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Speaker
**CASSANDRA NICOLE
THOMAZIOS**
Partner



Speaker
ONDREJ KUCERA
Seconded Associate



Speaker
AARON LIEW
Associate



Speaker-Moderator
TOMMY WONG
Senior Associate

Thur 23 Oct 2025
3:00pm (GMT +8)

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MWKA ONLINE TALKS

**Sustainable Deals: ESG Compliance in
Malaysian Mergers & Acquisitions**



DATO



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Our Practice Groups



MWKA Online Talks

- To share knowledge, raise awareness, encourage networking
- For clients, potential clients, in-house counsel
- Recent MWKA Online Talk:
 - 3.9.2025: Navigating the Skies: An Overview of Aviation Law in Malaysia
- Upcoming MWKA Online Talk:
 - 29.10.2025: Legal Remedies for Unlawful Customs Department Seizures



Cassandra Thomazios

Partner

- ❖ Called to the Bar of England and Wales (Inner Temple) in 2011
- ❖ Admitted to the Malaysian Bar in 2012
- ❖ Partner in our Corporate & Aviation departments
- ❖ LLM (Masters of Law) in Transnational Law, King's College London
- ❖ HRD Corp Certified Trainer (2020)
- ❖ Areas of practice includes commercial and corporate matters, M&A transactions, aviation law & corporate regulatory advice

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Tommy Wong

Senior Associate

- ❖ Senior Associate in the Corporate & Commercial Department in MahWengKwai & Associates
- ❖ Bachelor of Laws (First Class Honours) in 2015
- ❖ Called to the English Bar (Lincoln's Inn) in 2017 and admitted to the Malaysian Bar in May 2019
- ❖ Primarily focused on Corporate and Commercial matters, such as mergers & acquisitions, joint ventures & collaborations, construction contracts, project agreements, licensing of IP Rights, and regulatory compliance.



Aaron Liew

Associate

- ❖ Associate in the Corporate & Commercial Department and Corporate Disputes Team in MahWengKwai & Associates
- ❖ Bachelor of Laws (Honours) from The University of Manchester, UK
- ❖ Called to the Bar of England & Wales (Middle Temple) in November 2020
- ❖ Admitted to the Malaysian Bar in 2021
- ❖ Area of practice includes Corporate and commercial advisory, probate and administration of estate, corporate disputes



Ondřej Kučera

Seconded Associate

- ❖ Senior Associate at the Czech law firm KLB Legal, currently Seconded Associate at MWKA
- ❖ Master of Laws at Charles University in Prague in 2020
- ❖ Member of the Czech Bar Association and attorney since June 2024
- ❖ Specialises in financial regulation and capital market law with a crossover into commercial law
- ❖ Regularly navigating complex EU regulation, managing legal projects and facilitating legal operations

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Talk Points

- The role of ESG in due diligence and M&A transactions
- Legal considerations in structuring deals and transactions
- Local developments and international governance and principles
- Opportunities and pitfalls based on case studies on supply chain accountability
- ESG principles in the Czech Republic

ESG Overview in Malaysia

What is ESG?

- Environmental (E)
- Social (S)
- Governance (G)



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ESG Overview in Malaysia

Environmental, Social and Governance Practices

- Regulatory Momentum
- Market Trends and Requirements
- Purpose



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ESG Overview in Malaysia

What is the significance of adopting the ESG principles?

- ESG isn't the same as philanthropy or charity — it is about integrating sustainability and responsibility into a company's core strategy and operations.

ESG In Due Diligence

What is ESG-specific Due Diligence?

- An exercise structured to address a company's potential or controversial conduct or failure to observe ESG requirements.



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ESG In Due Diligence

Common Due Diligence Exercises:

- Legal Due Diligence
- Financial Due Diligence
- Tax Due Diligence
- Operational Due Diligence

ESG-integrated Due Diligence Exercise?

- ESG is now a core part of modern due diligence — not just a “checklist item.” It influences valuation, deal structure, risk management, financing, integration strategy, and long-term value creation.

ESG In Due Diligence

- Scope and materiality
- Areas of assessment
 - Compliance
 - Risk assessment
 - Red flags
- Evaluate and integrate the three pillars
 - Environmental (E)
 - Social (S)
 - Governance (G)
- Monitoring

Legal Considerations in Deal Structuring

Examples:

- ❑ Valuation and Adjustments
- ❑ Conditions Precedent
- ❑ Representations and Warranties
- ❑ Material Adverse Clauses
- ❑ Indemnity
- ❑ Post-Completion Integration and Monitoring



Regulatory & Market Developments

- Bursa Requirements
- Securities Commission Malaysia
- Labour & Employment
- Environmental Quality Act 1974



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Business & Human Rights

Business and Human Rights (BHR) - framework that outlines the responsibility of companies to respect and protect human rights across their operations.

- UN Guiding Principles on Business and Human Rights in 2011.

Business & Human Rights

- UN Guiding Principles
- OECD Guidelines
- Import Bans
- Forced Labour
- Trade Sanctions
- Investor Reluctance

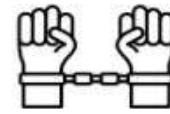


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BHR in Malaysia

Since June 2019, the Government has initiated the process of formulating a **National Action Plan on Business and Human Rights (NAPBHR)**



Modern Slavery



Forced Labour



Land Rights of
Indigenous Community



Right to Clean Air



Climate Change



Right to Clean Water

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Why it Matters?

