

VBIAF Sectoral Guides

Palm Oil, Renewable Energy and Energy Efficiency

The first cohort of Value-based Intermediation Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guides¹ has been developed with the industry via the VBI Community of Practitioners (CoP), focusing on palm oil, renewable energy and energy efficiency.²

The Sectoral Guides provide sectoral-based guidance on implementing impact-based risk assessments. Broadly, the Sectoral Guides aim to:

- 1 Outline the environmental, social and governance (ESG) risk considerations in specific economic subsectors/industries and activities;
- 2 Assist financing and investment decisions by financial institutions; and
- 3 Facilitate the practical implementation Value-based Intermediation (VBI) strategies and measures pursued by the Joint Committee on Climate Change (JC3).

Summary of the first cohort of VBIAF Sectoral Guides

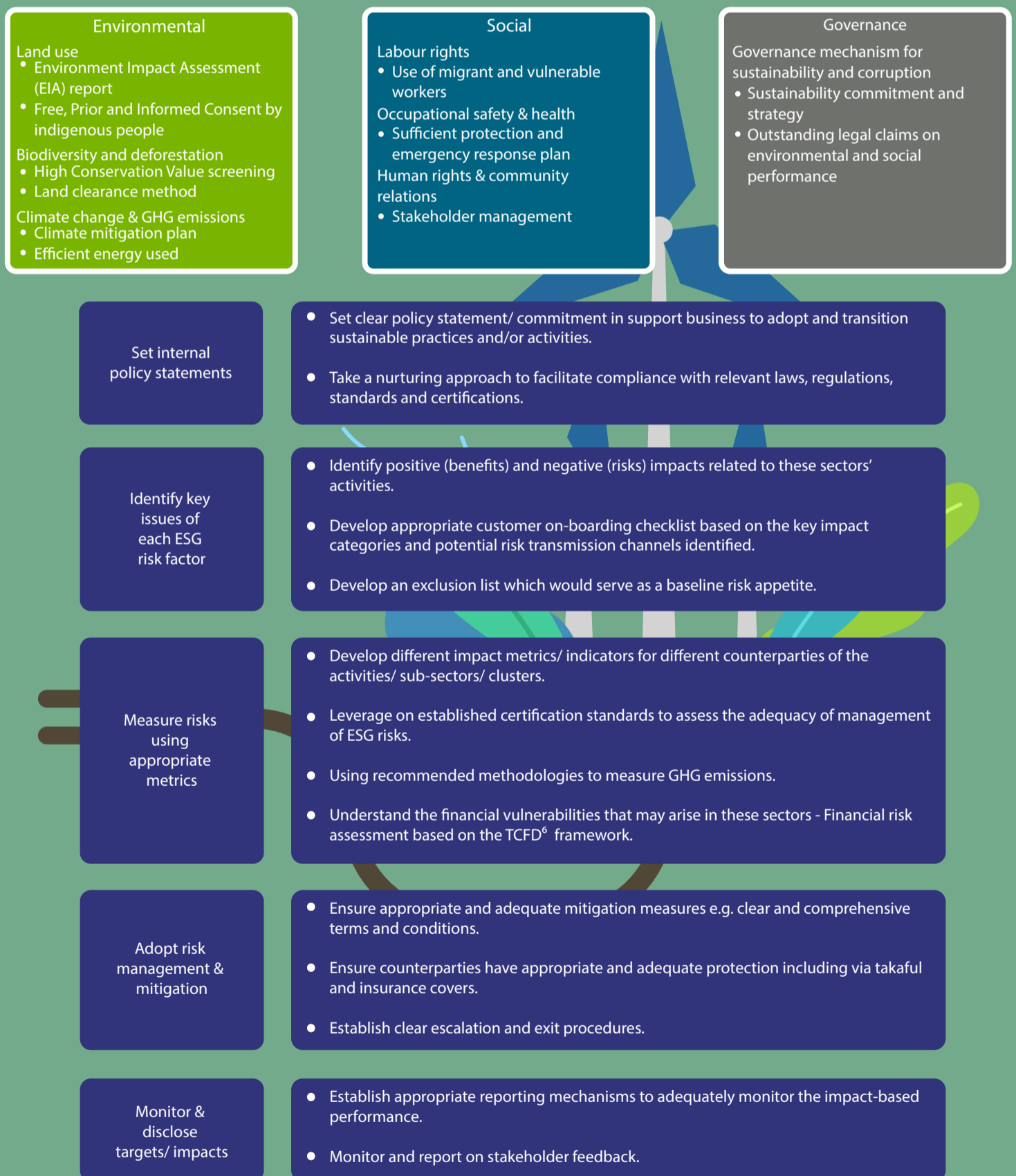
1 Definition and scope

	Palm Oil	Renewable Energy (RE)	Energy Efficiency (EE)
Definition	The palm oil supply chain can be broadly categorised into growers, millers, processing facilities and retailers	Energy generated or produced from indigenous RE resources	Using less/ same energy to perform the same task or achieve the same/ higher level of output
Scope	Upstream activities including growers and palm oil millers	Solar PV, bioenergy and hydroenergy	Final energy users of EE activities
Goals	Limit the nation's total oil palm cultivated areas to 6.5 million ha by 2023 ³	Achieve 31% RE capacity mix by 2025 ⁴	To save 52,233 GWh (2016 – 2025) ⁵

2 Impact-based risk management

The sectoral guides provide guidance to FIs in developing and implementing impact-based risk management as follows:

Key ESG risks and risk transmission



¹This document should be read together with the overarching framework described in the VBIAF. This document also serves as complementary guidance to facilitate the classification of economic activities of financing and/or investments as per the classification system outlined in the CCPT issued by BNM on 30 April 2021.

² Sectoral Guides on palm oil, renewable energy & energy efficiency were issued on 31 March 2021. Currently, the CoP is developing additional sectoral for the manufacturing, construction and infrastructure, as well as oil and gas sectors.

³ Source: Malaysia's additional policies on oil palm

⁴ Source: Peninsular Malaysia Generation Development Plan 2020 (2021 – 2039)

⁵ Source: Malaysia's National Energy Efficiency Action Plan

⁶ Task Force of Climate-related Financial Disclosure



Access detailed and specific guidance for each sector, sub-sector or cluster here:

<https://aibim.com/value-based-intermediation> [VBIAF Sectoral Guidance]