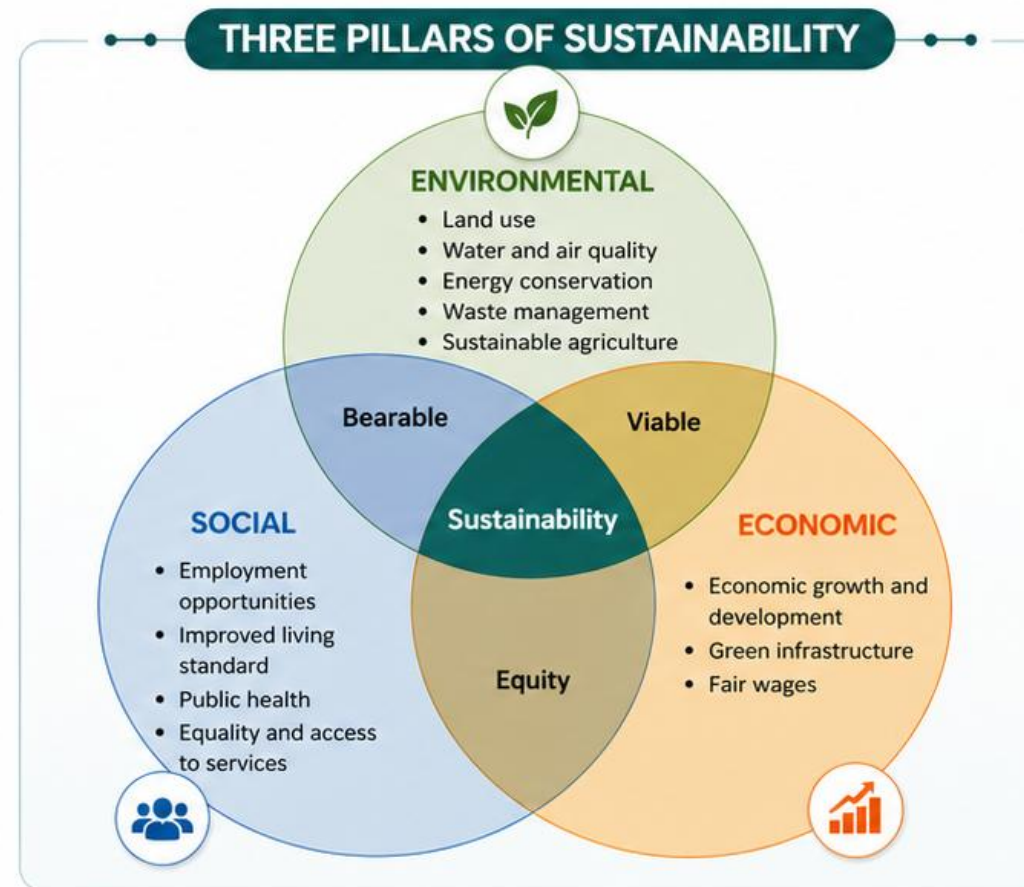


NOTES MODULES 1

Introduction Environmental Social Governance in Urban Planning (ESG in UP)



Three Pillars of ESG and 3 Pillars of Sustainability



ESG principles drive responsible business practices, while the 3 pillars of sustainability ensure balanced progress for **people, planet, and prosperity**.

How 3 Pillars of ESG relate to the 3 Pillars of Sustainability?

ESG directly maps to the three pillars of sustainability, providing a practical framework for their implementation.

CORE MAPPING



Environmental Pillar: ESG's "E" addresses planet protection—emissions, resource use, biodiversity—like sustainability's ecological focus.



Social Pillar: ESG's "S" covers people impacts—equity, community health, labor rights—aligning with sustainability's equity and inclusion goals.