- Legal & Regulatory Risk
- Reputational & Financial Risk



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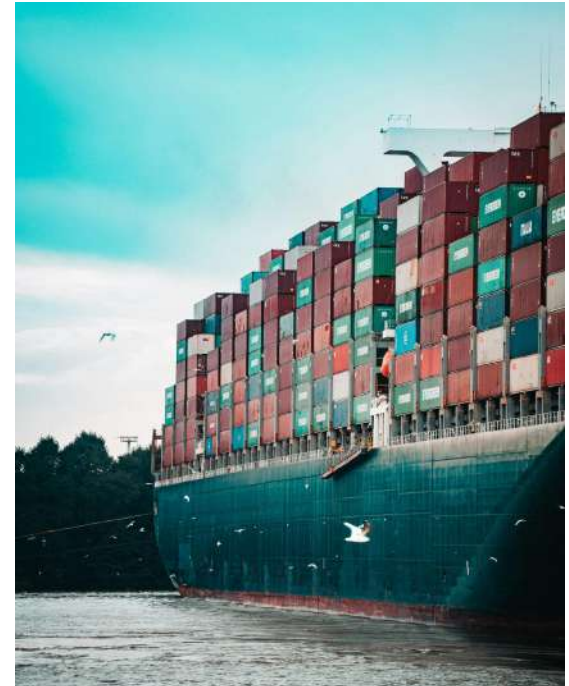
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Supply Chain Accountability

Supply chain accountability refers to a company's **legal, financial, and ethical responsibility** for the practices of its suppliers, contractors, and business partners.

Supply chain plays a pivotal role in today's business environment, which relates to the following areas:

- Human Rights
- Environmental Impact
- Governance



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Supply Chain Accountability

Issue	Example
Forced labour	Migrant workers with withheld passports, excessive recruitment fees, 18-hour shifts in glove factories
Deforestation / land rights violations	Unsanctioned land clearing by palm oil suppliers
Third-party subcontracting	Subcontractors without proper licensing or compliance systems
Lack of traceability	Inability to identify upstream suppliers, making ESG due diligence difficult



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Supply Chain Accountability

Modern Slavery and Human Rights Policy and Evidence Centre in 2021 found:

- During the Covid-19, the surge in demand for medical gloves altered the supply chain dynamics from Malaysia to the UK's NHS. Manufacturers intensified labour pressures and limit ethical procurement opportunities.
- Long-standing labour issues evaluated through the ILO's indicators of forced labour, revealed evidence of such practices before and during the pandemic. These labour issues only worsened amid Covid-19.

Supply Chain Accountability

Limbu v Dyson Technology Ltd [2024] EWCA Civ 1564

- An ESG supply chain claim brought by migrant workers, working in a factory in Malaysia manufacturing Dyson components in in Malaysia.
- Not directly involved in alleged human trafficking, forced labour or exploitative and abusive working and living conditions, however related due to being the primary employer of the contractor
- Verdict: Forum conveniens - claim to proceed in England

Supply Chain Accountability

Supply chain accountability indirectly affects and influences the company's reputation and its practice, which may pose a huge impact towards the environment and society.

Businesses should proactively audit and strengthen their global ESG and compliance frameworks, as they may face liability for overseas or supplier-related environmental and ethical impacts.

ESG from a Czech Perspective

- Regulation on the EU level:
 - **CSRD** - large/listed companies + non-EU large companies who have branches in the EU
 - **SFDR** - financial market participants
 - **Taxonomy** - classification systems for both
- EU regulation uses the combination of objective criteria + use of principle '*comply or explain*'.
- Trend is to simplify the whole sustainability regulation -> burdensome and uncompetitive.

How ESG Affects SMEs in the EU?

- Indirect part of ESG chains
 - large companies must report ESG data and they need inputs from their suppliers
- Access to finance
 - banks and investors use ESG metrics -> better score, easier funding
- Competitive edge
 - more entities value green practices > ESG compliance = business necessity
- Rising admin burden
 - collecting data = extra time and costs

Case Studies & Pitfalls

Example 1: Malaysian Glove Manufacturer

Example 2: Palm Oil Violations

Example 3: Tobacco Company & ESG Disclosures



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Closing Remarks

- ❖ ESG risks are **central to deal viability**
- ❖ **ESG risk identification and structuring** importance
- ❖ Cross-functional **collaboration**
- ❖ ESG-aligned **governance** and **transparency**

Best Practices Moving Forward

- **Integrate ESG into your M&A checklist**
- Develop **supplier audit frameworks**
- Consider using **blockchain** or tech tools for traceability
- Engage **third-party ESG consultants** for high-risk sectors
- Build **remediation roadmaps** for target companies with ESG gaps — this can even be a source of **value creation**

Questions?

Upcoming Talks

Date	Topic	Speakers
29 October 2025 (Wednesday)	Legal Remedies for Unlawful Customs Department Seizures	Agalya J Munusamy



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Complimentary Consultation

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Thank you!

Notice: This presentation does not constitute legal advice and its contents should not be relied upon as such. The facts and circumstances of each and every case will differ and therefore will require specific legal advice. Feel free to contact us for complimentary legal consultation.