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Stepping Up In The ESG Space

ESG adoption can help SMEs create long-term value and business opportunities. MECD Minister Datuk Ewon Benedick shares how SMEs can kickstart their ESG journey

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Stepping up in the ESG space

ESG adoption can help SMEs create long-term value and business opportunities. MECD Minister Datuk Ewon Benedick shares how SMEs can kickstart their ESG journey



By **LEE CHONGHUI**
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CONCERNS of another possible war, worsening climate change, cyber attacks, global supply chain issues, economic crisis and the Covid-19 pandemic have become catalysts for spiking environmental, social and governance (ESG) adoption rates among businesses of all sizes.

Suffice to say, businesses are aware there is a high possibility of losing out in the game if they do not incorporate ESG practices into their daily operations.

However, Malaysia's business community — a majority of which is made up of small and medium enterprises (SMEs) — is still lacking awareness and understanding of ESG issues.

This has led to many paying lip service to exploring ESG practices or undertaking one-off initiatives to shout about ESG compliance, but realistically, the majority are unable to walk the talk.

Pointing out that SMEs represent 1,226,494 (97.4%) of business establishments in Malaysia, Entrepreneur Development and Cooperatives Minister Datuk Ewon Benedick says it is imperative for SMEs to hop onto the ESG bandwagon as soon as they can to avoid great impact on their businesses directly or indirectly through the supply chain across all sectors and industries.

"I firmly believe that one day, ESG and sustainability efforts will become the norm for all SMEs in Malaysia," he tells *StarESG*.

Beginning with baby steps

A complex strategy with extensive measures are not needed for SMEs to begin their respective ESG journey.

Ewon strongly recommends SMEs to start measuring and understanding their current carbon emissions prior to ESG implementation.

"This will be helpful in serving as a baseline for setting emission reduction targets and implementing effective strategies."

He then suggests SMEs should embrace a low-hanging fruit strategy as an initial step in their ESG or "green" journey.

"Dwelling excessively on the structural and financial aspects of ESG can hinder advancement in incorporating sustainability practices within their organisation.

"Making a difference to the planet does not need to be costly or mean making radical changes to your business."

"It could be as simple as switching to a green energy supplier, recycling waste properly or simply switching off computers and monitors at night and going paperless," says Ewon.

He adds that incorporating employee care such as motivating employees to retain talent, complying with the minimum wages order,

workplace safety rules, can also be part of an SMEs ESG agenda.

Pointing out that conducting corporate social responsibility (CSR) activities and giving back to the community are also considered as ESG practices, he shares there are no-cost or low-cost measures that SMEs can easily adopt to kickstart their ESG journey, or hasten and enhance sustainability efforts.

> **Energy conservation:** Implement energy-saving practices such as turning off lights and equipment when not in use, utilising natural light, and optimising heating, ventilation, and air conditioning systems for efficiency.

> **Water conservation:** Promote water-saving habits within the workplace, such as fixing leaks, installing water-efficient fixtures, and educating employees about the importance of water conservation.

> **Waste reduction:** Establish a recycling program and provide proper waste separation bins. Encourage employees to minimise paper usage by promoting digital documentation and implementing double-sided printing.

> **Sustainable transportation:** Encourage employees to carpool, use public transportation, or bike to work. Provide incentives for eco-friendly commuting options.

> **Employee engagement:** Foster a culture of sustainability by educating employees about the importance of ESG practices and encour-

aging their active participation. This can include organising awareness campaigns, workshops and training sessions.

Bigger strides towards ESG

Once SMEs are comfortable with the simple ESG practices, they could consider taking further measures by identifying ESG issues relevant to their respective firm and industry to step up their game in the ESG space and raise resilience level in sustainability matters.

Ewon lists requirements of consumers, buyers, financing and the market as the important factors to consider.

Citing the *Deloitte Global 2022 Gen Z and Millennial Survey*, he shares that 64% of Gen Z (born between 1996 and 2010) would pay more to purchase an environmentally sustainable product, versus 36% who would choose a cheaper product that is as sustainable.

"The shift in consumer behaviour is a crucial factor that can affect the business greatly."

He adds that large firms are demanding vendors and suppliers to adopt sustainability and ESG practices.

"Being ESG-ready is a huge plus for SMEs in bidding for contracts, access to local and global markets as well as sustainability procurement.

"Climate-related trade measures may pose market access risks for exporting SMEs. Exporters will need



Ewon says businesses need not implement radical changes to their business to embrace ESG.

to be aligned with domestic regulations as well as rules in destination countries."

On financing requirements, Ewon says adopting ESG practices can reduce the risk perceived by bankers and investors — allowing SMEs access to cheaper funding.

"On the flip side, non-compliance with ESG may result in SMEs experiencing difficulties in accessing financing or being side-lined by investors.

In some countries — European in particular — are imposing the adoption of ESG as a mandatory requirement for services and products to enter their market.

This means SMEs that produce their products or act as vendors to multinational corporations (MNCs) are forced to comply with the regulations or risk losing the contract.

Additionally, Ewon says clear communication from leaders can drive the company to do better, faster.

"Leaders must clearly communicate their commitment such as goals, action plans, and progress on ESG matters to stakeholders. Build up the corporate reputation among employees first, then consumers, and investors.

"Showcase how the company is living up to its organisational purpose and gradually improve the company's ESG rating, which is used to measure the sustainability or ethical impact of the organisation.

"Also, increase transparency, which serves as a source of public accountability for leaders. This can be done by publishing all the good work undertaken on the firm's corporate website," he says.

Reaping the benefits

It seems like a daunting task to get the basics of ESG right.

However, it may be easier than one might think if ESG is considered a journey that enables businesses to obtain clear benefits.

Noting that the adoption of ESG practices will impact operation, workforce and customers or end-users, Ewon shares the six key benefits of adopting ESG in business operations.

> Improve cost effectiveness with efficient use of resources and recycling of materials as well as reduce cost of operation.

> Enhance market access through the supply chain as large firms, multinational companies, government-linked companies are demanding for vendors and suppliers to adopt sustainability and ESG practices. Being ESG-ready is a huge plus for SMEs in bidding for contract, access to local and global market and sustainability procurement;

> Attract and retain workers. Younger generations are more aware of the impact of climate change on the environment and more inclined to work with ESG compliant companies. High level of satisfaction with commitment to societal impact, diversity and inclusion and sustainability may induce loyalty;

> Enhance access to financing. Adopting ESG practices means reducing the risk perceived by bankers and investors, allowing SMEs access to cheaper funding.

> Boosts competitiveness and resilience as economics sustainability can be attained whereby adopting sustainable solutions is an opportunity for SMEs to build greater business resilience and ensure survivability in the long run particularly post Covid-19 pandemic; and

> Build reputation and positioning. ESG compliance opens up new market segments and attracts new customers.

Capitalising on ESG

The 2015 Paris Agreement on climate change set the stage for sustainability to become part of the public consciousness.

Since then, a lot of key developments in ESG among the vast business sector have been witnessed in recent years.

Each company, from the largest

to the smallest, have been scrambling to adapt to ESG practices and build resiliency into their business and strategy.

Those who do are future-proofing their business and building a competitive edge into their operations, those who don't could risk perishing after a period of time.

Ewon opines that ESG practices can contribute to the long-term sustainability and success of SMEs.

"Implementing environmentally friendly measures, such as reducing energy consumption or adopting sustainable sourcing practices, can lower SMEs operational costs and increase efficiency.

"Similarly, incorporating social initiatives, such as promoting diversity and inclusion or supporting local communities, enhances the company's reputation and attracts customers and talented employees."

He adds that adopting ESG practices can open up new business opportunities for SMEs and enables them to navigate regulatory requirements as well as mitigate risks.

"Many large corporations and government agencies are prioritising suppliers and partners who adhere to ESG standards.

"By aligning with these practices, SMEs can gain access to larger markets, secure valuable contracts, and build stronger relationships with stakeholders.

"Meanwhile, governments worldwide are increasingly implementing regulations related to environmental protection, labour standards and corporate governance.

