MIBG Sustainability Research
State of Climate Transition – Global & ASEAN

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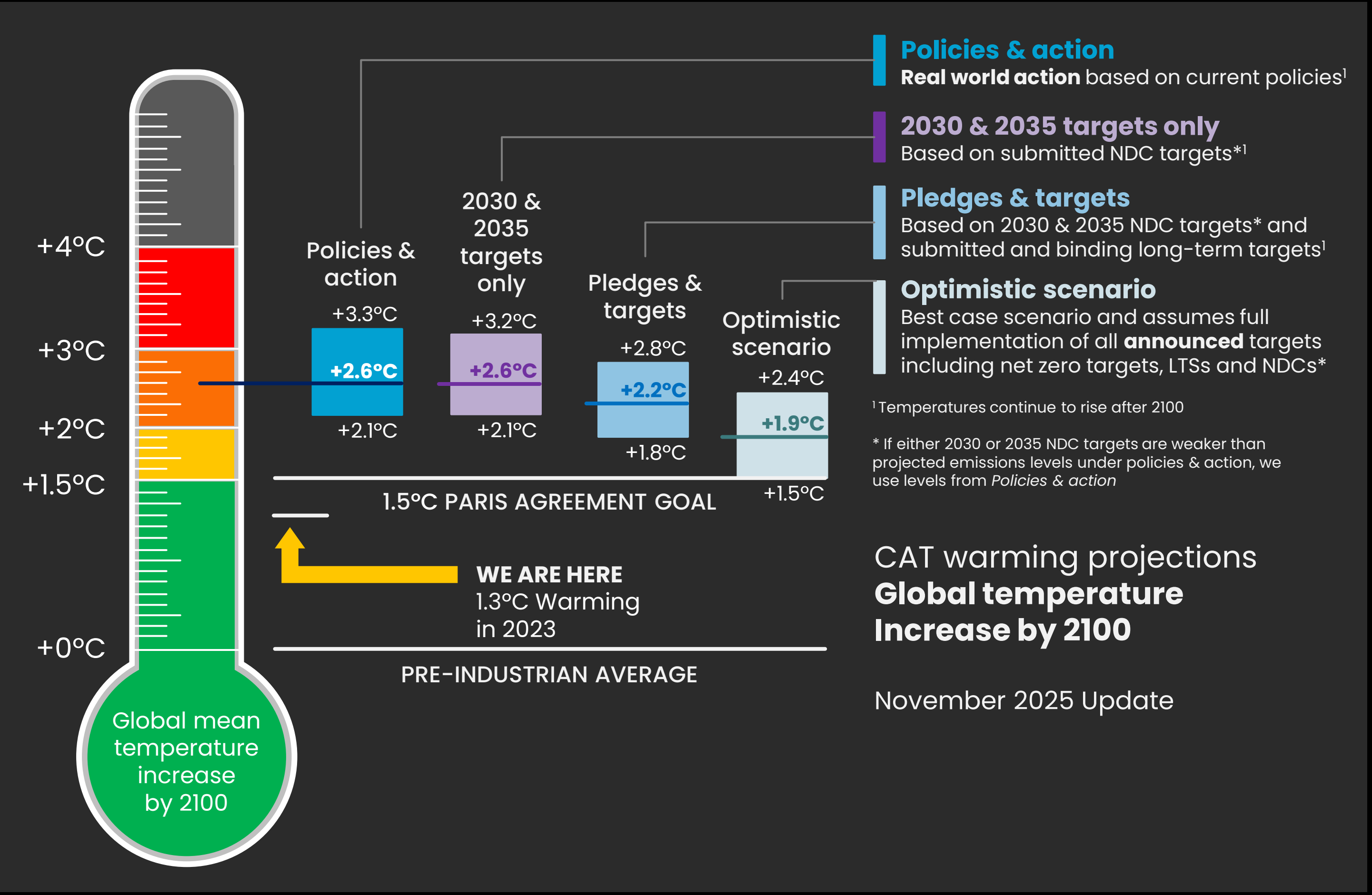
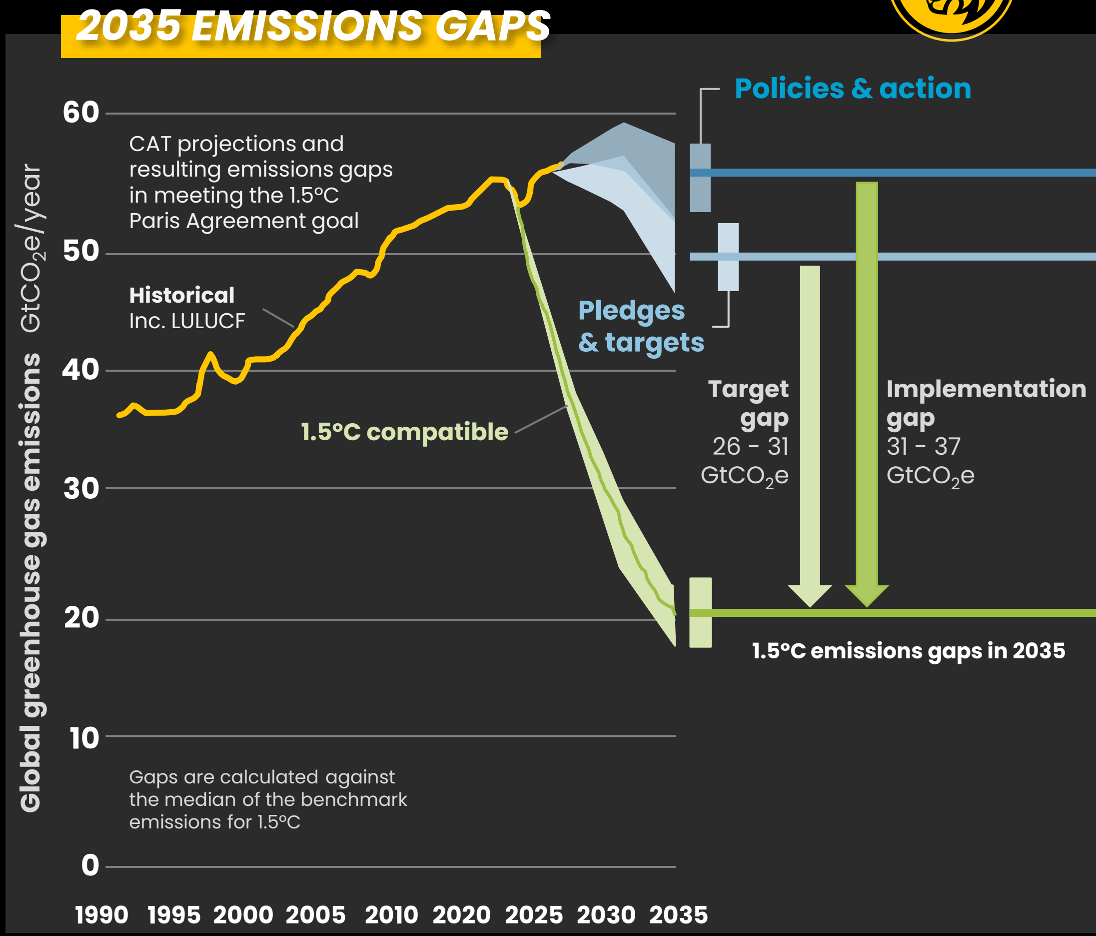
Global warming is tracking temperature rise of +2.6 °C by 2100



