



DEZAN SHIRA & ASSOCIATES

Your Partner for Growth in Asia

UNLOCKING THE ASEAN-6

ESG Transition Overview 2024

Indonesia | Malaysia | The Philippines | Singapore | Thailand | Vietnam



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Introducing the ASEAN Exchanges















ASEAN Exchanges is a collaboration among the exchanges in the ASEAN countries with the objectives of promoting greater integration of the ASEAN capital markets, enhancing the visibility of ASEAN as an asset class, and strengthening ASEAN as an attractive investment destination for both ASEAN and global investors.

Current participating ASEAN exchanges (“Member Exchanges”) are Bursa Malaysia Berhad, Indonesia Stock Exchange, The Philippine Stock Exchange, Singapore Exchange, The Stock Exchange of Thailand, and Vietnam Exchange.



Sustainability Reporting Requirements

Component	 Indonesia	 Malaysia	 Philippines	 Singapore	 Thailand	 Vietnam
Financial Regulatory Authority	<ul style="list-style-type: none"> Otoritas Jasa Keuangan 	<ul style="list-style-type: none"> Bank Negara Malaysia Suruhanjaya Sekuriti 	<ul style="list-style-type: none"> Bangko Sentral ng Pilipinas 	<ul style="list-style-type: none"> Monetary Authority of Singapore 	<ul style="list-style-type: none"> Bank of Thailand (BOT) The Office of Insurance Commission (OIC) Securities and Exchange Commission (SEC) Anti-Money Laundering Office (AMLO) 	<ul style="list-style-type: none"> State Bank of Vietnam (SBV) Ministry of Finance (MOF)
Stock Exchanges						
Laws and Regulations Outlining Reporting Requirements	<p>OJK Regulation:</p> <ul style="list-style-type: none"> No. 51/2017: Mandates financial service institutions, issuers, and publicly listed companies to submit an annual sustainability report no later than the 30th of April of the succeeding year No.16/2021: Executing sustainability reporting 	<ul style="list-style-type: none"> Practice Note 9: Risk management and internal control, corporate governance and sustainability statement Guidance Note 11: Internal control and corporate governance statement 	<ul style="list-style-type: none"> PH SEC Memorandum Circular No. 4: Sustainability reporting guidelines for publicly-listed companies. 	<ul style="list-style-type: none"> Mainboard listing rule 711A and 711B: Sustainability Report: Sustainability reporting timeline and components SGX Rulebook: Practice Note 7.6, Sustainability Reporting Guide 	<ul style="list-style-type: none"> TH SEC Form 56-1: Mandatory reporting for listed companies. 	<ul style="list-style-type: none"> Circular 155/2015/TT-BTC: Guidelines on information disclosure on the securities market Circular 96/2020/TT-BTC: Increasing the scope of disclosure [currently mandatory for publicly listed companies]
Mandatory Standards and Frameworks	<p>ESG disclosures (no set standard) is mandatory for financial service institutions, issuers, and publicly listed companies. This annual sustainability report must be submitted by 30 April of the succeeding year.</p> <p>CSR mandatory through three laws:</p> <ol style="list-style-type: none"> The State-Owned Enterprise Law (Law No. 19/2003) The Investment Law (Law No. 25/2007) Limited Liability Company Law (Law No. 40/2007) 	<p>Reporting requirements and timeline for reporting differs for issuers listed in the Main Market or ACE market.</p> <p>Answer key questions found in the updated sustainability reporting guide & disclose a narrative statement including:</p> <ol style="list-style-type: none"> Sustainability governance; Scope and basis; Material sustainability matters; Climate-related disclosures aligned with TCFD recommendations; Statement of assurance; and Performance data table. 	<p>Mandatory reporting for all publicly listed companies (PLCs); but comply and explain where appropriate.</p> <p>No specific framework but must be done in accordance with globally accepted standards (GRI, SASB, TCFD etc.).</p> <p>Sustainability report must be attached to the company's annual report.</p>	<p>ESG reporting is mandatory for issuers in the (a) financial industry; (b) agriculture, food and forest products industry; and (c) energy industry in 2024.</p> <p>Companies currently must disclose in line TCFD, but from 2025, all listed issuers must report in line with IFRS' ISSB standards. From FY2027, large non-listed companies (annual revenue of >\$1 billion and total assets of at >\$500 million) will be required to do the same.</p> <p>For other issuers, climate reporting on a 'comply or explain' basis.</p>	<p>All listed companies must report on policies and objectives of sustainable management, management of impact on stakeholders in the business value chain, environmental and social sustainability management.</p> <p>Documentation must be disclosed on the company's website.</p> <p>Recommended to use the SET's Corporate Sustainability Guide for Listed Companies.</p>	<p>Sustainability reports are required to be submitted by Vietnamese publicly listed companies.</p> <ul style="list-style-type: none"> Environmental disclosure: GHG emissions, energy use, water use, waste generation Social disclosure: Policies related to employees Governance disclosure: Rights of Shareholders, Role of Stakeholders, Responsibilities of Boar.

