

## ESG

### POSITIVE IMPACT AWARDS

## CHAMPIONING THE ESG AGENDA

The adoption of Environmental, Social and Governance (ESG) principles is vital in driving sustainable growth for businesses and the nation.

In pushing forth the ESG agenda, Star Media Group and OCBC Bank introduced the ESG Positive Impact Awards, which sets out to recognise and showcase Malaysian companies, from SMEs to large corporations that demonstrate exemplary ESG practices. This awards initiative aims to accelerate the ESG momentum and inspire greater adoption among companies to be part of this movement.

Together, let's drive lasting change and positive impact for a sustainable tomorrow.

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**Tengku Datuk  
Seri Utama  
Zafrul Tengku  
Abdul Aziz**  
Minister of Finance

**T**HE topic of sustainability has taken an urgent turn and we no longer have the luxury of time to debate on if we should act. The more critical question is when we should act and the answer is NOW, because societal inequalities and climate disasters have been occurring right here on our home ground and in our backyard. The pandemic, too, has exposed our socio-economic structural faults, which demand long-term solutions that are critical to saving lives and livelihoods should another major disaster strike.

The silver lining from all these dramatic turns of events, whether Covid- or climate-induced, is the resulting sense of urgency and the increased awareness on the importance of embracing sustainability and environmental, social and governance (ESG) principles to build long-term climate and socio-economic resilience.

The Malaysian government is resolute in its commitment to implement development projects and programmes that prioritise ESG principles or are aligned to the United Nations' Sustainable Development Goals (SDGs). This involves, among others, empowering SMEs in ESG, boosting sustainability-related funding and investment and facilitating the execution of ESG-focused programmes, as outlined in the Twelfth Malaysia Plan.

As a first step, the Government is walking its talk through the implementation of the Principles

of Good Governance for Government-Linked Investment Companies (PGG). PGG includes, among others, the recommendation to establish a governance structure for the oversight of ESG elements in future investment strategies. There is a wealth of data that shows that companies focusing on ESG issues have managed to reduce costs, increase employee productivity, reduce risks and create more business opportunities. The Government-linked investment companies (GLIC) collectively manage RM1.7tril of assets, which yield considerable influence in the context of guiding and empowering the SMEs in the GLIC ecosystem to embrace ESG principles.

Just recently, the Ministry of Finance (MOF) issued four Public Consultation Papers for Budget 2023, two of which are ESG-related. One is on the incorporation of ESG considerations in GLICs and MOF Inc companies, while the second one is on Government's Green Procurement to encourage more sustainable initiatives through public procurement for goods and services.

Through these initial efforts, the Government aims to encourage the private sector and other segments to be more aware of both the short and long-term impact of their operational decisions on the environment and communities in which they operate. The Government also perceives businesses as its partners in ESG leadership, whether it is in adapting to climate change, addressing social inequalities or

conserving our natural environment, to name a few.

To that end, we are glad to have seen enterprises, neighbourhood communities, non-profit organisations, and start-ups taking proactive measures to re-evaluate how they conduct their business and how best to incorporate ESG standards and sustainability indicators as guiding principles into their operations. Indeed, collective public-private sector collaboration is the fastest way for us to realise our national vision for a more inclusive, resilient and sustainable Malaysia.

Beyond our borders, international investment communities have also focused on ESG-related risks and opportunities. Global ESG assets are on track to exceed \$53tril by 2025, representing more than a third of the \$140.5tril in projected total assets under management. As such, for our companies to remain competitive regionally and globally, ESG considerations are no longer a choice, but a profit-oriented imperative. The options are obvious: shape up on ESG or lose out!

I would like to commend the Star Media Group and its partners for initiating the ESG Positive Impact Awards. This is a step in the right direction to not only encourage corporate Malaysia to embrace ESG principles in their operations, but also help raise public awareness on the criticality of achieving our short, medium and long-term sustainability objectives for a better, more resilient and more prosperous Malaysia.

# Foreword



**Datuk Seri  
Takiyuddin  
Hassan**

Minister of Energy and  
Natural Resources

**T**HERE has been a continuous growth of organisations paying closer attention to how their businesses impact the environment and more importantly, what they can do to reduce these impacts. This growing response and support is a clear indication that corporate Malaysia is more than ready to drive the nation's sustainability agenda.

As part of the overarching Malaysian sustainability plan, the Malaysia Renewable Energy Roadmap (MyRER) 2022-2035 aims to improve the renewable energy (RE) mix in the country's electricity supply and fulfil its climate action goals. The energy transition agenda illustrates the dedication in achieving net-zero greenhouse gas emissions (GHG) by 2050 and commitment to the Paris Agreement on climate change. Aside from drawing confidence from external investors on our strong and competitive basic facilities and infrastructure for RE, MyRER also creates 47,000 renewable energy job opportunities.

As the country moves towards a lower-carbon future, our goals would not be possible without participation from the private sector. Organisations that invest concerted efforts for energy conservation and efficiency will contribute significantly to our national energy goals. Collectively, together with the government, businesses and the general public, we will be able to mitigate and reduce impacts to the environment, and encourage greater adoption of sustainable energy.

Initiatives such as the ESG Positive Impact Awards by Star Media Group supported by OCBC Bank Malaysia not only encourages corporate Malaysia to consider how businesses are carried out from the inside out, but also promotes a platform that allows for knowledge sharing. This ultimately contributes to the larger sustainable development of the nation. My ministry and I are fully supportive of endeavours such as this in achieving our common goal of making Malaysia a leading nation in sustainability.



**Tan Sri  
Chor Chee  
Heung**

Chairman  
Star Media Group Bhd

**T**HE Covid-19 pandemic was a wake-up call for many of us. It brought to the forefront the urgent need for more sustainable practices and changed the way consumers and businesses think about their purpose, actions and more importantly, the impact of their actions.

The shift towards becoming a more socially-conscious and responsible community has become a worldwide movement. Coming closer to home, our government has made net-zero pledges and demonstrated a strong commitment to supporting long-term environmental, social, and governance (ESG) aspirations.

Local organisations, large and small, are also addressing the growing need for stronger ESG adoption. Where before we had seen apprehension, we now see businesses incorporating ESG practices within their operation frameworks and integral culture. This is encouraging and lays

a strong foundation, seeing as organisations are key drivers of economic and social capital of the nation. The consumers of today have also pivoted towards brands whose values align with their own.

However, there is still much more that needs to be done. In order to truly push forward the sustainability agenda, a whole-of-nation approach involving the government, private sector and the rakyat, is necessary.

In the midst of the positive changes we see, there are organisations that are taking their first steps in adopting ESG. Amongst the community, there are also those who have yet to see the need for change.

As one of Malaysia's leading media organisations, Star Media Group Bhd (SMG) understands the integral role that the media plays in driving awareness among Malaysians. Through our various platforms, we are committed to take proactive measures in facilitating the exchange of knowledge and information.

SMG's latest endeavour in the ESG agenda is the launch of the ESG Positive Impact Awards that aims to provide a strong and credible platform to educate and give due recognition on ESG efforts that bring about positive change and lasting impact. Through this award, we hope to build a like-minded business community to advance the ESG cause. We believe that strategic public-private collaborations will pave the way for accelerated adoption of ESG best practices and serve as a clarion call for corporate Malaysia.

Beyond that, we hope to rally the nation together in a common purpose of creating a better and more sustainable future, today. At a fundamental level, the everyday citizen plays a pivotal role in helping the nation achieve its sustainability goals. Through our monthly ESG pullout in The Star dedicated to sustainability topics, trends and insights from corporate leaders and ESG experts, we aim to continuously keep the public and businesses informed of the latest developments and trends surrounding sustainability and how they can do their part as responsible citizens.

The journey ahead is long and will be met with numerous challenges. But we believe that together, we will be able to ride the tailwinds of sustainable transformation and ultimately create a future-ready nation. SMG will remain purposeful in setting forth a sustainability agenda that will expand and grow in tandem with our ambitions, while keeping true to our mission to inform, inspire and innovate.





**Tan Sri Abdul Wahid Omar**  
Chairman, Bursa Malaysia

**E**MBRACING ESG is no longer an option but a must for business survival. Apart from the need to comply with the updated Malaysian Code on Corporate Governance 2021, which requires companies to embed sustainability in their strategy and operations, companies that ignore ESG in the future will face difficulties to raise equity and debt financing, will have to pay higher insurance premiums for their projects, will experience challenges to attract quality talent and will not be able to be part of the global supply chain or have difficulties selling their products to customers that are more discerning. Embracing ESG will enable businesses to build resilience and remain competitive.

Companies must take proactive measures and invest in meaningful initiatives to manage natural resources, mitigate climate change, build workforce resilience and invest in community projects.

Such efforts enable companies to become ESG leaders and attract more capital from investors while also making significant contributions to the betterment of our society, economic development and environmental protection.

Aside from raising awareness, the Awards will help create a forum for Malaysian businesses to support one another in improving their ESG practices.

The Awards will highlight companies that are actively striving to advance ESG in their organisations, and will inspire others to follow.

**A** holistic, nuanced approach to addressing material factors under each ESG pillar (managing carbon footprint or use of natural resources, employee safety and well-being, adequate risk prevention and mitigation, among others) is integral to the overall effectiveness of a business model or strategy that an organisation adopts and work towards delivering. Well-informed leadership actions and decisions rely on a detailed understanding of a business's contribution and scope of influence within the broader economic, environmental and social ecosystems, as well as the interconnectivity between all three areas.

It is imperative that relevant governmental authorities and industry associations provide adequate guidance, ease access to resources and perhaps offer incentives to encourage adoption of sustainable practices and certifications amongst SMEs.

OCBC Bank believes in "doing well by doing good", i.e., the bank



**Datuk Ong Eng Bin**  
Chief Executive Officer  
OCBC Bank (Malaysia)  
Bhd

achieves sustainable growth by prioritising the welfare of all our stakeholders and growing alongside them. As a bank that is deeply rooted in the country, we are committed to providing innovative sustainable financing solutions that can be tailored to support the achievements of any business's unique ESG goals while also addressing their financial needs. With 90 years of giving to our communities, OCBC Bank is enabling individuals, SMEs and businesses to build a more sustainable future.

We are proud to be part of this substantial initiative to promote greater awareness of ESG. The collaboration and opportunity to be main sponsor of the inaugural ESG Positive Impact Awards aligns with our goal to bring value-added benefits to our community. We believe the ESG Positive Impact Awards with the country's leading English newspaper will serve to highlight exemplary ESG practices nationwide that form a benchmark others may refer to,

as well as promote discourse in fostering a culture which places ESG considerations at the forefront of responsible business conduct.



**Zafar I. Anjum**  
Group Chief Executive Officer  
ABAC Center of Excellence

**C**USTOMER and supply chain pressures are now driving the message of ESG down the supply chain of organisations, requesting a reference to ESG strategies from their suppliers. Furthermore, investors increasingly believe that companies that perform well on ESG are less risky, better positioned for the long term and more prepared for uncertainty. Also, organisations that incorporate ESG principles into their management are often more profitable.

Unfortunately, bribery and corruption can undermine a company's ESG policies and processes – the perceived risks of bribery and corruption can also lead to a trust deficit in a company. This could happen if investors and shareholders feel its processes and systems are not sufficiently geared to prevent bribery and corruption.

The implementation of a robust anti-bribery and anti-corruption programme reflects positively on a company's ESG compliance, leading to corporate growth, foreign investment, international recognition, the establishment of a global baseline of standards and in turn propel the nation's economy.

The ESG Positive Impact Awards recognise the successes and cement the credibility of Malaysian businesses. It will encourage businesses to do better and learn from each other. It will play a key role in this journey; they will become a catalyst for leadership and set trends for wider adoption of the ESG among industry leaders and professionals in the ecosystem.



**Roberto Benetello**  
Executive Director  
Business Council  
for Sustainable  
Development Malaysia

**P**UTTING ESG at the centre of decision-making and developing an ESG-driven culture is a pivotal step in transitioning to a more sustainable world. Business decision makers must factor ESG fundamentals into the company's strategy and own up to the fact that they are accountable for facilitating the shift towards more ecologically and socially responsible practices.

Companies with good sustainability practices and strong ESG performance create value for a wider number of stakeholders and not just for their shareholders. Measuring company performance on return on financial capital

is no longer sufficient.