"By proactively embracing ESG practices, SMEs can stay ahead of these regulations, avoid legal issues, and build resilience against potential reputational and operational risks," says Ewon.

He also reminded businesses that adoption of ESG is not just to earn money.

"SMEs can have a positive impact on the environment, local communities and the well-being of their employees. This not only aligns with the expectations of customers and stakeholders but also helps create a better world for future generations."

Hastening ESG adoption

An Alliance Bank survey titled *ESG Insights from Malaysian SMEs: Building A Better Future Together* showed that Malaysian SMEs lacked awareness regarding the importance of ESG principles. Prior to the survey, 86% of surveyed SMEs had never come across the concept ESG.

To drive SMEs towards ESG implementation and integration, Ewon highlights that SME Corp Malaysia will be rolling out PKSlestari - an initiative to encourage and accelerate the adoption of ESG among SMEs through development of a sustainable ecosystem.

He says the PKSlestari ecosystem that is being developed will consist of awareness and education programmes; SME ESG Assessment; policy support; market access; standards and compliance; as well as financing and incentives.

"A series of awareness and hands-on workshops nationwide (by region) via targeted industries such as oil and gas, electrical and elec-



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tronic (E&E), medical devices, and more will be held.

"These awareness workshops consist of several modules which sheds light on ESG practices are, how SMEs can leverage on ESG and learn how to develop and implement ESG strategies."

Encouraging SMEs to do a deep dive on the implementation of ESG in their business operations, Ewon says the hands-on workshops are helpful in helping SMEs develop customised business sustainability plans.

Besides workshops, PKSlestari promotes and encourages SMEs to undergo SME ESG Assessment to obtain sustainability-related data and benchmarking within industry.

It also serves as a bridge of engagement between regulators, multiple ministries and agencies including Bank Negara Malaysia, the Economy Ministry, Natural Resources, Environment and Climate Change Ministry, Bursa Malaysia, multinational and government-linked companies, and academic institutions.

"SMEs can utilise this bridge to develop the supply chain and enhance linkages, as well as seek attractive financial assistance on ESG for SMEs," says Ewon.

Separately, he adds that SME Corp Malaysia had successfully organised the first awareness workshop on Mar 21, under the 2023 *SME Sustainability Series: Charting the ESG Path for SMEs* in collaboration with Petronas which was attended by 151 participants.



Adoption of ESG practices will impact operation, workforce and customers or end-users.



SMEs could identify ESG issues relevant to their respective firm and industry to step up their game in the ESG space and raise resilience level in sustainability matters.

ESG

in the news

AUG 1

• The need to meet ESG compliance could spur demand for carbon credits in Malaysia. Currently, the country does not have a carbon compliance market unlike Singapore, which introduced this mechanism in 2019 to incentivise the move towards net-zero by 2050. However, its adoption of a voluntary carbon market (VCM) via the launch of the Bursa Carbon Exchange (BCX) in December 2022, could trigger domestic project development, said RHB Research.

• **Sime Darby Property's (SDP)** utilisation of its non-core landbank to develop utility-scale ground-mounted solar farms has RHB Research feeling positive over its outlook.

While it is unlikely to have a significant impact on its near-term earnings, the research outfit is in favour of SDP's enhanced usage of an estimated 404.7ha of its landbank in Johor and Kedah for renewable energy purposes.

AUG 2

• **The Securities Commission (SC)** has issued guidelines on technology risk management, which aims to promote robust and sound technology risk management practices among capital market entities.

In a statement, the regulator said the guidelines also set out the SC's expectations on capital market entities when they manage their technology risk.

It said the formulation of the guidelines took into account feedback received from the Public Consultation Paper on The Proposed Regulatory Framework on Technology Risk Management, which was published last year.

"Among the requirements set out in the guidelines include the establishment and implementation of an effective technology risk framework, technology project management, technology service provider management and cyber security management by capital market entities," it said.

• **Cypark Resources Bhd**, in partnership with **RGFC Ventures Sdn Bhd**, is committed to delivering a low-carbon and sustainable agenda in Selangor by harnessing the power of solar energy, says chief executive officer Datuk Daud Ahmad.

Cypark Resources and RGFC Ventures have signed a memorandum of business exploration to provide renewable energy to the state in line with the NETR.

• Renewable energy company **reNIKOLA Holdings Sdn Bhd** is issuing up to RM390mil sukuk that has been certified by the Climate Bonds Initiative or Green Sukuk.

In a statement, reNIKOLA said its Green Sukuk has been independently verified by RAM Sustainability Sdn Bhd to have complied with the science-based Climate Bonds Standard and Certification Scheme.

"This is reNIKOLA's second green sukuk in three years and underscores the ability of the group to mobilise capital for green projects to drive Malaysia's energy transition goals forward," reNIKOLA managing director Boumhidi Adel said in the statement.

• **Tenaga Nasional Bhd (TNB)** and **Petroleum Nasional Bhd (PETRONAS)** have inked a joint feasibility study agreement (JFSA) to advance studies for hydrogen business development in Malaysia. This would cement their commitment to advancing the hydrogen economy.

"Building upon the earlier signed memorandum of understanding, the JFSA underscores the commitment of both industry leaders to collaborate and foster a strong synergy in exploring and developing business ventures in the emerging field of green hydrogen," TNB said in a statement.

• The **Green Real Estate (GreenRE)** has proposed for the government to improve transparent access to data and set up common baselines for reporting as well as a nationwide greenhouse gas emission database.

Chairman Datuk Seri FD Iskandar said GreenRE, Malaysia's leading green building certification body, also proposed that

equipment manufacturers and suppliers be compelled to disclose their emissions factors, particularly steel and concrete.

He also called for the enactment of the long pending Energy Efficiency and Conservation Act to drive demand-side energy reduction.

AUG 7

• Creating greater market vibrancy and intensifying efforts to leverage the sustainability agenda, as well as Malaysia's leadership in the Islamic Capital Market were among the key topics discussed at the **Securities Commission (SC) Industry Dialogue 2023 (SCID 2023)**.

The annual industry dialogue was held to discuss and deliberate on key areas to further develop and grow the capital market, following the launch of the Madani Economy by Prime Minister Datuk Seri Anwar Ibrahim on July 27.

• **Tenaga Nasional Bhd (TNB)** has presented a letter of intent to Laos' Electricite Du Laos (EDL) to collaborate in facilitating cross-border renewable energy (RE) trade and human capital development.

This is part of TNB's ongoing drive to strengthen the Asean Power Grid (APG) inter-connectivity and to reinforce TNB Power Generation Sdn Bhd's (TNB Genco) presence as the power generation arm in Asean countries.

AUG 8

• The **Corporate Green Power Programme's (CGPP)** total allocation quota of 800MW still has a balance of close to 30% or 236.58MW that has not been allotted.

The CGPP, which will be in commercial operations in 2025, is an initiative by the Energy Commission (EC).

There have been a total of 71 applications for the solar power producer programme thus far, out of which 22 bidders – consisting of individual companies and consortiums – have been allotted quotas ranging from 7MWac to 30MWac, the EC said in a statement.

• Global lithium battery manufacturer **EVE Energy Co Ltd** has announced the ground-breaking ceremony for its new manufacturing facility with an initial investment of RM1.9bil (US\$422mil) in Kulim, Kedah.

Malaysian Investment Development Authority said in a joint statement that the new factory, which will be EVE's 53rd, will focus on the production of cylindrical lithium ion batteries to support power tools and electric two-wheelers manufacturing in the country and across South-East Asia.

EVE Energy Malaysia Sdn Bhd director Joe Chen said the initial project will be constructed in phases and the construction period will not exceed three years.

• **Ni Hsin Group Bhd's** wholly-owned subsidiary **Ni Hsin EV Tech Sdn Bhd (NHEV Tech)** has proposed to conduct an initial exchange offering (IEO) exercise to raise funds for its electric vehicle (EV) business.

In a statement, Ni Hsin said it had entered into an IEO agreement with Pitch Platforms Sdn Bhd for the provision of IEO services and host it on its licensed IEO platform, PitchIN.

