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Leading the way with sustainable developments

The Star, Malaysia



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As it continues to enhance its ESG offerings, SP Setia strives to play a key role in Malaysia's push towards becoming a carbon-neutral nation

By ROYCE TAN

AS the environmental, social and governance (ESG) agenda increasingly shapes and influences investment decisions, companies across the globe are now placing ESG as their top priority.

Businesses are integrating ESG practices into their overall strategies, as they seek to keep up with the changing investment environment and the growing pool of socially conscious investors.

While the spotlight is often on the non-ESG sectors such as coal and oil – which have a significant negative impact on the environment – sustainability has become increasingly important to property investors as well.

This is as property developers have the ability to provide green facilities at their housing projects and townships, as well as develop more energy efficient buildings – all of which can have a tremendous positive impact on the environment, as well as promote a greener way of living among their customers and surrounding communities.

SP Setia is among the local property players that are taking the lead in the local ESG space, as Malaysia moves towards achieving its goal of becoming a carbon-neutral nation by 2050.

The property giant's leadership in the ESG space is particularly evident from its notable achievements in the environmental and social categories, as well as its conviction that ESG initiatives are an investment for the future.

"Sustainability is our collective responsibility. For SP Setia, it is embedded into our culture and expressed through our developments," said SP Setia group president and chief executive officer Datuk Choong Kai Wai.

As part of its commitment towards the national carbon-neutral agenda, SP Setia recently entered a memorandum of understanding (MOU) with utility giant Tenaga Nasional Bhd (TNB).

The partnership will see SP Setia's properties and developments equipped with solar, battery and electric vehicle infrastructure and support, marking a significant step forward in the sustainability imperative for both industry giants.

"We are thrilled to work with TNB in driving change to deliver value beyond housing. We aim to encourage sustainable living and positively impact our communities," he said.

The developer sees the collaboration as the next step in its ever-evolving concept of sustainability, translating into an increased awareness of the green agenda among its customers and ultimately, an easy transition into environmentally conscious living.

Walking the talk, with tangible results

SP Setia aims to prevent negative impacts on the environment – or at least, manage or reduce those impacts – by adopting best practices in environmental standards and implementing environmentally friendly strategies and processes.

These include exploring renewable energy for its property development projects, implementing comprehensive planning and green concepts at its townships and using sustainable materials and construction methods.

In recent years, SP Setia has displayed measurable results from its efforts to promote sustainable practices in its operations, as well as at its projects and developments.

In terms of energy consumption, the group used 31.7mil kWh of electricity in 2020, a 20% reduction as compared to 2019's 39.6 million kWh. The property development segment recorded a 10% decline in its energy intensity ratio as compared to the previ-



Adventure Park in Setia EcoHill 2, Semenyih.



Heritage Park in Setia Fontaines, Penang.

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ous year, while the construction and others segments also successfully lowered these ratios by 52% and 42%.

The group marked a significant ESG milestone when it launched the world's first solar-powered hybrid food and beverage hub, the D'Network in Setia Eco Park, Setia Alam in Sept 2020.

D'Network is a realisation of its vision to build a green and sustainable hub that effectively runs on solar power, which generates electricity to be used for lighting, ventilation, air conditioners, and irrigation systems.

Most of its other projects have been equipped with sanitary wares and fittings that have 3-star ratings under the Water Efficient Product Labelling Scheme.

It has also incorporated rainwater harvesting systems at some of its projects, which enable the water to be reused for outdoor purposes, such as watering plants – indirectly helping reduce water consumption.