Other forms of capital need to show in balance sheets of companies, such as natural capital and social capital.

Moving forward, companies will receive the licence to operate from their stakeholders only if they create positive impact. Creating no-harm is no longer enough. Net-positive is the new way forward.

With ESG becoming more pervasive, capacity building is more important than ever in the business industries. Businesses lack the skills necessary to effectively incorporate ESG in their business models and expertise in handling the ESG issues are in short supply.

A corporation can better comprehend and respond to some of these shifts in the world if it can forge connections with its stakeholders, build trust and act with a higher purpose. An important part of addressing this difficulty is through partnerships beyond individual organisations, only then can we find new opportunities for collaboration on ESG issues.

**M**alaysian businesses need to recognise that comparisons are increasingly easily made – with peers (competitors), with best practices – and the conversation has evolved beyond metrics to embedding ESG into the DNA and culture of the business.

It will be difficult for businesses

and boards of directors to claim they were not aware of how critical this topic has become for access to capital and investments, to consumers and the best of talent (employees).

Governments around the world recognise the need for ambitious climate goals, but are grappling with multiple uncertainties, which is challenging optimal policy-making.

Companies need to navigate this environment by networking and engaging with like-minded businesses and thence with key ministries, articulating their commitment to a smooth and just transition and even sharing easily implementable policy recommendations, which could increase national climate ambition significantly.



**It is obvious that banks have a crucial role in supporting the green transition. Banks are playing an important role in enabling clients and businesses to adapt to and accelerate the transition through their lending, underwriting and investment decisions.**

- Tan Sri Nor Shamsiah Mohd Yunus, Governor, Bank Negara Malaysia (Bernama, June 3, 2022)



**ESG components are central to the evolution and transformation of businesses today. Within this context, the launch of the ESG Positive Impact Awards is indeed a timely and laudable initiative. I congratulate the Star Media Group, OCBC Bank and their working partners on their commendable efforts in taking this key step to steer corporate Malaysia towards embracing meaningful ESG frameworks that resonate with businesses.**

- Datuk Seri Lokman Hakim Ali, Secretary-General, Ministry of International Trade and Industry



**Kasa is in the midst of developing the National Long-Term Low-Emissions Development Strategy to chart the nation's pathway towards the government's aspiration to achieve net zero carbon emissions in 2050 at the earliest.**

- Noor Afifah Abdul Razak, Deputy Secretary-General (Environment), Ministry of Environment and Water (Kasa)

**Datin Seri Sunita Rajakumar**  
Chairperson  
Climate Governance  
Malaysia



**Dr Mahadi Mohamad**  
Executive Director  
Green Growth Asia  
Foundation

ESG criteria and guidelines should be at the core of country and business transformation strategies. There is a growing recognition and integration of ESG framework in private sector operations and investment decisions; however, a lot more needs to be done in a team spirit. To transition towards a “Prosperous, Inclusive, Sustainable Malaysia” in line with the vision of the Twelfth Malaysian Plan, the private sector must accelerate the implementation of ESG strategy and measures. ESG can play an instrumental role in Malaysia’s goal of being a carbon-neutral country by 2050.

Malaysia is leading in the Asean region on the ESG path, however, it is still quite early. Comparatively speaking to industrialised Asian countries, there is still significant potential for progress. For Malaysia to accomplish an equitable transition, it is high time to consider the most vulnerable communities in society including small companies and workers. Another thing is by reducing the consumption of resources by ensuring requisite investing in new and creative ways of producing goods and services. Infusing good corporate governance principles can go a long way in addressing

the range of typical ESG issues.

The lack of technical understanding of how companies can manage risk and opportunities around sustainability is one of the top issues. It is important to build the technical capacity of industry experts on ESG integration into business design and implementation. Further, it is important to implement the robust monitoring, evaluation and reporting framework around ESG to assess and document the results and impacts of ESG integration in companies’ operations. It is important to facilitate the adoption of good practices on sustainable and responsible investment to enhance the uptake of ESG guidelines.

Awards can play a significant role in inspiring and encouraging the implementation of ESG strategies in corporate operations. While it will infuse a sense of competition among Malaysian companies to adopt ESG principles, it will also provide access to good practices and new innovative models for larger uptake and scale-up. Awards could play a catalytic role in creating a movement and urgency of ESG among stakeholders to adopt and lead the ESG practices in their respective capacities.



**Ahmad Izdihar Supaat**  
Past President  
Malaysia Green  
Building Council

In today’s economic climate, investors are interested not only in the profitability of a business, but also on how the profits are realised and the sustainability behavior of the organisation running the business. ESG adoption with clear indicators and targets becomes paramount for businesses to attract investors, which puts ESG as a major criteria, in addition to the financial prowess and prospect of a business. By making ESG a major guidance, if not rule, a more ethical, sustainable and dignified business will be the new normal, which in turn will drive the country’s economy with emphasis on sustainability.

Understanding why the adoption of ESG is very important for the prosperity and longevity of a business is a challenge. Voluntarily adopting ESG to mold the business behavior towards sustainability rather than concentrating on just the “product” or because of necessary conditions laid out by law or listing requirement. Currently, ESG practices and adoption are in the limelight, brought out by the media. As more and more of the population understands and demands ESG practices and adoption, ESG adoption and disclosure will be common for all businesses.

The ESG Positive Impact Awards will help in demonstrating the depth of ESG adoption in Malaysian businesses, big and small. It also highlights different routes and paths in which businesses can adopt ESG, indicators chosen for the benchmarking in the adoption of an ESG theme and standards/reference used for the disclosure of the effort in overcoming sustainable and ethical challenges.

### David W Berry

Chairman  
Malaysian Institute of  
Corporate Governance

### Marina Yong

Governor  
Malaysian Institute of  
Corporate Governance

CONGRATULATIONS to Star Media Group (SMG) for taking the initiative to expand the ESG ecosystem.

‘Governance in Action’ is our watchword at the Malaysian Institute of Corporate Governance (MICG), so we applaud the decision to explore and recognise the results of actual ESG experience in Malaysian companies. It moves the understanding of ESG from the theoretical and academic to one based on real-world experience in a local context.

The stories of those who have begun their ESG journey – their successes and failures – offer us the best classroom of all.

Of course, no two ESG journeys will be identical, and there is no “one size fits all” template. But learning how someone else came to realise that an ESG strategy was essential to the long-term sustainability of their company, will open the minds of others to the questions which they must ask and answer in their own company.

Applicants for the ESG Positive Impact Awards will

cover a wide spectrum of companies, large and small, old and new. There will be companies which make and distribute products and others which are service providers. Multiple factors will be in play for each of them, and not limited to financial performance indicators.

For example, some companies have experienced foreign sanctions due to labor issues, while some are grappling with complex supply chains that are causing logjams in their business operations. Climate change will certainly come up as a strategic risk for many companies and not just in a local context.

Boards themselves can be a source of risk if they are not adequately equipped to make strategic decisions. Board competency, independence and diversity of skills and gender are needed to mandate and oversee the greatest transition of our times i.e. the energy transition and its consequent impact on all businesses.

Thank you, again, to SMG for this bold initiative. MICG is pleased to be a working partner in this important undertaking.

### Earthworm Foundation

Local companies need to be prepared for future potential obligations for international supply chain due diligence on environment and social performance or risk being impacted by the supply chain-related legislation. Greater openness and more proactive evaluation of possible supply chain risks is advantageous to businesses and investors to begin the transformation journey.

At the beginning, companies may find it challenging to navigate the complexities of ESG. It would be important to seek support from experts and professionals to understand where the priorities are and from there craft together an action plan to tackle the key areas of risks. Through the implementation, communication on the lessons learnt and progress is important. By doing so, the companies can win supporters and allies in their journey, which are valuable for the long road ahead.

Awards recognising the work and dedication of companies, organisations and people bringing about change and improving the ESG are a welcome step in the right direction. By highlighting good ESG practices, the awards will hopefully inspire others to reflect on their own ESG practices and how we can all work together to achieve best practices.

Participating in an exercise (for awards) of this nature, requires a lot of work before, during and after, that shows customers and workers that ESG principles are ingrained in the corporate culture which will then act as a pushing factor for corporates to strive further.

### Jeffrey Sachs

Centre on Sustainable  
Development, Sunway  
University &  
United Nations  
Sustainable  
Development Solutions  
Network

Many studies in corporate finance have shown that ESG investments will lead to higher company values in the long-run. This is because, high ESG companies have been found to accumulate valuable intangible capital such as better branding and reputation, higher levels of employee satisfaction and lower levels of regulatory risk.

ESG is an investment, not charity.

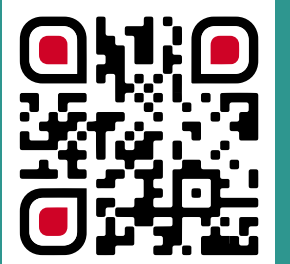
This is because companies must continuously create value to compete and remain relevant in the market. Therefore, ESG strategies have to return value to the company in the long-run.

Malaysian businesses have to be discerning in choosing their ESG strategies.

Companies must be constantly aware that ESG strategies and business strategies are interlinked, hence they have to formulated in an integrated manner with a long-term view to deliver the optimum value to company shareholders and benefits to society.

The ESG Positive Impact Awards contributes to Malaysia’s ESG journey in two ways. First, by including small and medium enterprises (SMEs) as participants of the awards, Star Media Group extends the principles of ESG from PLCs which are well supported by Bursa Malaysia to SMEs. As more than 97% of business establishments in Malaysia are SMEs, who hire almost 50% of the country’s labor force, it is important that SMEs are given the opportunity to be recognised for the ESG achievements.

In addition, awards will showcase ESG best practices of participants from various economic sectors. This best practices are objectively assessed and selected by expert judges. Through this process, ESG best practices can be widely disseminated so that they can be adopted by the wider business community in Malaysia, thus scaling up the benefits of ESG business practices for all segments of the Malaysian public.



**Register**  
your interest for the ESG  
Positive Impact 2022 Awards



# Star ESG

ENVIRONMENTAL SOCIAL GOVERNANCE

What qualifies  
as an ESG  
Investment?

Are  
ESG stocks  
a good  
investment?

Do  
ESG stocks  
perform  
better?

What  
is ESG  
Investing?

## ESG Factor in Investments

Investing is not just about maximising returns. There is now a rising tide of investors who consider the ESG aspects of their investment.

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on page 2-3

## Driving Sustainability Forward

With the onus on integrating ESG into business strategies to meet global standards, how are Malaysia's industries progressing?

—  
on page 6-7

## Youths for Change

Young leaders are driving transformations in their community, resulting in positive impact in various areas.

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on page 9-11





# Increasing awareness among investors

Environmental, social and governance considerations rapidly gaining traction

By YAP LENG KUEN

THE age-old model of capitalism, driven by profits and focus on maximisation of value for shareholders, is transforming to take into account the challenges of climate change and other risks faced by industries.

Under environmental, social and governance (ESG) targets, companies are working towards net zero and carbon neutral status in the next two to three decades, while effecting changes in their capital allocation that will positively impact the environment, people and society.

Investors are taking a longer term view of ESG, especially after the pandemic, driven also by concerns on human rights, labour standards and gender equality.

Maximisation of returns is not necessarily the primary ESG goal for investors, as broader measures of ESG are increasingly recognised as a barometer of a company's worth over the medium to long term.

Numerous studies show that companies with developed organisational processes to measure, manage and communicate performance on ESG issues vastly outperform companies that do not, said RHB Asset Management managing director Eliza Ong.

Asset managers increasingly recognise that this growing ESG tide is irreversible, seeing how stocks found wanting on labour management standards or those with questionable environmental impact, face erosion in their values.

## Rising demand

In Europe, about half of retail investors intend to switch some of their investments, including their pensions, into ESG investments in 2022, according to study by Funds Europe, a business strategy magazine for the European cross-border management industry.

About 90% of investors surveyed in the Ernst & Young (EY) Global Institutional Investor Survey 2021 are already factoring in ESG-performance companies in their investment strategy considerations. Nearly three-quarters (74%) of investors are more likely to divest from companies with poor ESG ratings, said the EY survey.

In general, individual investors do not have comprehensive understanding of ESG investing; they mostly want to do good and avoid controversial activities such as gambling, as well as industries involved in tobacco, weapons and coal.