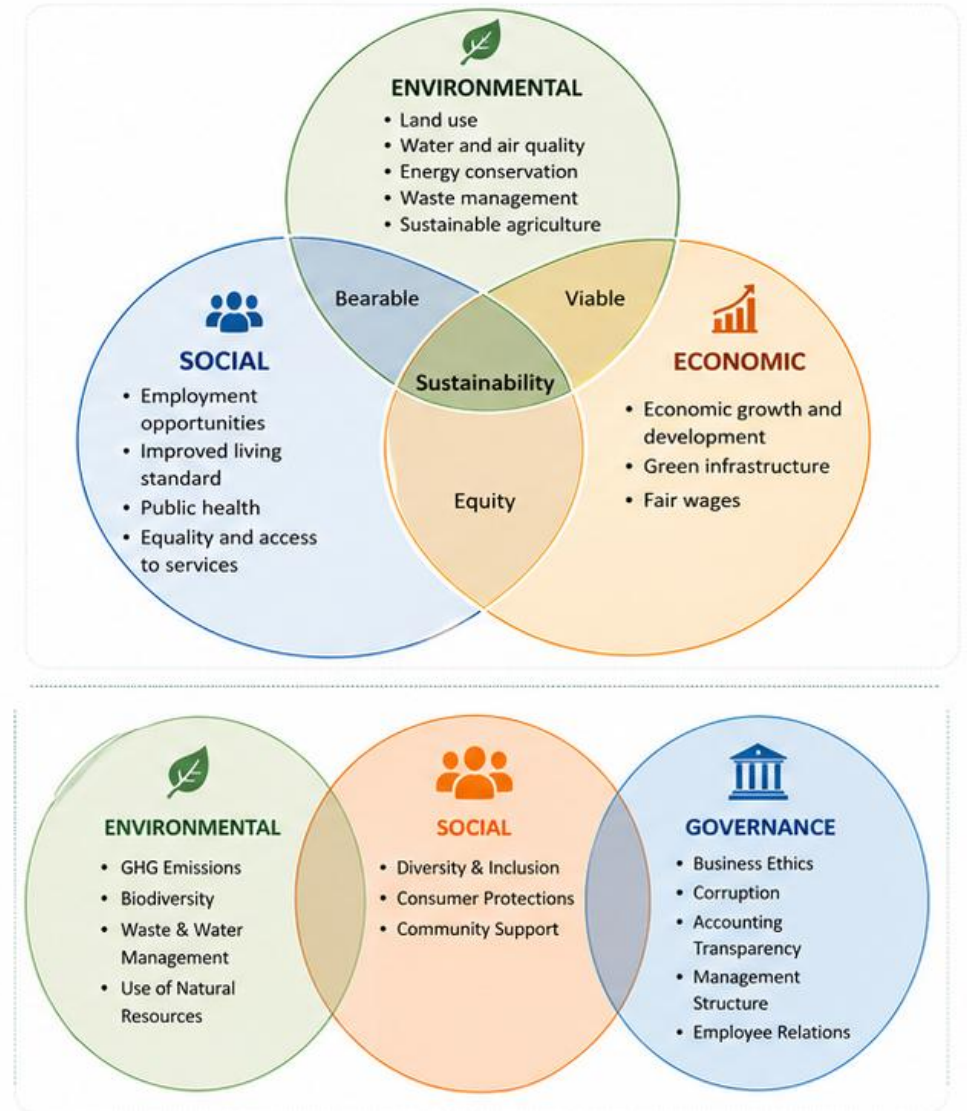


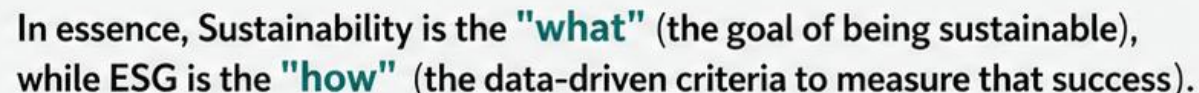
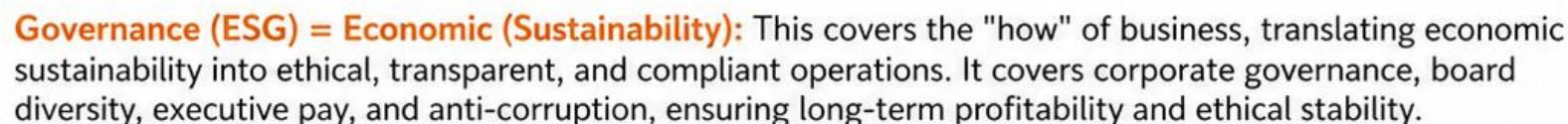
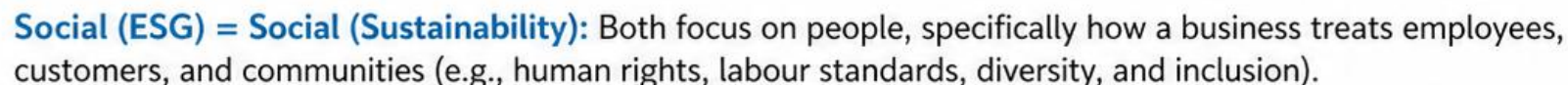
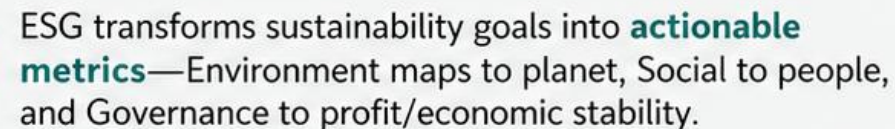
Economic Pillar: ESG's "G" ensures viable governance—ethics, transparency, risk management—supporting long-term prosperity over short-term profits.

KEY RELATIONSHIP



ESG operationalises sustainability's "**triple bottom line**" (people, planet, profit) through measurable criteria for urban planning, like green zoning or inclusive policies, fostering resilient cities.







What is Urban Planning?

Urban planning

is the **technical** and **political** process of:



- Designing and managing the **growth** and **function** of cities and towns.



- Focusing on **land use**, **infrastructure**, **transportation**, **environment**, and **social** needs.



- Creating **sustainable**, **efficient**, and **livable** communities.



- Balancing **physical layout** with economic and social impacts.



- Involves **long-term strategic thinking**, public consultation, and using tools like **GIS** to shape urban development and improve the **quality of life** for residents.





Key Aspects of Urban Planning



1 Infrastructure:

Planning roads, public transit, water, and communication systems



Efficient infrastructure connects people, services, and opportunities.



2 Land Use:

Deciding where residential, commercial, industrial, and public spaces are located



Smart land use creates vibrant, balanced, and livable communities.



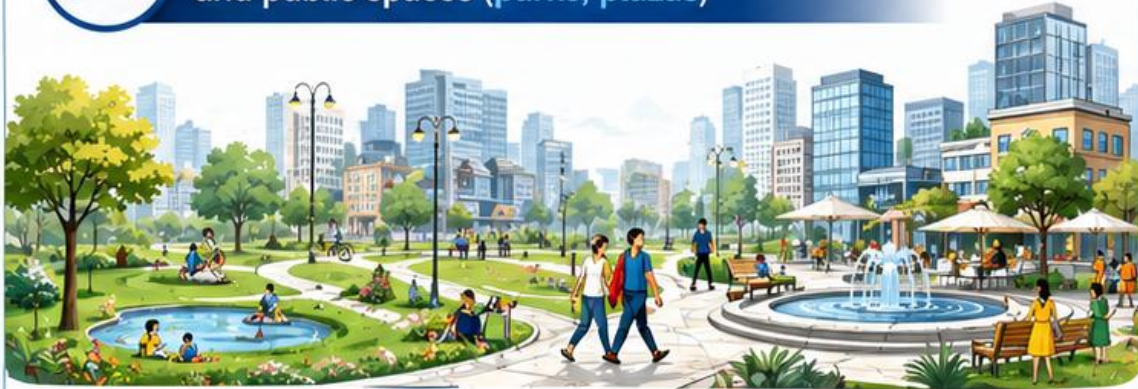
Key Aspects of Urban Planning



3. Urban Design



Shaping the physical form, aesthetics, and public spaces (parks, plazas)