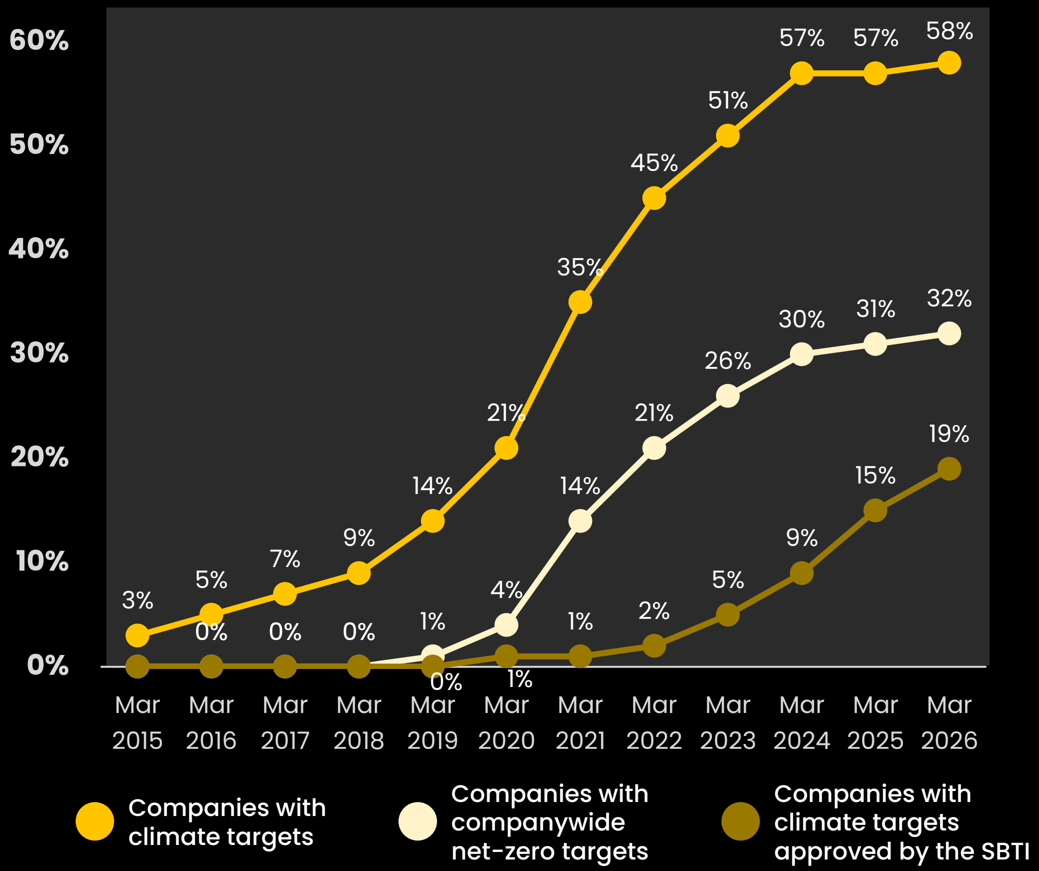


The longer we wait, **the larger the "target gap"**: from 2030 to 2035, the gap between climate targets and the pathway to 1.5°C is projected to grow by 2 $GtCO_2e$, up from 29 $GtCO_2e$ in 2030 to **31 GtCO2e in 2035**. Carbon budget **for 1.5°C warming is set to exhaust by 2028** and **2°C by 2040** at the current annual rate of global emissions.