Core ESG Metrics



Environmental Metrics

No.	Key Topics	Common Metric	Unit
1	Greenhouse Gas Emissions (“GHG”)	Absolute emissions: Scope 1 & Scope 2	tCO2e
2	Energy Consumption	Total energy consumption	kWh or J
3	Water Consumption	Total water consumption	m ³
4	Waste Generation	Total waste generate	t

Governance Metrics

No.	Key Topics	Common Metric
1	Board Diversity	Percentage of board seats occupied by men and women
2	Board Independence	Percentage of board seats occupied by independent directors/commissioners
3	Board Independence	Separation of the Chairman of the board and CEO
4	Board Appointment and Re-Election	Criteria used in the selection of new directors/commissioners
5	Board Meeting Attendance	Percentage of board meeting attendance by each director/commissioner during the year
6	Board Appraisal	Annual performance assessment of the board of directors/ commissioners and disclosure of the criteria and process followed for the assessment
7	Board Training and Development	Company policy regarding ongoing or continuous professional education programs for directors/commissioners
8	Business Ethics	Disclosure of the details of the code of ethics or conduct
9	Equitable Treatment of Shareholders	Company policy prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market
10	Equitable Treatment of Shareholders	Company policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest

Core ESG Metrics

Social Metrics

No.	Key Topics	Common Metric
1	Gender Diversity	Percentage of enterprise headcount held by men and women
2		Percentage of entry- and mid-level positions held by men and women
3		Percentage of senior- and executive-level positions held by men and women
4		Number of employee level (entry, mid, senior, executive) held by men and women by age group
5	Employee Turnover	Percentage of year-over-year change for full-time employees
6	Non-Discrimination	Company policy regarding sexual harassment and/or non-discrimination
7	Injury Rate	Frequency of injury events relative to total workforce time or total number of serious accidents
8	Development & Training	Average training hours per employee
9	Human Rights	Company policy prohibiting directors/commissioners and employees to benefit from knowledge which is not generally available to the market
10		Company policy requiring directors/commissioners to disclose their interest in transactions and any other conflicts of interest
11	Child & Forced Labor	Company policy regarding child and/or forced labor
12	Temporary Worker Ratio	Total enterprise headcount held by contractors and/or consultants
13	Social and Community Investment	Total amount of corporate or group donations and community investments made to registered not-for-profit organizations