Green Spaces

Enhancing nature and wellbeing



Pedestrian-Friendly

Safe and accessible for everyone



Attractive Architecture

Creating identity and place value



Vibrant Public Spaces

Fostering community interaction



4. Transportation



Developing **Efficient** Ways for **People & Goods** to Move



Walking



Biking



Public Transit



Cars



Freight & Goods

Efficient Mobility



Key Elements

Safe Roads



Bike Lanes



Bus & Train



Carpooling



Freight Logistics



Benefits

Faster Travel

Cost Savings

Eco-Friendly
Less Pollution

Better Access
for All

5. Environmental Sustainability

Managing resources, protecting natural areas, and adapting to climate change.



Managing Resources

Conserving water, energy, and raw materials to ensure long-term availability.

Protecting Natural Areas

Preserving forests, wetlands, and wildlife habitats to maintain biodiversity.

Adapting to Climate Change

Developing renewable energy and resilient systems to cope with changing conditions.



Conserve Resources



Protect Ecosystems



Build Climate Resilience



Sustainable Future

6. Social Equity

Ensuring access to housing, jobs, and services for all residents.



Housing

Affordable, safe, and adequate housing for everyone.



Jobs

Equal opportunities and access to meaningful employment.



Services

Accessible and quality services for health, education, transport, and more.



Why ESG matters in urban planning?

Integrating Environmental, Social and Governance (ESG) principles to build sustainable, inclusive and resilient cities.



ESG and urban planning are deeply connected. Together, they promote sustainable development, empower communities, protect the environment, and ensure transparent, equitable and resilient cities for future generations.



A comprehensive ESG approach in urban planning drives better decisions, responsible growth, and long-term value for **people, planet and prosperity**.

9 WAYS ESG MATTERS IN URBAN PLANNING

- 1 Sustainable Development**
Focus on sustainability to reduce environmental harm and use resources efficiently.
- 2 Community Engagement**
Involve local communities in decisions to ensure developments meet residents' needs.
- 3 Environmental Protection**
Assess environmental impacts and strategies to combat climate change, aligning with ESG's ecological goals.
- 4 Social Equity**
Prioritize social equity to reduce inequalities and ensure everyone has access to resources and opportunities.
- 5 Governance and Accountability**
Ensure transparency, stakeholder participation, and accountability in decisions.
- 6 Risk Management**
Use risk assessment to identify and address potential environmental, social, and governance issues.
- 7 Infrastructure Development**
Build infrastructure that promotes sustainable transport, energy efficiency, and green spaces.
- 8 Policy Alignment**
Align local policies with broader sustainability objectives, like the **UN Sustainable Development Goals (SDGs)**.
- 9 Long-term Resilience**
Enhance the resilience of cities to environmental, social and economic challenges for a sustainable future.

HOW ESG AND URBAN PLANNING WORK TOGETHER



ESG MATERIALITY ASSESSMENT

Identifying What Matters Most for Sustainable Business Success

DEFINITION

An ESG Materiality Assessment is a strategic process used by organizations to identify, evaluate, and prioritize Environmental, Social, and Governance (ESG) issues that are most significant to both the business and its stakeholders.



WHY IS IT IMPORTANT?

ESG encompasses a wide range of topics, making it challenging for organizations to address everything simultaneously.

Materiality Assessment Helps Organizations To:



FOCUS RESOURCES EFFECTIVELY

Concentrate on high-priority ESG issues.



MITIGATE RISKS

Identify emerging environmental, social, and governance risks.



CREATE BUSINESS VALUE

Align sustainability initiatives with organizational goals.



MEET STAKEHOLDER EXPECTATIONS

Understand concerns of investors, customers, employees, regulators, and communities.



IMPROVE SUSTAINABILITY REPORTING

Enhance transparency and disclosure quality.



A materiality assessment is the blueprint for focused action, stronger resilience, and long-term sustainable success.



Focus on
What Matters



Reduce
Risks



Drive
Value



Build Trust
& Transparency

ESG MATERIALITY ASSESSMENT

FOCUS ON WHAT MATTERS MOST. CREATE LASTING IMPACT.



WHAT IS IT?

An ESG materiality assessment is a strategic process used by organizations to identify, evaluate, and prioritize the environmental, social, and governance (ESG) issues most significant to their business and stakeholders.



It acts as a blueprint to focus resources, mitigate risks, and guide sustainability reporting.



WHY IT MATTERS



Focus on what's important

Direct resources to ESG issues that truly impact business value and society.



Meet stakeholder expectations

Address the issues that matter most to investors, customers, employees, communities, and regulators.



Manage risks and opportunities

Identify and prioritize issues that could affect performance, resilience, and growth.



Strengthen reporting and transparency

Provide a clear, credible basis for sustainability disclosures and communication.



Because ESG covers a massive range of topics, companies use this process to **separate minor issues** from the factors that **truly impact business value or society**.

THE ESG MATERIALITY ASSESSMENT PROCESS



MATERIALITY MATRIX EXAMPLE



- High Materiality (Priority)**
Focus and act
- Medium Materiality (Manage)**
Monitor and integrate
- Low Materiality (Monitor)**
Keep informed
- Not Material (Track)**
Reassess periodically

THE OUTCOME



A clear, evidence-based list of ESG issues that are most material to your business and stakeholders—helping you focus resources, create value, and drive meaningful impact.