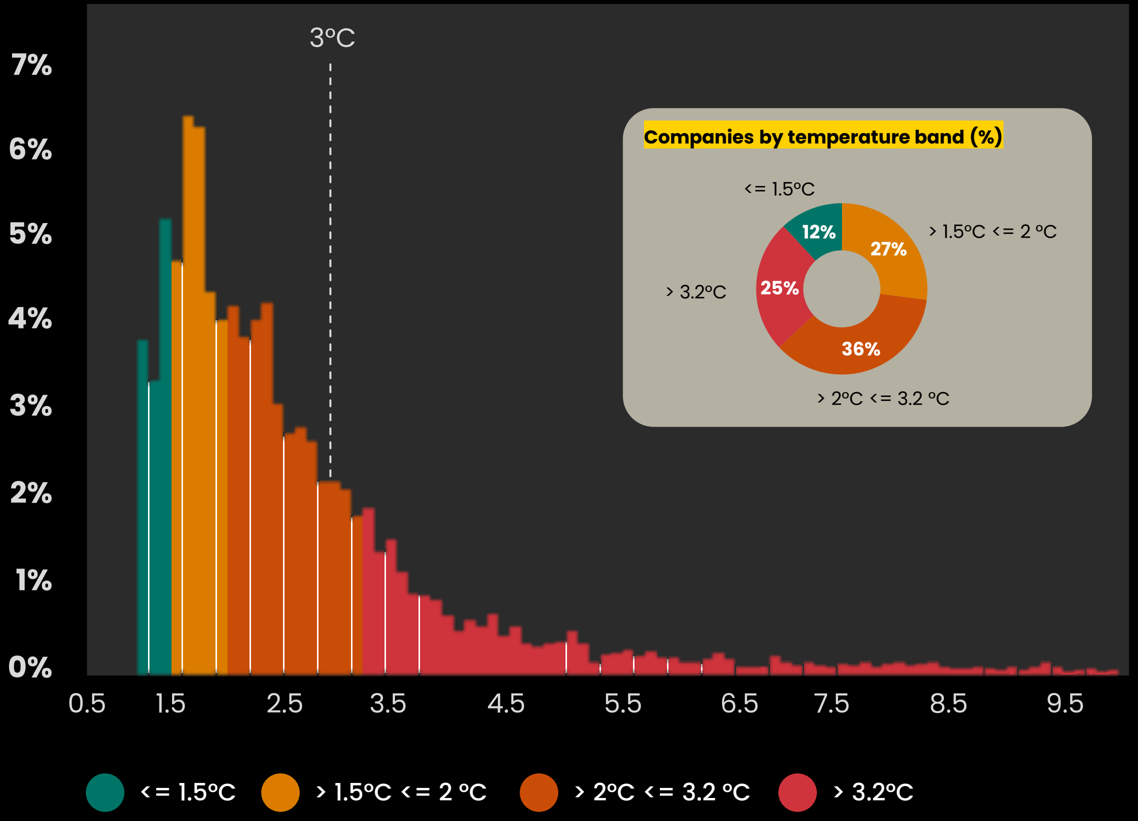
Source: Climate Action Tracker

Corporate climate transition: 61% companies at >2°C

Share of listed companies with disclosed climate targets by target type



Projected temperature alignment of the world's listed companies (Implied Temperature Rise in °C)



The emissions trajectories of the world's listed companies imply warming of **3°C above pre-industrial levels** this century. This is likely to result in lower cost of transition but a **very high cost of physical risks** due to elevated extreme weather events. **More than 50% of economic losses** from natural catastrophe are uninsured at present and **more will become uninsurable in the future.**

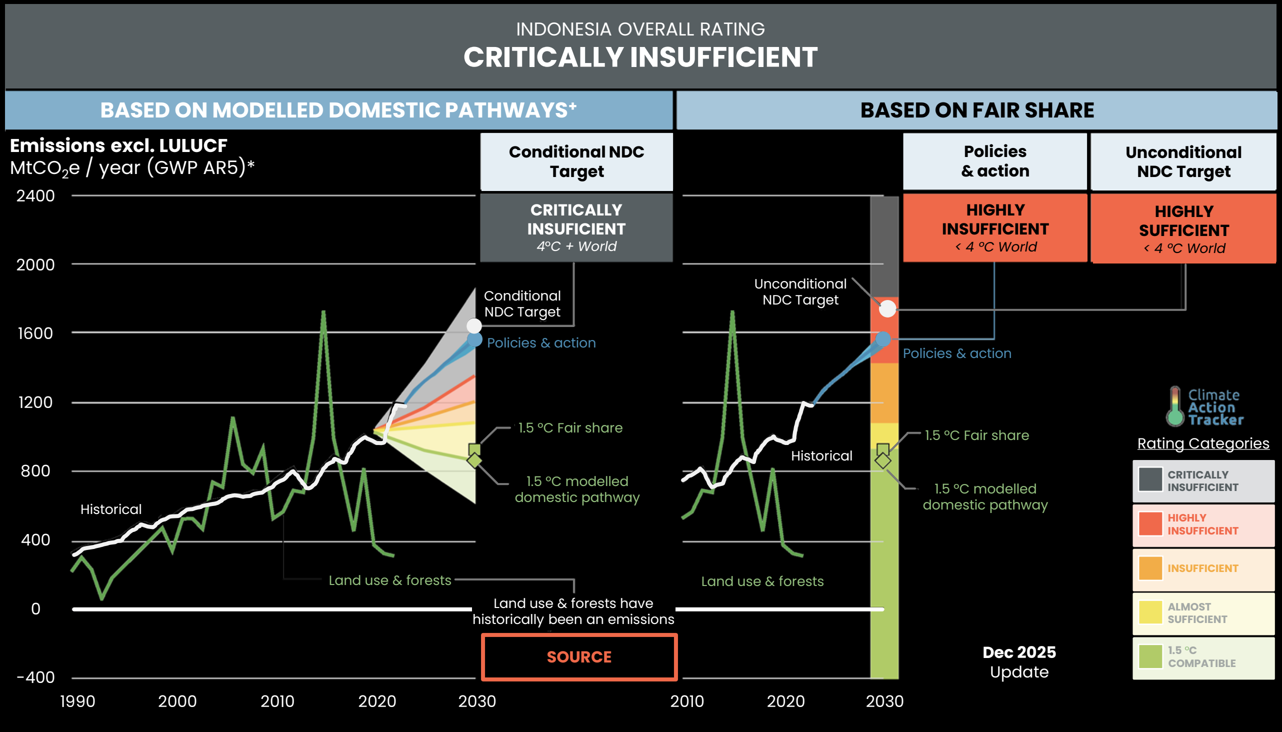
Source: MSCI Transition Finance Tracker

ASEAN comparative analysis - Thailand leads climate change mitigation, Indonesia ticking multiple boxes