Carbon Exchanges



Component	 Indonesia	 Malaysia	 Philippines	 Singapore	 Thailand	 Vietnam
Carbon Exchange	 Indonesia Stock Exchange (IDX) Carbon	 Bursa Malaysia Carbon Exchange	No carbon exchange	 Climate Impact X (CIX)	 Federation of Thai Industries Exchange (FTIX) & Thailand Voluntary Emission Reduction Project (T-VER)	To-be-named
Carbon Exchange Mechaim	<p>Types of markets on IDX Carbon:</p> <ol style="list-style-type: none"> 1. Auction markets; 2. Regular markets; 3. Negotiated markets; and 4. Non-regular markets. <p>Tradable carbon units in IDX Carbon:</p> <ol style="list-style-type: none"> 1. Allowance market: Persetujuan Teknis Atas Batas Atas Emisi – Pelaku Usaha (PTBAE-PU) - Cap-and-trade mechanism. 2. Carbon offset market: Sertifikat Penurunan Emisi – Gas Rumah Kaca (SPE-GRK). 	<p>1. Contracts: Global Technology-Based Carbon Contract (GTC) & Global Nature-Based Plus Carbon Contract (GNC+)</p> <p>2. Renewable Energy Certificates (RECs): Via actions in Q2 2024, and continuous trading and off-market transactions in Q3 2024.</p>	No products as of now	<p>1. CIX Auctions: Customizable auctions that facilitate value discovery for unique and desirable projects, newly issued credits and bespoke portfolios of projects.</p> <p>2. CIX Exchange: Two-way spot trading of standardised contracts and individually listed carbon credit projects.</p> <p>3. CIX Intelligence: Elevating price transparency through provision of a suite of data and analytics for the voluntary carbon market.</p> <p>4. CIX Exchange: Clearing and settlement service for privately negotiated transactions.</p>	Carbon credits trading via FITX	No products as of now
Status of Carbon Trading Markets	Well established carbon pricing policies (implemented through carbon trading, result-based payment and carbon taxes) and on the path to building a regulated market. The first phase of the Emissions Trading System will involve coal-powered plants with a minimum of 100MW capacity.	Sharia-compliant carbon exchange. Malaysia holds its first Malaysian carbon credit auction on July 25 2024, involving carbon credits from the Kuamut Rainforest Conservation Project. This auction involves BCX's first Malaysia nature-based carbon credits and marks an expansion of its product offerings.	Existing low carbon cross-border partnerships, and plans for a domestic cap and trade system although no timeline has been specified	Singapore is pushing to become a carbon market hub. Well established carbon pricing policies.	Voluntary markets and plans for a mandatory scheme.	Planned launch of a carbon credit exchange platform in 2025. Fully fledged carbon credit exchange should be in operation by 2028




Carbon Pricing Status






Countries	Net Zero Target	Nationally Determined Contribution (NDC)	Carbon Pricing in Climate Change Policy	Carbon Tax	Emission Trading System	Carbon Credit
 Indonesia	Net zero by 2060 or sooner	2022 NDC commits to a higher GHG reduction targets of 31.89% (unconditional) and 43.2% (conditional) as compared to 29% and 41% respectively in the previous version	Yes	No	Yes	Yes
 Malaysia	Carbon neutral by 2050	Committed to reducing GHG emissions intensity of GDP by 45% by 2030 relative to 2005 levels	Yes	No	No	Yes
 Philippines	No target set yet	Aiming for 75% reduction in GHG emissions by 2030 compared to BAU	Yes	No	No	Yes
 Singapore	Net zero by 2050	Reduce absolute emissions to 60 MtCO _{2e} , with a goal to peak emissions before 2030	Yes	Yes	No	Yes
 Thailand	Carbon neutral by 2050; Net zero by 2065	20% unconditional reduction in GHG emissions from a 2005 baseline by 2030	Yes	No	No	Yes
 Vietnam	Net zero by 2050	Committed to reducing 15.6% below BAU in 2030, and 43.5% reduction with international support	Yes	No	No	Yes