Better decisions and resource allocation



Stronger risk management and resilience



Greater trust and stakeholder confidence



Long-term value creation and sustainable growth

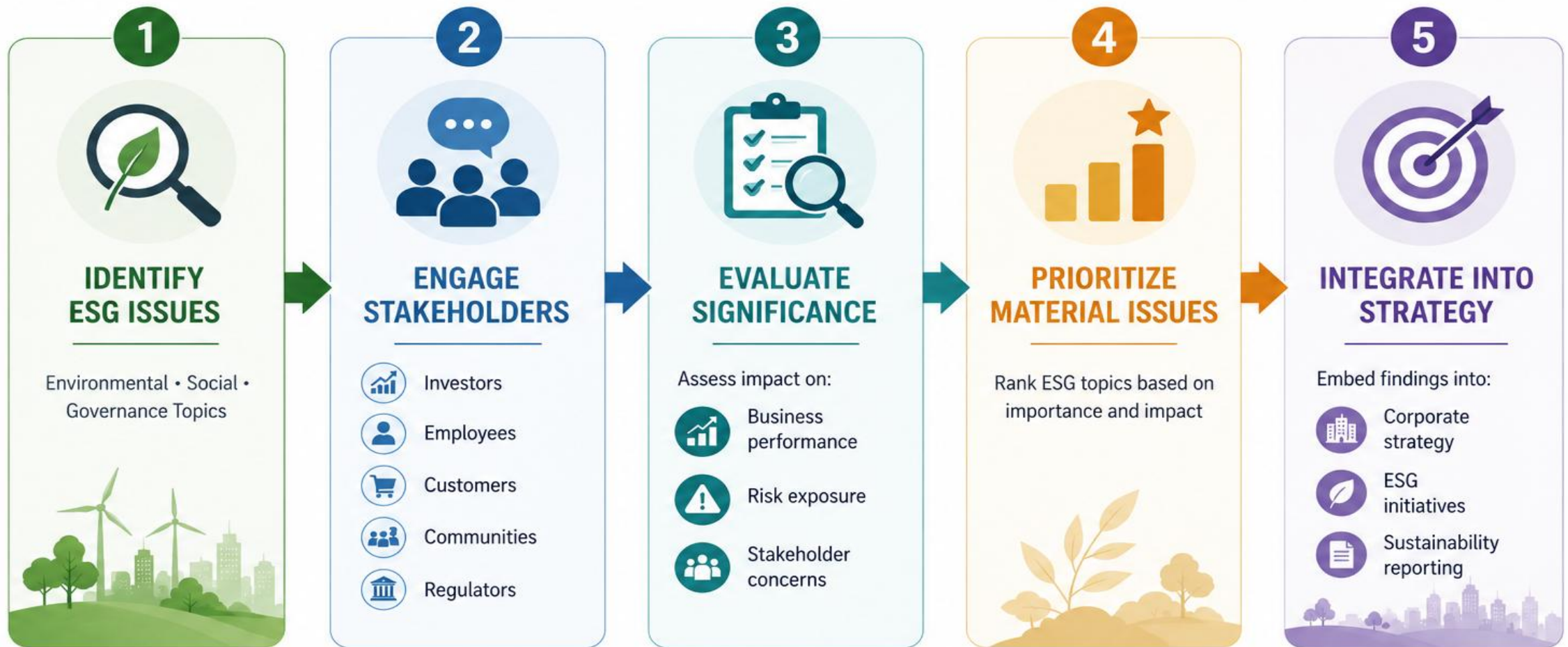


KEY TAKEAWAY

You can't manage what you don't prioritize. Materiality helps you focus on the ESG issues that matter most.



ESG MATERIALITY ASSESSMENT PROCESS



A structured ESG materiality assessment ensures organizations focus on the issues that matter most—**driving sustainable value for the business and society.**



FOCUS



MANAGE RISK



CREATE VALUE



BUILD TRUST



REPORT TRANSPARENTLY

STAKEHOLDER IMPORTANCE SCALE

Used to rate how important an ESG issue is to stakeholders in urban planning.

SCALE	DESCRIPTION	EXPLANATION
1	 Very Low Importance	The issue is not a priority for stakeholders and has minimal influence on decisions.
2	 Low Importance	The issue has limited relevance to stakeholders and low influence on planning decisions.
3	 Moderate Importance	The issue is of medium relevance to stakeholders and has moderate influence on decisions.
4	 High Importance	The issue is important to stakeholders and has high influence on planning decisions.
5	 Very High Importance	The issue is critical to stakeholders and has very high influence on decisions.

URBAN IMPACT SCALE

Used to assess the level of impact an ESG issue has on the urban environment, people and systems.

SCALE	DESCRIPTION		EXPLANATION
1		Minimal Urban Impact	The issue has little to no effect on the urban environment, infrastructure or communities.
2		Low Impact	The issue has a limited effect on the urban environment or a small portion of the population.
3		Moderate Impact	The issue affects parts of the urban area and has noticeable consequences for people or systems.
4		Significant Impact	The issue affects a large part of the urban area and has serious implications for the environment, infrastructure or communities.
5		Critical Urban Impact	The issue has severe, long-term or irreversible impacts on the entire urban system, environment and the well-being of the population.

