sustainable future.

In addition, IJM Land has launched the "Make A Difference" campaign, focusing on sustainability through its "Say Yes to 4R" initiative (reduce, repair, reuse, and recycle) across all its projects and townships until December 31.

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