Carbon Policies and Mechanisms



Countries	Mechanism	Future Plans	Challenges (Barriers)
 Indonesia	<p>Carbon Trading in the Power Generation Subsector (MEMR Regulation No. 16 of 2022):</p> <ol style="list-style-type: none"> 1. Through emissions trading and GHG emission offsets. 2. Through direct trade utilizing the carbon exchange. <p>Carbon Pricing Implementation (MoEF Regulation No. 21 of 2022): This provides a legal foundation covering carbon trading; Measuring, Reporting, Verification (MRV); offsetting and institutional arrangements. This applies to the following sectors: energy; waster; industrial processes and product uses; agriculture; forestry; and other sectors in accordance with developments in science and technology.</p>	<ul style="list-style-type: none"> • Develop plans for each subsector outlining how the subsector will meet Indonesia’s nationally determined contribution targets. • Determine regulations for mutual recognition of reputable international carbon standards and corresponding adjustment. [e.g., Indonesia considered implementing a carbon tax to be launched in 2022; but this has since been postponed to 2025]. 	<ul style="list-style-type: none"> • Inconsistent levels of progressiveness across sectors and the relevant sector ministries. • Absence of a comprehensive market. • Absence of clear guidelines that outline expectations. • Low price of carbon. • Indonesia still has subsidies for fossil fuels.
 Malaysia	<p>Status: Developing</p> <p>Investigating the potential for carbon tax introduction and developing a policy and design framework for a domestic ETS.</p>	<ul style="list-style-type: none"> • Develop the Malaysia’s Partnership for Market Implementation (MyPMI) which covers impact analysis, policy design, national MRV, registry development, domestic crediting scheme support and enhances stakeholder engagement. • Readiness Support Plan (RSP) aiming for completion by the end of 2025. 	<ul style="list-style-type: none"> • Manage business adaptation and transition costs when carbon pricing policies are implemented. • Align the carbon pricing policies with international commitments and cooperation. • Coordinate carbon pricing policies with other existing policies for robust outcomes.
 Philippines	<p>Considering implementing a domestic carbon pricing instrument. This would be done with the guidance of the World Bank Partnership for Market Readiness.</p>	<ul style="list-style-type: none"> • Implement market reforms to enhance competition and attract investment within the primary energy sectors. • Implement similar schemes for GHG emissions beyond the energy sector. • Develop measures to mitigate the impacts of carbon pricing on industrial competitiveness. 	<ul style="list-style-type: none"> • Carbon pricing is expected to raise industrial production costs, leaving concerns about competition. • Possible higher electricity prices due to carbon tax implementation.

Carbon Policies and Mechanisms

Countries	Mechanism	Future Plans	Challenges (Barriers)
 Singapore	<p>Carbon Pricing (Amendment) Bill No.27/2022: The carbon tax rate was established at SGD5/tCO₂e for the initial five-year period (2019– 2023). This allowed emitters a transitional phase before tax rates are raised to SGD25/tCO₂e 202–2025 and potentially SGD 50-80 by 2030.</p>	<ul style="list-style-type: none"> • Gradual, progressive increase in carbon tax rate in accordance with regulations, aiming to reach SGD50-80/tCO₂e by 2030. • Establish a transition framework for existing emissions-intensive trade-exposed (EITE) companies to adjust to a low-carbon economy and avoid carbon leakage. 	<ul style="list-style-type: none"> • The possibility of an oversupplied market. • Industries may resist and this could impact competitiveness.
 Thailand	<p>Thailand's Excise Department is currently planning to impose a carbon tax on three sectors (energy, transport and industry).</p>	<ul style="list-style-type: none"> • Integrate with regional market. • Expand ETS coverage. 	<ul style="list-style-type: none"> • Managing the administrative complexity of monitoring, reporting, and verification (MRV) of GHG emissions. • Ensuring stakeholder engagement and buy-in, including awareness and capacity building. • Difficulty in enhancing domestic capacity for carbon pricing and controlling the effects on electricity prices.
 Vietnam	<p>Vietnam is currently developing a pilot National Crediting Program (expected to start in 2024, and with full operationalization with developed mechanisms by 2026) and a national ETS (expected to start in 2028).</p>	<ul style="list-style-type: none"> • Developing regulations for carbon credit management and operating the carbon credit exchange. • Exchanging GHG emission quotas and carbon credits. • Guiding the implementation of the domestic and international carbon credit exchange and offset mechanism. 	<ul style="list-style-type: none"> • Difficulties in ascertaining the appropriate criteria for carbon pricing. • Existing heavy reliance on fossil fuels. • Industry players display resistance to change.

Adapted from: ASEAN Centre for Energy's Policy Brief on *Progress for Carbon Pricing in ASEAN to Support the Shift Towards a Low Carbon Economy*

Our ESG Advisory Services



ESG Advisory Services



Emissions Management

We take an ERP view of carbon use at each step of your supply chain, target areas for the greatest carbon reduction opportunities and track the transformation progress in your organisation.



Decarbonisation Pathways

Develop optimised routes to review the cost efficiency and resources consumed in manufacturing and other areas, and leverage new sources to create emissions-free and waste-free plants.



ESG Reporting

Build plans to assess and report your greenhouse gas emissions and carbon footprint, based on GHG protocol, embodied carbon, avoided emissions and methane tracking.



Risk and Resilience Management

Identify and assess potentially disruptive events and changing conditions, planning for risks and opportunities posed by these long- trends, and mitigating and/or adapting from the impacts of these stressors and shocks in an efficient manner.