OUTCOME OF A MATERIALITY ASSESSMENT



HIGH PRIORITY ESG ISSUES

Issues with the greatest impact on:



Business Success



Stakeholder Interests



Long-Term Sustainability



STRATEGIC FOCUS AREAS

Focus on what matters most



TARGETED ESG INVESTMENTS

Allocate resources where impact is greatest



ENHANCED CORPORATE PERFORMANCE

Drive efficiency, innovation and long-term value



IMPROVED SUSTAINABILITY REPORTING

Strengthen transparency and build stakeholder trust



Key Message

“ A materiality assessment serves as the blueprint for effective ESG management, enabling organizations to focus on the issues that create the greatest value for both business and society. ”



ESG MATERIALITY ASSESSMENT

=



BETTER DECISIONS

+



REDUCED RISKS

+



SUSTAINABLE GROWTH



KEY APPROACHES TO MATERIALITY

Understanding materiality generally falls under two primary frameworks—
or a combined approach that looks at both.



1. FINANCIAL MATERIALITY (SINGLE MATERIALITY)

Often called the “outside-in” approach.

It evaluates how external ESG and sustainability risks (e.g., climate change, resource scarcity) directly affect an organization’s financial performance, operational costs, and asset value.

EXTERNAL ESG
RISKS &
OPPORTUNITIES



FINANCIAL
IMPACT



Focus: How the world impacts our business



2. IMPACT MATERIALITY

Often called the “inside-out” approach.

It measures how the company’s own operations and supply chain impact the environment, the economy, and society.

OUR OPERATIONS
& SUPPLY CHAIN



IMPACT ON
ENVIRONMENT,
SOCIETY & ECONOMY



Focus: How our business impacts the world



3. DOUBLE MATERIALITY

A combined approach requiring companies to assess a topic through both lenses (impact and financial).

This is notably mandated by strict regulations like the European Union’s Corporate Sustainability Reporting Directive (CSRD).

EXTERNAL ESG
RISKS &
OPPORTUNITIES



OUR OPERATIONS
& SUPPLY CHAIN



TWO-WAY
EVALUATION

FINANCIAL IMPACT



IMPACT ON
ENVIRONMENT,
SOCIETY & ECONOMY



Using the right approach—or a combination—helps organizations identify what truly matters, **manage risks and opportunities, and drive long-term value for business and society.**



MATERIALITY ASSESSMENT (MA) IN URBAN PLANNING

DIFFERENT FROM CORPORATE ESG MA

From Organisational Impact to Community Impact



CORPORATE ESG MATERIALITY ASSESMENT

Focuses on identifying ESG issues that are most significant to a single organisation and its stakeholders, affecting its business value, risks, and performance.



VS.



MATERIALITY ASSESSMENT IN URBAN PLANNING

Focuses on identifying sustainability issues that are most significant to a city, community, development project, or planning area and its diverse stakeholders.



WHAT IS MATERIALITY ASSESSMENT IN URBAN PLANNING?

1

Which ESG issues have the greatest impact on urban sustainability outcomes.



2

Which issues are most important to stakeholders.



3

Which issues should be prioritised in planning policies, investments, and development decisions.



WHY IT MATTERS FOR CITIES AND COMMUNITIES



Focuses resources on what truly drives sustainable urban outcomes.



Identifies and manages environmental, social, and governance risks early.



Strengthens stakeholder engagement and trust.



Supports resilient, inclusive, and liveable cities.



Guides better policies, investments, and development decisions.



Urban Planning MA looks beyond the organisation— **it builds better cities for people, planet, and future generations.**



Overview of Global ESG Frameworks & Reporting Standards

Key frameworks shaping ESG reporting:



i. **GRI (Global Reporting Initiative):**
widely used for sustainability disclosures.



ii. **SASB (Sustainability Accounting Standards Board):**
industry-specific standards.



iii. **TCFD (Task Force on Climate-Related Financial Disclosures):**
climate risk reporting.



Frameworks promote transparency, comparability, and accountability across sectors.



Global Trends and Initiative

ESG investing supports the UN **Sustainable Development Goal 11**, which focuses on making cities inclusive, safe, resilient, and sustainable.



Emerging Markets Opportunity – ESG frameworks help emerging markets attract investors by identifying sustainable development opportunities.



Closing Financing Gaps – ESG assessments improve transparency and accountability, helping secure funding for sustainable urban development projects.



Global Perspective – The digital globe symbolises the global impact of ESG strategies in shaping sustainable cities worldwide.



A. UN Sustainable Development Goals (SDGs)

- ESG investing supports SDG 11: Making cities inclusive, safe, resilient, and sustainable.



B. Emerging Markets

- ESG frameworks help emerging markets identify opportunities and attract investors.



C. Closing Financing Gaps

- ESG assessments close financing gaps for sustainable urban development.



KEY ESG FRAMEWORKS: GRI STANDARDS & SDGS

Global frameworks that drive transparency, accountability and sustainable development.



GRI STANDARDS

Global Reporting Initiative



Globally recognized sustainability reporting framework



Enables transparent ESG disclosure



Covers:



Environmental impacts
(energy, emissions, waste)



Social factors
(labour, community, human rights)



Governance practices



Widely used by corporations,
governments & cities



SDGS

Sustainable Development Goals



17 global goals adopted by the UN
(2030 Agenda)



Addresses key areas for a better future:



Climate
Action



Sustainable
Cities



Social
Equity



Economic
Growth



Provides a strategic direction
for sustainable development



WHY BOTH MATTER TOGETHER



GRI

Measures & reports
ESG performance



SDGs

Guides long-term
sustainability goals



- Align city planning with global sustainability targets
- Support evidence-based policy & reporting
- Enhance accountability and impact tracking





The Global and Local Context for ESG

A Unified Framework for Sustainable and Responsible Business



Global ESG drivers increasingly shape business and public-sector strategies worldwide, reflecting growing awareness of environmental risks, social equity, and good governance. Key international frameworks play a major role in guiding ESG implementation.



They enact **regulations, incentives, and policies** that push companies and institutions toward **sustainable practices**, while addressing systemic inequities and promoting transparency. This leadership is crucial for embedding ESG principles deeply into national and global agendas, ensuring **inclusive and resilient development** for the future.