AUG 9

• **Sunview Group Bhd** has secured a quota totalling 59.98 megawatts (MW) under the Corporate Green Power Programme (CGPP), an initiative by the Energy Commission (EC).

In a filing with Bursa Malaysia, the renewable energy player said its subsidiary, Solarcity REIT Sdn Bhd, has been allocated an export capacity of 29.99MW, which is the maximum quantum assigned to a solar power producer.

"Meanwhile, through a consortium with JAKS Solar Power Sdn Bhd and Ann Joo Green Energy Sdn Bhd, (subsidiary) Fabulous Sunview Sdn Bhd has also been allocated with an export capacity of 29.99 MW."

• **EP Manufacturing Bhd's (EPMB)** wholly-owned subsidiary, **EP Blueshark Sdn Bhd (EPSB)** has signed a collaboration agreement with Grabcar Sdn Bhd (Grab) and Blueshark Ecosystem Sdn Bhd.

"Meanwhile, through a consortium with JAKS Solar Power Sdn Bhd and Ann Joo Green Energy Sdn Bhd, (subsidiary) Fabulous Sunview Sdn Bhd has also been allocated with an export capacity of 29.99 MW."

• **EP Manufacturing Bhd's (EPMB)** wholly-owned subsidiary, **EP Blueshark Sdn Bhd**

(EPSB) has signed a collaboration agreement with Grabcar Sdn Bhd (Grab) and Blueshark Ecosystem Sdn Bhd.

Under the agreement, EPSB will work with Grab and Blueshark to promote and champion green mobility as well as environmental, social and governance programmes.

Together, these programmes aim to convert 80,000 Grab driver-partners and delivery-partners from users of internal combustion engine motorcycles to users of electric motorcycles.

• **Winners of the Corporate Green Power Programme (CGPP)** could potentially enjoy better returns compared to the fourth cycle of the large-scale solar (LSS4) projects.

MIDF Research said going by its initial ballpark estimates, the CGPP could reap internal rate of returns (IRRs) in the high-single-digit levels.

This is because the initiative, which will be utilising virtual power purchase agreements, is based on a willing buyer-willing seller approach.

AUG 10

• **Hong Leong Investment Bank (HLIB) Research** sees positive developments for Tenaga Nasional Bhd (TNB), which is a major beneficiary of the recently launched National Energy Transition Roadmap (NETR).

The power utility group will be able to accelerate its investments into energy transitioning to diversify earnings base and support future earnings growth, the research house said.

AUG 11

• **The Energy Commission (EC)** will be reopening the Green Energy Tariff (GET) programme from today with an available green energy quota of 1,899 gigawatt hours for the five-month contract period from Aug 1, 2023 to Dec 31, 2023.

In a statement, the EC said the GET programme would enable renewable energy 100 (RE100)-focused and environmental, social and governance-conscious companies and industries to immediately obtain certified green energy up to 100% of their monthly electricity consumption.

• **Bintang Capital Partners Bhd** has announced investment under its maiden fund, BCP Asia Fund I LP, into **Blue Planet Environmental Solutions Pte Ltd** to support the continued growth of Blue Planet's sustainable waste management technologies and capabilities.

Bintang, the private equity arm of AHAM Asset Management Bhd, said the investment marked a significant milestone in Bintang's commitment to supporting innovative companies that can revolutionise the waste management industry and drive positive impact on the environment.

• The **Malaysian International Chamber of Commerce and Industry (MICCI)** has inked a memorandum of understanding (MoU) with the Transported Asset Protection Association (Tapa) Asia-Pacific to collaborate and provide value to manufacturers, brand owners and logistics service providers in Malaysia.

In a statement, MICCI said the partnership aimed to share best practices, globally recognised industry standards and certifications that help reduce losses in supply chains.

AUG 12

• **Solarvest Holdings Bhd** has founded a new wholly-owned subsidiary, **Solarvest (Taiwan) Corp Ltd**, in Taipei, Taiwan with the aim to strengthen its market presence and explore clean energy project opportunities in the country.

Solarvest has gone beyond solar and has ventured into new sustainable solutions across the clean energy ecosystem. These include energy efficiency solutions, energy storage systems, low-carbon mobility ecosystem, renewable energy certificates, green hydrogen and green data centres.

AUG 14

• **Maxis Bhd** is capitalising on its technological strength to fortify its sustainability strategy at a time when sustainability is high up on the agenda of businesses.

To this end, Maxis Bhd acting chief technology strategy officer Tan Cheng Peng told

StarBiz the telco is leveraging its technology to support its sustainability strategy in several ways.

"For example, we are using solar off-grid telecommunications towers to help us reduce emissions.

"We deploy artificial intelligence (AI)-powered energy efficiency management across Maxis facilities and cell-sites that reduce power consumption during off-peak hours.

"The company has also kick-started its e-waste programme to complete the loop in network and digital devices contributing to the overall circular economy," he noted.

AUG 15

• Malaysia is on track to achieve its net-zero carbon emissions by 2050, but it needs to keep attracting investor funding to keep up with its momentum of the energy transition, says the **Energy Industries Council (EIC)**.

"We need external funding to do this. We must make renewable projects or energy transition projects attractive for the actual funds to come in (but like) any project, it is all about infrastructure.

"Investors are spending billions of dollars, and at the end of the day all they want to see is returns (of their investments)," EIC regional director, Asia Pacific, Azman Nasir, said.

He was speaking to reporters after announcing that the **Oil and Gas Asia 2023** conference would take place from Sept 13-15.

AUG 16

• **HSS Engineers Bhd** and its consortium partners have accepted an award from the Energy Commission to develop a photovoltaic (PV) plant with an export capacity of 29.99 megawatts in Kuala Muda, Kedah.

In a filing with Bursa Malaysia, the group said the consortium comprised its unit HSS Engineering Sdn Bhd, Shizen Malaysia Sdn Bhd, Solarvest Asset Management Sdn Bhd and Aziho Trading Sdn Bhd.

It has undertaken the project to provide opportunities for businesses to participate in the promotion and use of renewable energy in their operations.

AUG 17

• **Malayan Banking Bhd (Maybank)** has cumulatively mobilised close to RM40bil in sustainable finance and improved nearly 970,000 households across Asean since 2020.

Maybank group president and chief executive officer Datuk Khairussaleh Ramli said the bank has reduced 43.5% of its scope 1 and 2 emissions as well as achieving close to 260,000 annual sustainability hours.

AUG 18

• **Pekati Group Bhd's** wholly owned subsidiary, **Pekati Teknologi Sdn Bhd (PTSB)**, has been selected for the development of a 29.99-megawatt solar power plant project under the corporate green power programme (CGPP) conducted by the Energy Commission.

PTSB is one of the 22 successful bidders selected for the CGPP (800 megawatts).

ESG opportunities

Head of Sustainability – Sun Life Malaysia Assurance Berhad, Kuala Lumpur

Responsibilities include driving Sun Life Malaysia's green agenda, ensuring regulatory adherence, managing climate projects, engaging stakeholders, reporting progress and cultivating an eco-conscious culture.

Senior Sustainability Analyst – AirAsia, Selangor

Primary tasks include creating a sustainability framework, aligning Capital A goals within ADE, tracking sustainability metrics, engaging stakeholders, ensuring ESG compliance, strategising ESG integration, reporting and leading projects.



Companies that stress on DEI are more likely to be considered 'industry-leading' with talent that is of 'high-calibre'.

Reinstating the importance of diversity, equity and inclusion

By ERIC QUAH
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MANY companies in Malaysia today are beginning to see the benefits of integrating diversity, equality and inclusion (DEI) within their workforce.

These three distinct yet closely related elements help to create a working space that perpetuates respect and fairness, by promoting equal access, opportunity, employment and team spirit among all levels of employees.

Those who are underrepresented within a company would have more access to contribute and be rewarded for their efforts.

By nurturing an inclusive workplace culture, companies will have more ideas and fresh perspectives that help to foster closer relationships within employees that ultimately results in a stronger organisation.

This is not merely an altruistic notion, but backed by statistical evidence: A study by LinkedIn showed that companies that maintained a DEI team are 22% more likely to be considered as "industry-leading" with talent that is of "high-calibre".