With rising awareness of ESG, individual investors have higher expectations of their fund managers to generate positive ESG impact and influence investee companies in terms of better business practices, said Malaysian Association of Asset Managers (MAAM) chairman Ismitz Matthew De Alwis.

Many institutional investors have publicly disclosed their commitment to their ESG journey, while corporate investors are determined to meet the expectations of their many stakeholders, besides shareholders.

Khazanah Nasional Bhd has launched its sustainability framework and medium-term targets to guide the sovereign wealth fund and its investee companies in integrating ESG considerations into their core businesses.

One of the first in Asia to publicly commit to sustainability, the Employees Provident Fund (EPF) recently launched a sustainable investment policy that forms part of its agenda to become fully ESG-compliant by 2030 and a climate-neutral portfolio with zero greenhouse gas emissions, by 2050.

Various types of ESG disclosures include the:

- > Global reporting initiative on ESG performance of companies
- > Integrated annual report
- > Taskforce on Climate-related Financial Disclosures, especially for banks and the financial sector
- > Science-based targets initiative on net zero pledges
- > Sustainability accounting standards board on ESG issues relevant to financial performance

On Bursa Malaysia, there are 87 stocks that comply with ESG requirements on the FTSE 4Good Bursa Malaysia index, under which ratings will consider a company's ESG risk exposure, based on its line of business and the disclosed actions it has taken to address and mitigate pertinent risks.

Rising demand for ESG investing among their investors has also encouraged institutional investors to offer ESG-themed funds.

Large government-linked asset owners in Malaysia such as the EPF, Kumpulan Wang Persaraan, Khazanah and Permodalan Nasional Bhd are switching their assets under management into ESG-compliant portfolios.

Institutional investors such as pension funds, insurance companies, endowments, mutual funds and asset managers with large assets under management need good risk management tools to shield their investments from ESG risks and market uncertainties.

Stronger investor interest is expected in assets that adopt ESG and sustainability strategies across all sectors, especially in the automotive, industrial and consumer sectors.

## Areas for consideration

The new approach in sustainable, responsible investing involves positive screening to select targets based on their ESG performance and negative screening to exclude targets with clearly-defined negative ESG impact, said Ernst & Young PLT executive director, strategy and transactions, Leslie Koh.

Under norms-based screening, targets are screened against the minimum standards of business practices based on international norms.

When making investment decisions, it is important to understand what material ESG risks the company is exposed to and how they are being managed by the company.

A company assessed to be below average from an ESG standpoint would warrant engagement; a company being seen as a leader may be engaged to share best practices.

Once an understanding is formed on the state of the company, its commitments and ability to change, the fund manager takes a portfolio action such as overweight, underweight or exit and decide to continue with engagement, said Principal Southeast Asia, Asean Equities and Malaysia, chief investment officer Patrick Chang.

Investors are susceptible to greenwashing risks on false or misleading information in regards to ESG.

Some key questions that could raise red flags include:

- > What ESG investments and assets are considered 'green'?
- > How robust are the ESG practices of companies in the energy (RE) sector?
- > What ESG data is sufficiently reliable, given the limitations of ESG ratings in investment decisions?

Investors increasingly expect companies to upskill; in PwC's December 2021 Global Investor survey, only 54% of investors polled cited that boards are sufficiently knowledgeable on ESG issues facing the companies, said PwC Malaysia, South East Asia's Sustainability and Climate Change Leader, Andrew Chan.

The quality of disclosures is also important, especially amidst the sharpened focus on labour issues and other social inequalities.

Amidst ongoing challenges around measuring ESG efforts, it is worth considering if assessments of financial returns are supplemented with quantitative metrics on socio-economic and environmental impacts.

Khazanah Nasional, through its Project Chronos, is among the fore-runners globally, to measure a company's true worth, quantifying ESG impact to companies' base value, as well as its individual companies' socio-economic impact.

Malaysia is closely following global ESG investment trends that include, among other things, increased investments in renewables, energy transition, agriculture and food technology, mobility and the circular economy, said Maybank Investment Banking Group head of sustainability research, Jigar Shah.

## Growing ESG focus

Many local investors have embedded ESG-related frameworks within their organisations.

In particular, there have been

There have been strong commitments from Malaysian financial institutions on sustainability and climate issues, while Malaysian firms have been integrating ESG considerations into their corporate framework.



Maximisation of returns is not necessarily the primary ESG goal for investors, as broader measures of ESG are increasingly recognised as a barometer of a company's worth over the medium to long term.

strong commitments from Malaysian financial institutions on sustainability and climate issues, while Malaysian firms have been integrating ESG considerations into their corporate framework, said Nomura Asset Management Malaysia.

Malaysia must position for net-zero carbon transition by 2050; some of the key focus would include vehicle electrification, renewable power and energy efficiency.

RE drew more than US\$2.6tril in investments from 2010 to 2019; the costs of solar and wind power have dropped 85% and 49% respectively from a decade ago, according to BloombergNEF as of September 2019.

It is now possible to turn profits from energy sources that can help lower greenhouse gas emissions – and investors are piling in, added



Progress made in collaborating across sectors and geographical locations is slower in Malaysia compared to peers globally, said Chan.

## A wealth of opportunities

With the world facing increasing risks of recession, it is a good time to accelerate potential counter-cyclical green investments.

Plantation and forestry companies will be monitored for sound environmental practices, such as sustainable forest management, responsible effluent discharge and avoidance of peat soil cultivation.

If well-managed, good ESG companies in these sectors present a wealth of opportunities for alpha generation and sustainable value creation, added Koh of Maybank Asset Management.

Further intense scrutiny can be expected on ESG practices of Malaysian companies, after the US Department of State downgraded Malaysia to bottom tier in



Individual investors have higher expectations of their fund managers to generate positive ESG impact and influence investee companies, said De Alwis.

its trafficking report for 2021, said Ong of RHB Asset Management.

Over the past year, plantation companies, glove manufacturers and electronic manufacturing services companies have hit the headlines, reportedly with customers either suspending relationships with these suppliers or products getting impounded on issues related to labour standards.

ESG and shariah investing have a common goal to promote social good. Malaysia's position as an Islamic capital market leader is seen in the promising growth of shariah-compliant assets from RM1.1tril in 2010 to RM2.3tril at the end of 2021, as reported in the Capital Market



Malaysia is closely following global ESG investment trends, said Jigar.

## Masterplan 3.

Investments in fintech, greentech and biotech will continue, with some focus on commodities as geopolitical tensions reduces supply and highlights the importance of food security.

Post-Covid-19, investments in healthcare and pharmaceuticals may continue as the pandemic has brought healthcare into focus.

About 68% of the total Asean6 bonds and sukuk are invested in the energy, green buildings and transport sectors, according to the report on 'Trending: Sustainable Responsible Investing in Malaysia and the Region' by EY, in collaboration with Capital Markets Malaysia and Sustainable Investment Platform.

Nearly two-thirds (61%) of power sector investments are allocated to RE, which is anti-

pated to attract an annual average investment of US\$50bil over 2025 to 2030.

## Uneven progress across the region

Progress made in collaborating across sectors and geographical locations is slower in Malaysia compared to peers globally, added Chan of PwC Malaysia.

In Singapore, cross collaboration efforts can be seen in the Temasek-BlackRock decarbonization investment partnership.

Temasek and ecosystem players in the aviation sector pilot the use of sustainable aviation fuel (SAF) through the launch of SAF credits.

There is also a slower focus among local investors in relation to stimulating ESG growth sectors, for example, plant-based proteins and nature-based solutions.

Compared to Asia and global peers, a lower percentage of Malaysian companies have made net zero commitments, said Ong of RHB.

There is plenty of room for improvement if we were to benchmark ourselves against developed countries, said Ismitz of MAAM.

To enhance the nation's ESG ecosystem, there needs to be collaboration between regulators, asset managers, listed companies and other stakeholders.

In terms of quality ESG reporting and disclosure, it will boil down to ESG data transparency, availability and accuracy.

It is going to be a long but worthwhile journey for Malaysia in ESG investing.

> P8: Push from government-led ESG initiatives

## Things you should know when investing



1. Analyse the key themes in ESG – renewable energy, energy efficiency, vehicle electrification, disruptive technologies, food security, healthcare.

2. Evaluate management behavior, business conduct, supply chain, climate change and other factors.

3. How does the business take care of nature – the forests, air, water, oceans, biodiversity?

4. How does the company work towards net zero and carbon neutral status in the next two to three decades?

5. Exercise caution on industries involved in gambling, tobacco, weapons and coal.

6. How is the company reducing its dependence on coal, and adding solar or wind energy capacity as well as stepping up its investments in green energy?

7. Is the company in an environmentally friendly industry?

8. Does the company follow sound environmental practices – sustainable forest management and responsible effluent discharge?

9. Has the company set targets on issues that affect its business, from the environmental social and governance standpoint?

10. What are the labour standards especially in companies with a high foreign labour mix?

11. How does the company ensure diversity, equity and inclusion?

12. How is women representation at board and other levels?

13. Does the company have good business ethics and principles against bribery and corruption?

14. As an investor, understand your personal mandates and values, and how ESG considerations are incorporated.

15. Have a deep understanding of the material issues affecting your investee companies.

16. Actively engage with your investee companies to work towards sustainable impact of their operations.

17. Conduct ESG risks assessments and screening of people who manage your funds.

18. Monitor the ESG performance of your investee companies, and identify potential climate change risks and opportunities.



## Aug 1

> Sarawak hosted an automotive assembly plant to produce hydrogen-powered fuel cell electric vehicles, to reduce its dependence on fossil fuel.

> Havas Immerse, part of Havas Group, became the first creative agency in Malaysia to achieve a B Corp certification from B Lab.

To obtain the certification, Havas Immerse met rigorous standards of accountability and transparency across five key areas, including governance, workers, community, environment and customers by enacting policies that reduce carbon emissions, providing fair and living wages to its staff, meeting ethical standards regarding practices in their supply chain, and giving back to their community.

## Aug 2

> Sime Darby Motors Malaysia is planning to populate highways across Peninsular Malaysia with electric vehicle (EV) charging stations for its brands.

The company said it had identified locations for EV charging stations at every 200km to 300km along highways across Peninsular Malaysia to accelerate the adoption of EVs.



## Aug 3

> Tenaga Nasional Bhd (TNB) took several initiatives to fast-track its environment, social and governance (ESG) along with its sustainability plans.

For its power generation unit, it is exploring the viability of retiring Kapar Energy Ventures Sdn Bhd a year ahead of its power purchase agreement expiration – subject to the agreement of existing shareholders and approvals from relevant authorities, with focus on new plants to be based on gas initially, and then gas mixed with hydrogen.

The group has earmarked to focus on large scale solar photovoltaic technology as well as onshore and offshore wind projects.

TNB said RM2.6bil is allocated for the next three years under Regulatory Period 3 for energy transition to balance grid security, sustainability and affordability.

> Aneka Jaringan Holdings Bhd and Samaiden Group Bhd entered into a joint-venture agreement to tap into Indonesia's energy market including solar photovoltaic systems and power plants.



> Dagang Nextchange Bhd (Dnec), via its subsidiary Ping Petroleum UK Plc (Ping), signed a memorandum of understanding with Cerulean Winds Ltd for a partnership initiative to deliver an offshore wind turbine for Avalon Development in the central North Sea.

# ESG in the news

> Petrolim Nasional Bhd (Petronas) inked a memorandum of understanding (MoU) with six South Korean companies to undertake conceptual and feasibility studies towards establishing a full value chain related to carbon dioxide (CO2) capture, transport and storage.

Petronas said the MoU involves the evaluation of potential CO2 storage sites in Malaysia and exploration of other areas across the carbon capture and storage value chain, including the cross-border CO2 transportation.

## Aug 4

> Malaysia registered its third consecutive year of growth in combined green, social and sustainability and sustainability-linked debt or GSS+, with a 30.5% jump in issuance last year compared to 2020.

## Aug 8

> Tenaga Nasional Bhd's (TNB) wholly-owned subsidiaries TNB Research Sdn Bhd (TNBR) and TNB Power Generation Sdn Bhd, together with IHI Power System Malaysia Sdn Bhd and Petronas Hydrogen Sdn Bhd, conducted an ammonia co-combustion test as part of a joint initiative to decarbonise the country's power sector.