GLOBAL ESG DRIVERS



The United Nations Sustainable Development Goals (UN SDGs) provide a universal blueprint for addressing global challenges such as poverty, climate action, and social inclusion.



The Paris Agreement sets legally binding targets for countries to limit global warming, emphasising climate mitigation and adaptation.



The Global Reporting Initiative (GRI) framework helps organizations transparently disclose their environmental and social impacts, fostering accountability. Similarly, the **Task Force on Climate-related Financial Disclosures (TCFD)** advances climate risk reporting to investors and stakeholders, encouraging informed decision-making.



Governments are playing a rising role in driving climate action, social equity, and governance reforms.

PROMINENT ESG FRAMEWORKS GUIDING CORPORATE REPORTING



UN SDGs
United Nations
Sustainable
Development Goals



CSRD / ESRS
EU Corporate
Sustainability Reporting
Directive / European
Sustainability Reporting
Standards



GRI
Global Reporting
Initiative



SASB
Sustainability Accounting
Standards Board



CDP
Carbon Disclosure
Project



PRI
Principles for
Responsible
Investment



TCFD
Task Force on
Climate-related
Financial Disclosures



DJSI
Dow Jones
Sustainability
Indexes



GRESB
Global Real Estate
Sustainability
Benchmark



CDSB
Climate Disclosure
Standards Board

ESG REPORTING AT A GLANCE



ESG reporting guides corporate sustainability disclosure and responsible business practices worldwide.



It highlights **key global standards and initiatives**, including the SDGs, CSRD/ESRS, GRI, SASB, CDP, PRI, TCFD, DJSI, GRESB, and CDSB.



These frameworks provide **structured guidance** to enhance transparency, accountability, and consistency in sustainability reporting.



They are widely adopted by **corporations, financial institutions, regulators, and investors** across global markets.



Collectively, they strengthen **environmental, social, and governance performance** measurement, enabling benchmarking, risk assessment, and cross-company comparability.



International ESG Commitments Influencing Governments



Paris Agreement: global climate action targets and national commitments.



United Nations Sustainable Development Goals (SDGs): guiding broad ESG goals.

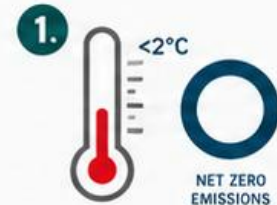


EU Taxonomy and Green Deal: driving sustainability policy integration.



Increasing regulatory requirements for **ESG disclosure** worldwide.

PARIS CLIMATE AGREEMENT



Limit the avg. global temperature increase to $< 2^{\circ}\text{C}$ centigrade + achieve net zero emissions by mid-century



Enhance resilience and adaptation to climate impacts certain to occur



Align financial flows in the world with these objectives

SUSTAINABLE DEVELOPMENT GOALS





Synonyms and Related Terms with ESG

While **ESG** is specifically data-driven, it is closely related to or often discussed alongside:



Sustainability

The broader concept of meeting current needs without compromising the future.



Corporate Social Responsibility (CSR)

A similar, often more self-regulated, approach to corporate accountability.



Sustainable Investing / Responsible Investing

Investing that incorporates ESG criteria.



Triple Bottom Line

Reporting on Planet, People, and Profit.



Non-financial Reporting

A term often used for ESG disclosures.





How ESG and SDGs Are Connected



Environmental (E) → Environmental SDGs

ESG environmental metrics support SDGs such as: SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 14 & 15 (Life Below Water & Life on Land). Companies reduce emissions, manage waste, conserve energy, and protect biodiversity—contributing directly to environmental SDGs.



Social (S) → Social SDGs

Social ESG factors align with: SDG 1 (No Poverty), SDG 3 (Good Health and Well-being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities). Fair wages, diversity, employee welfare, and community engagement help advance these goals.



Governance (G) → Institutional SDGs

Governance practices support: SDG 16 (Peace, Justice and Strong Institutions), SDG 17 (Partnerships for the Goals). Transparency, anti-corruption policies, accountability, and ethical leadership strengthen institutions and global partnerships.



In summary, SDGs define the global sustainability agenda. **ESG provides the corporate mechanism to achieve and measure contribution to those goals.** ESG translates broad global targets (SDGs) into measurable company-level actions and disclosures.





UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SUSTAINABLE
DEVELOPMENT GOALS



17 GLOBAL GOALS
adopted by the UN (2030 Agenda)

ADDRESSES:



CLIMATE ACTION

Take urgent action to combat climate change and its impacts.



SUSTAINABLE CITIES

Make cities and human settlements inclusive, safe, resilient and sustainable.



SOCIAL EQUITY

Promote inclusive societies, ensure equal opportunities and uphold human rights for all.



ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.



PROVIDES A STRATEGIC DIRECTION

for sustainable development—balancing people, planet, prosperity, peace and partnership.



THE 17 SDGS – A UNIVERSAL BLUEPRINT FOR A BETTER FUTURE



1 NO
POVERTY



2 ZERO
HUNGER



3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



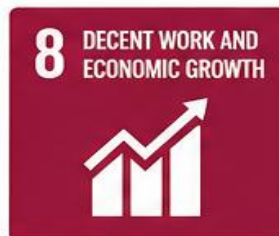
5 GENDER
EQUALITY



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



14 LIFE
BELOW WATER



15 LIFE
ON LAND



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



17 GOALS.
169 TARGETS.
A BETTER FUTURE.
FOR ALL.



The SDGs guide governments, businesses, and communities worldwide towards a sustainable, inclusive and resilient future by 2030.



ESG & SDGs, How is the connection?