These companies are also 12% more likely to be seen as an "inclusive workplace for people of diverse backgrounds."

Similarly, in a 2020 study, global management consulting firm McKinsey & Company noted that "the most diverse companies are now more likely than ever to outperform less diverse peers on profitability."

When companies bring together

people from different backgrounds, decision makers would have access to a variety of perspectives that would ultimately help them reach out to a wider range of audiences and potential customers.

It is through the diversity of its employees that these companies become more competitive, and when augmented by equity and inclusivity, these employees will feel represented and are more likely to remain loyal to stay than leave.

However, multinational professional services provider PwC noted that companies tend to focus on the diversity of its employees, yet tend to downplay the importance of the inclusivity metric, as diversity is simply done by setting targets and then tracking the outcome.

For the equality metric, and indeed the inclusivity metric as well, it involves the company's culture and that will take time to evolve.

Considered "harder to pinpoint and to measure, hard to change," PwC recommends setting a dual approach, whereby companies should implement short-term diversity-focused KPIs alongside a long term vision that addresses behavioural norms.

These should be backed by a strong top-down commitment and role-modelling.

On the local level, DEI has emerged at the forefront and recently several corporations have stood out in making the case for that.

Retired Maybank chief executive officer and 30% Club Malaysia chair Datuk Ami Moris said in a previous *The Star* article that DEI metrics are

the driving forces for the mobilisation of human or people capital.

"To thrive sustainably with resilience, successful companies typically need four types of capital: human capital together with financial, infrastructure and intellectual capital — that form the foundation from which organisations are built," added Ami.

In a forum held in March, Khazanah Nasional managing director Datuk Amirul Feisal Wan Zahir mentioned that DEI practices should not be seen as a "nice to have" but instead is central to how an organisation should be.

"Diversity of thought is necessary for any type of business," he said during a virtual forum organised by The 30% Club Malaysia to commemorate the International Women's Day.

Prime Minister Datuk Seri Anwar Ibrahim had also stated, during the launch of the International Women's Day event in Kuala Lumpur on March 8, that all private companies should have at least 30% of their senior leadership, comprising women, where at least 30% should be represented on all boards of directors by 2025.

During the launch, Institute of Corporate Directors Malaysia (ICDM) president and chief executive officer Michele Kythe Lim had said, "We have seen the benefits of diversity and correlation between better corporate performance and diversity on boards which includes gender."

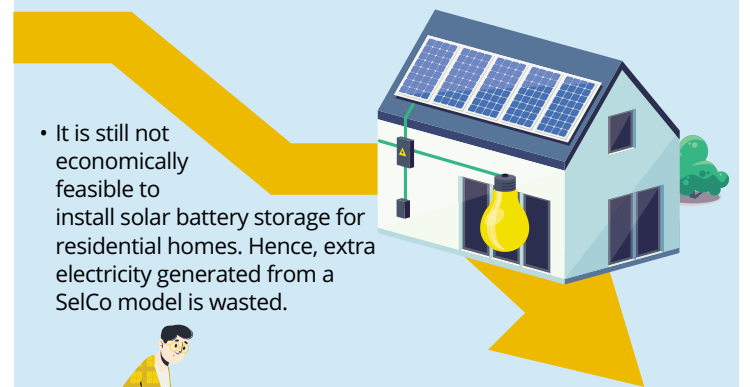
ICDM initiated the *Board Diversity Study and Index* in 2021 as a platform for companies to promote and support the cause for better diversity on boards.

How NEM Rakyat Adds Value to Solar Customers



What is Solar SelCo?

- Solar SelCo or solar self-consumption model is a building installed with rooftop photovoltaic (PV) system that generates power for its own electrical needs, becoming both a producer and consumer, or Prosumer.



- It is still not economically feasible to install solar battery storage for residential homes. Hence, extra electricity generated from a SelCo model is wasted.



Advantages of switching to NEM Rakyat

- All extra electricity generated from the SelCo model is exported to the TNB grid.
- This translates to huge bill savings of up to 90% each month.

Goodbye SelCo. Hello NEM Rakyat!

How SelCo can be NEM Rakyat subscribers

- Engage with a reputable solar contractor to apply for NEM Rakyat quota, which is under the purview of the Sustainability Energy Development Authority (SEDA) Malaysia.
- Check the available quota balance at <https://services.seda.gov.my/nem/quota/dashboard>
- Upon approval, an appointed contractor will verify the installed solar system and remove the zero export device.
- The testing results and a NEM meter application form to TNB will be submitted by the contractor.
- TNB will set an appointment to replace the current meter with a **NEM bi-directional meter** once the application is processed.
- Maximum capacity for each NEM Rakyat application is capped at:
 - Not more than 5kW for single-phase NEM Subscriber
 - Not more than 12.5kW for three-phase NEM Subscriber



For more enquiries about NEM Meter and NEM Rakyat application, visit www.tnb.com.my/solar or www.gsparx.com

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ESG study findings to help SMEs enhance their ESG journey

Three out of five SMEs believe adopting ESG practices creates long-term value

EARLIER this year on April 17, Alliance Bank Malaysia Berhad's inaugural annual ESG survey report, *ESG Insights from Malaysian SMEs: Building A Better Future Together* revealed that three out of five Malaysian small and medium enterprises (SMEs) believe embedding environmental, social and governance (ESG) practices in their business will create long-term value, build a strong workforce and increase business opportunities.

The study was jointly commissioned with UN Global Compact Network Malaysia and Brunei (UNGCMYB) and SME Corporation Malaysia (SME Corp Malaysia) to provide insights on the awareness, adoption and challenges of SMEs striving to integrate ESG factors into business practices in Malaysia.

The study was developed using three approaches — in-depth interviews, a large-scale survey among 610 SMEs and secondary research.

Alliance Bank group chief executive officer Kellee Kam said: "As a bank that has a long-standing relationship with the SME sector, we understand the unique challenges businesses face. Locally, there is a lack of SME-centric frameworks and information to help small businesses on their ESG journey.

"As such, we launched this study to fill the gap in the market. We hope that our key findings, alongside our recommendations and tools, prove useful to SMEs who are looking to start or enhance their ESG journey," Kam added.

The survey was launched as part of Alliance Bank's 'BeESG' initiative to encourage more sustainable practices among businesses. Instead of viewing ESG as a compliance checklist, the bank hoped that this study's findings

will encourage businesses to take the opportunity to turn ESG practices into a source of competitive advantage.

According to the study, ESG adopters cited improving productivity, cost savings and brand reputation as the key motivation for including ESG practices in their strategy.

As for the non-ESG adopters, three key themes were identified for their hesitations towards adopting ESG — uncertainty about the impact of ESG, limited knowledge of ESG and financial constraints. However, this group of SMEs highlighted that financial support from banks, sponsored training and learning opportunities and tax incentives will facilitate their ESG adoption.

"At Alliance Bank, ESG is at the heart of our business strategy. We design our solutions around customers' needs based on deep domain knowledge and this study enables us to personalise the solutions further. In our efforts to become a bank for the community, we want to support, and provide guidance and innovative solutions to help our customers embrace sustainable practices to be competitive and remain relevant," Kam said.

"Our approach is defined by the 3As: 'Advocacy, Advice and Answers' — as we advocate ESG adoption, we are also working with strategic partners to advise SMEs on their ESG transition while we provide the suitable solutions as the answer to their constraints."

Reflecting the financial institution's endeavour to build an ESG-focused organisation, Alliance Bank offers an array of solutions that help SMEs build competitive advantages and achieve their sustainability goals. This includes green propositions through the Sustainability Assistance Programme for financial solutions,

BizSmart Solution Portal and #SupportLokal for non-financial solutions.

UN Global Compact Network Malaysia and Brunei executive director Faroze Nadar also said, "As the backbone of our economy — serving as key drivers of job creation and economic development — SMEs can be important change agents helping to achieve a sustainable future for all. Alliance Bank is a valued partner in pushing forward the ESG agenda in Malaysia.