TNB said the experiment, conducted at TNBR's test rig facility in Kajang, Selangor, was successful with carbon dioxide and sulfur dioxide (SO2) emissions "reduced in accordance with the co-firing rate, with no generic ammonia detected at the exit of the furnace during the experiment."

## Aug 9

> Towards this year-end, the government, via the Securities Commission, will make it mandatory for all public listed companies to have at least one female member on the board.

This initiative will take effect from Sept 1, 2022, for large cap companies with a market capitalisation of over RM2bil and from June 1, 2023 for the rest.

> The Malaysian Rubber Council collaborated with the International Labour Organisation to launch a new guide for employers to prevent and eliminate forced labour in the local rubber industry.

> Zerin Properties has ventured into the ESG sector by forming Zerin Habitat Sdn Bhd to advance ESG in real assets via a joint venture with Habitat Builders.

## Aug 11

> Ranhill Utilities Bhd's wholly owned subsidiary, Ranhill Solar 1 Sdn Bhd, has obtained a four-year extension of a power purchase agreement to develop a 50 megawatt solar power plant.

## Aug 12

> KPower Bhd's subsidiary – PKNP KPower Suria Sdn Bhd (PKSSB) – obtained an extension from the Energy Commission for the development of a 50 megawatt solar photovoltaic plant in Pahang.

> AMMB Holdings Bhd (AmBank) maintained its AA rating from MSCI ESG Ratings that it initially attained in 2020.

## Aug 16

> Retirement Fund Inc warned that it "will not hesitate" to dispose of its investments, if the investee companies fail to show betterment in their ESG practices.

> Bursa Malaysia Bhd will launch its Voluntary Carbon Market exchange later this year which will enable companies to purchase voluntary carbon credits from climate – friendly projects and solutions.

## Aug 17

> Public Bank Bhd will provide a special sustainable financing package to Gamuda Land following their memorandum of understanding (MoU) on green and sustainable developments financing.

## Aug 18

> Tenaga Nasional Bhd to focus on decarbonising its subsidiary, TNB Power Generation Sdn Bhd (Genco) before listing it, to obtain higher valuations.

## Aug 19

> Proton Holdings Bhd has formalised a deal to sell and service electric vehicles (EVs) in Malaysia and Thailand from smart Automobile Co Ltd (smart) through a general distributorship agreement.

With the agreement, Proton will be the exclusive distributor in the two countries for smart, which is a premium EV joint-venture company between German-based Mercedes-Benz and China-based Geely Group.

Proton said the first model of the imported EVs by smart would be available in Malaysia in the fourth quarter of 2023.

> Kejuruteraan Asastera Bhd (KAB) is expanding its PV portfolio by the acquisition of Matahari Suria Sdn Bhd (MSSB).

KAB's subsidiary KAB Energy Holdings Sdn Bhd signed a share sale agreement with Unique Forging & Components Sdn Bhd to acquire the entire equity of MSSB for a total purchase consideration of RM5.3mil.

> The Securities Commission has inked a memorandum of understanding or MoU with Universiti Malaya and Monash University Malaysia to collaborate on a series of programmes towards instilling early understanding of corporate governance principles, practices and issues among youth.

## Aug 20

> CIMB Islamic Bank Bhd partnered with WWF-Malaysia to inventurise and catalogue the botanical treasures of the



Fraser's Hill Forest Complex, under its Peninsular Malaysia Terrestrial Conservation programme.

Apart from emphasising floral species diversity, endemism and conservation status, this botanical inventory project will also provide assessments and recommendations for conserving the various species, as well as their habitats.



> Yinson Holdings Bhd, through its wholly-owned subsidiary Yinson Green Technologies Pte Ltd, collaborated with Dinamikjaya Motors Sdn Bhd as electric vehicle leasing partners.

Dinamikjaya Motors Sdn Bhd is the distributor of Kia vehicles in Malaysia and a 65%-owned subsidiary of Bermaz Auto Bhd.

## Aug 23

> Malayan Banking Bhd has become the first bank in Malaysia to establish a Scope 3 financed emissions baseline, identifying a transition strategy that will shape its future business portfolio.

This brings the bank a step closer to its target of a net-zero carbon position by 2050 as it begins to chart out its financed emissions reduction targets against timelines, the bank said in a statement.



> Heineken Malaysia Bhd won two awards for sustainability and social efforts.

The group was recognised as "Company of the Year for Environmental, Sustainability & Social Initiatives" by the Sustainability & CSR Malaysia Awards 2022 for the fifth year since 2017.

## Aug 24

> Pekat Group Bhd partnered with Proton Holdings Bhd to promote the adoption of solar photovoltaic systems, as part of the national automaker's energy sustainability initiatives.

The partnership would build upon Pekat's 12 megawatt-peak grid-connected solar PV system at Proton's manufacturing plant in Tanjung Malim, Perak and complement the latter with a reduction in carbon footprint as well as energy costs since March this year.



# Advocating for a sustainable tomorrow

Bursa Malaysia has been among the forefront of those advocating for the adoption of sustainable practices among companies for 15 years – long before the term “environmental, social and governance (ESG)” gained widespread traction in the business community.

This hails back to 2007 when the regulator of the Malaysian capital market required public-listed companies (PLCs) to have a sustainability statement within their annual reports to disclose their efforts.

It has also launched the FTSE4Good Bursa Malaysia (F4GBM) Index in 2014 and the Sustainability Reporting Guideline in 2015, amongst many others, with the aim of driving the ESG agenda among listed companies.

As a strong proponent of businesses to be more sustainable, socially responsible and ethical, Bursa Malaysia chairman Tan Sri Abdul Wahid Omar speaks with *StarESG* on the progress the country’s PLCs have made along the ESG journey.



Bursa Malaysia has been advocating for companies to adopt sustainable practices for more than a decade.

## How much progress have listed companies made thus far, in terms of adherence to Bursa’s listing requirements pertaining to sustainability disclosures? What are some of the key areas where the exchange would like to see further improvements?

Bursa Malaysia has been conducting annual sustainability disclosure review (SDR) exercises based on listed companies’ sustainability statements or reports since 2017. The primary aim is to monitor progress made as well as to facilitate feedback on potential gaps and improvement opportunities.

Our 2021 SDR, undertaken in collaboration with the Minority Shareholder Watch Group, covered all Main and ACE Market listed companies. More specifically, the exercise covered the Sustainability Statements/ Reports of 869 listed companies (740 Main Market; 129 ACE Market) for financial year ended April 1, 2020 to March 31, 2021. Listed companies that are classified under PN17 of the Main Market and GN3 of the ACE Market were excluded from our assessment.

I must say the overall progress is quite encouraging. The average compliance levels vis-à-vis our listing requirements are high, where the Top 100 listed companies recorded an average of 98%, while the score for all Main Market listed companies stood at 86%. Having said that, the overall quality of disclosures leaves considerable room for improvement where, against a stringent set of criteria, the Top 100 listed companies scored an average of 58%, while all Main Market listed companies scored 40%.

For ACE Market listed companies, their compliance level is at a full 100% as they are only required to include in their annual reports, a simple narrative statement of their management of material sustainability risks and opportunities. As for quality of disclosures, they are being assessed using the same stringent criteria utilised for their Main Market counterparts, and the resultant average score is 23%.

Based on our assessment of sustainability

disclosures made, the key areas requiring further improvements include disclosures pertaining to:

> How the remuneration of directors and senior management is linked to sustainability-related key performance indicators.

> Reasoning for chosen scope of sustainability statement/report.

> The company’s materiality assessment process (e.g. stakeholders engaged for the prioritisation of the PLCs material sustainability matters).

> Board approval and/or endorsement of the outcome of the company’s materiality assessment process.



Bursa Malaysia will be launching more environmentally-skewed indices in the near future, said Abdul Wahid.

## How does Bursa Malaysia plan to further elevate listed companies’ ESG disclosures and practices to be more aligned to international standards or best practices?

As a frontline regulator and market operator, Bursa Malaysia provides ongoing guidance, advocacy and

engagements in the marketplace to ensure inculcation of good ESG practices amongst listed companies.

One major initiative that the exchange is currently embarking on is undertaking a comprehensive review of our Sustainability Reporting Framework. The primary aim is to better address the evolving informational needs of key capital market stakeholders such as institutional investors. In particular, the exchange is placing a lot of emphasis on enhancing the availability, quality and comparability of our listed companies’ sustainability disclosures.

Following on from the above, our proposals include requiring all listed companies to provide disclosures on a set of common sustainability matters and indicators that are deemed material regardless of size or sector. In addition, we proposed to mandate climate change-related disclosures that are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. This would address the urgent need for listed companies to internalise and effectively manage climate change-related risks and opportunities in order to successfully transition to a low-carbon world. Combating

the impacts of climate change will not only strengthen our listed issuers’ business resilience, but will also realise Malaysia’s aspiration of becoming a net-zero greenhouse gas emissions nation as early as 2050.

Apart from the above, other key proposals include:

1. Requiring disclosure of data for at least three financial years and performance targets, for each reported indicator.

2. Requiring a statement whether the sustainability disclosures have been assured and if so, the scope of such assurance.

Additionally, the exchange further proposes that, where appropriate, the sustainability practices and disclosures of the ACE Market listed corporations be strengthened to be broadly on par with those of the Main Market. Overall, Bursa Malaysia’s enhanced Sustainability Reporting Framework will serve as a springboard to propel listed issuers to adopt international best practices and realise our national aspiration of being the region’s leading capital market for sustainability.

The exchange has also made numerous resources available to assist PLCs in their journey toward sustainability. Among them is BursaSustain, a one-stop knowledge centre for corporate governance, responsible investment and sustainability, which contains a repository of information, publications, news articles and e-learning modules.

In 2021, we collaborated with the United Nations Global Compact Network Malaysia and Brunei in developing a Corporate Sustainability Practitioner (CSP) Competency Framework and a digital self-assessment tool. The CSP Competency Framework is designed to help guide sustainability practitioners develop core competencies, as well as enable companies to develop structured talent development programmes to drive corporate sustainability. Through this competency framework, we hope we can support corporate sustainability practitioners in building capacities to become effective change agents for a responsible and successful business.

More recently in June, we released the Guidebook 2 of our PLC Transformation Programme, titled Sustainable, Socially Responsible and Ethical PLCs. Among other things, the guidebook emphasises the need for PLCs to develop a well-defined ESG approach, which includes better governance, more effective management of environmental and social performance and embedding robust ESG practices across key functions of the organisation.

## Since your announcement that Bursa Malaysia will be working closely with the Ministry of Environment and Water and other relevant ministries, as well as stakeholders to develop a Voluntary Carbon Market (VCM), what has been the progress?

In our recent media release dated Aug 15, Bursa Malaysia announced that we will launch the VCM exchange later this year, which will allow businesses to purchase voluntary carbon credits from climate-friendly projects and solutions to offset their carbon footprint. The exchange is currently working with various stakeholders on the VCM exchange’s key building blocks, which include drafting the VCM rules to provide clarity to market participants, building a sustainable supply of high-quality carbon credits aligned with our product specifications and engaging corporates better to understand their future expectations and demands for carbon credits.

The coming months will see us ramping up our capacity-building initiatives to raise awareness of carbon credits and their potential uses, carbon credit origination process and project development, etc. We will also leverage on our MoU with Verra and work with relevant stakeholders to organise these sessions.

As a facilitator of carbon trading, Bursa Malaysia will ensure appropriate governance structure and robust mechanisms are put in place to support a vibrant and transparent VCM exchange.

## The F4GBM Index has been in existence since 2014. Are there any plans to extend or to introduce more ESG-centred indices to better cater to the needs of different investors?

In addition to the FTSE4Good Bursa Malaysia (F4GBM) index, Bursa Malaysia has launched the FTSE4Good Bursa Malaysia Shariah (F4GBMS) index in July 2021. The F4GBMS index caters to investor demand for ESG and Shariah-compliant investment needs. This new themed index is designed to track constituents in the F4GBM index that are shariah-compliant.

The F4GBMS Index currently comprises 65 constituents and serves as a basis for fund managers to develop new investment products comprising a portfolio of shariah-compliant equities guided by sustainable investing principles.

We plan to further build on this momentum with the launch of more environmentally skewed indices in the near future.