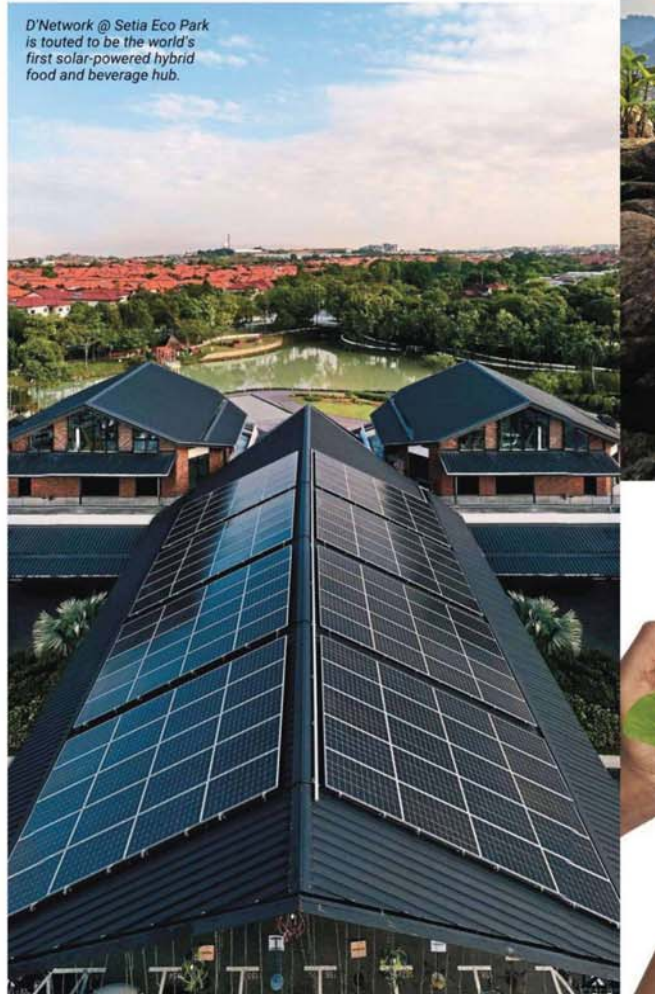
Another accomplishment worth noting is the Setia EcoHill 2's Adventure Park, which was developed by utilising and navigating through the existing vegetation and terrain, with more than 90% of the original landscape preserved.

Cognisant on the importance of sustaining forest systems, the existing forest at the Adventure Park was regenerated by infusing biodiversity elements to create a new healthy ecosystem.

In order to swiftly move forward with its ESG agenda, SP Setia also recognises the importance of ensuring that its employees are fully equipped with the knowledge and ability to drive its sustainability goals.

"Culture embedment is crucial to ensure effective implementation of our initiatives," the group noted in its latest annual report.

In FY2021, SP Setia conducted 53 sustainability workshops involving 225 participants from the group, to ensure that its team is able to adapt and ultimately take the lead in implementing its sustainability initiatives.



D'Network @ Setia Eco Park is touted to be the world's first solar-powered hybrid food and beverage hub.

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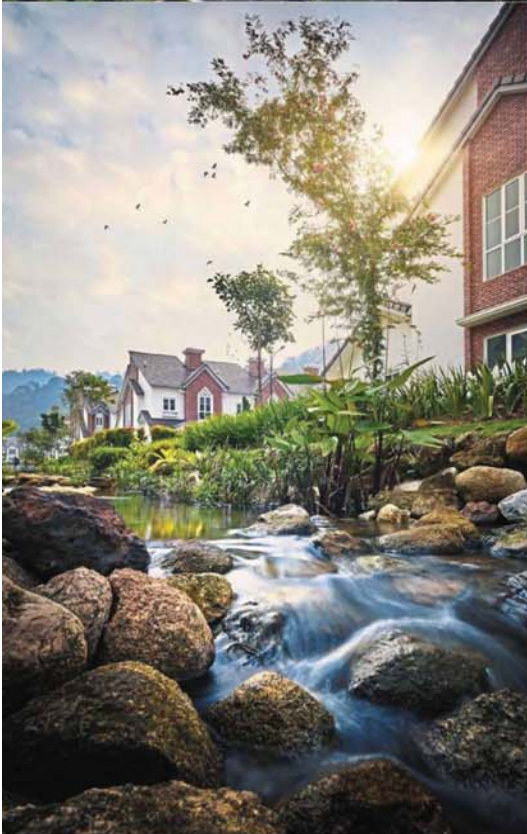
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Setia City Mall in Setia Alam, Shah Alam.



