

TARIKH : 16 DISEMBER 2022
AKHBAR : NEW STRAITS TIMES
MUKA SURAT : 12

Investing in sustainability for a better future

CLIMATE ACTION

Investing in sustainability for a better future

MOTHER Nature is showing us that the way we do business and treat our planet is no longer sustainable nor tolerable. We do so at our peril.

The impacts of our "business as usual" on the environment are clear: floods, wildfires, infectious diseases, pollution and the list goes on.

These events will intensify and grow in the future. Businesses, governments and society have to prepare for a future where the effects of climate change will become more extreme.

They also have to ensure that preparations and contingency plans do not benefit the few, but also protect those that are the most at risk of being exposed to the worst of climate change.

Sustainability is about creating positive net impacts for the environment, for the communities that rely on the environment, and for the individuals that make up those communities.

The financial impact of climate change is real. According to Bank Negara Malaysia, as of November 2019, about 11.7 per cent of assets held by financial players in Malaysia are sectors potentially exposed to climate change.



ZAKRI
ABDUL
HAMID

The societal impact of climate change is also important. Malaysia ranks 61st on United Nations Children's Fund's (Unicef) Climate Change Risk Index. Nine out of 10 youths in the country have experienced climate and environment-related effects, based on findings of the National Youth Climate Change Survey Malaysia by Unicef and the United Nations Development Programme (UNDP).

Some US\$1.26 trillion in revenue losses is anticipated for suppliers within the next five years due to climate change, deforestation and water insecurity.

Additionally, corporate buyers stand to inherit US\$120 billion in increased environmental costs by 2026.

An integral part of sustainability is also protecting and boosting biodiversity. It is estimated that up to 2,000 species go extinct every year.

A 2019 global assessment on biodiversity by the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) states that up to one million species of animals and plants are under threat of extinction due to human activities, especially over the last half century.

An earth rich in biodiversity is a healthy environment for our children and children's children to grow up and continue our legacy. Achieving the UN Sustainable Development Goals (SDGs) could create millions of jobs, fast-track growth opportunities and unlock millions, if not billions of dollars in market opportunities across the board.

Numbers do not lie. According to the UN, for every US\$1 invested in the green economy yields US\$4 in benefits.

Bold climate action could yield an economic gain of US\$26 trillion to the economy by 2030. Replacing the costliest coal with wind and solar could yield US\$940 billion in investment.

Investing US\$1.8 trillion in climate adaptation could generate US\$7.1 trillion across areas such as early warning systems, climate resilient infrastructure, improved dry-land agriculture crop production, global mangrove protection and more resilient water resources.

With less than eight years left to meet the SDGs, there is a widening financing gap of US\$4.2 trillion, the consequence of the lack of insight on sectoral development needs and policy momentum to transition to a sustainable economy.

At the recent "Sustainability Does Matter: Investing for a Better Future" conference hosted by the UNDP and Malaysian Investment Development Authority, representatives from the private sector discussed where can we as a nation go when it comes to the adoption of SDG-aligned businesses and economic activity.

The discussions were fruitful, with many players highlighting biomass energy as one of the ways that Malaysia can become a

circular economy.

The panel discussions touched on areas such as green financing, tech-based climate solutions and renewable energy.

These private sector players have demonstrated that the path to sustainability is multi-layered and necessary. They've proven that being sustainable is not just a trend, but

rather a necessity.

Businesses and investors have an important and critical role in ensuring that economic activity has to create value for the people that are an integral part of the economy, as well as the physical environment that is the source of life for all of us.

The benefits from such activity have to be for the many, and not just the few.

The writer is chairman of Atri Advisory, distinguished professor at UCSI University and the fifth holder of the Tun Hussein Chair in International Studies at ISIS, Malaysia. He is also a member of the board of trustees of ALAM.

According to the UN, for every US\$1 invested in the green economy yields US\$4 in benefits.