# Sustaining our cultural heritage

## Revitalising KL's golden triangle with the arts

By CHOW ZHI EN  
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SUSTAINABILITY is more than just our environment, one can also invest in our multiethnic culture and heritage by means of supporting our local artisans and craftsmen (or craftswomen).

We can look at our neighbours like Asakusa in Tokyo, Japan and Souk Siam in Thailand, which have been recognised as cultural capitals and great landmarks for globetrotters.

We too have much culture to share with the world but there's never really been a one-stop hub per se for tourists and locals looking

for authentic local products.

With that, EcoWorld aims to celebrate our local artisans and craftsmen this year with its #AnakAnakMalaysia campaign through the Malaysia Grand Bazaar (MGB) at Bukit Bintang City Centre. MGB itself is part of the Pudu area regeneration efforts to reuse brownfield land and is directly connected to Mitsui Shopping Park LaLaport for a curated experience of Malaysia's rich culture, heritage and street food.

Two local brands, who now have a presence at MGB, are reinventing our uniquely Malaysian heritage by pouring their artistry and creativity into their works.



### Bingka KL: A modern yet retro take

Starting out in December 2015 with wholly original silkscreen-printed designs, founder Adrihana Abdul Rashid and co-founder Emmalyn Yam have a vision to make Malaysian culture an affordable and contemporary part of our everyday lives.

"When we go overseas and think about what to get our friends abroad, we realise Malaysia doesn't have that many souvenir options. There's only so many batik shirts you can give someone after all," Adrihana jests.

"We thought of using silk-screen printing because it was the most practical way to start printing your own design immediately.

"We had initially tried making our fashion line but it was too demanding having to create fast-paced seasonal wear so we decided to delve into souvenir items," she says.

"I was on my honeymoon in Japan when I saw these cute tea towels and how the designs were influenced by the local culture. It was an epiphany – we decided to make tea towels our first product."

Bingka's merchandise come in all shapes and sizes nowadays with tote bags, pouches, pillowcases and even their own stationery.

"We get our inspiration from everywhere and anywhere. It's mostly our local heritage and traditional culture, from our food to our architecture. Our designs are a reflection of our personalities.

"Malaysia has an abundance of local talent and artists but they may not have the platform to transform their art into something part of daily life, which is where places like MGB can help empower local talent.

"We made Bingka to be a 'bridge' between heritage and our contemporary lifestyle," says Adrihana.

### Just Mar's: Celebrating individuality

Marhaini Mustaffa and her daughter Marisa first started their artistic adventure in 2013.

However, after the passing of her daughter in 2015, Marhaini wrote an autobiography named *Caring for Marisa* and it was only in 2017 that Marhaini decided to continue with Just Mar's to keep the memory of Marisa alive.

Just Mar's started off with shawls and expanded to batik and Penan bags and baskets made by the Sarawakian Penan tribe.

"I would consider myself a late bloomer. For me, starting the business was a rallying cry for housewives and women to know they always have the opportunity to start their own business or learn new things to be independent," says Marhaini.

"I'm a one woman show. So having platforms like MGB's Karya – where my products are displayed – help smaller artisans who don't know where to start since their team is willing to work and accommodate the lesser-known, smaller players."

As Malaysia turns 65 this year, we're reminded of traditions and heritage that have taken a backseat in our modern lives.

"The misconception now is that you can only get good pricey batik wear for special occasions when it should be something we wear every day like our Indonesian neighbours.

"Batik is part of our identity and individuality – it's a way of keeping our heritage and



culture alive. The beauty of batik (and Penan bags) is that all the designs are unique and no one item is the same because they're all hand-made.

"I found that Malaysians are more than willing to support local businesses, we just need more awareness and education to instil the love for our traditional arts," she adds.

Show your support this Merdeka month for local artisans and invest your time or money in some of the best and unique creations in various categories such as clothing, arts and crafts items, jewellery and accessories, home decor and local snacks at MGB.

By CALYN YAP  
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MALAYSIA is slowly, but surely, forging ahead in the path towards a better tomorrow, as both the public and private sectors are making strides in integrating and implementing environmental, social and governance (ESG) principles within their strategies.

For starters, on the back of international reports accusing Malaysian companies of labour violations and export bans in recent years, the Government has taken a strong stance to eliminate forced labour in the country by 2030 with the launch of the five-year National Action Plan on Forced Labour (NAPFL), supported by the International Labour Organisation (ILO), in November 2021.

Not long after in March 2022, came the ratification of the ILO Protocol 2014 (ILO P29), which complements the ILO Convention on Forced Labour that was ratified in 1957. Malaysia also now has a seat as a member in the United Nations Human Rights Council (HRC) for the term 2022 to 2024.

There have also been improvements within local industries, such as the agricultural-commodity (agricommodity) sector – palm oil, rubber and timber as the top agricommodity exports, as well as cocoa, pepper, plant-based kenaf fibre, biomass and biofuel – via new policies and regulations, as well as on-the-ground changes in implementation to address ESG risks and concerns.

Of note is the launch of the National Agricommodity Policy (DAKN) 2030 earlier this year, with its five pillars of sustainability, productivity, value creation, market development and inclusiveness.

The policy will serve to ensure that the agricommodity sector continues to grow without compromising sustainability, said Plantation Industries and Commodities Minister Datuk Zuraida Kamaruddin at the recent Malaysia International Agricommodity Expo and Summit.

She added, "DAKN 2030 will also focus on priorities that involve the wellbeing of smallholders, the growth of entrepreneurs and the ability to deal with issues related to the development of the agricommodity sector."

### Foundation for growth

When it comes to international ESG developments – particularly rising concern on issues relating to deforestation, forced labour and sustainability – the recent revision of the Malaysian Standard on Malaysian Sustainable Palm Oil (MSPO), also known as the MS 2530:2022 (MSPO 2022) standard series, is a step in the right direction.

The MSPO 2022 includes environmental aspects such as high conservation value, no deforestation, greenhouse gas (GHG) monitoring and the method to measure GHG emissions; social aspects, including ILO indicators of Forced Labour and triangular employment, ethical recruitment and child's rights; as well as governance via the Malaysian Anti-Corruption Commission's latest act on anti-corruption, among others.

It focuses on sustainable practices and replaces the previous MS 2530:2013 and the Supply Chain Certification Standard used under the MSPO Certification Scheme, which Malaysian Palm Oil Certification Council (MPOCC) develops and operates.

MPOCC strategic management department senior manager Mohd Hasbollah Suparyono said the revision, which balances stakeholder ideas and agenda against industry readiness, incorporates all the prominent issues or challenges that the palm oil industry faces when it comes to sustainability.

"The revision is based on both local and international input and what we try to do is address those concerns, achieve the benchmark and go beyond that. But this should be a continuous process. As the market is dynamic and evolving, the standards cannot be stagnant, as we take steps towards the end game of sustainable production of palm oil," he said.

The impact of the MSPO 2022 will be seen after it is fully implemented in the coming years, as there is a transition period for the industry to change from the 2013 version.

He added, "The MSPO value proposition is very simple. We try to have a robust, solid and credible scheme and system in terms of

# Steady progress along ESG journey

## Local industries take steps to address risks, recognising the need for change to achieve a sustainable future



Malaysia's industries are forging a path towards incorporating ESG principles into strategies and operations.

sustainability requirements, governance and traceability, but at the same time, we want to ensure it is affordable."

According to Malaysian Palm Oil Council (MPOC) chairman Larry Sng, it is closely monitoring international developments in the space to analyse the impact on the palm oil industry and new requirements to be imposed on the industry.

"In addition, at MPOC, we're actively engaging our local stakeholders on social issues and the need to respect and protect the rights of migrant workers," he said, noting that it is key to work together with industry players to successfully address issues relating to the US Customs and Border Protection Withhold Release Order.

Once these companies can successfully remove themselves from such lists, Sng said it would also strengthen Malaysia's case in Europe as well, as providing a case to Europeans by showing them what the country has done to improve matters could influence their drafting of future legislation.

He stressed, "It's very important for us to continue this process of engagement, so that international parties are aware of our concerns and efforts in addressing ESG-related issues."

However, the majority of palm oil exporting companies have established their own ESG standards and the industry as a whole has also come up with a charter on how it addresses issues on forced labour.

"This is something noteworthy that we have to recognise, because it shows that the industry is being very progressive and sensitive to international concerns and ensuring that our standards are of the international and highest order," said Sng, adding that the industry is also taking concrete steps and financial measures to address ESG-related issues.

### Enhancing traceability and value

For the Malaysia Rubber Board (MRB), ESG aspects are always taken into consideration when it comes to the development of policy and direction for the rubber industry to ensure its growth, said its director-general Datuk Dr Zairrossani Mohd Nor.

Under DAKN, its strategic aim is to transform Malaysia into a green technology hub for the rubber industry and to do so, MRB has to develop the strategy, policy, initiatives and collaborations with the stakeholders.

For the upstream sector, which has nearly 500,000 registered smallholders throughout the country, a key challenge is the technology to increase productivity and enhance transparency.

Technology such as the low intensity tapping system helps reduce tapper requirement and latex stimulants, which help prolong latex flow and increase production.

As part of the Malaysian Sustainable Natural Rubber initiative, the RRIMniaga trading system sees legal smallholders given identification cards registered on

RRIMniaga, where sales and prices will be recorded and electronic receipts will be issued.

Rubber products can thus be traced to individual smallholders to ensure legal and sustainable sources, as the system provides MRB with real-time data on local rubber production to facilitate monitoring – especially as the RRIMeter system, which can accurately determine the dry rubber content of rubber products like cup lumps, is connected to its overall database.

This not only helps enhance traceability and transparency in the rubber supply chain, but also in identifying rubber materials with specific dry rubber content, for projects such as the production of a first-of-its-kind natural rubber and graphene composite to manufacture aerospace balloons.

To extend the visibility along the supply chain is the e-Rubber Processor system, which provides information on the rubber purchased by rubber manufacturers.

Smallholders will also be reimbursed automatically for the difference under the Rubber Production Incentive via RRIMniaga, if the price of rubber falls below its activation price, ensuring that they have a stable income to combat fluctuating rubber prices.

Secondly, it's about incorporating a sustainable approach when developing new smallholdings or plantations, aligned with guidelines provided by the Department of

Environment (DOE). This is followed by standards for good practice that smallholders have to follow to operate in a sustainable way, which help address problems related to land grabbing and biodiversity.

The midstream sector, which is involved in processing rubber into technically specified rubber (TSR), faces environment-related challenges, particularly relating to resources. But this has been addressed over the years as a result of MRB working with the DOE on regulations for the industry, alongside introducing ways to recycle the water via practical technological solutions.

Another issue it faces is low production due to raw material shortage. Malaysia is thus unable to compete with low-cost, volume-based producing countries as TSR is commodity rubber.

"MRB's role, in this, is to move the industry away from commodity rubber and towards producing specialty natural rubber such as ecoprena and pureprena," he said, adding that the 'green rubber' is modified natural rubber with the properties of synthetic rubber.

The move also enables the downstream industry to move away from the use of synthetic rubber.

He noted that MRB is looking into the rubber life cycle, via specifications for imported rubber to enable traceability and sustainable sourcing, as well as carbon footprint label-

ling, among others.

"Sustainability is very much about data collection and control. What we need to do is ensure that the sectors are ready and able to produce the necessary data, then we will implement our own system and enforce it as part of regulations to ensure that it is sustainable from the source," he explained.

He also shared that MRB has a joint social compliance committee and works closely with the Ministry of Human Resources, ILO, as well as industry associations like the Malaysian Rubber Glove Manufacturers Association, in order to understand labour issues and assist in joint monitoring and provide training.

### Establishing an ESG charter

With the embodied carbon of construction, refurbishment and fit-out becoming a more prominent issue, Malaysian Timber Council (MTC) chief operations officer Noraihan Abdul Rahman said buildings that incorporate timber are "far more environmentally sustainable than any other building typology".

This is because timber is a fully recyclable building material and it requires a fraction of the energy required to produce concrete or steel. When a building is demolished or renovated, the recovered timber can then be resized and reshaped to other uses.

That said, Malaysia has remained committed to its pledge at the 1992 Rio Earth Summit to ensure that more than 50% of the country's land area remains under forest cover.

At the same time, there are also existing initiatives from the industry, such as industrial tree plantations, community farming and product development using alternative raw materials such as oil palm trunks and bamboo, which also bode well with ESG principles.