ESG (Environmental, Social, Governance) factors are closely aligned with the **17 Sustainable Development Goals (SDGs)** set by the United Nations.



ESG integration helps organizations drive **sustainable value creation** and contribute to a better world.



Environmental



Focuses on protecting the planet and managing natural resources sustainably.



Social



Focuses on people, communities, well-being, and equity.



Governance



Focuses on ethical leadership, transparency, accountability, and strong institutions.



Together, ESG factors and the SDGs provide a powerful framework for organizations and governments to build a **sustainable, inclusive, and resilient future**.

Examples:



Nordic countries are embedding ESG in public finance and infrastructure.



Singapore's government sustainability plans align with ESG and policy goals.



UN public sector ESG framework supporting global governance improvement.



Governments leading by example in transparency and sustainable public service delivery.

THE 17 SUSTAINABLE DEVELOPMENT GOALS (SDGs)



ESG helps the public sector **operationalise the SDGs**—turning global sustainability goals into measurable outcomes that **create long-term value** for people and the planet.

SDG ALIGNMENT

Integrating the Sustainable Development Goals into Urban Planning for a Better Future



1

KEY CONCEPT OF SDG ALIGNMENT



SDG Alignment means integrating the Sustainable Development Goals (SDGs) into strategies, policies, and projects to ensure that development outcomes contribute to a sustainable, inclusive, and resilient future for all.

WHY IT MATTERS



Addresses global challenges



Drives sustainable economic growth



Protects the environment



Promotes social equity and inclusion

2

DEFINITION AND EXPLANATION



SDG Alignment is the process of assessing and ensuring that plans, policies, and initiatives directly or indirectly contribute to the achievement of the 17 Sustainable Development Goals by 2030.

CORE PRINCIPLES



Integration Across Goals



Leave No One Behind



Data-Driven Decision Making



Long-Term Sustainability



Multi-Stakeholder Collaboration

3 APPLICATION IN URBAN PLANNING



Urban planners can align plans and projects with relevant SDGs to create sustainable, livable, and resilient cities. This ensures resources are used effectively and outcomes deliver shared value.

HOW IT IS APPLIED



Align policies and plans with SDGs



Embed SDG targets in projects



Use indicators to measure progress



Prioritise people and planet



Engage communities and partners

4 MALAYSIA CONTEXT EXAMPLE



Malaysia is committed to the 2030 Agenda through the Shared Prosperity Vision 2030 and the National SDG Framework (MySDG). Urban development initiatives are aligned with key SDGs.

EXAMPLES OF SDG ALIGNMENT IN MALAYSIA



Smart, inclusive and resilient cities



Climate resilience and disaster preparedness



Job creation and sustainable economic growth



Healthy and liveable urban communities



Stronger collaboration for impact

5 POLICY AND IMPLEMENTATION INSIGHT



Effective policies, strong governance, and collaborative implementation are essential to ensure SDG alignment translates into real impact on the ground.

KEY ENABLERS FOR SUCCESS



Strong policy frameworks



Whole-of-society engagement



Data and monitoring systems



Capacity building and innovation



Accountability and continuous improvement



Aligning with the SDGs empowers cities and communities to build a sustainable, inclusive, and prosperous future for all.



REAL-WORLD ESG CHALLENGES IN MALAYSIA

URBAN & BUILT ENVIRONMENT

Malaysia is facing concrete sustainability challenges that directly relate to urban planning.



E ENVIRONMENTAL

Reduce environmental impact and build climate resilience



S SOCIAL

Create liveable, inclusive and equitable cities



G GOVERNANCE

Strengthen transparency, accountability and ESG integration

KEY ESG CHALLENGES IN MALAYSIA'S URBAN & BUILT ENVIRONMENT



a) CLIMATE AND URBAN DEVELOPMENT PRESSURES



Net-zero commitment by 2050

Malaysia has committed to net-zero carbon emissions by 2050, placing pressure on cities and the construction sector to adopt ESG practices.



b) URBAN SECTORS MUST NOW INTEGRATE ESG PRACTICES



Carbon reduction is now a priority

Construction and infrastructure projects must reduce embodied and operational carbon through low-carbon design, materials and energy efficiency.



Urbanisation accelerates environmental impact

Rapid urban growth increases energy demand, emissions, waste generation, and strain on natural resources and ecosystems.



Rising climate risks

More frequent floods, heatwaves, and extreme weather events threaten infrastructure, assets and community well-being.



Cities must build resilience today for a sustainable tomorrow.



Sustainability disclosure is becoming mandatory

Stakeholders and regulators expect transparent ESG reporting aligned with global frameworks and Bursa Malaysia's requirements.



ESG compliance is critical

Stricter regulations, green financing criteria and investor expectations require stronger governance, risk management and accountability.



ESG integration is no longer optional—it is a licence to build and grow.

THE IMPACT



Access to capital and green financing opportunities



More resilient, liveable and sustainable cities



Stronger trust from investors, communities and regulators



Contribution to Malaysia's net-zero 2050 ambition



Building a sustainable urban future requires collective action today.

Plan responsibly. Build sustainably. Report transparently. Together, we can achieve net-zero by 2050.





GLOBAL VS LOCAL PRACTICES

Understanding the Landscape: International Standards, Malaysia's Framework and Practical Local Insights



1. INTERNATIONAL vs MALAYSIA

Key Practices Across Key Areas

	INTERNATIONAL (Global Standards)	MALAYSIA (Local Context)
		
 REGULATION	Principles-based regulation (e.g., Basel Framework, IOSCO principles)	Principles-based approach with local laws & guidelines (BNM Act 2009, FSA 2013)
 SUPERVISION	Risk-based supervision focusing on prudential soundness and consumer protection	Risk-based supervision by BNM with emphasis on financial stability and integrity
 RISK MANAGEMENT	Strong focus on enterprise risk management, stress testing and capital adequacy	Adoption of ERM frameworks aligned with Basel standards; local risk factors considered

2. BANK NEGARA MALAYSIA ROLE

Central Bank. Supervisor. Catalyst.