"Through our collaboration, we have been able to provide much needed support to companies, especially in helping SMEs transition to a more resilient and sustainable future. Together, we are taking a pragmatic approach by providing tools that will help SMEs to ensure sustainability performance and better navigate today's ESG landscape," Kam continued.

SME Corp Malaysia chief executive officer Rizal Nainy added, "Operating sustainably is not just a responsibility, it is an opportunity for SMEs to innovate and grow. By prioritising ESG practises, businesses can build a competitive advantage and enhance their brand image.

"It is imperative for Malaysian SMEs to embrace ESG to remain relevant and competitive in the domestic and global market. SME Corp Malaysia as the central coordinating agency for SME development sees a need to develop a holistic ecosystem to drive the sustainability agenda for SMEs including microenterprises.

"The PKSlestari initiative by SME Corp Malaysia envisages creation of the sustainability ecosystem of SMEs and I believe this report will complement this initiative, specifically in developing a policy framework to

encourage and accelerate the adoption of ESG among SMEs."

Alliance Bank also has an ecosystem of partnerships with industry leaders of ESG policymakers and certification bodies in order to develop programmes that encourage adoption of ESG.

Apart from UNGCMYB and SME Corp Malaysia, the bank has also built alliances with other partners such as Bursa Malaysia and Malaysia Green Technology and Climate Change Corporation (MGTC) to provide professional consultancy and practical solutions that help businesses develop their ESG roadmaps.

As part of Alliance Bank's sustainability agenda, the bank aims to grow RM10bil in new sustainable banking business by FY2025. To date, the bank has recorded RM6.7bil in new sustainable banking business.

Other findings of the study include:

- > 78% of consumers make purchase decisions based on the products' impact to the environment;
- > One in four Malaysian SMEs has adopted elements of ESG practices in their business;
- > 80% of ESG Adopters recognise the value of ESG adoption and plan to continue pursuing it moving forward;
- > 39% of ESG adopters reported improved profits and cost savings from ESG practices;
- > 76% of ESG adopters started their journey within the last 5 years; and
- > 58% of non-ESG Adopters are open and keen to adopt ESG in the near future.

For more information on Alliance Bank's ESG Survey and sustainability initiatives, please visit <https://www.alliancebank.com.my/>



SMEs who are slow adopters of ESG practices hesitate due to uncertain impact, limited knowledge and financial constraints regarding ESG integration.

Strong policy and regulatory framework required to realise Malaysia's NETR, say experts



As Malaysia transitions to greener energy alternatives, it is imperative for the government to simultaneously address the potential health and safety hazards that could arise as the nation explores the incorporation of alternative energy sources and electric vehicles (EVs).

THE newly released National Energy Transition Roadmap (NETR) by the Economy Ministry is the strongest signal yet of the Malaysian government's commitment to achieve the country's aspirations for net-zero emissions by 2050.

In a statement released on Aug 15, KPMG's Infrastructure, Strategy & Operations head in Malaysia, Abhishek Kumar, noted a wider number of government agencies and regulatory bodies engaged in the preparation of this roadmap as a stride forward in progressive collaboration.

"Real progress to deliver according to the NETR roadmap will require infrastructural and legislative reforms on a national scale. The government has a heavy responsibility to introduce robust policy and regulatory frameworks to establish a level playing field that fosters a favourable investment climate for financing and implementing its initiatives," he said.

Phase 1 of NETR builds upon the National Energy Policy (DTN) 2022 – 2040 document and comprises 10 flagship catalyst projects selected based on ongoing initiatives across various stakeholders in Malaysia, including government agencies and private organisations.

In the pursuit to achieve the targeted 70% renewable energy (RE) capacity by 2050, the NETR is expected to open up investment opportunities between RM435bil to RM1.85 trillion by 2050.

"This provides a clear view for investors and stakeholders on the efforts needed to achieve green power generation and grid integration of renewable energy sources. For starters, the 10 flagship catalyst projects outlined in Phase 1 of NETR are expected to bring significant investment to accelerate Malaysia's energy transition," he added.

"For example, the RE Zone project champi-

oned by Khazanah Nasional Berhad has the potential to attract billions in public-private investment and underscores Malaysia's commitment in accelerating the energy transition. However, to fully realise the ambitions envisaged in the NETR will require a concerted approach from the local and international community to undertake further innovation and initiatives," observed Abhishek.

For this reason, Abhishek emphasised the need to advance new policies, projects and infrastructure which will be important enablers for corporates to embark on decarbonisation.

The NETR's comprehensive approach extends to the substantial reduction of greenhouse gas emissions, primarily from the energy and transport sectors – the two largest contributors to greenhouse gases (GHG) emissions in the country.

The framework effectively segments its catalysts into three pivotal categories, namely: (1) energy usage reduction, (2) green energy supply and (3) carbon capture.

KPMG commends the government's aspirations to enhance energy efficiency on a national scale under the first energy transition lever identified by NETR. This is one of the most cost-effective steps in curbing global warming through leveraging the reduction in energy consumption in existing infrastructures and supporting stakeholders in achieving proactive energy demand reduction.

"Among the various implementation modalities, the long-overdue Energy Efficiency and Conservation Act (EECA) is expected to be tabled in Dewan Rakyat by the end of 2023. This welcomed development will particularly benefit energy-intensive equipment suppliers, who will be further incentivized to invest in energy efficiency improvements," added Abhishek.

"The EECA will undoubtedly elevate efficiency ratings, catalyse green building initiatives,



Abhishek: 'Real progress following the NETR roadmap will require infrastructural and legislative reforms on a national scale, with the government being responsible in introducing robust policy and regulatory frameworks to establish a level playing field.'

bolster efficient cooling solutions, and drive building equipment automation in Malaysia," Abhishek believes that the NETR can be considered as the first crucial step and that more updates will invariably be announced with further evolutions of technology.

However, he cautioned against taking too long to introduce the necessary reforms because new risks will be emerging even as Malaysia embarks on this important energy transition journey.

For example, as countries explore the adoption of alternative energy sources and electric vehicles (EVs), there is also a need to concurrently consider the health and safety risks that may potentially emerge. The government will therefore need to continue the holistic approach it has undertaken during the NETR to fully realise the aspirations it has set out for the country.



The NETR opens up the hydrogen gateway in Sarawak as the state implements projects to emerge as the nation's hydrogen hub and puts in place the framework of carbon capture and storage (CCS).

ECOWORLD
CREATING TOMORROW & BEYOND

From green dreams to ESG reality

Eco Grandeur scoops award for sustainable ecosystems

By **CHOW ZHI EN**
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IN A world where environmental consciousness and sustainable living have become paramount, Eco Grandeur emerged as a testament to the power of forward-thinking architecture and eco-friendly design.

For EcoWorld, their efforts in Eco Grandeur received recognition from a panel of independent judges who saw how the township presented a comprehensive and extensive expression of the developer's environmental, social and governance (ESG) aspirations.

Eco Grandeur, a paragon of sustainable living, had recently achieved a remarkable milestone by clinching a prestigious gold award at the inaugural ESG Positive Impact Awards (ESG PIA 2022) earlier this year in the category of "Sustainable Ecosystems".

Situated as an oasis of green tranquility, the property seamlessly integrates contemporary luxury with eco-conscious practices, presenting a paradigm shift in the real estate landscape.

From energy-efficient infrastructure to waste reduction initiatives, from water conservation systems to the preservation of local ecosystems, Eco Grandeur's unwavering dedication to holistic sustainability sets a remarkable precedent for the industry.

EcoWorld's 'grand' ethos

At the heart of Eco Grandeur's sustainable ethos is EcoWorld's design philosophy embedded in what they describe as their DNA – D represents design, N represents nature and A represents art.

For the developer, these three elements are inseparable when creating a property with intrinsic value for its residents.

Spanning some 930ha, the land where Eco Grandeur stands on in Puncak Alam of Selangor was part of several abandoned projects from the last two decades. EcoWorld acquired the site in 2016 via a joint venture with the Employees Provident Fund (EPF) and began work in restoring the land.