According to Noraihan, ESG in the timber industry can be summed up as:

- > Environmental: Sustainable forest management (SFM) and chain of custody (CoC) certification.

- > Social: Employment to local communities and talents/graduates and the welfare of workers.

- > Governance: Ensuring only legal timber is processed within the value chain.

Noting that it is only a matter of time before new rules requiring companies to submit annual environmental reports will

come into play, she advised, "The timber industry could benefit from focusing its investment on the E and S of ESG as the two core components of the industry itself: people and the environment."

She added that although there is 'a long way to go' for the Malaysian timber industry, there are also other low-hanging fruits, such as better corporate governance, disclosure and transparency, which can impact business profitability.

"I believe with the existing technology and expertise available within the field, the industry is transforming to deliver greater equity, sustainability and access for all," she said.

One way they can start is through the Malaysian Timber Certification Council's Malaysian Timber Certification Scheme, which has been endorsed by the Programme for the Endorsement of Forest Certification to certify forest areas according to internationally recognised SFM and CoC certification.

As one of the key challenges for timber players is to integrate ESG into their business models and understand its values, the council is currently undertaking to establish its ESG charter as part of MTC's five-year roadmap.

The charter, which will serve as a guide for the timber industry to better integrate ESG into their businesses, is slated to be published in the fourth quarter of 2022.

That said, she stressed that the Malaysian timber industry is endeavouring to adopt and adapt more ESG elements into its operations.

She shared, "While it must be noted that the timber industry has lengths to go to achieve full compliance with ESG, all stakeholders are trying their level best to improve the conditions in the workplace and the industry's contribution to the environment, local communities and economy."

A recent initiative from the timber industry, in collaboration with the Malaysian Timber Industry Board and the Forest Research Institute Malaysia, is the Life Cycle Analysis for primary timber products in Peninsular Malaysia.

The project will be crucial in establishing the first element in determining the carbon footprint of Malaysian timber products.

"From this study, the findings may be used by the industry to develop the environmental product declaration to better market Malaysian timber products in environmentally sensitive markets," she added.

## Eye on sustainable exports

THE global sustainability agenda is not a passing fad, but a global movement with serious potential impact to countries, industries and companies, said Malaysia External Trade Development Corporation (Matrade) chief executive Officer Datuk Mohd Mustafa Abdul Aziz.

He added, "As such, it is clear that our exporters need to understand and appreciate this global expectation and operate accordingly. Indeed, our Malaysian exporters should start looking at global standards to benchmark and regulate their operations."

"When it comes to the welfare and wellbeing of workers, Malaysian companies must take cognisance of existing laws and carry out concrete steps to comply and address gaps in their current practices."

Although there will be challenges in interpreting current laws and implementing best practices as different industries have different requirements, he called for

Malaysian companies to embark on continuous learning to ensure compliance to not only local, but also international ESG requirements.

Matrade was among the early advocates of sustainability among the public sector when it launched the Sustainability Action Values for Exporters initiative in 2019, which encourages exporters to embrace sustainability policies and practices in their business and operations.

The move, which was part of the national trade promotion agency's efforts to future-proof Malaysian exporters, was aimed at ensuring the companies remain relevant, attractive and competitive in the global arena.

"We have in fact included sustainability as one of our three main agendas for Matrade, the other two being digitalisation and the National Trade Blueprint. In this context, we are encouraging Malaysian exporters to get serious about the sustainability agenda

and operate as global companies with a global mindset," he said.

After three years of regular engagement with trade associations and chambers of commerce on issues relating to environmental, social and governance (ESG), as well as rolling out various awareness sessions, Matrade is now looking to implement programmes that can support more exporters to become ESG-compliant.

Among its latest initiatives is participating in the collaboration with the United Nations Global Compact – together with the Malaysia Digital Economy Corporation, Bursa Malaysia and Nottingham University – to assess the level of ESG in the country via the PULSE survey.

The survey, which was conducted earlier this year and will soon be published, revealed that companies had a need for more information on how to adopt ESG and manage compliance-related costs.

Matrade will also continue to



Malaysian companies should begin thinking about sustainability and setting a goal to incorporate elements of sustainability in their business, said Mohd Mustafa.

work with the Ministry of International Trade and Industry and other relevant agencies to create greater urgency among Malaysian companies on the need for them to pursue the triple bottom-line agenda of taking care of the interest of people and planet, as well as profit.

"As a start, Malaysian companies should begin thinking about sustainability and setting a goal to incorporate elements of sustainability in their business.

"Rather than thinking of it as another cost or expense, compa-

nies should change their mindset and instead take this as an opportunity to open new markets as more countries are enforcing sustainable and responsible sourcing. "Sustainability is not a destination, but a journey. As a starting point for best practices, Malaysian companies should always keep updated on the latest regulations on global ESG trends," he said, noting that one way for companies to do so is becoming a Matrade member to benefit from the latest market intelligence from its 46 overseas trade offices.



# Push from government-led ESG initiatives



**SOCIALLY RESPONSIBLE INVESTING**

By YAP LENG KUEN

ENVIRONMENTAL, social and governance (ESG) investing in Malaysia took off in the early years after much encouragement by large funds such as the Employees Provident Fund (EPF) and Khazanah Nasional Bhd.

Regulators including the Securities Commission Malaysia (SC) also helped push the ESG agenda through issuances of guidance notes and taxonomies to guide the domestic development of ESG investing.

The Malaysian Investment Development Agency (Mida), as the principal investment promotion agency of the country, also targets ESG-driven investments in its promotion activities.

Mida facilitates companies in the manufacturing and selected services sectors towards adopting and adapting technology and automation, incorporating green and sustainable processes, as well as undertaking higher value-added activities such as research and development.

## Setting ESG targets

Since it became an active investor in 2004, Khazanah had always incorporated an ESG focus into its investments; it is now setting targets on sustainability and focusing its efforts on material business issues that impact its investee companies and portfolio.

Within the environmental pillar, it aims to achieve net zero emissions by 2050, and will be working towards carbon-neutrality for its business operations by 2023.

On the social front, Khazanah will work towards ensuring that 30% of the boards and senior leadership positions at its key portfolio companies are held by women by 2025.

On governance, it will enhance board competencies in sustainability at its portfolio companies by 2024, disclose its voting principles at company annual general meetings by 2022, and include ESG-linked key performance indicators for key positions for its portfolio companies by 2023.

Within its existing portfolio, it will emphasise on embracing net-zero targets, setting clear gender diversity targets, as well as the importance of effective governance at the board and management level, and voting transparency.

More insightful measurements and metrics will be emphasised to gauge the impact of its investments.

On new investments, Khazanah is taking the lead, under its Dana Impak mandate for catalytic sectors, in assessing various projects within ESG-linked themes such as clean energy, climate technology and social inclusion.

"As a responsible investor, Khazanah looks to influence positive change and ensure a responsible and equitable impact through managing ESG risk and identifying value creation opportunities," said Khazanah managing director Datuk Amirul Feisal Wan Zahir.

Khazanah's ESG aspirations are aligned with its long-term strategic imperatives of Advancing Malaysia in shaping the ESG landscape in Corporate Malaysia.

On trade-offs between environ-



Malaysia's ESG drive is being actively advocated by the government to ensure that the nation develops sustainably in line with global trends.



Advocating ESG is seen as the key resolution for industries across the board, although SMEs are still at the infancy level, said Arham.



PLCs must embrace the underlying philosophy of sustainability, instead of approaching it with a complacency mindset, said Dr Awang Adek.



Influencing change to ensure responsible and equitable impact by managing ESG risk and identifying value creation opportunities is key, said Amirul.

mental and social issues, especially on the reduction of carbon emissions, Khazanah will continue to champion a just transition.

This is where the global need to combat climate change is balanced against the needs of emerging economies to provide affordable, equitable and reliable access to basic necessities such as electricity and transportation.

While companies that perform well on ESG factors are viewed favourably, it will look for opportunities to improve those with poor performance linked to ESG factors, with respect to their long-term sustainability.

## A dedicated team on ESG

To spearhead its sustainable investment agenda, the EPF has established a dedicated team at the Sustainable Investment Centre (SIC), that conducts independent assessments of all new investment proposals.

This is to evaluate their level of compliance against ESG expectations as set out in the EPF Priority Issue and Sector Policies, based on publicly available information, company engagements and external ESG rating platforms.

The integration of ESG has enabled the EPF to better identify potential risks and opportunities in its investments, said EPF chief strategy officer Nurhisham Hussein.

The EPF continues to apply negative screening that excludes potential investments related to controversial business activities.

The existing Controversial

Activity List excludes companies that engage in the production, distribution and/or trade in weapons, tobacco, alcoholic beverages, adult entertainment and gambling.

For externally-managed assets, all of the 16 external fund managers have signed the Sustainable Investment Pledge on March 31, 2022, to include ESG considerations into their investment decision-making processes.

The ultimate aim is to achieve a fully ESG-compliant portfolio by 2030 and a climate neutral portfolio by 2050.

The EPF Sustainable Investment Policy, Priority Issues Policies and Priority Sector Policies was launched in March 2022, to guide the EPF in making informed and holistic investments with ESG factors incorporated into its decision-making.

Following the launch, the EPF has started to actively engage with its investee companies, to communicate its ESG expectations based on the policies, as well as to better understand their progress and plans of their sustainability journey.

The standards of these policies have been anchored in the local and regional context, to ensure that ESG expectations are relevant and effective in uplifting sustainability standards in the capital market.

Various relevant stakeholders, including government-linked investment companies, investee companies, regulators and external fund managers were consulted and engaged, as part of the validation process.

This is to ensure that the EPF establishes a set of policies that is pragmatic and aligned with local realities.

The EPF was a signatory in 2019 to the United Nations-supported Principles for Responsible Investment, that promotes the incorporation of ESG factors into investment decision-making.

## Tracking projects, investments

Companies are encouraged to invest in harnessing renewable energy (RE) sources which include including solar, biomass, biogas and mini hydro, to use energy efficiency (EE) equipment and other qualifying green projects.

Green service providers play an important role in facilitating the uptake of green technology.

There are many untapped opportunities for, among other things, services-related to RE, EE, support services for electric vehicles (EV) such as services for EV charging stations, operation of EV charging stations and maintenance, certification and verification, as well as green townships.

The green investment tax allowance (GITA) and green income tax exemption (GITE), which have been extended till Dec 31, 2023, have continued to receive overwhelming response from the industrial and commercial sectors.

From 2017 to March 2022, MIDA has approved investments related to green projects and green services amounting to RM15.4bil with 2,496 projects.

A total of 61 green services companies with proposed operational expenditure of RM327.3mil under the GITE, had been approved for RE, EE, green buildings, as well as green certification and verification.

In 2021, a total of RM3.69bil of investments was approved for green technology; green projects accounted for investments of RM3.67bil with 882 projects, creating more than 700 jobs.

"Advocating ESG is a key driver of sustainability for industries. Large companies are at the forefront of ESG implementation, where else small and medium enterprises (SMEs) are urged to embrace ESG to speed up recovery in the post-pandemic era, integrate into the international supply chain and gain access to a wider market," said Mida CEO Datuk Arham Abdul Rahman.

Malaysia adopts a selective approach in attracting quality and high impact sustainable investments into the country.

These projects are also knowledge and skills intensive, provide high income, as well as generate strong linkages with domestic industries and have significant multiplier effects.

With its 20 overseas centers and 12 regional offices, Mida intensifies its promotional efforts via investment mission programs, specific project missions, domestic seminars, supply chain and start-up programs as well as the Invest Series held widely in different states around Malaysia and overseas.

Through its circular bioeconomy unit, Mida also develops and facilitates circular bioeconomy projects, explores business opportunities and connects stakeholders towards

embracing the circular concept and sustainable elements in project development and investment.

## Sustainable investment funds on the rise

Malaysian asset owners are increasingly committed towards sustainable investment; several large institutions have launched their own sustainable investment frameworks.

Increasing interest among individual investors will further boost sustainable investments and the growth of socially responsible investing (SRI) funds.

As at end-December 2021, a total of 34 SRI funds have been launched, with a combined net asset value of RM5.07bil, offering wholesale and retail investors the opportunity to invest in conventional and shariah-compliant ESG-focused funds.