Criteria	Malaysia	Singapore	Indonesia	Philippines	Thailand	Vietnam
Emissions trend (2019-2024)	Increasing	Increasing	**Increasing**	Increasing	Decreasing	Increasing
Air quality - PM 2.5 (µg/m3) -- 2025 (2024)	16.0 (18.3)	11.9 (11.4)	**30.0 (35.5)**	19.0 (14.8)	17.8 (19.8)	29.7 (28.7)
Electricity generation mix - 2025 (RE %) #	20.7%	5.5%	**18.1%**	23.3%	16.6%	45.4%
Solar & Wind - 2025 (%) #	2.2%	2.8%	**0.5%**	3.6%	6.7%	12.1%
EV car as % car sales in 2025	2.5%	45.0%	**17.0%**	7.0%	19.4%	34.8%
Forest cover (2015-25)	Decreasing	Decreasing	**Increasing**	Increasing	Decreasing	Increasing
Sustainable bonds & loan raised 2018-to date (USDb)	21.2	173.5	**39.8**	24.3	43.4	6.7
No of companies with improved ESG rating within coverage (% of exchange MCAP)	71 (62%)	30 (54%)	**72 (31%)**	27 (36%)	81 (37%)	6 (7%)
Energy triilemma index global ranking 2023 (2022)	35 (34)	31 (30)	**58 (57)**	72 (70)	60 (62)	56 (61)

Source: Sustainalytics, Maybank IBG Research, Our World of data, Ember 2026, World Air Quality Report 2025, The World Energy Trilemma Index 2024, Environment Finance Data -- Note: # Indonesia data for 2024

Indonesia: Tracking implied temperature rise of 2-4°C; Companies more vulnerable



+ Modelled domestic pathways reflects a global economic efficiency perspective with pathways for different temperature ranges derived from global least cost models
* Greenhouse gas emissions are calculated using global warming potential values from the IPCC Fifth Assessment Report (GWP ARS)

Climate transition

Country	Overall rating	Policies and action	Unconditional NDC target	Conditional NDC target
Indonesia	4°C+ World	<4°C World	<4°C World	4°C+ World
Philippines	<2°C World	<2°C World	<3°C World	<1.5°C
Vietnam	4°C+ World	4°C+ World	4°C+ World	4°C+ World

Projected temperature alignment of G20 countries versus listed companies based in each country (Implied Temperature Rise in ˚C)

	Sovereign ITR	ITR of domiciled listed companies
Saudi Arabia	3.9	10.0
China	3.7	4.6
Australia	3.5	3.5
Canada	3.4	2.7
U.S	3.0	2.9
Russia	2.6	
Japan	2.3	2.5
Brazil	2.2	3.8
Turkey	2.2	3.7
Italy	2.2	2.0
Germany	2.1	2.0
Argentina	2.1	
Mexico	2.0	2.1
Indonesia	2.0	8.5
India	1.9	5.0
France	1.9	2.3
South Africa	1.9	4.0
South Korea	1.8	2.8
U.K	1.8	2.7

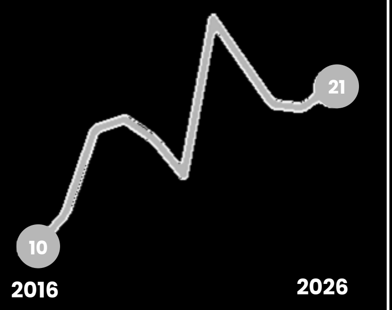
> 1.5 °C <= 2 °C   > 2 °C <= 3.2 °C   > 3.2 °C

Source: Climate Action Tracker, MSCI Transition Finance Tracker

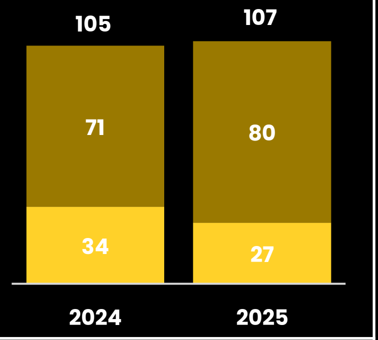
State of carbon pricing and credit markets globally and in ASEAN

Carbon Pricing

Average carbon prices have nearly doubled from 2016 to 2026
2026 US$ t/CO_2e



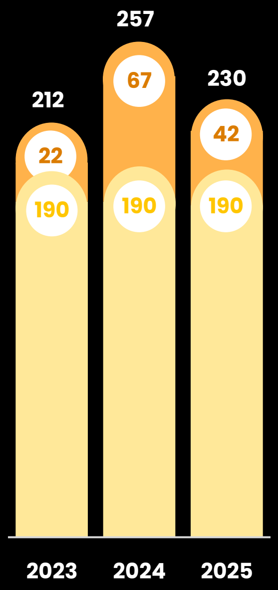
ETS and carbon tax revenues continue to exceed US$ 100 bn
2025 US$