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA



MONETARY STABILITY

Conducts monetary policy to promote price stability and sustainable economic growth.



FINANCIAL STABILITY

Monitors and assesses systemic risks; implements macroprudential policies to safeguard the financial system.



REGULATION & SUPERVISION

Licenses financial institutions and conducts risk-based supervision to ensure safety, soundness and compliance.

3. LOCAL CASE INSIGHTS

Real-World Applications in Malaysia



PRUDENTIAL RESILIENCE

Malaysian banks remained resilient through the COVID-19 pandemic, supported by proactive supervision and targeted relief measures (e.g., PEMERKASA, automatic repayment assistance).



RESPONSIBLE FINANCING

BNM's Responsible Financing Framework (RFF) encourages banks to incorporate ESG factors and support sustainable and inclusive financing.



DIGITAL TRANSFORMATION

Rapid growth of DuitNow, JomPAY and open banking initiatives enhance digital payments, interoperability and customer experience.



KEY TAKEAWAYS



Global standards set the benchmark.

Basel, IOSCO and other principles provide the foundation for sound financial systems.



Local context shapes execution.

Malaysia adapts global best practices to its legal, economic and market environment.



BNM plays a multi-faceted role.

From stability to development and protection, BNM is central to a strong and resilient financial system.



Learning from local insights drives better outcomes.

Real cases help bridge theory and practice for more effective decision-making.



Think Global. Act Local.
Build a Resilient Financial Future.

Further Reading:

- BNM Annual Report
- BNM Financial Stability Review
- BNM Policy Documents & Guidelines
- Basel Framework | IOSCO Principles

For more information:

-  www.bnm.gov.my
-  [bnm.official](https://www.linkedin.com/company/bnm-official)

ESG vs SUSTAINABILITY

ESG (Environmental, Social, and Governance)



1 KEY CONCEPT

ESG is a data-driven framework used to measure and evaluate an organization's environmental, social, and governance performance. It provides measurable indicators for decision-making and reporting.



2 DEFINITION

ESG is a set of criteria used by organizations, investors, and regulators to assess environmental stewardship, social responsibility, and governance practices. It emphasizes measurable performance and accountability.



3 URBAN PLANNING

In urban planning, ESG focuses on measurable indicators such as carbon emissions, energy efficiency, green building certification, climate resilience, zoning compliance, and governance standards.



4 MALAYSIA EXAMPLE

Examples include the implementation of the Green Building Index (GBI), Bursa Malaysia's sustainability reporting requirements, low-carbon city initiatives, and ESG disclosures by major corporations such as Petronas.



5 POLICY & IMPLEMENTATION

ESG is implemented through reporting frameworks, sustainability disclosures, performance indicators, governance mechanisms, and compliance with national and international standards.

SUSTAINABILITY



1 KEY CONCEPT

Sustainability is a holistic and long-term approach that seeks to balance environmental protection, social well-being, and economic prosperity for present and future generations.



2 DEFINITION

Sustainability focuses on meeting current needs without compromising the ability of future generations to meet their own needs. It integrates environmental, social, cultural, and economic dimensions.



3 URBAN PLANNING

In urban planning, sustainability promotes green spaces, integrated transportation systems, resource-efficient infrastructure, community well-being, and resilient low-carbon cities.



4 MALAYSIA EXAMPLE

Examples include sustainable townships, eco-tourism initiatives, green technology adoption, renewable energy development, community-based conservation, and sustainable housing projects.



5 POLICY & IMPLEMENTATION

Sustainability is implemented through national development plans, sustainability strategies, the Sustainable Development Goals (SDGs), climate action plans, and long-term environmental and social initiatives.

SHARED GOAL:
A SUSTAINABLE
FUTURE

ESG

- Measurement and reporting framework
- Focuses on metrics and performance
- Data-driven and measurable
- Used by investors and organizations
- Tracks progress toward goals



KEY MESSAGE
Sustainability is the destination; ESG is one of the tools used to get there.

SUSTAINABILITY

- Long-term development philosophy
- Focuses on outcomes and impact
- Holistic and systems-oriented
- Used by governments, communities, and organizations
- Defines the goals and vision

Sustainability, ESG, CSR, SDGs – same goal, different roles ! 🌍👤

These terms are often used interchangeably, but they serve very different purposes. This visual explains how they connect : –

Sustainability



This is the big-picture philosophy.

It means living and growing without harming nature or future generations.

Goal: Balance People, Planet, and Profit

Focus: Long-term environmental and social well-being

Simple way to remember

- Sustainability = Vision
- ESG = Measurement & risk management

ESG



ESG is a business and investment framework.

It helps investors and companies measure non-financial risks, performance, and resilience.

Goal: Better decision-making and sustainable financial performance

Focus: Better decision-making and sustainable financial performance

Goal:

- ESG = Measurement & risk management
- CSR = Action & contribution
- SDGs = Global direction

CSR



CSR is about giving back to society.

These are mostly voluntary initiatives taken by companies beyond profit-making.

Goal: Social and environmental good

Focus: Brand trust, reputation, and community impact

Simple way to remember

- Sustainability = Vision
- CSR = Action & contribution
- SDGs = Global direction

Simple way to remember

Understanding this clarity is essential for anyone working in ESG, sustainability, finance, or impact sectors.

SUSTAINABILITY



This is the big-picture philosophy. It means living and growing without harming nature or future generations.

GOAL: Balance People, Planet, and Profit

FOCUS: Long-term environmental and social well-being

SIMPLE WAY TO REMEMBER

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