Individual investors are showing growing interest in sustainable investments; areas of concerns include addressing climate change, reducing carbon footprints and the increasing demand for ESG credentials and products.

The SRI Roadmap, which was launched in 2019, provides strategic direction and recommendations to drive the development of the SRI ecosystem and position Malaysia as an SRI centre in the region.

These include widening the range of SRI instruments, increasing the SRI investor base and establishing a strong SRI issuer base.

Instilling strong internal governance culture and designing an information architecture in the SRI ecosystem are also important.

"We are encouraged by the progress made in this area, notably, in the increasing number of large, institutional investors that have committed to pursuing sustainable investments, as recommended by the SRI Roadmap.

"This sends a strong signal that that our largest investors are increasingly allocating capital into sustainable investments, motivating corporate Malaysia to step up their sustainability practices," said SC chairman Datuk Seri Dr Awang Adek Hussin.

Going forward, public listed companies (PLCs) should improve the quality of their sustainability practices and emphasise more on substance rather than form.

"We observe some PLCs approach sustainability with a compliance mindset rather than embracing its underlying philosophy," he added.

As sustainability and climate change concerns become more pressing, companies must speed up their transition to low carbon emission activities in order to remain relevant.

The SC will continue to focus on the recommendations outlined in the SRI Roadmap, such as the need to strengthen sustainability disclosures of PLCs and promote the adoption of sustainable business practices, including disclosure for smaller businesses.

Government agencies are actively involved in promoting ESG investing and SRI funds, with emphasis on improving ESG standards as well as the quality of sustainability practices and disclosure.

The momentum for positive change is gathering pace.



By JEREMY TAN  
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ONE does not need vast resources to effect positive change in a community, just a little passion and a sincere desire to help others.

That was what motivated Baitulhusna Ahmad Zamri to found Nazkids, a social enterprise that empowers women in Jitra, Kedah, by training them to make and sell clothing online.

The new economic opportunities it opened up have significantly improved the quality of life for over 100 participating women – who are called ‘beneficiaries’ – since the initiative took flight in 2015.

“Our main aim is to help them become self-sufficient. By teaching these women how to make a product, how to sell it and how to find new customers, they have the tools to become entrepreneurs.

“And if they continue the cycle by teaching others, the positive impact on society will be tremendous,” shared 34-year-old Baitulhusna, who runs the effort with sister Khairunnisa, 36.

Her path to Nazkids came about by serendipity. Born in Johor Bahru, she studied biotechnology in university and then worked as a personal assistant and marketing coordinator for several companies in the Subang area.

But she always wanted to follow in the footsteps of her parents, who ran a family tailoring business in their hometown of Jitra. So in 2014, she quit the corporate sector to set up her own t-shirt printing business.

Unfortunately, the venture did not bear fruit and she lost most of her savings. That prompted her to take a sabbatical and do voluntary work in nearby countries like Laos and Vietnam.

“It was then I realised that I loved helping people. And I wanted to bring positive change to my fellow Malaysians.

“At that time, many businesses in Jitra were struggling and my parents’ shop wasn’t spared. Prices for products did not commensurate with rising costs and many found it hard to be profitable.

“I came in and turned the business model into Nazkids – with Naz being an acronym of my parents’ names and kids referring to me and my sister.

“It is still a family affair, but it allowed me to earn a living while doing something that I’m passionate about – empowering youth and women,” Baitulhusna explained.

# Being *the* change

Young leaders are leading and driving initiatives to transform the lives of the disadvantaged, and building stronger communities. These changemakers are teaching skills and creating opportunities for others to improve and make a better life for themselves.

“  
Our main aim is to help them become self-sufficient. By teaching these women how to make a product, how to sell it and how to find new customers, they have the tools to become entrepreneurs  
– Baitulhusna

In her conversations with women in the Jitra area, she found that many did not have higher education. They stopped after high school, which made it hard for them to secure jobs.

Many were also married by their late teens or early twenties. Some husbands also discouraged the women from working and preferred them to stay at home to take care of the family.

“Having just a single source of income made it hard for many families to sustain themselves. But there was one small positive

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Nazkids founders Baitulhusna Ahmad Zamri (front right) and Khairunnisa Ahmad Zamri (front left) posing together with some of the Nazkids women during an outing to a local shopping mall. – Photos provided by Baitulhusna Ahmad Zamri

By ANGELIN YEOH  
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JESHURUN Fathianathan still remembers the day he had to pick up two former inmates from the Kajang Prison. His thoughts were clouded by worst case scenarios like what if the two men overpowered him and drove away with his car?

“They were bigger than me so I admit that I had some concerns! But when they got into the car, there was nothing but silence. Eventually, I asked them if they were feeling okay and it was then that they opened up about their fears about life after prison,” Jeshurun said.

His perception about the former inmates then quickly changed as he tried to empathise with their situation.

“They shared that most people would stigmatise them for being in jail, and it would be hard for them to get jobs. Even family members didn’t want to see them and they were scared that they would have to resort to crime again just to cope with life,” Jeshurun revealed.

As an operations executive at BeliGas, a startup that offers employment to former inmates, Jeshurun is the first person the former inmates see after they have completed serving their prison sentences. He is known to most of them as “Abang Jesh”.

“We usually take the ones who say they have no idea where to go,” he said, adding that his role is to take them back to BeliGas’s headquarters in Balakong, Selangor, where they are briefed about work opportunities with the company.

Jeshurun share that his team trains these former inmates on how to perform deliveries. The company invests in getting these former inmates driving licenses to operate bigger vehicles, as well as provides them

## Delivering a chance to do better

Local startup BeliGas not only believes in recycling used cooking oils, it is also passionate about giving former prison inmates the chance to change and find stable employment.



Suthan says BeliGas also is passionate about helping the B40 community and former prison inmates to find employment. – LOW LAY PHON/The Star

with lodging, clothes and meals.

### Better tomorrow

Managing Director Suthan Mookaiah founded BeliGas in 2020, aiming to encourage consumers to recycle used cooking oil

by rewarding them with discounted LPG (liquefied petroleum gas) and cooking oil. The company provides delivery services for the LPG and cooking oil, and collects used cooking oil from consumers at the same time.

Customers just have to place orders

through the “BeliGas – Recycle Used Cooking Oil For Cheaper LPG” app on their phones.

Suthan shared: “Many people just dump their used cooking oil into the drain which could end up clogging pipes and polluting our water sources. When, in fact, used cooking oil can be reused in many ways such as recycled into biodiesel.”

More than just providing environmental friendly solutions for cooking oils, Suthan says BeliGas also is passionate about helping the B40 community and former prison inmates to find employment.

“I grew up in a rough neighbourhood in Kajang. As a kid, I saw for myself how some people end up resorting to crime out of desperation. I feel they are not bad people. If you ask me, their ‘mistake’ is being born poor and not having many choices in life. I was fortunate enough to get out of that environment and now I want to give people the opportunity to break out of their cycle too,” he said.

### Overcoming obstacles

Jeshurun, who has been working with BeliGas for a year now, said that working to help the former inmates settle into life post

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By CHESTER CHIN  
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RAUDHAH Nazran was getting ready for her daily commute when she got an email that would change her life.

"I had just gotten in the car with my husband ready to go to the office. While he was putting on his seatbelt, I checked my email and saw 'Welcome to Forbes'. My heart stopped, no words could come out of my mouth," the 26-year-old recounts.

Raudhah is one of eight Malaysians recognised by Forbes 30 Under 30 Asia earlier this year. It's an accolade that the Kuala Lumpur-based entrepreneur has always aspired towards.

She remembers reading the magazine and being inspired by the changemakers shaping the future.

"It has always been (my dream to be recognised by Forbes) especially when I was in my teenage years but I always remember the advice given by my mother and my grandparents – sincerity is key.

"One must have the right intention and one must not do things merely for the sake of fame, fortune and popularity. I remember telling myself, 'One day and for the right reasons'," she explains.

That right reason turned out to be helping youths tackle unemployment.

In 2019, the law graduate from the University of Essex founded Accelerate Global, a social enterprise that help youths – especially the underprivileged and the marginalised – become entrepreneurs through upskilling programmes.

The upskilling initiatives, she says, provide entrepreneurial developments to help youths secure employment.

"Whilst to some we may be perceived as yet another training-based social enterprise, we believe that with the right upskilling programmes and with courses that work, we have the potential to develop the next generation of responsible leaders who are not just intelligent, courageous and resilient but also empathetic and compassionate," she says.

To date, Accelerate Global's programme has directly impacted over 7,000 youths. Some of its successes include helping 43 stateless youths in Sabah to be pineapple jam micro-entrepreneurs and 19 refugee youths develop their own businesses.

The social enterprise has also launched Aceducation, an e-learning platform, in a bid to reach more youths.

### Do good always

Raised to believe that the world's her oyster, Raudhah credits her achievements today to her mother and grandparents.

"I was raised by an incredible mother and grandparents who taught me that everyone is capable of achieving anything and everything that they set their minds to," she says.

Her grandparents, for one, always emphasised on the importance of being bilingual and even trilingual.

"The motivation has always been to build a good life not just for myself but also for everyone around me," she says.

When she was 18, Raudhah ran her own charity projects in the Klang Valley. She got an inside view on issues such as homelessness and sex trafficking during this time.

"Looking back, I believe my passion for social entrepreneurship came from my own frustrations of witnessing continued vicious cycles. I saw the potential of social entrepreneurship as a way to not just end vicious cycles sustainably but also as a means to amplify impact without being financially dependent on mere donations.

"It's a powerful concept that allows change to happen on a huge scale and is a powerful concept that empowers individuals to become independent change makers," she explains.

Raudhah is focusing on youth unemployment because of the catastrophic domino effect of the issue.

"If we take a step back and observe society both in Malaysia and abroad, most if not all of the social issues haunting us stem from financial problems," she says.

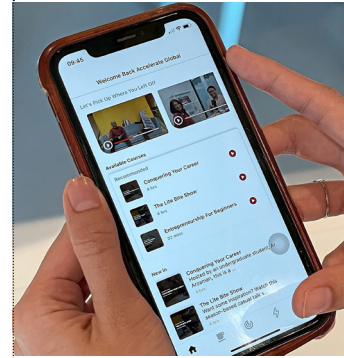
Raudhah goes on to list social issues such as domestic violence, family break-ups, homelessness and drug abuse.

"In most of the cases reported by the victims, financial problems are often listed as one of the many factors that led to the issue at hand. Financial problems arise due to either

# Equal chance for all

This entrepreneur addresses youth unemployment by providing upskilling opportunities.

"I was raised by an incredible mother and grandparents who taught me that everyone is capable of achieving anything and everything that they set their minds to."  
— Raudah



The social enterprise has also launched Aceducation, an e-learning platform in a bid to reach more youths.

Raudhah is recognised by Forbes 30 Under 30 Asia earlier this year. — RAUDHAH NAZRAN



lack of financial literacy, under employment or unemployment.

"The urgency is real. Unemployment, especially amongst youths who are inevitably going to be our next generation of leaders, if left unchecked can affect the future of our nation and the world," she explains.

### A pertinent matter

When it comes to youth unemployment in Malaysia, Raudhah identifies two main causes: lack of independence and creativity, and the education system.

On the latter, she says the education system either does not prepare youths for the working world or does not provide market-relevant skills.

"Malaysia still deems academics as the number one priority when it comes to assessing one's intelligence and capabilities. While I agree that academics is indeed important, I too believe that youths must be exposed to the realities of post university-life," she says.

With regards to the lack of independence and creativity, Raudhah says youths need to realise that there are options.

"The spirit of entrepreneurship must be instilled in all youths to ensure that they are not merely dependent on employment. This is not in any way undermining employment

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– most of the women here have some basic skills in sewing.

"We decided to capitalise on that by engaging them to work at our facility. For those who couldn't work full-time, they could still do it from home and we even provided them with all the necessary things from sewing machines to fabrics, needles and scissors.

"All they had to contribute was their skills and time. We pay the women based on how many pieces they produced each day, week or month.

"If they finish their Nazkids quota ahead of time, they're also free to use our sewing machines to do orders for their own clients. This allows them to generate income from multiple sources.

"Our pieces are sold online through our social media platforms and website, as well as e-commerce sites like Shopee and Lazada. We've also recently penetrated the Brunei market and are working with a partner there to sell both online and offline," Baitulhusna said of their model.