If policies under development are fully implemented by 2030, nearly **1/3** of global GHG emissions could be covered by an ETS or carbon tax

Carbon Credit Markets

Credit retirements around 10% lower than 2024 levels
Million tCO_2e



From 2024 to 2025 carbon credit issuances increased

8%

The first project received provisional issuance from

PACM

CORSIA-approved projects received a

US$ 1.50 -6/tCO_2e

Price premium over similar credits that are not yet CORSIA-approved

Status of carbon markets in ASEAN

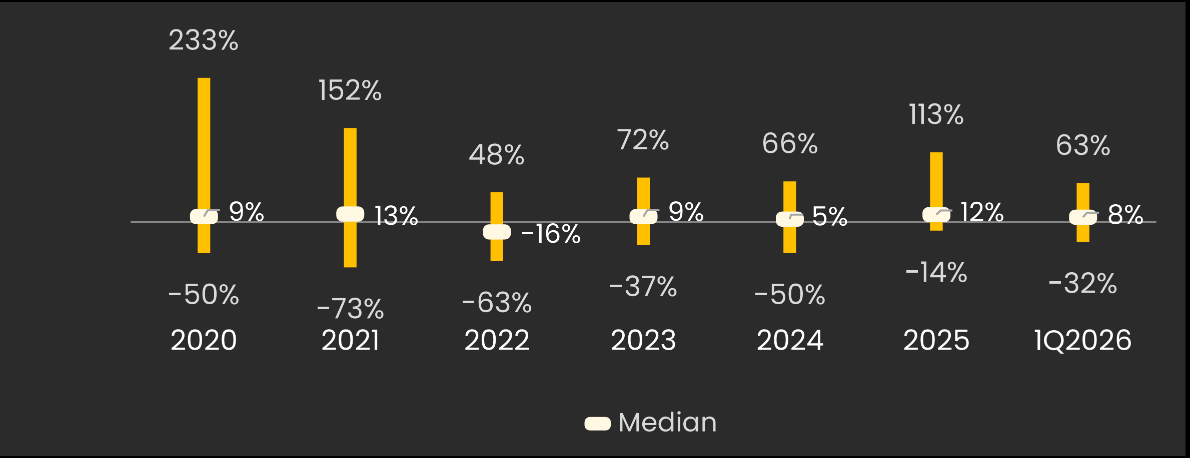
Country	ETS	Carbon tax
Indonesia	Yes (for coal powered plants)	Planning stage on coal fired power plants
Thailand	Planning	Yes (on oil products)
Malaysia	NA	Planned on power, iron and steel
Singapore	NA	Yes

- Singapore has a strong carbon price/tax in place; Other ASEAN countries still at an early stage
- Carbon pricing is critical now because of European Regulation of CBAM and similar regulations in developed countries

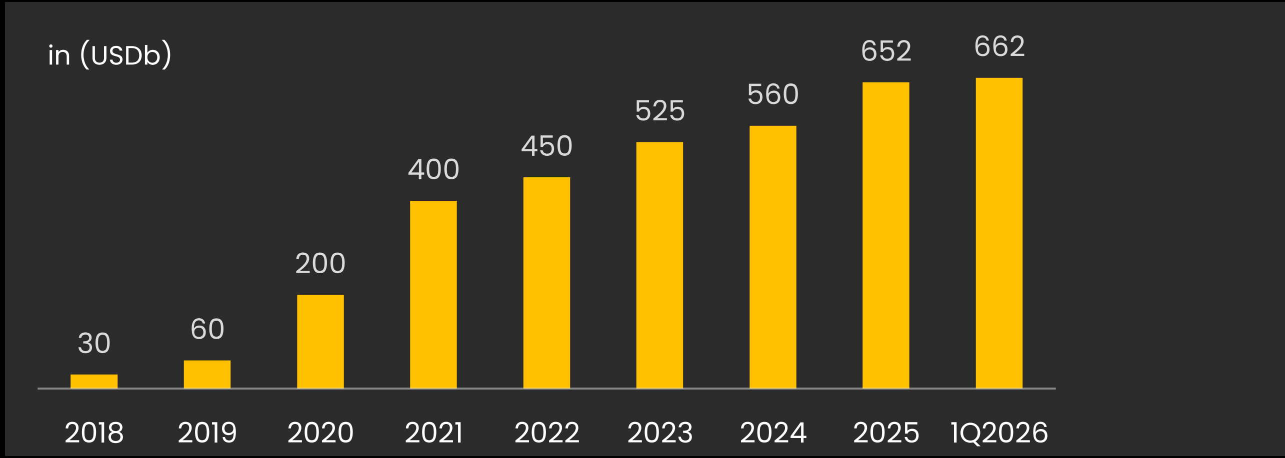
Source: State and Trends of Carbon Pricing 2026, *Maybank IBG Research*