Why Us?



DEEP SECTOR CAPABILITY IN ASIA

Rich sector experience, networks, and resources to help clients build their compliance strategy roadmaps.



DEEP COMPLIANCE AND IT EXPERTISE

Our expertise in finance, internal controls, audit and accounting takes clients “beyond IT” to a more holistic ESG reporting approach.



SUPPORT FOR YOUR ESG LIFECYCLE

As your comprehensive ESG lifecycle partner, we provide advisory, implementation, training and support via our on-the-ground experts.

ESG Reporting Software Envizi – An IBM Company

WHAT IS ENVZI

Envizi offers comprehensive data and analytics software to collect, manage and derive insights from sustainability data.

Our clients use Envizi to:

- Create a robust, single system of record for their ESG data.
- Manage Greenhouse Gas (GHG) emissions accounting.
- Support Environmental Social & Governance (ESG) reporting

Competitive Edge

- **Breadth**
Spans emissions management and calculation for scopes 1, 2 and 3, ESG reporting and decarbonization
- **Scalability**
Modular platform to suit you, regardless of where you are in the sustainability journey
- **Flexibility**
Customizable reporting with embedded Power BI

Emissions Management

Delivered as an easy to adopt SaaS solution.

Build a Data Foundation

A single system of record that delivers auditable, robust ESG data and GHG calculations.

Streamline Reporting + Disclosure

Flexible reporting tools to meet internal and external requirements for comprehensive ESG reporting and disclosure.

Key Use Cases

- Create a structured data foundation to establish an ESG performance baseline and track performance
- GHG emissions calculation & reporting
- Streamline external ESG reporting disclosures
- Inform decarbonization plans

Adoption

175

Countries

216k

Locations

598

Data types

810k

Utility accounts

48k

Emission factors

83k

Utility Meters

Key Markets



Commercial Real Estate



Financial Services



Telecoms



Manufacturing



Government



Healthcare

Our Team for Your ESG Transition in ASEAN



Integrating ESG principles is not just about ethics; it's about driving sustainable growth, mitigating risks, and ensuring long-term profitability. At Dezan Shira & Associates, we aim to assist our clients to become ready for a sustainable future.

Get in touch with us and start your transition.



DAVID STEPAT
Director, Singapore



MARCO FÖRSTER
Director, ASEAN



KYLE FREEMAN
Partner



RICCARDO BENUSSI
Partner & Director, Europe



PRITESH SAMUEL
Head of Business Intelligence



AMANDA LAM
Consultant
International Business Advisory



Further Resources

Singapore

- *Navigating ESG Reporting in Singapore*
- *Applying ESG Metrics for Sustainability Reports in Singapore*
- *Singapore Budget 2024: A Strategic Blueprint for Business Growth and Sustainability*
- *MAS Sets New Standard with Digital Platform for ESG Data Collection*
- *Navigating ESG Grant Opportunities for Singaporean Businesses*
- *Singapore Launches ESG Impact Hub: What it Means for Green Finance*
- *Singapore Helps Businesses Go Green with New Sustainability Program*

Indonesia

- *Powering Progress: Indonesia Unveils Largest Floating Solar Power Plant in Southeast Asia*
- *Indonesia Stock Exchange (IDX) Launches Carbon Trading Operations*
- *Indonesia Market Prospects for EV Sales and Manufacturing*
- *Indonesia's Just Energy Transition Partnership: Impacts for the Green Economy*

Philippines

- *Philippines Central Bank to Introduce Incentives for Green Financing*

Vietnam

- *ESG Strategy a Key Focus Area for Foreign Businesses in Vietnam*
- *Vietnam's Extended Producer Responsibility Policy: Company Recycling Obligations*
- *Vietnam Adopts Hydrogen Energy Strategy to Boost Energy Transition*
- *Funding Vietnam's Green Growth: The ESG Initiative and Work of Credit Institutions*
- *ESG in Vietnam: Challenges but Significant Potential*
- *Vietnam's National Green Growth Strategy: Unpacked*

Contact sustainability@dezshira.com for more information or collaboration opportunities

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Unlocking ESG Reporting Requirements in Singapore



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