Setia SPICE Convention Centre, Penang is said to be the first hybrid solar-powered convention centre in the world.



Essex Gardens in Setia Eco Templer, Rawang.



Majlis Menandatangani Memorandum Persefahaman (MoU) Inisiatif Penggunaan Tenaga Hijau Dalam Pembangunan Dan Kediaman Antara S P Setia Berhad & Tenaga Nasional Berhad 12 April 2022

SP Setia and TNB recently signed an MOU to seal a partnership on delivering smart energy and renewable energy solutions to SP Setia's future property developments.



The PPV at Setia City Convention Centre, Setia Alam, Shah Alam.

Giving back to the community

As a socially responsible organisation, SP Setia continues to undertake numerous initiatives to enrich and benefit its employees, as well as its customers, the surrounding communities and the general public.

Providing affordable housing for Malaysians is among its many social initiatives, as the group spent RM740mil last year on the development of such projects, with 5,943 completed units as at Dec 31, 2021.

The group also has solid governance practices in place, which it continues to enhance via workshops and training programmes. It conducted 17 corruption risk assessment workshops on anti-bribery and anti-corruption last year.

At the board level, the group notes that since Feb 28, 2018, the board has comprised of a majority of independent non-executive

directors. In terms of fair access to information, SP Setia's investor relations team emphasises on the need to always provide clear, comprehensive and equal information to all its stakeholders.

Disclosures of material corporate developments are announced to Bursa Malaysia, as required by the regulator, while the dissemination of presentation materials, press releases and holding of press conferences are all done in a timely manner.

While the pandemic – and consequently, the enforcement of various levels of the MCO – meant mass gatherings and meetings were not allowed or discouraged, the group accelerated its use of digital platforms to ensure that the dissemination of information to its stakeholders was not disrupted.

While many companies in the country are still struggling to adapt and keep up with the new demands of the growing pool of socially conscious investors, SP Setia is already making great strides in its ESG journey.

With its solid and strategic targets ahead, as well as the tangible results from its ESG initiatives so far, it is clear that SP Setia will continue to be at the forefront of ESG practices in the property space.

Moving forward for those at SP Setia, ESG and sustainability will be embedded across the full value-chain via an end-to-end approach, with a holistic, cohesive ecosystem of its business of placemaking – from the land sourcing, concept designing, planning, construction and procurement all the way to the buildings being occupied throughout its life cycle.

According to the property developer, this is because it not only seeks to build dream homes for people, but also build inclusive communities by co-creating the built environment with the people and communities.

At the same time, this also works towards SP Setia playing its part towards the global movement in alleviating the climate crisis.

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Embracing changes to stay ahead of the game

SP Setia is constantly reinventing and enhancing its sustainability initiatives to maintain its leadership in the space, and aims to play a key role in Malaysia's journey towards becoming carbon-neutral by 2050.

It is evident from the accelerated investments into ESG-focused funds and ESG-strong companies globally, that the ESG agenda is here to stay.

Data from Refinitiv Lipper showed that a record US\$649bil was channelled into ESG-focused funds worldwide as of Nov 30, 2021, up from US\$542bil and US\$285bil in 2020 and 2019, respectively. It also showed that ESG funds now account for about 10% of worldwide fund assets.

Bloomberg Intelligence forecasts that glob-

al ESG assets are on track to exceed US\$53tril by 2025, representing more than a third of the US\$140.5tril projected total assets under management.

In Malaysia, this is also evident from the Employees Provident Fund's move to launch new policies to integrate ESG considerations into its investment management processes – marking its evolution towards being a sustainable investor.

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"In short, ESG and sustainability will be a strategic advantage for us, no longer a nice-to-have or a tick-the-box exercise," he said.