Climate-Themed Funds Continue to Grow Despite Backlash, Supported by Sustainable Bonds and Loans

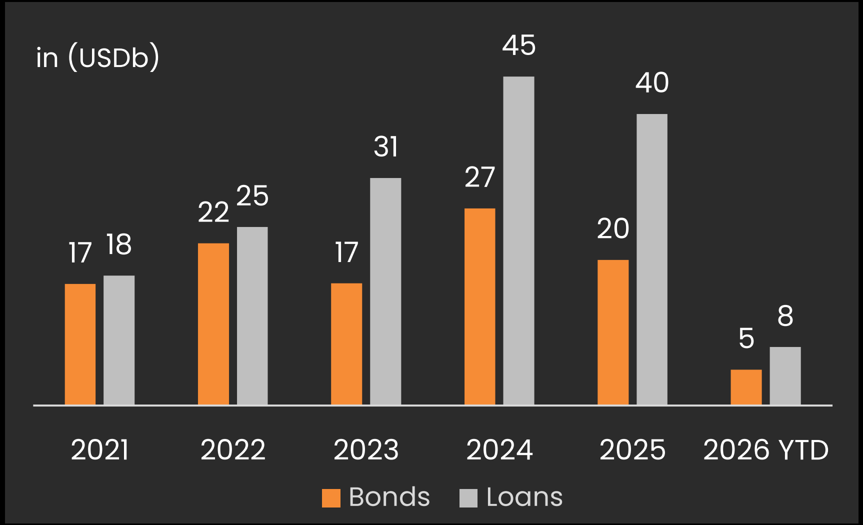
Publicly traded climate funds return 12% median return in 2025 vs 5% in 2024