Since its inception, the developer had embedded ESG-centric strategies into the township, including a biodiversity master plan, preservation efforts of flora and fauna, and also investment into green infrastructure and green product features.

To facilitate this, EcoWorld has its own sustainability committee and ESG councils to ensure effective execution and management of ESG practices and policies across their projects.

With good leadership, EcoWorld's sustainability strategies have impacted businesses and the wider environment of Eco Grandeur positively.

A biodiverse oasis

Eco Grandeur's site is a prime habitat for avian life, being situated along a migratory route for Australian and North Asian birds known as the Asian-Australasian Flyway. This is a rest stop for native bird communities travelling between the coasts of Selangor and the Titiwangsa Mountain Range to escape winter.

As part of the master plan to preserve biodiversity, there are several landscaping zones throughout the development, each catering to specific species native to the site.

To illustrate, the countryside landscape of Eco Grandeur's urban parks supports grassland species such as the chestnut-breasted malkoha and orange-bellied flowerpecker, while the wetland plains surrounding the lake is home to sea eagles and white-throated kingfishers.

The tree and shrub species at Eco Grandeur were specifically selected as food plants to further encourage the local bird and butterfly species to visit and remain in the township.

In addition to this, EcoWorld has also incorporated wildlife movement corridors to minimise the effects of new developments on the flora and fauna, and also to provide a safe pathway for wildlife to move within the development.

Meanwhile, the waterways and water bodies in Eco Grandeur were reconfigured not only to restore the natural landscapes of the area, but also to act as water retention ponds designed with additional capacity to accommodate surface runoff during rainfall to mitigate flooding.

To give their residents a better understanding of the wildlife sharing the site, Eco Grandeur also has a 2km educational trail which highlights various points of interest such as the Blue Ribbon, a biodiverse waterway that's connected to the Sacrificial Garden, Rasbora Sanctuary, Fruit Forest and Betta Sanctuary.

By preserving and enhancing the natural habitats within its grounds, Eco Grandeur fosters a thriving ecosystem that harmoniously coexists with its residents.

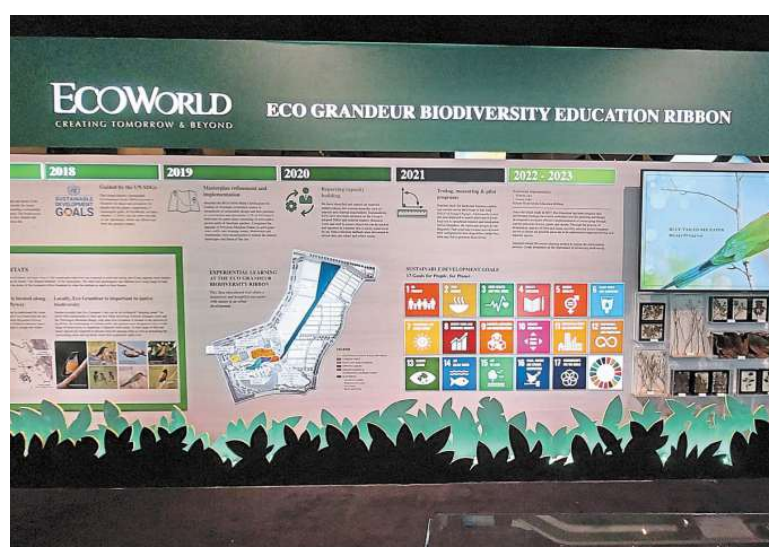
Pioneering carbon sequestration

At the core of Eco Grandeur's sustainable success lies its pioneering efforts in carbon capture.

The developer took the audacious step of commissioning comprehensive carbon capture studies, striving



In addition to migratory species, Eco Grandeur also boasts high biodiversity of local avian species due to its proximity to wetlands, forests and parks.



The Green Wall at Eco Grandeur gives everyone the opportunity to familiarise themselves with the township's native flora and fauna.

to understand and mitigate its carbon footprint.

The initial pilot study was first conducted at Eco Ardence in 2021 where EcoWorld worked with a carbon researcher and laboratory to sample different types of grass, trees and shrubs commonly used in landscaping across EcoWorld townships across the country. Last year, EcoWorld extended the study to Eco Grandeur.

In their Sustainability Report 2022, they noted that preliminary results from the carbon assessment for Eco Ardence had indicated that about 1,008 tonnes of carbon dioxide (CO₂) was absorbed by their urban landscaping efforts up to 2021 across the development, since the planting of its greenery in 2017. While the Eco Grandeur study showed that 1km of streetscape can capture 74.5 tCO₂, totalling 1,551 tCO₂ across the development.

This initial assessment was the first step for EcoWorld using science and data-driven measures to understand the carbon-sink potential within their existing and future developments.

Using their findings, the developer paved the way for innovative carbon sequestration solutions, allow-

ing its projects to not only neutralise its emissions but to actively contribute to carbon reduction.

Through the strategic plantation of native trees and vegetation, the township uses a natural process of absorbing atmospheric CO₂ – a feat that resonates both ecologically and ethically.

Built to be green

Eco Grandeur's commitment to sustainability is not only confined to its natural surroundings – it extends to the very fabric of its built environment.

The township's transformation into an eco-friendly haven involves substantial investment in infrastructure.

For instance, after identifying drainage and road issues in 2017, Eco Grandeur proactively included these issues in the master plan for the benefit of the broader community. Meanwhile, energy-efficient building materials, advanced insulation systems and smart technology integration collectively reduce energy consumption and carbon emissions.

Additionally, innovative waste management and recycling facilities help minimise environmental

impact while enhancing the quality-of-life of its residents.

Eco Grandeur ingeniously marries luxury and sustainability through its incorporation of green product features.

From energy-efficient appliances to low-impact furnishings, each element was meticulously chosen to minimise resource consumption without compromising on comfort.

The township serves as a living testament to the notion that modern elegance can coexist harmoniously with responsible consumption.

Raising the bar

Eco Grandeur's remarkable journey from concept to ESG award-winning reality sends a resounding message to the world: sustainability and comfort are not mutually exclusive.

By spearheading carbon capture studies and embracing carbon sequestration, Eco Grandeur showcases the potential for neutralising and even reversing the detrimental effects of human activity.

Its biodiversity masterplan underscores the significance of creating environments that respect and enhance local ecosystems, serving as an inspiration for other developments to follow suit.

Plus, the property's dedication to preserving flora and fauna demonstrates that responsible living is an essential component of harmonious coexistence.

Eco Grandeur's investment in green infrastructure and product features marks a crucial step towards a more sustainable future.

By setting a precedent for energy-efficient methodologies and responsible consumption, the township lays the foundation for a greener tomorrow.

Looking forward, Eco Grandeur's ESG award-winning success is more than just a celebration of a single property – it's a clarion call for a global shift towards responsible development, raising the bar for developers in Malaysia.

The concept of sustainability has emerged as a guiding principle over the years. While environmental sustainability often takes centre stage, it is crucial not to overlook another dimension that influences the well-being of individuals, communities, and societies at large - social sustainability.

Understanding this responsibility, Heineken Malaysia is stepping up to make a difference in the communities that they operate in.

In line with its global sustainability strategy, Brew a Better World, the brewer is on the path to an inclusive, fair, and equitable company with a strong focus on investing in local communities.

Heineken Malaysia managing director Roland Bala believes that people are the heart of the company.

"In fulfilling our aspiration to 'Brew the Joy of True Togetherness to Inspire a Better World, we are driven by a strong sense of social sustainability."

"We believe that our success lies in the commitment to our people, the satisfaction of our consumers, and the support of our communities to which we belong."

Tiger Sin Chew Chinese Education Charity Concert (Tiger CECC)

Heineken Malaysia seeks to deliver positive social impact on local communities through its positive social impact programmes.

Tiger CECC, one of its two positive social impact programmes, supports local schools in raising funds for essential school facilities and amenities.

The Tiger CECC platform fosters a strong sense of community and promotes the value of education by collaborating with various stakeholders including alumni, local Chinese artists and many others to organise charity concerts for schools across Malaysia.

Through the concerts, the programme not only raises essential funds for schools, but cultivates a spirit of togetherness with communities banding together in recognition of the value of education.