The reach of such platforms significantly widens the potential customer base and gives the beneficiaries marketing opportunities that were previously not available to them.

## Paying it forward

THE kindness of an acquaintance who helped her when she was a student left an indelible mark on K.S Pakyalakshmi and led to her starting a non-governmental organisation to empower women and the underprivileged in her community.

After she lost her father at 16 years old, life was a struggle for Pakyalakshmi, her mother and three sisters. And even though her mother worked hard to make ends meet, it wasn't easy.

"A family without a father ... it was difficult and we faced many challenges," shares Pakyalakshmi who is from Seberang Jaya, Penang.

When she was in Form Five, her hopes of sitting for her SPM examination seemed to be slipping from her fingers because she couldn't come up with the RM125 needed to pay her examination fees even though she was among the top students in her school.

She wasn't the sort to just give up on a dream, though.

"I knew this 'uncle' who I used to bump into at the bank when I go to pay bills. He was a nice man and we became friends. I thought I'd ask him to lend me the money. I went looking for him and asked him for a loan. I promised that I'd get a job after my exams and pay him back with my first paycheck.

"He agreed and followed me to school the next day and paid my fees," she shares.

True to her word, after her exams, 17-year-old Pakyalakshmi got a job at a hotel and with

her first paycheck, she went looking for her benefactor to repay his loan.

"He refused to accept the money. Instead, he told me to help other young people who had no money to study. I felt like crying when he said that," she recalls. "That was the last time I saw him."

### Income-generating skills

Since then, Pakyalakshmi has been paying it forward by helping the less fortunate in her community learn skills so that they can earn a living.

She started Tamarai or Pertubuhan Pembangunan Wanita Tamarai Pulau Pinang, through which she offers skills training to underprivileged individuals, at-risk youth and ex-prisoners in Penang, Kedah and Perak.

"I come from a B40 family and so I know full well what it is like ... not to have the opportunities to study and so on. Even as a young student, I wanted to do something to help others in my community but what could I do at 18. Although I couldn't further my studies after my SPM, I was determined to help others," she says.

Pakyalakshmi joined several political parties, thinking that it would allow her to help her community.

"I would ask them why we couldn't do this and that and I was getting frustrated. Then, I decided that instead of waiting for others to start something, why don't I do it



Raudhah says youths need to realise that there are options.

opportunities. This helps the youths especially when they are dealing with economic uncertainty or retrenchment.

"Youths must know that employment is not the only option in improving livelihood and gaining financial independence," she says.

In addressing youth unemployment, Raudhah says it's about taking ownership of

one's life.

"It is time for youths to start taking charge of our own lives and be the change we want to see in the world. I believe that it starts with us. Change starts with us and the only way to amplify this is to educate the youths, reminding them that they are capable of leading their lives," she concludes.

## Stitches of hope

"The women of Jitra are skilled and can make all sorts of products. But they would typically only sell it within a 5km radius of their home, mostly to friends, relatives or locals.

"Once they exhaust their customer list, they don't know who else to sell it too. They lacked the marketing reach and that's where we came in," she added.

Nazkids currently has about 10 women working full-time and another 10 to 15 working from home part-time. Their main products are traditional Malay clothing.

The focus is on babywear for little ones below 3.5kg, such as mini baju Melayu sets with matching sampin and tengkolok (headgear).

Unlike garments on the mass market, their smaller sizes are better suited to Asian toddlers – and orders come pouring in especially during festive seasons like Hari Raya Aidilfitri and Aidiladha.

"Customers love our wide range of styles and colours. They like to dress their babies up for Aqiqah, a celebration where a Muslim family welcomes their newborn and shows him or her off to relatives and friends.

"We also have a return and refund option for those who have a change of heart. All these keep customers coming back," Baitulhusna pointed out, adding that they also did not terminate any beneficiaries during the pandemic.

Instead, they innovated and came up with a range of face masks, lanyards and key-chains made from traditional songket fabrics. Sales actually soared, as many bought the special face masks for Nikah ceremonies.

Some of the beneficiaries also make hijabs or kain telekung (for prayers) on their own, which Nazkids help them sell.

Baitulhusna said they regularly run free sewing classes to identify potential beneficiaries that they can bring on board. They found that by doing screenings in a more informal setting, the women feel more comfortable and can open up about their life stories.

"A social enterprise is like the frontliner of a community. It can change the whole economic cycle, generate opportunities and provide a platform people to improve their quality of life.

"Hopefully, our efforts inspire others to



start up similar initiatives," she added. To check out their products, visit [www.mynazkids.com](http://www.mynazkids.com) or [shopee.com/mynazkids](http://shopee.com/mynazkids). For updates, follow 'nazkidsent' on Facebook and 'nazkids' on Instagram.

Nazkids' product range focuses on traditional Malay clothing, particular for babies and young children. (25 July 2022) – Photos provided by Baitulhusna Ahmad Zamri

myself," she said.

She started small – teaching a few single mothers how to make jewellery. She also searched for skills-training courses offered by government agencies or NGOs. But she realised she needed a platform through which she could organise the various training programmes.

Within a year, she registered Tamarai as an NGO and introduced more courses for women on floral arrangements, tailoring, hair styling, henna design, digital accessory entrepreneurship, computer literacy and young entrepreneurship.

Tamarai started off with just Pakyalakshmi and her husband Balamurugan Nyanasikamani running things but the organisation has 25 volunteers. It has run 202 programmes for the community in the past decade.

### Helping those most in need

As a telephone operator at the police station in Penang, Pakyalakshmi says she made many friends who were like-minded and shared the same desire to uplift the community.

In her job, she also saw many teenagers and single mothers who landed in jail for minor offences. Knowing full well that opportunities for them after they get out of prison would be scarce, she decided to extend her help to them.

"I chose to help the darker side of society – ex-prisoners and their families, ex-juveniles, single mothers, school drop outs and so on. I focused on women as I truly believe that women are the backbone of the family and

society. If you help one woman, you are helping a family and society," she says, adding however that some of her skills-training programmes are also open to men and boys.

Courses are offered to those aged between 18 to 50, although exceptions are made for school dropouts aged 16 and above. The young entrepreneurship course is open to children, with her youngest student being nine years old.

"I choose courses on skills that are in demand – there will always be a need for tailors, hairdressers and florists. During the MCO, when things were really tough for many, I had a couple of students who managed to earn about RM5,000 from doing floral arrangements for Mothers Day. So, these are very useful skills," shares the 39-year-old mother of two.

Although it has been challenging, Pakyalakshmi says that Tamarai has led many to become successful entrepreneurs and many of her "students" have contributed back to the organisation by becoming tutors who are paid for their services.

"I will select some of them and send them for further training so that they can earn extra by becoming trainers," she says.

Just this year, Tamarai has moved from a rented premises to a three-storied building in Butterworth, Penang which she called the Tamarai one-stop Skills Centre.

"I want the people to come here to learn something. I want it to be family-oriented. The ground floor is a youth centre so the youth in the community can come and play games or learn something. The top two floors are open for single mothers or fathers to come and



Pakyalakshmi believes that helping uplift her community is what she is meant to be doing. — Photo K.S. PAKYALAKSHMI

learn a skill ... and if they don't have anyone to look after their young children, they are welcome to bring them along and we will see to them. Often they don't come for courses because they can't leave their young ones alone at home," she shares.

### All about empowerment

By offering skills-training courses for the underprivileged, Pakyalakshmi hopes that she can teach the community to be self-sufficient, and not depend on handouts from the government or charitable organisations.

"My sincere hope is that families stop being dependent on handouts. Instead, we want to encourage families to have at least one entrepreneur per household so that they can have an alternative source of income. We saw how important this was during the pandemic," she says.

Pakyalakshmi says she is focusing on skills training because "it is practical and anyone can do it".

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prison can be challenging. Truth be told, a few of them do end up back in prison months after being released or they run away and are never heard from again. Jeshurun has had to provide emotional support as well, and shared how one former inmate would call him up even in the wee hours of the morning.

"He kept saying someone was going to kill him. I would help him stay calm. Eventually he came to his senses after I asked if he wanted me to get the police to check his home and he said no," Jeshurun said.

Suthan, too, admitted that there have been instances when former inmates end up stealing some of the company's assets like motorcycles and running away. For some cases, the Prison Department would have to be notified, especially when the inmates are still on parole.

"But you know, it is the success stories that keep us going. These are the people that we really want to keep helping because they have proven to us that they can change for the better," Suthan said.

## Turning their lives around



Jeshurun is likely to be the first person former inmates from Kajang Prison will see after serving their prison sentences.

One example is Muhammad Noor, who spent six months in prison for burglary, but has turned his life around. After completing his training period at BeliGas, Muhammad Noor works for the company by performing gas deliveries and keeping track of inventory.

"I feel very lucky" he said. Suthan also shared that some former inmates have mustered the courage to go back to their families after getting stable employment with BeliGas.

"Then they also went on to start their own

families!" he adds.

Suthan is working towards creating more opportunities for former inmates to not just work at BeliGas but also find job prospects in other fields. He feels that this will also help to address the issue of manpower shortage in Malaysia.

"There is a hotel in Bangi that approached us about wanting to hire former prison inmates as workers and we shared our experiences about how it can be done by providing the right tools such as training and moral support to encourage them to not stray from their goals," he said.

BeliGas will also be working on a pilot programme with the United Nations Global Compact (UNGC) in Malaysia to encourage more F&B companies to dispose of their cooking oil responsibly.

"We find that many companies are not sure about what to do with their used oil. It's worrying because some could turn it back into cooking oil which may not be safe for human consumption. The UNGC programme will match companies with our services and we will endeavour to provide more sustainable solutions for them."



SMALL ACTS



BIG IMPACTS

## PUT THEM IN CHARGE

Offer small rewards for spotting electricity and water wastage hazards around the house. Have them suggest ways to save electricity or water at home. On top of engaging in learning about ways to save electricity, putting kids in charge of a mission builds their self-confidence and self-esteem too.



# Inexpensive eco-friendly family activities

Compiled by RUBY LIM  
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## CREATE A GARDEN

Empower your kids with their very own pesticide-free garden. Whether a garden on the ground or a mini one on the balcony, gardening is a simple activity for the whole family to spend time together. Get each person to pick a plant or seed type and plant away.



## MAKE TOYS FROM RECYCLED ITEMS

Sort out items that can be repurposed and pick craft ideas according to your child's interest. Ask for his or her opinion, or you may even suggest a few ideas for a start. For instance, turn a milk carton box into a sailboat, a plastic bottle into a pencil holder or paper rolls into telescopes.



ECO-friendly habits are something that many of us want to instill into the next generation.

And if you want your kids to stay away from electronic gadgets, then assisting them to connect with nature is a good solution.

But teaching kids about anything is more effective when we show, not tell.

Instead of just telling them that to do this and not that, or constantly reminding them that protecting Earth is important, how do you keep it fun and pique their curiosity and interest?

The best way to teach children is to lead by example.

Eco-friendly activities do not need to be expensive and it can include things that are already part of your daily routine.

All you need is just a little time and creativity for family activities where you can really have fun.

Get the kids active and take them outdoors. Start them young and show them ways they can reduce their carbon footprint.

It's time to unplug the gadgets and get the ball rolling! Here are some fun educational activity ideas to help engage your children and have fun starting some great conversations about sustainability along the way, without spending much money.

But don't be limited by these ideas. Get creative!

## PLAN A PICNIC

Go for a picnic outdoors instead of visiting the shopping malls. Have the kids help set the menu and pack the food while explaining to them the use of containers to reduce waste.



## CREATE ART FROM NATURE

Work on a DIY art project using objects from nature. Collect leaves, flowers and tree branches to create a piece of art for your home by arranging and pasting it on a paper board or pressing prints from painting on the objects. Find larger stones and have your kids painting them into ladybirds.



## SET UP RECYCLE BINS

Put up a recycle bin at home and let the kids sort out their own trash into the right bins. This way, they get to learn through play. Of course, give them small rewards when they get it right as encouragement.



## ORGANISE TREASURE HUNTS

Plan a treasure hunt in the garden or at the park. This will get them off their electronic devices and get them to have fun outdoors, while perhaps discovering new plants and insects.



## PLAY OUTDOORS

Go for a bike ride, jog or fly a kite. These may be simple activities, yet it's still a fun way to get some exercise outdoors.