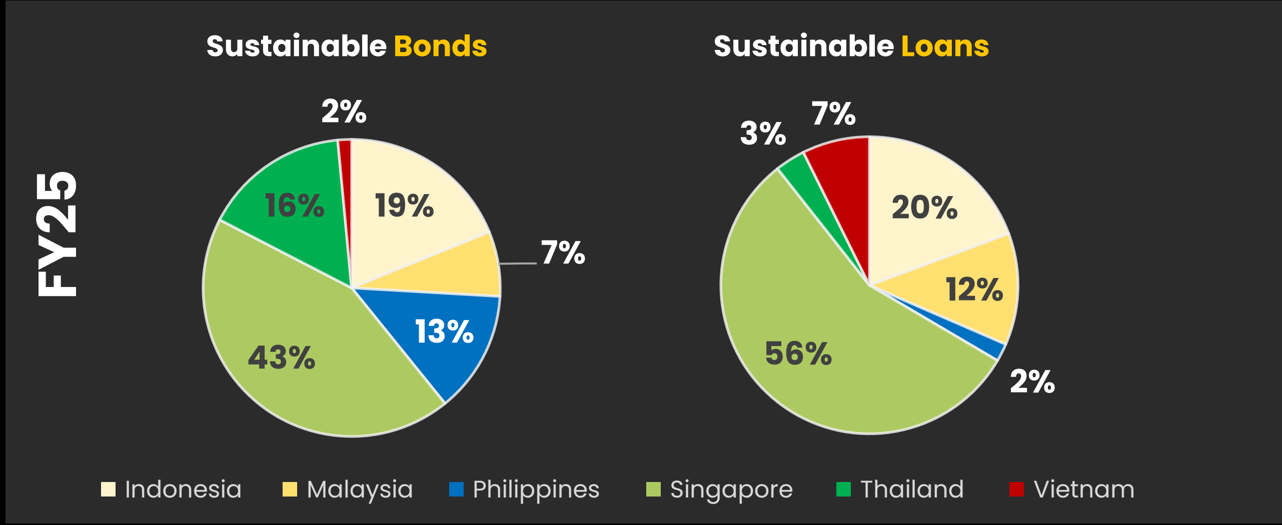


Publicly traded climate funds (AUM) trending higher



ASEAN-6 markets **sustainable bonds** and **loans raised**





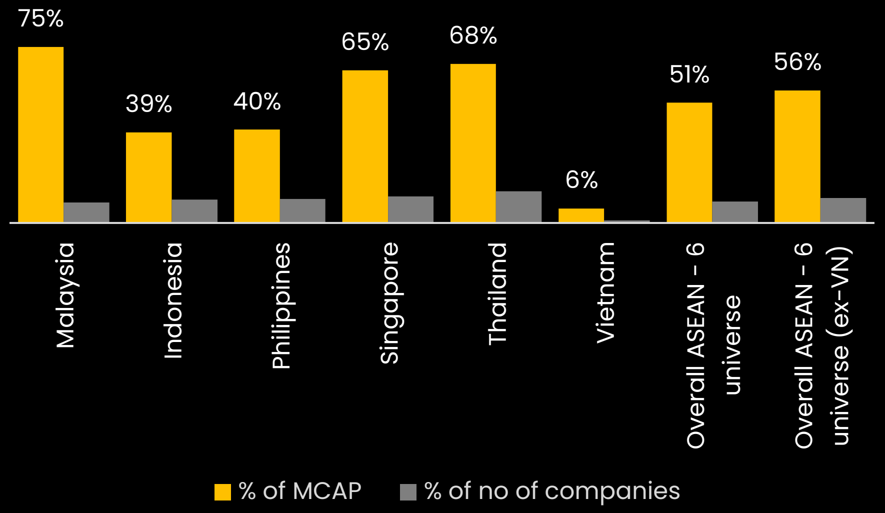
Source: MSCI Transition Finance Tracker – 1Q2026; Environment Finance Data (accessed on 4 June 2026)

Outcomes: Low/medium ESG risk companies outperformed vs MSCI ASEAN Index

Return analysis of ASEAN 6 companies listed in local exhchanges within Sustainalytics universec

Particulars	# of Companies	MCAP Weighted Return								
		MSCI			Annualised Returns			Out/Underperformance		
		5YAnn. Ret	3YAnn. Ret	1Y Ret	5YAnn. Ret	3YAnn. Ret	1Y Ret	5YAnn. Ret	3YAnn. Ret	1Y Ret
Sustainalytics ESG risk score – negligible/low/medium										
All companies	415	5.0%	9.8%	17.0%	11.2%	16.5%	33.8%	6.3%	6.7%	16.8%
Malaysia	95	3.5%	10.4%	15.5%	9.9%	16.5%	21.3%	6.4%	6.1%	5.9%
Indonesia	95	0.1%	-2.1%	-1.7%	14.5%	17.6%	80.0%	14.4%	19.7%	81.7%
Philippines	29	-3.3%	0.8%	-0.3%	6.0%	11.2%	7.4%	9.3%	10.4%	7.7%
Singapore	71	11.6%	22.6%	32.4%	12.5%	21.5%	33.1%	0.9%	-1.1%	0.8%
Thailand	117	0.1%	-1.1%	6.8%	8.7%	8.1%	10.9%	8.7%	9.2%	4.1%
Vietnam	8	3.1%	18.4%	66.7%	12.0%	16.2%	8.1%	8.9%	-2.2%	-58.6%
Sustainalytics ESG risk score – negligible/low/medium + controversy score (no or 1 or 2) + mgmt (medium or strong)										
All companies	351	5.0%	9.8%	17.0%	11.4%	16.8%	34.3%	6.4%	7.0%	17.3%
Malaysia	92	3.5%	10.4%	15.5%	10.0%	16.4%	21.4%	6.5%	6.0%	5.9%
Indonesia	64	0.1%	-2.1%	-1.7%	14.9%	18.0%	81.7%	14.8%	20.1%	83.4%
Philippines	24	-3.3%	0.8%	-0.3%	5.9%	10.6%	7.4%	9.2%	9.8%	7.7%
Singapore	67	11.6%	22.6%	32.4%	12.9%	22.2%	33.7%	1.2%	-0.4%	1.3%
Thailand	103	0.1%	-1.1%	6.8%	8.9%	8.4%	11.2%	8.8%	9.5%	4.4%
Vietnam	1	3.1%	18.4%	66.7%	-8.1%	-4.9%	1.4%	-11.2%	-23.3%	-65.3%

Companies rated low/medium ESG risk account for 51% of region's MCAP and 9% of listed universe



Source: Morningstar Sustainalytics, MIBG Research, Bloomberg, the above covers a period up to 31 Dec 2025

Thank you

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