Since 1994, more than RM380mil has been raised for various schools across Malaysia through the brewer's Tiger CECC programme. In the years to come, the brewer intends to broaden this initiative to further grow with local communities.



The launch of Heineken Cares 2022 sees the next phase of its food aid programme whereby it partners with seven NGOs across Malaysia to support communities in building capacity for long-term food security.

A brewer's commitment to growing with communities

Heineken Malaysia transforms lives, fosters positive change, and empowers local communities through collaborations

Heineken Cares

In the wake of the pandemic, many Malaysians struggled with unemployment, and food security had become a key concern.

Responding to the situation at the time, Heineken Malaysia launched Heineken Cares in 2021, which started off as a food aid programme to uplift the underprivileged affected by the pandemic through short-term food aid.

Heineken Cares combined employee wellness with community purpose, whereby for every 1,000 steps taken by a Heineken Malaysia employee, the brewer committed one meal to a person in need. With the support of its people, the brewer achieved its goal and delivered a total of 250,000 meals.

In the next phase of the pro-

gramme, the brewer is taking it up a notch to contribute three meals for every 1,000 steps taken, with a goal to distribute 600,000 meals to vulnerable communities across Malaysia through an accumulated 200 million steps.

In recognising the changing needs of communities, Heineken Cares transitioned from providing communities with short-term food aid to long-term food security.

The brewer formed long-term collaborative partnerships with seven non-governmental organisations (NGOs) nationwide, working together to establish community farms, aquaponic systems, as well as various food security programmes.

Heineken Malaysia corporate affairs and legal director Renuka

Indrarajah concluded, "We recognise that meaningful change cannot be achieved alone. To truly make an

impact in the community, collaborations are the key to our success.

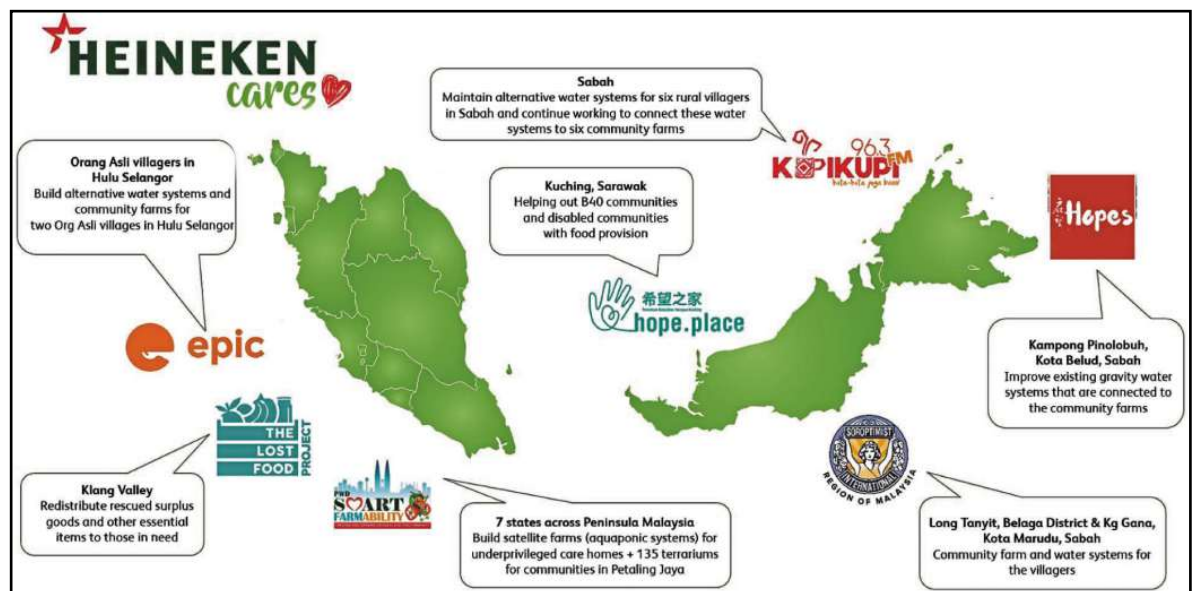
"Working hand-in-hand with our partners has been instrumental in our journey towards protecting our planet, growing our people, and supporting local communities. Yet, we have much more to do in the years ahead as we continue accelerating our sustainability initiatives to ensure we make a positive social impact in Malaysia and beyond."

These are just glimpses of the various impacts through which Heineken Malaysia empowers lives, making a positive difference towards the community it serves.

For more information on Heineken Malaysia and its social sustainability initiatives, download the brewer's 2022 Annual Report.



Since 1994, Tiger CECC has raised more than RM380mil as of 2022 for Chinese schools in Malaysia to upgrade school facilities and amenities.



Heineken Malaysia's long-term collaborative partnerships with NGOs spans across the country as they work to establish community farms, aquaponic systems, as well as various food security programmes.

By CHOW ZHI EN
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AS THE urgency of sustainability intensifies, Malaysian companies are faced with a critical challenge: transitioning to a circular economy.

The circular economy focuses on keeping resources in use for as long as possible, extracting maximum value from them before recovering and regenerating materials at the end of their life cycles.

In the July issue of *StarESG* we explored how the circular economy seeks to gradually decouple economic growth from the consumption of finite resources with a fundamental principle of designing waste and pollution out of the system.

Star Media Group also recently held its Circular Economy Conference 2023 (CEC 2023) on Aug 15 which gathered industry experts to create a platform of discussion to redefine growth and focus on positive society-wide benefits enabled by a circular economy.

However, this transformation requires a reimagining of traditional business models, addressing issues such as planned obsolescence.

This is a policy of planning or designing a product with an artificially limited shelf life, and is often brought up when talking about tech. But this principle can be applied to any product.

Changing consumer behaviour

For Malaysia, the nation is still in its infancy stage of the circular economy and consumer behaviour also needs time to evolve as well.

Comparing current Malaysian consumer behaviour with mature markets in Europe and the United States underscores a disparity in sustainable consumption patterns.

Convincing businesses to adopt sustainable practices requires overcoming resistance and fostering a new mindset that prioritises resource efficiency, waste reduction and innovative business approaches.

To fully embrace a circular economy, Malaysian consumers also need to shift their mindset and approach to consumer products; valuing quality, durability and responsible consumption over convenience.

Our fast-moving-consumer-goods (FMCG) sector is known for its rapid turnover of goods, often resulting in extensive resource consumption and waste generation.

The challenges in shifting towards

Catalysing sustainability in Malaysian FMCG business

Exploring the shift to a circular economy and overcoming the 'chicken or the egg' dilemma



Malaysian companies need to grapple with the imperative of transitioning to a circular economy, necessitating transformative changes and new business models.

a circular economy in Malaysia's FMCG industry are manifold. These include redefining production processes, adopting sustainable packaging, addressing consumer behaviours, and integrating circular practices into a traditionally linear system.

During the session on "Addressing planned obsolescence is key to a greener circular economy", Circular City founder Tim Parker shared his company's method in addressing single-use plastics for food and beverage (F&B) providers in Hong Kong.

This is a model of "Products as a Service" (PaaS) solution and emerges as a powerful tool to drive the

circular economy agenda within the FMCG sector while addressing planned obsolescence.

Parker noted that to transition to a sustainable non-linear economy, the right infrastructure needs to be in place – from collections centres, to cleaning or recycling centres and return services.

"If there's no infrastructure in place to enable the full loop, it makes it very challenging. To get the public to buy in you need a 'carrot and stick' approach," he said.

According to Parker, we need incentives and laws to spur mass adoption of sustainable alternatives.

Originally a design educator in Asia, Parker stepped out of his education role to work on tech-based solutions to tackle Hong Kong's plastics problem.

Circular City currently partners with F&B operators to provide innovative, reusable takeout packaging and tableware.

"One of the challenges we had, despite our products being durable and sustainable, is 'perceived obsolescence'," said Parker.

"In Hong Kong, there is the perception that reusable packaging can be contaminated and anything single-use is more hygienic and safer," he explained, citing how the Covid-19 pandemic had affected the population's mindset.

When it comes to the challenges for companies to pivot to PaaS, textile platform startup moreloop.ws co-founder and chief executive

officer Amorpol Huvanandana said that the cost of introducing circular economy practices for smaller businesses would be the biggest hurdle.

"The cost of 're-' anything; re-logistics, reusing, re-hygiene comes at a high cost," he said.

"For a startup, you need some form of funding for it to make economic sense. Getting that sort of funding can be harder for smaller players," he added.

Through moreloop.ws, Huvanandana and his team in Bangkok, Thailand, have helped prevent over 870 tonnes of carbon dioxide emissions, and have been upcycling used fabric since 2018.

Malaysian companies can explore new models of business to incentivise consumers to return products at the end of their useful life – much like how a few trade-in programmes are operating currently.

One example of this is InstaCash by CompAsia, a trade-in application which offers monetary rewards for selling old smart devices, thereby saving these devices (and their batteries) from reaching our landfills.

Inaction is a form of action

Companies can no longer afford to view sustainability as an optional add-on but must integrate it into their core strategies.

This necessitates a candid assessment of their operations, embracing the uncomfortable truth that the status quo is no longer tenable.

"The first thing any organisation

has to do, big or small, is to get comfortable with the uncomfortable," said circular economy consultancy firm Pentatonic chief executive officer Phillip Mossop.

During the session on "Your Circular Economy Roadmap – Developing your Internal Executors", Mossop emphasised the need to accept operational risks to fully embrace and integrate circularity in a business's operations, in what he calls an "honest (self) assessment."

"Circularity doesn't exist as a silo – it should exist throughout every department in an organisation, including the supply chain," Mossop said.

"Then, you're able to pinpoint and focus on whichever part of your operations that are incompatible with net circularity," he added, noting the importance of top-down leadership in empowering departments.

Waiting for either consumer demand to surge before taking action or for competitors to make the first move risks perpetuating a cycle of inaction.

This necessitates a pivotal change where businesses must break free from the "chicken or the egg" dilemma that often stalls progress.

The panel noted this was exceptionally true for bigger companies who have the means to invest in sustainable alternatives but are sitting on the fence still.

To hear more on the topics of the CEC 2023, visit www.facebook.com/events.thestar



Malaysia's Roadmap Towards Zero Single-Use Plastics 2018-2030 aims to tackle single-use plastics pollution collaboratively, fostering a cleaner, healthier environment through phased actions.



Nurture the Future

Give a Hand to Foster Conducive Environments in Raising Future Leaders

Multimedia University (MMU) via its foundation, Yayasan Universiti Multimedia (YUM), has embarked on a Green Initiative in assisting future leaders who are currently continuing their tertiary education while conserving the environment.

YUM is inviting the public to be part of this initiative by adopting tree or park elements in MMU. The funds collected will then be channeled to provide financial assistance to students in need, while helping to foster a more conducive learning environment for them. With this initiative, we can help preserve and restore nature while helping students in need.

Be part of this sustainable initiative by adopting a tree or a park bench now. Your contribution will go a long way in helping preserve nature and grooming future leaders. To learn more about this exciting programme, visit our website or scan the QR code below.



yum.mmu.edu.my

  Yayasan Universiti Multimedia



Multimedia University (MMU) is one of Malaysia's leading universities particularly in the area of information, communication and technology (ICT), Creative Multimedia, Engineering, Business and Management. To learn more about the programmes offered by MMU, visit www.mmu.edu.my



Mind the gap: Exploring the social and economic implications of Malaysia's pay disparity

AS Malaysia proudly celebrates its 66th year, it is a poignant moment to not only commemorate the journey of progress and development but also to critically assess the commitments made towards a more sustainable and equitable future.

Coinciding with the upcoming World Humanitarian Day (Aug 19), we shift our focus to the social pillar of sustainability to also celebrate the power of collective action and empathy in shaping a better world for future Malaysians.

Growing income inequality, exacerbated by the pandemic, has been amplified in recent years. The unfortunate reality of this situation is that income inequality causes social tension, unrest and even stunts economic growth.

Income inequality and investment have an inverse relationship. Fortunately, Economy Minister Rafizi Ramli's proposed progressive wage policy is a step towards addressing our wage gap.

According to the recent disclosure of the shocking and concerning statistics of the formal sector wage distribution on Ramli's X page, over two million Malaysians are earning less than RM2,000 a month.

The fact that the United Nations (UN) has also set target 10.1 of the UN Sustainable Development Goals (UN SDGs) to "progressively achieve and sustain income growth of the bottom 40% ... at a rate higher than the national average," shows collective dedication towards the closing of the income gap as a goal.

This signifies that the UN is aware of the cascading effects this would have on the people, country and society; income inequality is not sustainable.

A separate paper in the European Economic Review found that income inequality fuels social discontent, thereby increasing sociopolitical instability, which could in turn reduce investment.

The great chasm between the bottom 40% earners and the top 20% earners is startling, and a possible indication that Malaysia may not be achieving this UN SDG so soon. But, that doesn't mean we cannot make headway in the meantime.

What can we do?

Reducing income inequality calls for transformative change, referring to a holistic approach that targets various sectors.



where skills assessment, tests and resources to meet these goals are provided, such as online training programmes and quizzes to gauge their knowledge.

Expert workforce

To build a resilient society, there has to be a complete chain of expertise and workforce. Wide pay gaps could be reflective of a corresponding gap in expertise and skill sets.

An article by recruitment company Randstad, seems to suggest that the crux of the issue could lie in the nature of our work culture.

While workers have a desire to learn the skills and attend training, some don't know where to begin and want their employers to develop a workforce upskilling strategy

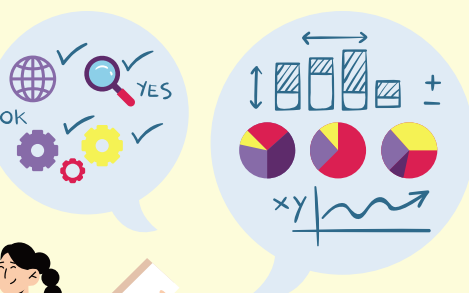
Quality education

Importance of education and the opportunities it brings also need to be emphasised and how limited educational opportunities can perpetuate cycles of low-wage employment and hinder upward mobility.

Overall, Malaysia's workforce is proving to be increasingly well-educated.

We can take a look at the quality of education available where soft-skills can be included

ed in school curriculums adjacent to regular subjects so that they can develop the skills to remain resilient during challenges.



Progressive taxation

Altering the tax system to be more progressive would mean that those with higher incomes contribute a larger portion of their earnings to support public services and fund initiatives that can lower income inequality.

This was addressed in our Budget 2023 through lowering of the personal income tax rate for the M40 group by two percentage points and raising the tax rate of those earning in the T20 group by 0.5 to 2 percentage points, depending on their income brackets.



Political will

Government intervention is pivotal in addressing systemic issues and robust legislation can set the stage for change such as mandating equal pay for equal work, promoting pay transparency, and enforcing consequences for non-compliance as a driver of national stability.

The government has increased tax on luxury goods and while this does not help broaden the country's tax base, the revenue gained will offset tax cuts for middle income earners.

However, taxing the rich excessively would discourage growth, the very mechanism to help the poor so the best way would be to look at methods that widen the tax base.

Fostering entrepreneurship

Another change to implement could be to encourage entrepreneurship as it fosters innovation, creates jobs and allows individuals some agency to generate income and build wealth.

Various entrepreneurship programmes are available, focusing on different areas according to the provider's speciality.

The Perbadanan Usahawan Nasional Badan (PUNB), Prudential's PRUKasih Entrepreneurship Programme and Upskill Malaysia are just some of providers to offer a plethora of information and courses for you.

Incorporating entrepreneurship into school programmes would give the youth a head-start and bolster their critical thinking too.

This could include setting up mentorship programs, providing access to startup capital and perhaps simplifying regulatory procedures to encourage startups.

With each step we inch closer to the realisation of a Malaysia that stands as a beacon of shared opportunity and collective growth.

